

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 6, 2008

**KORN/FERRY INTERNATIONAL**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-14505**  
(Commission File Number)

**95-2623879**  
(IRS Employer  
Identification No.)

**1900 Avenue of the Stars, Suite 2600**  
**Los Angeles, California**  
(Address of principal executive offices)

**90067**  
(Zip Code)

Registrant's telephone number, including area code: **(310) 552-1834**

Not Applicable  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 2.02 Results of Operations and Financial Condition.**

On March 6, 2008, Korn/Ferry International issued a press release announcing its third quarter fiscal year 2008 results. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Item 2.02 and the exhibit hereto are furnished to, but not filed with, the Securities and Exchange Commission.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit 99.1      Press Release, dated March 6, 2008.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**KORN/FERRY INTERNATIONAL**

(Registrant)

Date: March 6, 2008

/s/ Gary D. Burnison

(Signature)

Name: Gary D. Burnison

Title: Chief Executive Officer

---

## EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release, dated March 6, 2008.

For Immediate Release

**CONTACTS**

Investor Relations: Stephen Giusto, (310) 843-4144

Gregg Kvochak, (310) 556-8550

For Media: Anneli Ballard, (212) 984-9350

**Korn/Ferry International Announces a 22% Increase in Fee  
Revenue in the Third Quarter of Fiscal 2008**

*Highlights*

- *Third quarter fiscal 2008 fee revenue was \$201.2 million, an increase of \$36.0 million, or 22%, from \$165.2 million in the same quarter last year.*
- *Third quarter fiscal 2008 diluted earnings per share was \$0.37, an increase of 12% over Q3'07 diluted earnings per share of \$0.33.*

**Los Angeles, CA, March 6, 2008** - Korn/Ferry International (NYSE:KFY), a premier global provider of talent management solutions, announced third quarter earnings today.

“As the world has flattened demand for talent worldwide has intensified,” said Gary D. Burnison, Chief Executive Officer, Korn/Ferry. “Our performance this quarter has set a new industry record and is indicative of the ongoing need for organizations to recruit and develop their people. We are focused on using our global scale, our diversified services, and our strong brand to help our clients identify, hire and develop the best leaders in the world.”

---

## Financial Results

(dollars in millions, except per share amounts)

	Third Quarter		Year to date	
	Q3'08	Q3'07	Q3'08	Q3'07
Fee Revenue	\$ 201.2	\$ 165.2	\$ 582.4	\$ 473.7
Revenue	\$ 212.1	\$ 173.5	\$ 615.2	\$ 499.4
Operating Income	\$ 21.2	\$ 21.4	\$ 71.7	\$ 62.9
Operating Margin	10.5%	13.0%	12.3%	13.3%
Net Income	\$ 16.3	\$ 14.7	\$ 50.5	\$ 42.0
Basic Earnings Per Share	\$ 0.38	\$ 0.37	\$ 1.14	\$ 1.07
Diluted Earnings Per Share	\$ 0.37	\$ 0.33	\$ 1.10	\$ 0.95

Fee revenue of \$201.2 million in Q3'08 increased \$36.0 million, or 22% (16% excluding the impact of exchange rates), from \$165.2 million in Q3'07. Fee revenue improved globally due to an increase in revenues from all segments of the business. In Executive Recruitment, our largest segment, we experienced a 21% increase in fee revenue driven by an increase in the number of search engagements opened as well as a 14% increase in the average fee billed per search engagement compared to the prior year. In addition, Futurestep fee revenue increased 26%, compared to Q3'07 due to a 12% increase in average fee billed per engagement. Exchange rates impacted fee revenue in Q3'08 favorably by \$10.0 million compared to Q3'07.

Compensation and benefits of \$138.6 million in Q3'08 increased \$26.3 million, or 23% (18% excluding the impact of exchange rates), from \$112.3 million in Q3'07. The increase is attributable to revenue-based compensation and higher headcount in all segments of the Company. Exchange rates impacted compensation and benefits in Q3'08 unfavorably by \$6.5 million compared to Q3'07.

General and administrative expenses of \$35.3 million in Q3'08 increased by \$8.5 million, or 32% (25% excluding the impact of exchange rates), from \$26.8 million in Q3'07 as a result of an increase in business volume across all regions and segments. Exchange rates had an unfavorable impact of \$1.9 million on general and administrative expenses compared to Q3'07.

Operating income was \$21.2 million in Q3'08 compared to \$21.4 million in Q3'07. Our financial results in the quarter include a modest amount of reserves and accruals that are aimed at reducing our cost structure to be more efficient in how we serve clients. While we may have further such amounts in the future, the intent is to lay the foundation for improved operating margins.

## Balance Sheet and Liquidity

Cash, cash equivalents and marketable securities were \$298.3 million at January 31, 2008 compared to \$282.6 million at January 31, 2007. The increase was due primarily to improved operating cash flows offset by \$56.7 million used to repurchase the Company's common shares in open market purchases during the nine months ended January 31, 2008.

---

Through October 31, 2007, the Company had used all of the \$125 million of share repurchase funds authorized by the Board of Directors in December 2005, June 2006 and March 2007 to buy back approximately 6.1 million shares. Through March 3, 2008, the Company has used \$6.5 million of the \$50 million of share repurchase funds authorized in November 2007 to buy back approximately 0.4 million shares. Under this program, shares may be repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion, subject to market conditions and other factors.

Interest expense was \$1.2 million in Q3'08 compared to \$2.5 million in the same period last year. Interest expense in the prior year related primarily to borrowings under Korn/Ferry's convertible securities and COLI policies. The decrease in interest expense is primarily due to the conversion of all of the Company's convertible securities to common shares during Q4'07. At January 31, 2008, Korn/Ferry had no outstanding borrowings under its credit facility.

## Results by Segment

### Selected Executive Recruitment Data

(dollars in millions)

	Third Quarter		Year to date	
	Q3'08	Q3'07	Q3'08	Q3'07
Fee Revenue	\$ 173.0	\$ 142.9	\$ 501.9	\$ 410.5
Revenue	\$ 179.9	\$ 149.2	\$ 523.1	\$ 430.7
Operating Income	\$ 29.0	\$ 27.3	\$ 94.7	\$ 80.6
Operating Margin	16.8%	19.1%	18.9%	19.6%
Average number of consultants	521	482	512	469
Engagements (a)	1,830	1,722	5,483	5,097

(a) Represents new engagements opened in the respective period.

Fee revenue was \$173.0 million in Q3'08, an increase of \$30.1 million, or 21%, from \$142.9 million in Q3'07. Fee revenue improved in all regions due to an increase in the overall number of engagements and average fee per engagement. Exchange rates impacted fee revenue in Q3'08 favorably by \$7.8 million compared to Q3'07.

Operating income improved \$1.7 million in Q3'08, or 6%, to \$29.0 million compared to \$27.3 million in Q3'07.

The total number of consultants at January 31, 2008 was 518, an increase of 33 from January 31, 2007.

**Selected Futurestep Data**  
(dollars in millions)

	Third Quarter		Year to date	
	Q3'08	Q3'07	Q3'08	Q3'07
Fee Revenue	\$ 28.2	\$ 22.3	\$ 80.5	\$ 63.2
Revenue	\$ 32.2	\$ 24.3	\$ 92.1	\$ 68.7
Operating Income	\$ 2.0	\$ 2.3	\$ 5.6	\$ 5.1
Operating Margin	7.1%	10.3%	7.0%	8.1%

Fee revenue was \$28.2 million in Q3'08, an increase of \$5.9 million, or 26%, from \$22.3 million in Q3'07. Improvements in fee revenue were driven by an increase in the average fee per engagement. Exchange rates impacted fee revenue in Q3'08 favorably by \$2.2 million compared to Q3'07.

Operating income was \$2.0 million in Q3'08 compared to \$2.3 million in Q3'07.

**Outlook**

Assuming constant foreign exchange rates, Korn/Ferry estimates that fourth quarter fiscal 2008 fee revenue is likely to be in the range of \$195 million to \$210 million and diluted earnings per share is likely to be in the range of \$0.34 to \$0.38.

**Earnings Conference Call Webcast**

The earnings conference call will be held today at 9:00 AM (EST) and hosted by Gary Burnison, Chief Executive Officer, and Stephen Giusto, Chief Financial Officer. The conference call will be webcast and available online at [www.kornferry.com](http://www.kornferry.com), accessible through the Investor Relations section.

---

Korn/Ferry International (NYSE:KFY), with more than 80 offices in 39 countries, is a premier global provider of talent management solutions. Based in Los Angeles, the firm delivers an array of solutions that help clients to identify, deploy, develop, retain and reward their talent. For more information on the Korn/Ferry International family of companies, visit [www.kornferry.com](http://www.kornferry.com).

---



*Statements in this press release and our conference call that relate to future results and events (“forward-looking statements”) are based on Korn/Ferry’s current expectations. Readers are cautioned not to place undue reliance on such forward-looking statements. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties which are beyond the control of Korn/Ferry. The potential risks and uncertainties relate to competition, the dependence on attracting and retaining qualified and experienced consultants, the portability of client relationships, local political or economic developments in or affecting countries where we have operations, currency fluctuations in our international operations, risks related to the growth and results of Futurestep, restrictions imposed by off-limits agreements, reliance on information systems and employment liability risk. For a detailed description of risks and uncertainties that could cause differences, please refer to Korn/Ferry’s periodic filings with the Securities and Exchange Commission. Korn/Ferry disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*[Tables attached]*

---

**KORN/FERRY INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended January 31		Nine Months Ended January 31	
	2008	2007	2008	2007
Fee revenue	\$ 201,156	\$ 165,239	\$ 582,366	\$ 473,720
Reimbursed out-of-pocket engagement expenses	10,935	8,269	32,826	25,721
Total revenue	212,091	173,508	615,192	499,441
Compensation and benefits	138,594	112,343	391,984	318,852
General and administrative expenses	35,255	26,806	101,168	79,431
Out-of-pocket engagement expenses	14,250	10,394	42,664	31,040
Depreciation and amortization	2,812	2,557	7,701	7,214
Total operating expenses	190,911	152,100	543,517	436,537
Operating income	21,180	21,408	71,675	62,904
Interest and other income (expense), net	3,777	664	6,074	(289)
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	24,957	22,072	77,749	62,615
Provision for income taxes	9,353	8,100	29,753	23,184
Equity in earnings of unconsolidated subsidiaries	652	758	2,469	2,528
Net income	<u>\$ 16,256</u>	<u>\$ 14,730</u>	<u>\$ 50,465</u>	<u>\$ 41,959</u>
Interest expense on convertible securities, net of taxes	36	785	109	2,354
Net income adjusted for computation of diluted EPS	<u>\$ 16,292</u>	<u>\$ 15,515</u>	<u>\$ 50,574</u>	<u>\$ 44,313</u>
Basic earnings per common share	<u>\$ 0.38</u>	<u>\$ 0.37</u>	<u>\$ 1.14</u>	<u>\$ 1.07</u>
Basic weighted average common shares outstanding	<u>43,247</u>	<u>39,650</u>	<u>44,273</u>	<u>39,229</u>
Diluted earnings per common share	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ 1.10</u>	<u>\$ 0.95</u>
Diluted weighted average common shares outstanding	<u>44,303</u>	<u>47,449</u>	<u>45,839</u>	<u>46,860</u>

**KORN/FERRY INTERNATIONAL AND SUBSIDIARIES**  
**FINANCIAL SUMMARY BY SEGMENT**

(in thousands)  
(unaudited)

	Three Months Ended January 31		Nine Months Ended January 31	
	2008	2007	2008	2007
<b>Fee Revenue:</b>				
Executive recruitment:				
North America	\$ 94,812	\$ 82,177	\$ 276,988	\$ 237,667
Europe	46,292	37,872	133,072	104,878
Asia Pacific	25,322	18,608	72,639	55,169
South America	6,617	4,311	19,184	12,777
Total executive recruitment	173,043	142,968	501,883	410,491
Futurestep	28,113	22,271	80,483	63,229
Total fee revenue	201,156	165,239	582,366	473,720
Reimbursed out-of-pocket engagement expenses	10,935	8,269	32,826	25,721
Total revenue	<u>\$ 212,091</u>	<u>\$ 173,508</u>	<u>\$ 615,192</u>	<u>\$ 499,441</u>
<b>Operating Income (Loss):</b>				
	Margin		Margin	
Executive recruitment:				
North America	\$ 16,167	17.1%	\$ 17,428	21.2%
Europe	7,116	15.4%	5,996	15.8%
Asia Pacific	5,444	21.5%	3,622	19.5%
South America	291	4.4%	231	5.4%
Total executive recruitment	29,018	16.8%	27,277	19.1%
Futurestep	2,026	7.2%	2,252	10.1%
Corporate	(9,864)		(8,121)	
Total operating income	<u>\$ 21,180</u>	10.5%	<u>\$ 21,408</u>	13.0%

(28,615)

(22,852)

12.3%

13.3%

**KORN/FERRY INTERNATIONAL AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share amounts)  
(unaudited)

	As of January 31, 2008	As of April 30, 2007
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 223,654	\$ 232,531
Marketable securities	74,691	91,736
Receivables due from clients, net of allowance for doubtful accounts of \$14,062 and \$9,822, respectively	139,965	107,751
Income taxes and other receivables	5,987	6,357
Deferred income taxes	10,074	9,524
Prepaid expenses	18,864	16,861
Total current assets	<u>473,235</u>	<u>464,760</u>
Property and equipment, net	31,138	25,999
Cash surrender value of company owned life insurance policies, net of loans	79,458	76,478
Deferred income taxes	46,065	42,013
Goodwill	139,392	124,268
Intangible assets, net	15,638	18,040
Investments and other	10,736	9,933
Total assets	<u>\$ 795,662</u>	<u>\$ 761,491</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Accounts payable	\$ 12,104	\$ 10,383
Income taxes payable	24,468	22,432
Compensation and benefits payable	148,387	158,145
Other accrued liabilities	35,385	38,529
Total current liabilities	<u>220,344</u>	<u>229,489</u>
Deferred compensation and other retirement plans	104,144	91,360
Other liabilities	5,831	7,687
Total liabilities	330,319	328,536
Stockholders' equity:		
Common stock: \$0.01 par value, 150,000 shares authorized, 54,226 and 52,323 shares issued and 46,374 and 47,174 shares outstanding, respectively	388,370	400,126
Retained earnings	79,268	32,344
Unearned restricted stock compensation	(34,675)	(19,567)
Accumulated other comprehensive income	32,927	20,605
Stockholders' equity	465,890	433,508
Less: Notes receivable from stockholders	(547)	(553)
Total stockholders' equity	<u>465,343</u>	<u>432,955</u>
Total liabilities and stockholders' equity	<u>\$ 795,662</u>	<u>\$ 761,491</u>