
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): September 9, 2008

KORN/FERRY INTERNATIONAL

(Exact Name of Registrant as Specified in 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))
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Item 2.02 Results of Operations and Financial Condition.

On September 9, 2008, Korn/Ferry International (the “Company”) issued a press release announcing its first quarter fiscal year 2009 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.

(d) Exhibits

Exhibit 99.1 Press Release, dated September 9, 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: September 9, 2008

/s/ Gary D. Burnison

(Signature)

Name: Gary D. Burnison

Title: Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated September 9, 2008.

Contacts: For investors:

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

Gregg Kvochak, (310) 556-8550

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

**Korn/Ferry International Announces an 11% Increase in
Fee Revenue in the First Quarter**

Highlights

- *First quarter fiscal 2009 fee revenue was \$205.7 million, an increase of \$20.3 million, or 11%, from \$185.4 million in the same quarter last year.*
- *First quarter fiscal 2009 diluted earnings per share was \$0.36 compared to \$0.36 in Q1 '08.*

Los Angeles, CA, September 9, 2008 - Korn/Ferry International (NYSE:KFY), a premier global provider of talent management solutions, announced first quarter fiscal 2009 diluted earnings per share of \$0.36 compared to \$0.36 in Q1 '08.

“In the face of continued economic uncertainty, we believe our solid first quarter results reflect the long-term needs of our clients to attract and develop talent,” said Gary D. Burnison, CEO, Korn/Ferry. “The combination of our proprietary talent management solutions, expansive geographic presence and world class colleagues create a unique platform from which we will continue to pursue our strategy of becoming the leading diversified human capital solutions company in the world.”

Financial Results

(dollars in millions, except per share amounts)

	First Quarter	
	Q1'09	Q1'08
Fee Revenue	\$205.7	\$185.4
Revenue	\$217.5	\$196.3
Operating Income	\$ 23.8	\$ 25.1
Operating Margin	11.5%	13.5%
Net Income	\$ 15.9	\$ 17.1
Basic Earnings Per Share	\$ 0.37	\$ 0.38
Diluted Earnings Per Share	\$ 0.36	\$ 0.36

Fee revenue of \$205.7 million in Q1'09 increased \$20.3 million, or 10.9%, from \$185.4 million in Q1'08. Fee revenue improved due to an increase in revenue from all segments of the business including an increase in the number of search engagements opened as well as a 15% increase in the average fee billed per executive search engagement compared to the prior year. Exchange rates impacted fee revenue in Q1'09 favorably by \$9.4 million compared to Q1'08 and excluding this favorable impact revenues increased 5.9% over the prior year's first quarter.

Compensation and benefits, excluding the \$6.0 million unfavorable impact of exchange rates, were \$136.1 million in Q1'09, an increase of \$13.1 million, or 10.7%, compared to \$123.0 million in Q1'08. The increase is attributable to profitability based compensation, modest investments in strategic business activities and to a lesser extent severance and related costs with the intention of maintaining consultant productivity. Actual compensation and benefits for Q1'09 was \$142.1, an increase of 15.5% when compared to Q1'08.

General and administrative expenses, excluding the \$1.8 million unfavorable impact of exchange rates, were \$32.2 million in Q1'09 and increased by \$0.5 million, or 1.6% from \$31.7 million in Q1'08. The increase is primarily attributable to costs associated with business growth such as rent and utilities, and business development activities. Actual general and administrative expenses were \$34.0 million in Q1'09 resulting in a 7.3% increase when compared to Q1'08.

Operating income was \$23.8 million in Q1'09 compared to \$25.1 million in Q1'08, a decrease of \$1.3 million or 5.2% over Q1'08.

Balance Sheet and Liquidity

Cash, cash equivalents and marketable securities were \$295.0 million at July 31, 2008 compared to \$245.3 million at July 31, 2007. The increase was due primarily to improved operating cash flows.

Interest expense was \$1.2 million in Q1'09 compared to \$1.2 million in the same period last year. Interest expense in both years related primarily to borrowings under Korn/Ferry's COLI policies. At July 31, 2008, Korn/Ferry had no outstanding borrowings under its credit facility.

Results by Segment

Selected Executive Recruitment Data

(dollars in millions)

	First Quarter	
	Q1'09	Q1'08
Fee Revenue	\$174.5	\$159.8
Revenue	\$182.9	\$166.7
Operating Income	\$ 31.7	\$ 32.7
Operating Margin	18.1%	20.5%
Average number of consultants	522	512
Engagements (a)	1,920	1,774

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

Fee revenue was \$174.5 million in Q1'09, an increase of \$14.7 million, or 9.2%, from \$159.8 million in Q1'08. Fee revenue improved in the majority of regions due to an increase in the overall number of engagements billed and average fee per engagement. Exchange rates impacted fee revenue in Q1'09 favorably by \$7.3 million compared to Q1'08.

Operating income was \$31.7 million in Q1'09 compared to \$32.7 million in Q1'08 resulting in a decrease of \$1.0 million or 3.1% from the prior year.

The total number of consultants at July 31, 2008 was 537, an increase of 21 from July 31, 2007 due primarily to the Company's annual promotion process.

Selected Futurestep Data
(dollars in millions)

	First Quarter	
	Q1'09	Q1'08
Fee Revenue	\$31.2	\$25.6
Revenue	\$34.6	\$29.6
Operating Income	\$ 2.9	\$ 2.1
Operating Margin	9.2%	8.1%

Fee revenue was \$31.2 million in Q1'09, an increase of \$5.6 million, or 21.9%, from \$25.6 million in Q1'08. Improvements in fee revenue were driven by an increase in the number of engagements billed and offset by a slight decrease in the average fee per engagement. Exchange rates impacted fee revenue in Q1'09 favorably by \$2.1 million compared to Q1'08.

Operating income was \$ 2.9 million in Q1'09 compared to \$2.1 million in Q1'08.

Outlook

Assuming constant foreign exchange rates, Korn/Ferry estimates that second quarter fiscal 2009 fee revenue is likely to be in the range of \$185 million to \$200 million and diluted earnings per share is likely to be in the range of \$0.26 to \$0.33.

Earnings Conference Call Webcast

The earnings conference call will be held today at 9:00 AM (EDT) 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, accessible through the Investor Relations section.

— Korn/Ferry International (NYSE:KFY), with more than 90 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.

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 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, including fluctuations in exchange rates, 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)

	Quarter Ended July 31,	
	2008 (unaudited)	2007 (unaudited)
Fee revenue	\$ 205,733	\$ 185,353
Reimbursed out-of-pocket engagement expenses	11,739	10,924
Total revenue	217,472	196,277
Compensation and benefits	142,123	122,986
General and administrative expense	34,030	31,701
Out-of-pocket engagement expenses	14,733	14,127
Depreciation and amortization	2,832	2,350
Total operating expense	193,718	171,164
Operating income	23,754	25,113
Interest and other income, net	380	1,498
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	24,134	26,611
Provision for income taxes	9,293	10,434
Equity in earnings of unconsolidated subsidiaries, net	1,063	923
Net income	<u>\$ 15,904</u>	<u>\$ 17,100</u>
Basic earnings per common share	<u>\$ 0.37</u>	<u>\$ 0.38</u>
Basic weighted average common shares outstanding	<u>43,432</u>	<u>45,041</u>
Diluted earnings per common share	<u>\$ 0.36</u>	<u>\$ 0.36</u>
Diluted weighted average common shares outstanding	<u>44,549</u>	<u>47,063</u>

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
FINANCIAL SUMMARY BY SEGMENT
(in thousands)

	Quarter Ended July 31,	
	2008 (unaudited)	2007 (unaudited)
Fee Revenue:		
Executive recruitment:		
North America	\$ 93,974	\$ 87,314
EMEA	51,590	44,722
Asia Pacific	21,403	22,661
South America	7,585	5,070
Total executive recruitment	174,552	159,767
Futurestep	31,181	25,586
Total fee revenue	205,733	185,353
Reimbursed out-of-pocket engagement expenses	11,739	10,924
Total revenue	<u>\$ 217,472</u>	<u>\$ 196,277</u>
Operating Income (Loss):	Margin	Margin
Executive recruitment:		
North America	\$ 18,637 19.8%	\$ 19,791 22.7%
EMEA	8,486 16.4%	7,691 17.2%
Asia Pacific	3,476 16.2%	4,537 20.0%
South America	1,080 14.2%	661 13.0%
Total executive recruitment	31,679 18.1%	32,680 20.5%
Futurestep	2,855 9.2%	2,084 8.1%
Corporate	(10,780)	(9,651)
Total operating income	<u>\$ 23,754 11.5%</u>	<u>\$ 25,113 13.5%</u>

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

	As of July 31, 2008 (unaudited)	As of April 30, 2008
ASSETS		
Cash and cash equivalents	\$ 205,949	\$ 305,296
Marketable securities	2,865	5,940
Receivables due from clients, net of allowance for doubtful accounts of \$12,558 and \$11,504, respectively	138,716	119,952
Income taxes and other receivables	6,516	7,071
Deferred income taxes	9,817	10,401
Prepaid expenses	22,613	20,057
Total current assets	<u>386,476</u>	<u>468,717</u>
Marketable securities, non-current	86,215	78,026
Property and equipment, net	32,631	32,462
Cash surrender value of company owned life insurance policies, net of loans	81,556	81,377
Deferred income taxes	43,338	47,128
Goodwill	142,126	142,699
Intangible assets, net	15,399	15,519
Other assets	15,046	14,286
Total assets	<u>\$ 802,787</u>	<u>\$ 880,214</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 11,796	\$ 15,309
Income taxes payable	18,755	20,948
Compensation and benefits payable	106,463	199,081
Other accrued liabilities	35,953	37,120
Total current liabilities	<u>172,967</u>	<u>272,458</u>
Deferred compensation and other retirement plans	111,153	105,719
Other liabilities	5,660	5,903
Total liabilities	<u>289,780</u>	<u>384,080</u>
Shareholders' equity		
Common stock: \$0.01 par value, 150,000 shares authorized, 55,945 and 54,786 shares issued and 45,028 and 44,593 shares outstanding, respectively	362,351	358,568
Retained earnings	110,918	95,014
Accumulated other comprehensive income	40,282	43,097
Shareholders' equity	513,551	496,679
Less: Notes receivable from shareholders	(544)	(545)
Total shareholders' equity	<u>513,007</u>	<u>496,134</u>
Total liabilities and shareholders' equity	<u>\$ 802,787</u>	<u>\$ 880,214</u>