

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

KORN/FERRY INTERNATIONAL
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

CALIFORNIA
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

7361
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

95-2623879
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

1800 CENTURY PARK EAST, SUITE 900
LOS ANGELES, CALIFORNIA 90067
(310) 552-1834

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICE)

PETER L. DUNN
1800 CENTURY PARK EAST, SUITE 900
LOS ANGELES, CALIFORNIA 90067
(310) 843-4100

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box.

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following
box and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act

registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
Common Stock, no par value.....	\$230,000,000	\$67,850

(1) Estimated solely for purposes of determining the registration fee pursuant to Rule 457 under the Securities Act of 1933. A portion of the proposed maximum aggregate offering price represents shares that are to be offered outside of the United States but that may be resold from time to time in the United States. Such shares are not being registered for the purpose of sales outside the United States.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
+++++
SUBJECT TO COMPLETION, DATED AUGUST 18, 1998

Shares

[LOGO OF KORN/FERRY INTL.]

Common Stock
(no par value)

Of the shares of Common Stock ("Common Stock") offered hereby, shares are being sold by Korn/Ferry International (the "Company") and shares are being sold by the Selling Shareholders named herein under "Principal and

Selling Shareholders" (the "Selling Shareholders"). Of the shares of Common Stock being offered, shares are initially being offered in the United States and Canada (the "U.S. Shares") by the U.S. Underwriters (the "U.S. Offering") and shares are initially being concurrently offered outside the United States and Canada (the "International Shares") by the Managers (the "International Offering" and, together with the U.S. Offering, the "Offering"). The offering price and underwriting discounts and commissions of the U.S. Offering and the International Offering are identical.

Prior to the Offering, there has been no public market for the Common Stock. It is anticipated that the initial public offering price will be between \$ and \$ per share. For information relating to the factors to be considered in determining the initial offering price to the public, see "Underwriting." Application will be made to list the Common Stock on the New York Stock Exchange under the symbol "KFY."

FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMMON STOCK, SEE "RISK FACTORS" ON PAGE 9 HEREIN.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS	PROCEEDS TO COMPANY (1)	PROCEEDS TO SELLING SHAREHOLDERS
	-----	-----	-----	-----
Per Share.....	\$	\$	\$	\$
Total (2).....	\$	\$	\$	\$

- (1) Before deduction of expenses payable by the Company estimated at \$.
- (2) The Company has granted the U.S. Underwriters and the Managers an option, exercisable by Credit Suisse First Boston Corporation for 30 days from the date of this Prospectus, to purchase a maximum of additional shares to cover over-allotments of shares. If the option is exercised in full, the total Price to Public will be \$, Underwriting Discounts and Commissions will be \$ and Proceeds to Company will be \$.

The U.S. Shares are offered by the several U.S. Underwriters when, as and if delivered to and accepted by the U.S. Underwriters and subject to their right to reject orders in whole or in part. It is expected that the U.S. Shares will be ready for delivery on or about , 1998, against payment in immediately available funds.

CREDIT SUISSE FIRST BOSTON

DONALDSON, LUFKIN & JENRETTE

PAINWEBBER INCORPORATED

Prospectus dated , 1998.

[Graphics with globe and a list of the offices of Korn/Ferry International in each of the cities in which it operates, plus selected Futurestep screens.]

The Company holds a number of U.S. registered and common law trademarks, as well as non-U.S. registered trademarks, which are used throughout this

Prospectus. The Company has registered the following marks, among others, with the U.S. Patent and Trademark Office: "KF" and "Korn/Ferry International." Korn/Ferry International Futurestep, Inc., a subsidiary of Korn/Ferry International, has a pending trademark application with the U.S. Patent and Trademark Office for "Futurestep." In addition, a number of federally registered trademarks are used throughout this Prospectus that are not owned by the Company.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVER-ALLOTMENT, STABILIZING TRANSACTIONS, SYNDICATE SHORT COVERING TRANSACTIONS AND PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the more detailed information, including "Risk Factors" and the Company's Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus (i) gives effect to the filing of an amendment of the Company's existing Articles of Incorporation that increases the Company's authorized capital stock and implements the four-to-one split of the Company's outstanding Common Stock that will occur prior to the consummation of the Offering, (ii) assumes no exercise of the over-allotment option granted to the U.S. Underwriters and the Managers as described in "Underwriting" and (iii) assumes an initial public offering price of \$ per share of Common Stock, the midpoint of the range set forth on the cover of this Prospectus. Unless the context otherwise requires, all references to the "Company" and "Korn/Ferry" refer to Korn/Ferry International and its consolidated subsidiaries and affiliates. All references to "Futurestep" refer to Korn/Ferry International Futurestep, Inc., a subsidiary of the Company, or the Internet-based search service offered by the Company through that subsidiary. The Company's fiscal year ends on April 30 of each calendar year.

THE COMPANY

OVERVIEW

Korn/Ferry International is the world's largest executive search firm and has the broadest global presence in the industry with 384 consultants based in 71 offices across 41 countries. The Company's premier global reputation, strong client relationships, senior-level search expertise, innovation and technological leadership provide Korn/Ferry with distinct competitive advantages. The Company has ranked first in revenues among the world's executive search firms for each of the last 20 years and, since fiscal 1993, has generated compound annual revenue growth of 23%. In fiscal 1998, the Company had total revenues of \$315.0 million and performed over 5,870 assignments for more than 3,750 clients, including approximately 43% of the Fortune 500. Korn/Ferry's clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. Almost half of the searches performed by the Company in fiscal 1998 were for board level, chief executive and other senior executive officer positions. The Company has established strong client loyalty; more than 80% of the search assignments it performed in fiscal 1998 were on behalf of clients for whom it had conducted multiple assignments over the last three fiscal years.

The Company believes it is the leading innovator in the executive search industry and the most forward-thinking in addressing the fundamental transformation of the marketplace caused by the combined impact of advanced technology and the Internet. In anticipation of these changing industry dynamics, and in response to clients' demand for middle-management recruitment services, the Company recently established Futurestep, its Internet-based search service. Futurestep combines Korn/Ferry's search expertise with

exclusive candidate assessment tools and the reach of the Internet to accelerate recruitment of candidates for middle-management positions. In the three months following Futurestep's introduction in southern California, approximately 23,600 candidates have completed a detailed on-line profile with Futurestep. The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. This alliance provides preferred print and on-line access to The Wall Street Journal's readers, advertisers and on-line users. The Company believes its investments in technology-based recruitment will enable it to expand its share of the middle-management recruitment market and to strengthen its leading industry position as new methodologies begin to be utilized in senior-level search.

Korn/Ferry is also an established and respected source of management research. For example, the Company's Annual Board of Directors Survey of the Fortune 1000, now in its 25th year, reports on the structure, policy and trends in America's corporate boardrooms and is recognized as one of the most comprehensive, long-term studies of boards available.

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INDUSTRY

According to industry sources, worldwide executive search revenue grew at a 20% compound annual growth rate, from approximately \$3.5 billion in 1993 to \$7.3 billion in 1997. The Company believes that a number of favorable trends will contribute to the continued growth of the executive search industry, including: (i) the globalization of business; (ii) the demand for managers with broader skills; (iii) the increasing outsourcing of recruitment functions; and (iv) the use of advanced technology to accelerate the identification and assessment of candidates.

GROWTH STRATEGY

Korn/Ferry's objective is to expand its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The principal elements of the Company's strategy include:

Leverage leadership in senior-level search--The Company's leadership in senior-level search enables it to grow its business by increasing the number of search assignments it handles for existing clients. The Company also believes that there are significant opportunities to develop new clients by aggressively marketing its proven global search expertise. The Company has adopted a structured approach to develop and build relationships with new and existing clients. Through its ten specialty practice groups and broad global presence, the Company maintains an in-depth understanding of the market conditions and strategic and management issues facing clients. Annually, the Company's regions, offices, individual consultants and specialty practice groups identify existing and prospective clients with substantial recurring needs for executive search services. The Company assembles teams of search consultants based on geographic, industry and functional expertise to focus on these accounts. The Company has developed a number of major relationships with prestigious multinational companies and, in fiscal 1998, completed an average of 34 search assignments each for 20 major long-standing accounts.

Expand into the middle-management market--In response to the growing client demand for middle-management recruitment, the Company is expanding its services to address this market. With its strong senior-level client relationships, advertised recruitment services and Futurestep, Korn/Ferry is well positioned to meet its clients' middle-management recruitment needs effectively and efficiently. By moving aggressively into this segment of the market, the Company believes it can strengthen its relationships with its existing clients, develop new clients and gain a competitive advantage in marketing complementary services.

Pursue strategic acquisitions--The Company will continue to make selected

acquisitions that support its growth strategy, enhance its presence in key markets or otherwise complement its competitive strengths. The executive search industry is highly fragmented and consists of approximately 4,000 firms, the ten largest of which accounted for only 11% of the global executive search industry revenues in 1997. As the largest global executive search firm, the Company believes it has the resources to lead consolidation within the highly fragmented search industry. Since fiscal 1993, the Company has completed five acquisitions, including most recently the acquisition of Didier Vuchot & Associates, which enhanced Korn/Ferry's market position in France.

Reinforce technological leadership--The Company has invested more than \$25 million over the past two fiscal years in the development of an advanced global technology infrastructure to increase the speed and quality of service to its clients. The Company's worldwide databases contain profiles of over 1,000,000 executives and over 310,000 companies. The Company's systems represent a strong competitive advantage, allowing its consultants to access information and communicate effectively with each other. As the executive search industry continues to grow and as more clients seek the assistance of search firms to fill middle-management positions, an advanced technology infrastructure has become an indispensable element of the search business.

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Add new complementary services--The Company seeks to add new complementary services in response to specific client needs. For example, the Company developed Futurestep and has expanded its advertised recruitment services to address its clients' growing demand for effective middle-management recruitment. In addition, the Company is exploring complementary business opportunities, which could include recruitment outsourcing and human resources consulting. As attractive business opportunities are identified, the Company may capitalize on these opportunities through internal development, joint ventures or selected acquisitions.

The Company believes the high caliber and motivation of its professionals are critical factors to its success. The Company further believes it has been able to attract and retain some of the most productive search consultants (vice presidents and principals) as a result of its premier reputation, history of consultant equity ownership and performance-based compensation program. The Company's vice presidents have an average of seven years' experience with the Company, 12 years in the search industry and 13 years in other industries. On average, each of the Company's consultants completed 17 search assignments in fiscal 1998. In each of the last five fiscal years, no individual consultant has accounted for any material portion of the Company's revenues.

Upon the consummation of the Offering, the Company's employee-shareholders will continue to own approximately % of the Company. The employee-shareholders have agreed to limit their ability to sell more than half of their shareholdings until on or after the fourth anniversary of the Offering. To align further the interests of Korn/Ferry's consultants and shareholders, the Company has revised its compensation program for consultants. In contemplation of the Offering, the revised compensation program reduces the amount of consultants' annual cash performance bonus payments and provides for the issuance of stock options pursuant to the Company's newly adopted Performance Award Plan. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Liquidity Schedule."

CORPORATE INFORMATION

The Company was incorporated in November 1969 under the laws of the State of California. The Company's principal executive offices are located at 1800 Century Park East, Suite 900, Los Angeles, California 90067, and its telephone number is (310) 552-1834. The Company's website address is www.kornferry.com and Futurestep's website address is www.futurestep.com. Neither the information contained in the websites of the Company and Futurestep nor the websites linked to the websites of the Company and Futurestep shall be deemed to be a part of this Prospectus.

THE OFFERING

Common Stock offered by:

The Company.....	shares
The Selling Shareholders.....	shares
Total.....	shares

Common Stock offered in:

U.S. Offering.....	shares
International Offering.....	shares
Total.....	shares

Common Stock outstanding after the Offering.....	shares (1)
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Use of proceeds.....	Of the estimated net proceeds to the Company of \$ million, the Company intends to use approximately \$ million to complete the redemption by the Company of certain shares of its capital stock, including the outstanding shares of Series A Preferred Stock, \$ million to redeem the outstanding shares of Series B Preferred Stock, \$ million to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights, \$ million to repay the outstanding balance under its credit facility and \$ million for working capital and general corporate purposes, including the expansion of Futurestep, possible future acquisitions and continued development of technology, information systems and infrastructure. See "Use of Proceeds" and "Certain Transactions--Additional Redemption Amounts." While the Company will not receive any proceeds from the sale of shares of Common Stock in the Offering by the Selling Shareholders, it will receive approximately \$ million from the repayment by certain Selling Shareholders of loans from the Company to those Selling Shareholders.
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Proposed New York Stock Exchange
symbol..... KFY
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- (1) Excludes (i) an aggregate of shares of Common Stock issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) an aggregate of additional shares of Common Stock reserved for future issuance under the Company's Performance Award Plan (the "Performance Award Plan"). See "Management--Benefit Plans--Performance Award Plan."

SUMMARY FINANCIAL AND OTHER DATA
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND OTHER DATA)

The following table sets forth certain summary financial and other operating data for the Company. This information should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, "Selected Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus.

	FISCAL YEAR ENDED APRIL 30,					PRO FORMA
	1994	1995	1996	1997	1998	1998 (1)
						(UNAUDITED)
STATEMENT OF OPERATIONS						
DATA:						
Total revenues.....	\$143,608	\$187,888	\$230,217	\$272,561	\$315,025	\$315,025
Reimbursed candidate expenses.....	7,383	8,938	8,731	12,137	14,470	14,470
Net revenues.....	136,225	178,950	221,486	260,424	300,555	300,555
Compensation and benefits.....	86,745	116,363	140,721	166,854	197,790	177,590
General and administrative expenses.....	36,419	46,319	64,419	73,005	84,575	84,575
Operating profit.....	13,061	16,268	16,346	20,565	18,190	38,390
Interest expense.....	1,991	2,323	3,683	3,320	4,234	4,234
Income before provision for income taxes and non-controlling shareholders' interests.....	11,070	13,945	12,663	17,245	13,956	34,156
Provision for income taxes.....	4,224	5,322	3,288	6,658	6,687	16,363
Non-controlling shareholders' interests (2).....	1,788	2,139	1,579	1,588	2,025	2,025
Net income.....	\$ 5,058	\$ 6,484	\$ 7,796	\$ 8,999	\$ 5,244	\$ 15,588 (3)
Net income per share						
Basic.....	\$ 0.24	\$ 0.30	\$ 0.38	\$ 0.42	\$ 0.24	
Diluted.....	0.21	0.27	0.36	0.40	0.23	
Weighted average common shares outstanding						
Basic.....	21,139	21,874	20,390	21,382	21,885	
Diluted.....	26,255	25,607	23,019	23,481	23,839	

FISCAL YEAR ENDED APRIL 30,				
1994	1995	1996	1997	1998

OTHER DATA:

Number of offices (at period end).....	54	59	62	66	71
Average number of consultants (4)	207	242	271	311	357
Number of assignments...	3,449	3,570	4,113	4,774	5,879
Total revenues by					

region:

North America.....	\$ 75,770	\$ 97,950	\$111,513	\$135,192	\$162,618
Europe.....	37,913	49,769	68,890	77,505	86,180
Asia/Pacific.....	13,876	21,227	29,921	34,532	34,811
Latin America.....	16,049	18,942	19,893	25,332	31,416

AS OF APRIL 30, 1998

AS
ACTUAL ADJUSTED(5)

(UNAUDITED)

BALANCE SHEET DATA:

Cash and cash equivalents.....	\$ 32,358	\$
Working capital.....	26,573	
Total assets.....	176,371	
Total long-term debt.....	6,151	
Total mandatorily redeemable stock.....	56,161	
Shareholders' equity.....	2,593	

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- (1) The unaudited Pro Forma Statement of Operations Data for fiscal 1998 has been computed by eliminating from compensation and benefits that portion of consultant compensation that exceeds the amount which would have been paid had the Company's revised compensation program, effective May 1, 1998, been in effect for all of fiscal 1998. A pro forma adjustment also was made to reflect the increased income tax liability resulting from the corresponding increase in income before provision for income taxes, using the Company's fiscal 1998 effective tax rate of 48%. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."
 - (2) Represents the non-controlling majority shareholders' interest in the Company's Mexican subsidiaries and the non-controlling shareholders' minority interests in Futurestep.
 - (3) Upon consummation of the Offering, the Company expects to incur non-recurring compensation and benefits expenses of (i) \$39.8 million from the difference between the issuance price of the shares issued by the Company in the twelve months preceding the effective date of the Offering and the fair market value of the shares at the date of issuance, (ii) \$ million from the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) \$ million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These non-recurring compensation and benefits expenses are not reflected in the pro forma 1998 statement of operations data and will be reflected in the Company's financial statements for the quarter in which the Offering is consummated.
 - (4) Because the Company's records did not distinguish titles between principal and associate during fiscal 1994, 1995 and 1996, the average number of consultants is estimated by the Company for each of those years by adding to the number of vice presidents a number of additional consultants based on the average ratio of principals to associates in fiscal 1997 and 1998.
 - (5) Adjusted for the Offering and application of the estimated net proceeds therefrom, including completion of the redemption by the Company of certain shares of its capital stock, redemption of the outstanding shares of Series

B Preferred Stock and payment of existing obligations of the Company to former holders of phantom units and stock appreciation rights. See "Use of Proceeds," "Capitalization" and "Certain Transactions--Additional Redemption Amounts."

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating the Company and its business before purchasing shares of Common Stock. This Prospectus contains forward-looking statements that are based on the beliefs of the Company's management, as well as assumptions made by, and information currently available to, the Company's management. Because such statements involve risks and uncertainties, actual actions and strategies, the Company's future results, performance or achievements could differ materially from those expressed in, or implied by, any such forward-looking statements. Factors that could cause or contribute to such material differences include, but are not limited to, those discussed below.

COMPETITION

The global executive search industry is highly competitive and fragmented. In certain markets, the Company's competitors may possess greater resources, greater name recognition and longer operating histories than the Company, which may afford these firms advantages in obtaining future clients and attracting qualified professionals in these markets. Historically, there have been few barriers to entry into the executive search industry and new executive search firms continue to enter the market. In addition, the Company believes that with the continuing development and increased availability of information technology, the executive search industry may attract new competitors. See "Business--Competition." There can be no assurance that the Company will be able to continue to compete effectively against existing or potential competitors.

DEPENDENCE ON ATTRACTING AND RETAINING QUALIFIED EXECUTIVE SEARCH CONSULTANTS

The Company's success depends upon its ability to attract and retain qualified consultants who possess the skills and experience necessary to satisfy its clients' executive search needs. The Company competes with other executive search firms for qualified consultants. The failure of the Company to identify and hire consultants with the requisite experience, skills and established client relationships could have a material adverse effect on the Company's business, financial condition and results of operations. Although executive search firms strive to provide benefits and incentives to retain their search consultants, many firms have experienced consultant turnover. Consultants are paid salaries with the potential to earn substantially greater performance-based bonuses. A majority of the Company's revenues have been and will continue to be utilized to pay consultant compensation. Any diminution in the Company's reputation, reduction in the Company's compensation levels or restructuring of the Company's compensation system, whether as a result of insufficient revenues, a decline in the market price of the Common Stock after the Offering or for any other reason, could impair the Company's ability to retain existing or attract additional qualified consultants. In connection with the Offering, the Company has adopted a revised compensation program featuring equity-based incentives, which were not previously a part of its compensation structure. There can be no assurance that these changes to the Company's compensation programs will not adversely affect the Company's ability to attract and retain consultants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Executive Participation Programs--Executive Participation Program."

PORTABILITY OF CLIENT RELATIONSHIPS

The Company's success depends upon the ability of its executive search

consultants to develop and maintain relationships with its clients. When a consultant leaves one search firm and joins another, clients that have established relationships with the departing consultant may move their business to the consultant's new employer. The loss of one or more clients is more likely to occur if the departing consultant enjoys widespread name recognition or has developed a reputation as a specialist in executing searches in a particular industry. The Company's failure to retain its most productive consultants or maintain the quality of service to which its clients are accustomed, and the ability of a departing consultant to move business to his or her new employer, could have a material adverse effect on the Company's business, financial condition and results of operations. See "-- Dependence on Attracting and Retaining Qualified Executive Search Consultants."

EFFECT OF GLOBAL ECONOMIC FLUCTUATIONS

Demand for the Company's services is significantly affected by the general level of economic activity in the regions and industries in which the Company operates. When economic activity slows, many companies hire fewer permanent employees. Therefore, a significant economic downturn, especially in regions or industries where the Company's operations are heavily concentrated, could have a material adverse effect on the Company's business, results of operations and financial condition. Further, the Company may face increased pricing pressures during such periods. There can be no assurance that during these periods the Company's results of operations will not be adversely affected. In the recent past, the financial markets in Asia have experienced significant turmoil, negatively impacting the revenues and operating profits of the Company's operations in the Asia/Pacific region. There can be no assurance that such turmoil in the Asian financial markets will not continue to affect negatively the Company in that region. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RISKS ASSOCIATED WITH GLOBAL OPERATIONS

The Company has 71 offices in 41 countries and generates approximately half its total revenues from operations outside of North America. There are certain risks inherent in transacting business worldwide, such as changes in applicable laws and regulatory requirements, tariffs and other trade barriers, difficulties in staffing and managing global operations, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, expatriation controls and potential adverse tax consequences. The Company generated approximately one-third of its total revenues in the form of foreign currencies in fiscal 1998. The Company has no hedging or similar foreign currency contracts and therefore fluctuations in the value of foreign currencies could adversely impact the profitability of the Company's global operations. There can be no assurance that one or more of such factors will not have a material adverse effect on the Company's business, financial condition or results of operations.

RESTRICTIONS IMPOSED BY OFF-LIMITS AGREEMENTS

Either by agreement with clients, or for client relations or marketing purposes, executive search firms frequently refrain, for a specified period of time, from recruiting employees of a client, and possibly other entities affiliated with such client, when conducting searches on behalf of other clients (an "off-limits agreement"). Off-limits agreements generally remain in effect for one or two years following completion of an assignment. The duration and scope of the off-limits agreement, including whether it covers all operations of the client and its affiliates or only certain divisions of a client, generally are subject to negotiation or internal policies and may depend on such factors as the length of the client relationship, the frequency with which the executive search firm has been engaged to perform executive searches for the client and the amount of revenue the executive search firm has generated or expects to generate from the client. Some of the Company's clients are recognized as industry leaders and employ a significant number of qualified executives who are potential recruitment candidates for other

companies. The Company's inability to recruit employees of such a client may make it difficult for the Company to obtain search assignments from, or to fulfill search assignments for, other companies in that client's industry. There can be no assurance that off-limits agreements will not impede the Company's growth or its ability to attract and serve new clients, or otherwise have a material adverse effect on the Company's business, results of operations and financial condition.

IMPLEMENTATION OF ACQUISITION STRATEGY

The Company's ability to grow and remain competitive may depend on its ability to consummate strategic acquisitions of other executive search firms. Although the Company frequently evaluates possible acquisitions, there can be no assurance that the Company will be successful in identifying, financing and completing such acquisitions. An acquired business may not achieve desired levels of revenue, profitability or productivity or otherwise perform as expected. In addition, growth through acquisition of existing firms involves risks such as diversion of management's attention, difficulties in the integration of acquired operations, difficulties in retaining personnel, increased off-limits conflicts, assumption of liabilities not known at the time of acquisition and tax

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and accounting issues, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may finance future acquisitions in whole or in part with Common Stock, indebtedness or cash.

ABILITY TO MANAGE GROWTH

The future growth of the Company will result in new and increased responsibilities for the Company's management personnel as well as increased demands on the Company's internal systems, procedures and controls, and its managerial, administrative, financial, marketing, information and other resources. These new responsibilities and demands may adversely affect the Company's performance. Moreover, the Company intends to continue to open new offices and to develop new practice areas or lines of business complementary to its core services, which may entail certain start-up and maintenance costs that could be substantial. The failure of the Company to continue to improve its internal systems, procedures and controls, to open new offices, to develop new practice areas or otherwise to manage growth successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS RELATED TO THE DEVELOPMENT AND GROWTH OF FUTURESTEP

The acceptance of Futurestep is dependent on the use of the Internet by candidates, the ability of the Company to attract candidates to Futurestep's website and client acceptance of Futurestep's recruitment services. In addition, the Company believes Futurestep's alliance with The Wall Street Journal is important for attracting candidates and clients to Futurestep. The initial term of the alliance extends through June 2001. Any loss of such alliance could have a material adverse effect on the growth of Futurestep's business. In addition, the development of Futurestep will involve substantial expenditures and the Company believes Futurestep will generate operating losses through at least the end of fiscal 2000. The limited operating history of Futurestep makes the prediction of future results of operations difficult and there can be no assurance that Futurestep's operating losses will not increase in the future or that Futurestep will ever achieve or sustain profitability.

RELIANCE ON INFORMATION SYSTEMS

The Company's success depends in large part upon its ability to store, retrieve, process and manage substantial amounts of information. To achieve its strategic objectives, the Company must continue to develop and enhance its

information systems, which may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for the Company to compete effectively, or any interruption or loss of the Company's information processing capabilities, for any reason, could have a material adverse effect on the Company's business, results of operations and financial condition.

YEAR 2000 COMPLIANCE

The "Year 2000" issue affects installed computer systems, network elements, software applications and other business systems that have time-sensitive programs that may not properly reflect or recognize the year 2000, resulting in miscalculations or system failures. In fiscal year 1998, the Company commenced an inventory and Year 2000 assessment of its principal computer systems, network elements, software applications and other business systems. The Company has determined that an information system used in its London office is not Year 2000 compliant. The Company expects to complete the replacement or renovation of any noncompliant systems and applications by September 1999 and believes that the cost of addressing any of its Year 2000 issues will not be material.

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EMPLOYMENT LIABILITY RISK

Executive search firms are exposed to potential claims with respect to the executive search process. A client could assert a claim for such matters as breach of an off-limits agreement or recommending a candidate who subsequently proves to be unsuitable for the position filled. In addition, a candidate could assert an action against the Company for failure to maintain the confidentiality of the candidate's employment search or for alleged discrimination or other violations of employment law by a client of the Company. The Company maintains professional liability insurance in such amounts and with such coverages and deductibles as it believes are adequate to cover such claims. There can be no assurance, however, that the Company's insurance will cover all such claims or that its insurance coverage will continue to be available at economically feasible rates. See "Business--Insurance."

VOTING CONTROL BY CURRENT SHAREHOLDERS

Immediately after the Offering, the current shareholders of the Company will be the beneficial owners of _____ shares of Common Stock, representing approximately _____ % of the then issued and outstanding shares of Common Stock (_____ % if the over-allotment option is exercised in full). Immediately after the Offering, such shareholders will continue to have sufficient voting power to elect the entire Board of Directors of the Company and, in general, to determine (without the consent of the Company's other shareholders) the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the Company's assets, and also the power to prevent or cause a change in control of the Company. See "Management" and "Principal and Selling Shareholders."

MANAGEMENT DISCRETION CONCERNING USE OF PROCEEDS

Most of the net proceeds of the Offering to the Company have not been designated for specific uses, and management will have substantial discretion in using the proceeds of the Offering. The failure of management to apply the proceeds effectively could have a material adverse effect on the Company's business, financial condition and results of operations. See "Use of Proceeds."

POSSIBLE VOLATILITY OF STOCK PRICE

There can be no assurance that an active trading market for the Common Stock will develop as a result of the Offering or, if a trading market does develop, that it will be sustained or that the shares of Common Stock could be resold at or above the initial public offering price. The initial public offering price of the Common Stock offered hereby will be determined through negotiations among the Company, the Selling Shareholders and the representatives of the Underwriters and may not be indicative of the price at which the Common Stock will actually trade after the Offering. In determining such price, consideration will be given to various factors, including market conditions for the initial public offering, the past history of and prospects for the Company's business, operations, earnings and financial position, an assessment of the Company's management, the market for securities of companies in businesses similar to those of the Company, the general condition of the securities markets and other relevant factors. After completion of the Offering, the market price of the Common Stock could be subject to significant variation due to fluctuations in the Company's operating results, changes in earnings estimates by securities analysts, the degree of success the Company achieves in implementing its business strategy, changes in business conditions affecting the Company, its customers or its competitors, and other factors. In addition, the stock market may experience volatility that affects the market prices of companies in ways unrelated to the operating performance of such companies, and such volatility may adversely affect the market price of the Common Stock.

SHARES ELIGIBLE FOR FUTURE SALE

Upon consummation of the Offering, the Company will have outstanding an aggregate of _____ shares of Common Stock (_____ shares if the over-allotment option is exercised in full). Of these shares, all of the _____ shares sold in the Offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless such shares are purchased by affiliates of the Company as that term is defined in Rule 144 under the Securities Act ("Affiliates"). Of the remaining _____ shares, _____ shares of Common Stock held by existing shareholders are "restricted securities" as that term is

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defined in Rule 144 under the Securities Act ("Restricted Shares"). Restricted Shares may be sold to the public only if registered or if they qualify for an exemption from registration under Rule 144 or 701 promulgated under the Securities Act. Beginning 90 days after the date of this Prospectus, _____ shares will be eligible for sale pursuant to Rule 144, provided the conditions of Rule 144 or 701 are met, subject to the lock-up agreements described below. Future sales of substantial amounts of Common Stock after the Offering, or the perception that such sales could occur, could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities. No prediction can be made as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price of the Common Stock. In addition, the Company has the authority to issue additional shares of Common Stock and shares of one or more series of preferred stock. The issuance of such shares could result in the dilution of the voting power of the shares of Common Stock purchased in the Offering and could have a dilutive effect on earnings per share.

Each of the Company and the existing shareholders of the Company has agreed that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of the Company without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except, in the case of the Company, for the grant of options and sale of shares under the

Company's stock benefit plans. Thereafter, certain parties may also sell shares under Rule 144 of the Securities Act. See "Description of Capital Stock," "Shares Eligible for Future Sale" and "Underwriting."

Substantially all of the Company's existing shareholders have agreed to be subject to a liquidity schedule that limits their ability to sell their current Common Stock holdings. See "Management--Liquidity Schedule."

ANTI-TAKEOVER PROVISIONS; POSSIBLE ISSUANCE OF PREFERRED STOCK

The Company's Amended and Restated Articles of Incorporation (the "Articles") and Amended and Restated Bylaws (the "Bylaws") and applicable law contain provisions that could have the effect of inhibiting a non-negotiated merger or other business combination. In particular, the Articles provide for a staggered Board of Directors and do not permit cumulative voting. In addition, the Articles authorizes the Board of Directors to issue shares of preferred stock, and fix the rights and preferences thereof, without a vote of its shareholders. Although no shares of preferred stock will be outstanding upon consummation of the Offering, and the Company has no present plans to issue any shares of preferred stock, the rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Certain of these provisions may have anti-takeover effects and may delay, deter or prevent a change in control of the Company that shareholders might otherwise consider in their best interests. Moreover, the existence of these provisions may depress the market price of the Common Stock. The Company's Bylaws also limit the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice. See "Description of Capital Stock--Preferred Stock" and "--Certain Anti-Takeover Effects."

SUBSTANTIAL AND IMMEDIATE DILUTION

The initial public offering price of the Common Stock offered in the Offering will be substantially higher than the net tangible book value per share of the currently outstanding Common Stock. Therefore, purchasers of Common Stock in the Offering will experience immediate and substantial dilution of \$ per share. See "Dilution."

ABSENCE OF DIVIDENDS

The Company does not anticipate declaring or paying any cash dividends on its Common Stock in the foreseeable future. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board of Directors. See "Dividend Policy."

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USE OF PROCEEDS

The net proceeds to the Company from the sale of the shares of Common Stock offered by it, after deducting the offering expenses and the estimated underwriting discounts and commissions payable by the Company, are estimated to be \$ million (\$ million if the over-allotment option is exercised in full), assuming an initial public offering price of \$ per share (the mid-point of the offering range set forth on the cover page of this Prospectus). The Company will not receive any proceeds from the sale of shares of Common Stock in the Offering by the Selling Shareholders. However, approximately \$ million of the proceeds from the sale of shares of Common Stock in the Offering by certain Selling Shareholders will be paid to the Company to reduce the amount of loans outstanding from the Company to them incurred in connection with their original purchase of shares of Common Stock. As of April 30, 1998, the Company had \$7.4 million of notes receivable from shareholders.

The Company intends to use approximately \$ million of the net proceeds from the Offering to complete the redemption by the Company of certain shares of its capital stock, including the outstanding shares of Series A Preferred

Stock, \$ million to redeem the outstanding shares of Series B Preferred Stock, \$ million to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights, \$ million to repay the outstanding balance under its credit facility and \$ million for working capital and general corporate purposes, including the expansion of Futureshape, possible future acquisitions and continued development of technology, information systems and infrastructure. See "Certain Transactions--Additional Redemption Amounts." Pending such uses, the Company intends to invest such funds in interest-bearing, short-term, investment grade securities, certificates of deposit, bank deposits, commercial paper or other short-term debt instruments. See Note 3 to the Consolidated Financial Statements for interest rates and maturity of the Company's credit facility being repaid.

DIVIDEND POLICY

Since April 30, 1996, the Company has not paid any dividends. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition and other factors considered relevant by the Board of Directors. The Company intends to retain future earnings to finance its operations and growth and does not anticipate declaring or paying any cash dividends on its Common Stock in the foreseeable future. See "Risk Factors--Absence of Dividends" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth the capitalization of the Company as of April 30, 1998, on (i) an actual basis and (ii) an as adjusted basis to give effect to the Offering and the application of the estimated net proceeds therefrom (including approximately \$ million to be received by the Company from the Selling Shareholders). The capitalization of the Company should be read in conjunction with "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus.

	AS OF APRIL 30, 1998	
	-----	-----
	ACTUAL	AS ADJUSTED (UNAUDITED)
	-----	-----
	(DOLLARS IN THOUSANDS)	
Cash and cash equivalents.....	\$32,358	\$
	=====	=====
Current portion of long-term debt.....	\$ 2,559	\$ --
Long-term debt, less current portion.....	6,151	--
	-----	-----
Mandatorily redeemable common and preferred stock		
Series A preferred stock, no par value; 10,000 shares authorized, 8,600 shares issued and outstanding and no shares authorized, issued and outstanding on an as adjusted basis.....	63	--
Series B preferred stock, no par value; 150,000 shares authorized, 121,000 shares issued and outstanding and no shares authorized, issued and outstanding on an as adjusted basis.....	1,353	--
Common stock, no par value; 22,282,000 shares issued and outstanding	62,110	
Notes receivable from shareholders.....	(7,365)	

Total mandatorily redeemable common and preferred stock.....	56,161	
Shareholders' equity		
Preferred stock, no par value; 50,000,000 shares authorized, no shares issued and outstanding on an as adjusted basis.....	--	
Common stock, no par value; 150,000,000 shares authorized, 920,000 shares issued and outstanding and shares issued and outstanding on an as adjusted basis (1).....	--	
Retained earnings.....	2,593	
Total shareholders' equity (2).....	2,593	
Total capitalization.....	\$67,464	\$

- (1) Excludes (i) an aggregate of _____ shares issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) an aggregate of _____ additional shares of Common Stock reserved for issuance under the Performance Award Plan. See "Management--Benefit Plans--Performance Award Plan."
- (2) Includes reduction in shareholders' equity of \$ _____ million resulting from the completion of the redemption by the Company of certain shares of its capital stock, redemption of the outstanding shares of Series B Preferred Stock and payment of existing obligations of the Company to former holders of phantom units and stock appreciation rights.

DILUTION

As of April 30, 1998, the Company had a net tangible book value of \$ _____, or \$ _____ per share of Common Stock based upon _____ shares of Common Stock outstanding. Net tangible book value per share is determined by dividing the net tangible book value of the Company (total tangible assets less total liabilities, excluding mandatorily redeemable Common Stock and preferred stock of the Company) as of such date by the number of shares of Common Stock outstanding as of such date. Without giving effect to any changes in the net tangible book value other than the receipt and application by the Company of estimated net proceeds from the sale of the shares of Common Stock sold by the Company in the Offering at an assumed initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this Prospectus), the Company's pro forma net tangible book value as of April 30, 1998 would have been \$ _____ million, or \$ _____ per share of Common Stock. This represents an immediate increase in pro forma net tangible book value of \$ _____ per share to the existing shareholders and an immediate dilution of \$ _____ per share to new investors purchasing shares in the Offering. The following table illustrates this per share dilution to new investors:

Initial public offering price per share.....	\$
Net tangible book value per share as of April 30, 1998 before the Offering.....	\$
Increase in net tangible book value per share attributable to new investors in the Offering.....	
Effect of stock redemption transaction(1).....	
Pro forma net tangible book value per share as of April 30, 1998 after giving effect to the Offering and the stock	

redemption transaction.....
Dilution per share to new investors..... \$

The following table sets forth, on a pro forma basis as of April 30, 1998 after giving effect to the Offering as described above, the number of shares purchased from the Company, the total consideration paid and the average price per share paid by existing shareholders and the new investors purchasing shares of Common Stock from the Company in the Offering.

	SHARES OF COMMON STOCK PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing shareholders(2).....		%	\$	%	\$
New investors(2).....					
Total.....	---	100.0%	---	100.0%	---

The foregoing table excludes (i) an aggregate of _____ shares of Common Stock issuable upon the exercise of stock options that will be granted upon consummation of the Offering and (ii) an aggregate of _____ additional shares of Common Stock reserved for future issuance under the Performance Award Plan. See "Management--Benefit Plans--Performance Award Plan." To the extent these options are exercised, there will be further dilution to new investors.

- (1) Includes reduction in shareholders' equity of \$ _____ million resulting from the completion of the redemption by the Company of certain shares of its capital stock, redemption of the outstanding shares of Series B Preferred Stock and payment of existing obligations of the Company to former holders of phantom units and stock appreciation rights.
- (2) Sales by Selling Shareholders in the Offering will reduce the number of shares of Common Stock held by existing shareholders to _____ or approximately _____ % (_____ shares or approximately _____ % if the over-allotment option is exercised in full) and will increase the number of shares held by new investors to _____ or approximately _____ % (_____ shares or approximately _____ % if the over-allotment option is exercised in full) of the total number of shares of Common Stock outstanding after the Offering. See "Principal and Selling Shareholders."

SELECTED FINANCIAL AND OTHER DATA

The following selected financial data are qualified by reference to, and should be read in conjunction with, the Company's Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus. The selected statement of operations data set forth below for the Company for the years ended April 30, 1996, 1997 and 1998 and the balance sheet data as of April 30, 1997 and 1998 are derived from the Company's Consolidated Financial Statements and Notes thereto, audited by Arthur Andersen LLP, appearing elsewhere in this Prospectus. The selected statement of operations data set forth below for the Company for the years ended April 30, 1994 and 1995 and the balance sheet data as of April 30, 1994, 1995 and

1996 are derived from consolidated financial statements and notes thereto, audited by Arthur Andersen LLP, which are not included in this Prospectus.

	FISCAL YEAR ENDED APRIL 30,					PRO FORMA
	1994	1995	1996	1997	1998	1998 (1)
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					(UNAUDITED)
STATEMENT OF OPERATIONS DATA:						
Total revenues.....	\$143,608	\$187,888	\$230,217	\$272,561	\$315,025	\$315,025
Reimbursed candidate expenses.....	7,383	8,938	8,731	12,137	14,470	14,470
Net revenues.....	136,225	178,950	221,486	260,424	300,555	300,555
Compensation and benefits.....	86,745	116,363	140,721	166,854	197,790	177,590
General and administrative expenses.....	36,419	46,319	64,419	73,005	84,575	84,575
Operating profit.....	13,061	16,268	16,346	20,565	18,190	38,390
Interest expense.....	1,991	2,323	3,683	3,320	4,234	4,234
Income before provision for income taxes and non-controlling shareholders' interests.....	11,070	13,945	12,663	17,245	13,956	34,156
Provision for income taxes.....	4,224	5,322	3,288	6,658	6,687	16,363
Non-controlling shareholders' interests (2).....	1,788	2,139	1,579	1,588	2,025	2,205
Net income.....	\$ 5,058	\$ 6,484	\$ 7,796	\$ 8,999	\$ 5,244	\$ 15,588 (3)
Net income per share						
Basic.....	\$ 0.24	\$ 0.30	\$ 0.38	\$ 0.42	\$ 0.24	
Diluted.....	0.21	0.27	0.36	0.40	0.23	
Weighted average common shares outstanding						
Basic.....	21,139	21,874	20,390	21,382	21,885	
Diluted.....	26,255	25,607	23,019	23,481	23,839	

	AS OF APRIL 30,				
	1994	1995	1996	1997	1998
	(IN THOUSANDS)				

BALANCE SHEET DATA:					
Cash and cash equivalents.....	\$ 16,737	\$ 28,244	\$ 26,640	\$ 25,298	\$ 32,358
Working capital.....	18,288	22,735	22,006	20,051	26,573
Total assets.....	85,606	110,003	126,341	148,405	176,371
Total long-term debt....	3,687	6,004	3,922	3,206	6,151
Total mandatorily redeemable stock and shareholders' equity.....	29,375	34,149	43,075	50,812	58,754

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- (1) The unaudited Pro Forma Statement of Operations Data for fiscal 1998 has been computed by eliminating from compensation and benefits that portion of consultant compensation that exceeds the amount which would have been paid had the Company's revised compensation program, effective May 1, 1998, been in effect for all of fiscal 1998. A pro forma adjustment also was made to reflect the increased income tax liability resulting from the corresponding increase in income before provision for income taxes, using the Company's fiscal 1998 effective tax rate of 48%. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview."
 - (2) Represents the non-controlling majority shareholders' interest in the Company's Mexican subsidiaries and the non-controlling shareholders' minority interests in Futurestep.
 - (3) Upon consummation of the Offering, the Company expects to incur non-recurring compensation and benefits expenses of (i) \$39.8 million from the difference between the issuance price of the shares issued by the Company in the twelve months preceding the effective date of the Offering and the fair market value of the shares at the date of issuance, (ii) \$ million from the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) \$ million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These non-recurring compensation and benefits expenses are not reflected in the pro forma 1998 statement of operations data and will be reflected in the Company's financial statements for the quarter in which the Offering is consummated. See "Certain Transactions--Additional Redemption Amounts" and Notes 5, 6 and 14 of notes to Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

The Company's objective is to maximize shareholder value by executing a strategy that focuses on expanding its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The following presentation of management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto and other financial information included herein.

OVERVIEW

Korn/Ferry International is the world's largest executive search firm with 71 offices across 41 countries. In fiscal 1998, the Company had \$315.0 million in total revenues and performed approximately 5,870 assignments for more than 3,750 clients. The Company derives substantially all of its revenues from fees for professional services, which are billed exclusively on a retained basis. Fees are typically equal to one third of the first year annual cash compensation for the positions being filled. The Company recognizes fee revenues as clients are billed and services are substantially rendered. The Company generally bills its clients in three monthly installments beginning with the acceptance of a search assignment. In addition, clients typically are required to reimburse the Company for candidate travel and any other out-of-pocket expenses incurred in the search process. Expenses that are billed to clients are included in total revenues. That portion of the expense attributable to candidate expenses is included in reimbursable candidate

expenses and is deducted from total revenues to arrive at net revenues.

The Company's total revenues have grown at a compound annual growth rate of approximately 22% to \$315.0 million in fiscal 1998 from \$143.6 million in fiscal 1994. The principal drivers of this growth in total revenues are an increase in the number of assignments, consultant productivity, geographic expansion and selected acquisitions. The number of searches increased 23% to 5,879 in fiscal 1998 from 4,774 in fiscal 1997, and 16% in fiscal 1997 from 4,113 in fiscal 1996. The average number of consultants grew 15% to 357 in fiscal 1998 from 311 in fiscal 1997, and 15% in fiscal 1997 from 271 in fiscal 1996.

The largest component of the Company's expenses consists of compensation and benefits paid to its consultants, executive officers and administrative and support personnel. The Company believes it has been able to attract and retain some of the most productive executive search consultants in the industry as a result of its premium reputation, history of consultant equity ownership and its performance-based compensation program. Currently, most of the Company's consultants are paid annual compensation consisting of a base salary and a cash performance bonus, which has historically represented a significant portion of total cash compensation. Compensation and benefits expense represented approximately 66% of net revenues in fiscal 1998.

Upon the consummation of the Offering, the Company's employee-shareholders will continue to own approximately % of the Company. The employee-shareholders have agreed to retain at least 50% of their current Common Stock ownership until the fourth anniversary of the Offering. To align further the interests of Korn/Ferry's consultants and shareholders, the Company has revised its compensation programs. In contemplation of the Offering, effective May 1, 1998, the revised compensation program reduces the amount of consultants' annual cash performance bonus payments and provides for the issuance of stock options pursuant to the Company's newly adopted Performance Award Plan. Under the revised compensation program, consultants and others will receive options to purchase shares of Common Stock at the market value at the time of grant. Such options will vest in equal installments over five years. See "Management--Benefit Plans--Performance Award Plan." Had the revised compensation program been in effect for all of fiscal 1998, compensation and benefits expenses reflected in the Company's Consolidated Financial Statements would have been reduced by approximately \$20.2 million. The Company believes the revised compensation program is among the most competitive compensation programs in the industry.

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Upon consummation of the Offering, the Company expects to incur non-recurring compensation charges of (i) \$39.8 million representing the difference between the book value issuance price of shares issued by the Company in the twelve months preceding the effective date of the Offering and the fair market value of the shares at the date of the issuance, (ii) \$ million from the payment of additional redemption amounts to certain shareholders under the terms of a 1994 stock redemption agreement and (iii) \$ million from the payment of existing obligations to former holders of phantom units and stock appreciation rights. These charges will be reflected in the Company's Consolidated Financial Statements in the quarter in which the Offering is consummated.

In May 1998, the Company introduced its Internet-based service, Futurestep. The Company is currently incurring marketing and other start-up costs associated with Futurestep, which approximated \$0.8 million for fiscal 1998. The Company believes Futurestep will generate operating losses through at least the end of fiscal 2000. Futurestep plans to expand in the United States throughout fiscal 1999 and in other selected markets thereafter.

RESULTS OF OPERATIONS

The following table summarizes the results of the Company's operations for

each of the past three fiscal years as a percentage of net revenues.

	PERCENTAGE OF NET REVENUES			
	FISCAL YEAR ENDED APRIL 30,			
	1996	1997	1998	PRO FORMA 1998 (1)
Net revenues.....	100%	100%	100%	100%
Compensation and benefits.....	64	64	66	59
General and administrative expenses.....	29	28	28	28
Operating profit.....	7	8	6	13
Net income.....	4	3	2	5

(1) Assumes the Company's revised compensation program for consultants had been in effect for all of fiscal 1998. See "Selected Financial and Other Data."

The Company experienced growth in total revenues in all geographic regions in both fiscal 1998 and 1997. The following table summarizes the Company's total revenues by geographic region for each of the past three fiscal years:

	FISCAL YEAR ENDED APRIL 30,					
	1996		1997		1998	
	DOLLARS	%	DOLLARS	%	DOLLARS	%
(IN THOUSANDS)						
North America.....	\$111,513	48%	\$135,192	50%	\$162,618	52%
Europe.....	68,890	30	77,505	28	86,180	27
Asia/Pacific.....	29,921	13	34,532	13	34,811	11
Latin America.....	19,893	9	25,332	9	31,416	10
Total revenues.....	\$230,217	100%	\$272,561	100%	\$315,025	100%

FISCAL 1998 COMPARED TO FISCAL 1997

Total Revenues

Total revenues increased \$42.5 million, or 16%, to \$315.0 million for fiscal 1998 from \$272.6 million for fiscal 1997. The increase in total revenues was primarily the result of a 15% increase in the average number of consultants and a 23% increase in the number of assignments in fiscal 1998.

North American total revenues increased \$27.4 million, or 20%, to \$162.6 million for fiscal 1998 from \$135.2 million for fiscal 1997. In the European region, total revenues grew 11% to \$86.2 million in fiscal 1998 from \$77.5 million in fiscal 1997. Asia/Pacific total revenues remained relatively flat in fiscal 1998 as compared to fiscal 1997 and Latin America total revenues increased \$6.1 million, or 24%, to \$31.4 million in fiscal 1998 from \$25.3 million in fiscal 1997.

Revenue growth in North America and Latin America was attributable to an increase in the number of assignments and the average fee per engagement. The

growth in revenues also reflects the addition of two offices in North America and one office in Latin America in fiscal 1998. Total revenues in Europe reflect increased revenues from advertised recruitment, an increased number of consultants and the addition of two offices in fiscal 1998. The relatively constant total revenues for Asia/Pacific from fiscal 1997 to fiscal 1998 was attributable to the current economic conditions in Asia and include the addition of one office in fiscal 1998. The Company believes that fiscal 1999 total revenues in Asia/Pacific may continue to decline but the impact on total revenues is not expected to be material.

Interest income and other income increased \$1.1 million to \$4.0 million in fiscal 1998 from \$2.9 million in fiscal 1997. The increase was due primarily to other search related services.

Compensation and Benefits

Compensation and benefits increased \$30.9 million, or 19%, to \$197.8 million in fiscal 1998 from \$166.9 million in fiscal 1997. This increase was attributable to a 15% increase in the average number of consultants to 357 in fiscal 1998 from 311 in fiscal 1997 and an overall increase in compensation and benefits as a percentage of net revenues. Compensation and benefits as a percentage of net revenues in fiscal 1998 was 66% as compared to 64% in fiscal 1997. In addition, the Company has incurred an increase in sign-on bonuses granted to newly hired consultants in fiscal 1998 prior to their generation of revenues and guaranteed bonuses. This type of compensation is viewed by the Company as a necessary investment in attracting and hiring the most productive consultants in the industry.

General and Administrative Expenses

General and administrative expenses consist of occupancy expense associated with the Company's leased premises, investments in information and technology infrastructure, marketing and other general office expenses. General and administrative expenses increased \$11.6 million, or 16%, to \$84.6 million in fiscal 1998 from \$73.0 million in fiscal 1997. This increase was primarily related to an increase in occupancy and office expenses, including depreciation and leasehold amortization expense attributable to the opening of six new offices in fiscal 1998 as well as the full year of operation of the five offices opened in fiscal 1997. As a percentage of net revenues, general and administrative expenses remained constant at 28% for both fiscal 1998 and fiscal 1997. Technology expenses amounted to \$8.4 million in fiscal 1998 as compared to \$7.2 million in fiscal 1997. The Company intends to continue investing in information systems, other technology infrastructure and in research activities to support its growth.

Operating Profit

Operating profit includes interest and other income. Operating profit decreased \$2.4 million to \$18.2 million in fiscal 1998 from \$20.6 million in fiscal 1997. As a percentage of net revenues, operating profit decreased to 6% in fiscal 1998 from 8% in fiscal 1997. This decrease was attributable to the increase in compensation and benefits in fiscal 1998 from fiscal 1997 as discussed above.

Interest Expense

Interest expense increased \$0.9 million to \$4.2 million in fiscal 1998 from \$3.3 million in fiscal 1997. Interest expense for this two year period reflected the Company's increased borrowings under life insurance policies and the Company's credit facility.

Provision for Income Taxes

The provision for income taxes in both fiscal 1998 and fiscal 1997 was \$6.7 million. The effective tax rate was 48% for fiscal 1998 compared to 39% in fiscal 1997. The increase was due to the increase in cash remittances from foreign operations that was treated as taxable income in the United States. The Company has implemented a global cash management strategy to optimize the

timing and extent of future foreign cash remittances. Under existing tax laws, the Company expects its normalized effective tax rate to be 40% in future fiscal years.

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Non-controlling Shareholders' Interests

Non-controlling shareholders' interests are comprised of the non-controlling shareholders' majority interests in the Company's Mexican subsidiaries and, in fiscal 1998, the 20% non-controlling shareholders' interests in Futurestep. Non-controlling shareholders' interests increased \$0.4 million to \$2.0 million in fiscal 1998 from \$1.6 million in fiscal 1997. This change was primarily due to an increase in net income generated by the Mexican subsidiaries of approximately \$1.0 million in fiscal 1998.

FISCAL 1997 COMPARED TO FISCAL 1996

Total Revenues

Total revenues increased \$42.3 million, or 18%, to \$272.6 million for fiscal 1997 from \$230.2 million for fiscal 1996. The increase in total revenues was primarily the result of a 15% increase in the average number of consultants and a 16% increase in the number of assignments in fiscal 1997.

North American total revenues increased \$23.7 million, or 21%, to \$135.2 million for fiscal 1997 from \$111.5 million for fiscal 1996. In the European region, total revenues grew 13% to \$77.5 million in fiscal 1997 from \$68.9 million in fiscal 1996. Asia/Pacific total revenues increased \$4.6 million, or 15%, to 34.5 million in fiscal 1997 from \$29.9 million in fiscal 1996. Latin America total revenues increased \$5.4 million, or 27%, to \$25.3 million in fiscal 1997 from \$19.9 million in fiscal 1996. The growth of total revenues in each region was primarily attributable to an increase in the number of assignments. The revenues also reflect the addition of two offices in Europe and three offices in the Asia/Pacific region in fiscal 1997.

Interest income and other income decreased \$1.8 million to \$2.9 million in fiscal 1997 from \$4.8 million in fiscal 1996. This decrease was primarily attributable to additional income associated with the earnings and gain on sale of an interest in an affiliate in fiscal 1996. See "Certain Transactions--Strategic Compensation Associates."

Compensation and Benefits

Compensation and benefits increased \$26.1 million, or 19%, to \$166.9 million in fiscal 1997 from \$140.7 million in fiscal 1996. This increase was primarily attributable to a 15% increase in the average number of consultants of 271 in fiscal 1996 to 311 in fiscal 1997. As a percentage of net revenues, fiscal 1997 and fiscal 1996 compensation and benefits were constant at 64%.

General and Administrative Expenses

General and administrative expenses increased \$8.6 million, or 13%, to \$73.0 million in fiscal 1997 from \$64.4 million in fiscal 1996. This increase was primarily related to an increase in occupancy and office expenses, including depreciation and leasehold amortization expense, attributable to the opening of five new offices in fiscal 1997. As a percentage of net revenues, general and administrative expenses decreased from 29% in fiscal 1996 to 28% in fiscal 1997.

Operating Profit

Operating profit increased \$4.2 million to \$20.6 million in fiscal 1997 from \$16.3 million in fiscal 1996. As a percentage of net revenues, operating margin increased to 8% in fiscal 1997 from 7% in fiscal 1996. This increase was primarily attributable to the decrease in general and administrative expenses as a percent of net revenues in fiscal 1997 as compared to fiscal

1996.

Interest Expense

Interest expense decreased \$0.4 million to \$3.3 million in fiscal 1997 from \$3.7 million in fiscal 1996. This decrease was primarily attributable to lower average outstanding principal amounts on notes payable to shareholders that more than offset the effect of higher borrowings under life insurance policies.

Provision for Income Taxes

The provision for income taxes increased \$3.4 million to \$6.7 million in fiscal 1997 from \$3.3 million in fiscal 1996. The effective tax rate was 39% for fiscal 1997 as compared to 26% in fiscal 1996. The lower effective tax rate in fiscal 1996 was due primarily to an increase in foreign tax credits that resulted in a reduction in the income tax provision of \$1.5 million.

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Non-controlling Shareholders' Interests

Non-controlling shareholder interests remained unchanged at \$1.6 million in fiscal 1997 and fiscal 1996.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents selected financial information as of the end of the past three fiscal years:

	AS OF APRIL 30,		
	1996	1997	1998
	(IN THOUSANDS)		
Working capital.....	\$22,006	\$20,051	\$26,573
Line of credit.....	--	3,000	--
Total long-term debt, net of current maturities.....	3,922	3,206	6,151
Borrowings under life insurance policies.....	30,305	32,278	37,638

The Company finances operating expenditures primarily through cash flows from operations. During fiscal 1996, 1997 and 1998, cash provided by operating activities was \$8.3 million, \$10.2 million and \$18.5 million, respectively. As of April 30, 1998, the Company maintained a line of credit in the approximate amount of \$11 million. Outstanding borrowings under this facility bear interest at various rates based on the bank's prime lending rate less 0.5%. In June 1998, availability under the Company's credit facility was increased to \$16 million to provide additional liquidity.

Capital expenditures totaled approximately \$8.1 million, \$8.5 million, and \$9.9 million for fiscal 1996, 1997 and 1998, respectively. These expenditures consisted primarily of upgrades to information systems, purchases of office equipment and leasehold improvements. The Company expects to maintain capital expenditures in fiscal 1999 at the fiscal 1998 level to support office expansion and technology investments. In addition, the Company plans to install a new financial system in calendar year 1999 at an expected cost of approximately \$10 million.

Included in cash flows from investing activities are premiums paid on Company-owned life insurance ("COLI") contracts. The Company purchases COLI contracts to provide a funding vehicle for anticipated payments due under its deferred executive compensation programs. Premiums on these COLI contracts

were \$8.6 million, \$7.9 million and \$12.4 million in fiscal 1996, 1997 and 1998, respectively. Generally, the Company borrows against the cash surrender value of the COLI contracts to fund COLI premium payments. In fiscal 1996, the Company invested \$5.3 million of cash proceeds from borrowings against COLI contracts in excess of premium payments in guaranteed investment contracts. In fiscal 1997 and 1998, net redemptions of guaranteed investment contracts were \$1.8 million and \$1.9 million respectively.

Cash provided by financing activities was approximately \$9.2 million during fiscal 1998, which included borrowings under COLI contracts of \$5.4 million, proceeds from sales of Common Stock to newly hired and promoted consultants and payments on the related promissory notes of \$6.6 million. During fiscal 1997, cash provided by financing activities was approximately \$4.4 million, consisting primarily of proceeds from sales of Common Stock to newly hired and promoted consultants and payments on the related promissory notes of \$5.6 million, repurchases of Common Stock and payments on the related notes payable of \$3.7 million and borrowings against COLI contracts of \$2.0 million. During fiscal 1996, cash of \$13.6 million was provided by financing activities consisting principally of proceeds from borrowings under COLI contracts of \$12.9 million. In fiscal 1996, issuances and purchases of Common Stock and payments on the related notes receivable and notes payable were \$5.7 million and \$2.5 million, respectively.

Borrowings under life insurance policies were \$30.3 million, \$32.3 million and \$37.6 million as of April 30, 1996, 1997 and 1998. Such borrowings are secured by the cash surrender value of the life insurance policies, do not require principal payments and bear interest at various variable rates.

QUARTERLY RESULTS

The following table sets forth certain unaudited statement of operations data for the quarters in the years ended April 30, 1997 and 1998. The unaudited quarterly information has been prepared on the same basis as the annual information and, in management's opinion, includes all adjustments necessary to present fairly the information for the quarters presented.

	1997 FISCAL QUARTERS ENDED				1998 FISCAL QUARTERS ENDED			
	JULY 31	OCT. 31	JAN. 31	APR. 30	JULY 31	OCT. 31	JAN. 31	APR. 30
	(IN THOUSANDS)							
Total revenues.	\$57,407	\$68,331	\$71,902	\$74,921	\$70,228	\$76,808	\$82,584	\$85,405
Net income.....	1,495	2,343	2,354	2,807	1,089	1,275	1,506	1,374

Recently Issued Accounting Standards

During 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires companies to report financial and descriptive information about its reportable operating segments in the interim and annual financial statements. It is effective for annual periods beginning after December 15, 1997 and will be adopted by the Company in fiscal 1999. It is not expected that the adoption of this standard will have any impact on the consolidated financial statements but may require additional footnote disclosure.

During 1998, the FASB issued SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits an amendment to FASB Statements No. 87, 88 and 106," which revises employers' disclosure requirements for pension and other postretirement plans. It does not change the measurement or

recognition of costs and benefits provided by those plans. The standard is effective for fiscal years beginning after December 15, 1997, although earlier application is encouraged. Disclosures for earlier periods have been restated for comparative purposes. Adoption of this pronouncement is reflected in the accompanying consolidated financial statements (See Note 8).

During 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities," which establishes new standards for reporting derivative and hedging information. The standard is effective for periods beginning after June 15, 1999 and will be adopted by the Company as of May 1, 2000. It is not expected that the adoption of this standard will have any impact on the consolidated financial statements nor require additional footnote disclosure since the Company does not currently utilize derivative instruments or participate in structured hedging activities.

BUSINESS

GENERAL

Korn/Ferry International is the world's largest executive search firm and has the broadest global presence in the industry with 384 consultants based in 71 offices across 41 countries. The Company's premier global reputation, strong client relationships, senior-level search expertise, innovation and technological leadership provide Korn/Ferry with distinct competitive advantages. The Company has ranked first in revenues among the world's executive search firms for each of the last 20 years and, since fiscal 1993, has generated compound annual revenue growth of 23%. In fiscal 1998, the Company had total revenues of \$315.0 million and performed over 5,870 assignments for more than 3,750 clients, including approximately 43% of the Fortune 500. Korn/Ferry's clients are many of the world's largest and most prestigious public and private companies, middle-market and emerging growth companies as well as governmental and not-for-profit organizations. The Company's clients include Atlantic Richfield Company, Chase Manhattan Corporation, Cemex, S.A., Diageo plc, Ford Motor Company, General Electric Company, Lucent Technologies Incorporated, Monsanto Company and United Technologies Corporation. Almost half of the searches performed by the Company in fiscal 1998 were for board level, chief executive and other senior executive officer positions. The Company has established strong client loyalty; more than 80% of the search assignments it performed in fiscal 1998 were on behalf of clients for whom it had conducted multiple assignments over the last three fiscal years.

The Company believes it is the leading innovator in the executive search industry and the most forward-thinking in addressing the fundamental transformation of the marketplace caused by the combined impact of advanced technology and the Internet. In anticipation of these changing industry dynamics, and in response to clients' demand for middle-management recruitment services, the Company recently established Futurestep, its Internet-based search service. Futurestep combines Korn/Ferry's search expertise with exclusive candidate assessment tools and the reach of the Internet to accelerate the recruitment of candidates for middle-management positions. In the three months following Futurestep's introduction in southern California, approximately 23,600 candidates have completed a detailed on-line profile with Futurestep. The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. This alliance provides preferred print and on-line access to The Wall Street Journal's readers, advertisers and on-line users. The Company believes its investments in technology-based recruitment will enable it to expand its share of the middle-management recruitment market and to strengthen its leading industry position as new methodologies begin to be utilized in senior-level search.

Korn/Ferry is also an established and respected source of management research. For example, the Company's Annual Board of Directors Survey of the Fortune 1000, now in its 25th year, reports on the structure, policy and trends in America's corporate boardrooms and is recognized as one of the most

comprehensive, long-term studies of boards available. The Company publishes similar surveys in Australasia and Europe.

EXECUTIVE SEARCH INDUSTRY

Overview

According to industry sources, worldwide executive search revenue grew at a 20% compound annual growth rate, from approximately \$3.5 billion in 1993 to \$7.3 billion in 1997. The executive search industry is separated into two distinct markets: retained search firms and contingency search firms.

Retained search firms generally concentrate on searches for positions with annual compensation of \$150,000 or more for large public and private corporations, government agencies, educational organizations and high growth start-up companies. Retained search firms also have the capability to provide their clients with local and international knowledge of the managerial market within their client's industry, as well as a sophisticated network of relevant industry contacts. Retained search firms typically charge a fee for their services equal to approximately one-third of the annual cash compensation for the position being filled and bill for their services in three installments irrespective of whether a position has been filled.

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Contingency search firms generally concentrate on searches for positions with annual compensation of \$150,000 or less. These firms are most commonly hired to fill middle and lower management positions of small to medium-sized companies. Unlike retained search firms, contingency search firms are compensated only when a position is filled. Accordingly, revenues generated by a contingency search firm typically are more volatile than revenues generated by a retained search firm. For this reason, contingency search firms often cannot invest as many resources as retained search firms in a search assignment. Contingency search firms typically charge a fee for their services equal to approximately one-third of the annual cash compensation for the position being filled.

The executive search industry is highly fragmented, consisting of approximately 4,000 retained and contingency search firms in 1997. According to Kennedy Information LLC, the ten largest retained search firms accounted for only 11% of the global search industry in 1997. In 1997, more than 80% of retained search firms and approximately 90% of contingency search firms generated less than \$2 million each in annual revenues.

Industry Trends

The Company believes that a number of favorable trends will contribute to the continued growth of the executive search industry, including: (i) the globalization of business; (ii) the demand for managers with broader skills; (iii) the increasing outsourcing of recruitment functions; and (iv) the use of advanced technology to accelerate the identification and assessment of candidates. The Company believes it is well positioned relative to these key industry trends.

GLOBALIZATION OF BUSINESS. As the world markets continue to integrate into one global economy, more companies are required to supplement internal talent with experienced senior executives who can operate effectively in a global economy. The rapidly changing and competitive environment increasingly challenges multinational and local companies to identify qualified executives with the right combination of skills, experience and cultural compatibility. This globalization of business, including the expansion in new markets, has led companies to look beyond their particular region for management talent and to identify local executives in the regions where they are doing business.

Korn/Ferry's Advantage. With 71 offices in 41 countries, the Company is well positioned to benefit from the growing management demands of companies worldwide. To address its clients' global needs, the Company has opened 16 new

offices in the last three fiscal years, including those in Athens, Austin, Beijing, Copenhagen, Istanbul, Lima, Philadelphia, Rio de Janeiro, Seoul, Shanghai, Tysons Corner and Wellington. By leveraging its extensive knowledge of the growing pool of local talent in each of the regions in which it operates, the Company is able to identify and place qualified candidates capable of effectively adapting to the local culture and successfully furthering the client's objectives. In addition, with the geographic expansion of advertised recruitment and Futurestep, the Company is leveraging its global network and search capabilities to meet the management recruitment needs of existing and potential clients.

DEMAND FOR MANAGERS WITH BROADER SKILLS. The Company's recent global study, *Developing Leadership for the 21st Century*, indicates that companies are seeking broader qualifications for executive positions. In many instances, these candidates cannot be found within a client's organization despite training, rotation programs and succession planning. Thus, the Company expects that the executive search business will continue to grow as companies increasingly turn to executive search firms to identify qualified executives.

Korn/Ferry's Advantage. To address client demand for managers with broader qualifications, the Company employs an integrated team approach to complete its searches. For each assignment, the Company is able to draw on its consultants' expertise in specific regions, industries and functions. The Company's specialty practice groups include advanced technology, consumer, energy, entertainment, fashion/retail, financial services healthcare, industrial, not-for-profit/associations/education and professional services. Certain consultants also have in-depth expertise in searches for functional positions, such as members of boards of directors, chief executive officers, chief financial officers and chief information officers.

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INCREASING OUTSOURCING OF RECRUITMENT FUNCTIONS. Recent economic factors are requiring companies to focus on core competencies and to outsource recruitment functions to providers, such as Korn/Ferry, who can efficiently provide high quality recruitment services. Moreover, the trend towards globalization and the current shortage of qualified management-level candidates have made identifying and recruiting exceptional candidates more difficult. Companies are increasingly relying on experienced global executive search firms to address their management recruitment needs. By hiring executive search firms, companies can expect to: (i) access a diverse and highly qualified field of candidates on an as-needed basis; (ii) reduce the costs required to maintain and train a recruiting department in a rapidly changing industry; (iii) benefit from the most updated information on the industry and specific geographic markets; (iv) access leading search technology and software; and (v) maintain management focus on strategic business issues.

Korn/Ferry's Advantage. The Company believes that its premier reputation, leading global presence, strong client relationships, extensive senior-level search expertise, innovation and technological leadership position the Company well to benefit from the growth in outsourcing of recruitment functions. In addition, by providing senior-level to middle-management search services, the Company seeks to become a preferred provider of recruitment services for its clients across all levels of management. This goal is consistent with many clients' desire to reduce the number of vendors they have and to deepen relations with their preferred vendors. In order to serve its clients' global management search needs, the Company maintains one of the largest, most diverse and technologically innovative global databases of highly qualified candidates and provides geographic, industry and functional expertise.

USE OF ADVANCED TECHNOLOGY. Technology is having an increasing impact on the search industry. Global systems and the ability to create comprehensive worldwide databases are fundamentally changing the search process and moving the emphasis of the search business from candidate identification to candidate assessment and placement. In addition, the Internet is creating efficient ways to identify and recruit from the broad middle-management market, with Internet technology expected to have applicability to senior-level searches in the near

future. At the same time, new barriers to entry into the executive search industry are being created as these investments in information technology become critical to serve clients' needs globally.

Korn/Ferry's Advantage. Korn/Ferry has developed a state-of-the-art technology infrastructure, including a worldwide networked system and its proprietary software, Searcher, to increase the speed and quality of its service to its clients around the world. The Company's worldwide databases contain the profiles of over 1,000,000 executives and over 310,000 companies, allowing consultants to access a wide range of potential candidates globally. To capture the potential of the Internet, Korn/Ferry introduced Futurestep, which combines the reach of the Internet with the Company's search expertise and exclusive candidate assessment tools to evaluate and recruit executives for middle-management positions. Through Futurestep, the Company seeks to pre-build and update a large candidate inventory and thereby reduce the time required to perform a search. In addition, Futurestep's assessment tools can quickly and accurately evaluate a candidate's credentials and likelihood of integrating into a client's culture. The Company believes that many of Futurestep's assessment tools and Internet applications will have applicability to its senior-level search services.

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GROWTH STRATEGY

Korn/Ferry's objective is to expand its leadership position as a preferred global executive search firm by offering a broad range of solutions to address its clients' management recruitment needs. The principal elements of the Company's strategy include: (i) leverage leadership in senior-level search; (ii) expand into the middle-management market; (iii) pursue strategic acquisitions; (iv) reinforce technological leadership; and (v) add new complementary services.

Leverage Leadership in Senior-Level Search

The Company's leadership in senior-level search enables it to grow its business by increasing the number of search assignments it handles for existing clients. The Company also believes that there are significant opportunities to develop new clients by aggressively marketing its proven global search expertise. The Company has adopted a structured approach to develop and build relationships with new and existing clients. Through its ten specialty practice groups and broad global presence, the Company maintains an in-depth understanding of the market conditions and strategic and management issues facing clients. Annually, the Company's regions, offices, individual consultants and specialty practice groups identify existing and prospective clients with substantial recurring needs for executive search services. The Company assembles teams of search consultants based on geographic, industry and functional expertise to focus on these accounts. The Company has also developed a number of major relationships with prestigious multinational companies and, in fiscal 1998, completed an average of 34 search assignments each for 20 major long-standing accounts.

Expand into the Middle-Management Market

In response to the growing client demand for middle-management recruitment, the Company is expanding its services to address this market. With its strong senior-level client relationships, advertised recruitment services and Futurestep, Korn/Ferry is well positioned to meet its clients' middle-management recruitment needs effectively and efficiently. By moving aggressively into this segment of the market, the Company believes it can strengthen its relationships with its existing clients, develop new clients and gain a competitive advantage in marketing complementary services.

Pursue Strategic Acquisitions

The Company will continue to make selected acquisitions that support its growth strategy, enhance its presence in key markets or otherwise complement

its competitive strengths. The executive search industry is highly fragmented and consists of approximately 4,000 firms, the ten largest of which accounted for only 11% of the global executive search industry revenues in 1997. As the largest global executive search firm, the Company believes it has the resources to lead consolidation within the highly fragmented search industry. Since fiscal 1993, the Company has completed five acquisitions, including most recently the acquisition of Didier Vuchot & Associates, which enhanced Korn/Ferry's market position in France.

Reinforce Technological Leadership

The Company has invested more than \$25 million over the past two fiscal years in the development of an advanced global technology infrastructure to increase the speed and quality of service to its clients. The Company's systems represent a strong competitive advantage, allowing its consultants to access information and communicate effectively with each other. As the executive search industry continues to grow and as more clients seek the assistance of search firms to fill middle-management positions, an advanced technology infrastructure has become an indispensable element of the search business.

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Add New Complementary Services

The Company seeks to add new complementary services in response to specific client needs. For example, the Company developed Futurestep and has expanded its advertised recruitment services to address its clients' growing demand for effective middle-management recruitment. In addition, the Company is exploring complementary business opportunities, which could include recruitment outsourcing and human resources consulting. As attractive business opportunities are identified, the Company may capitalize on these opportunities through internal development, joint ventures or selected acquisitions.

SERVICES

Overview

Korn/Ferry provides executive search services exclusively on a retained basis and addresses the global recruitment needs of its clients at all levels of management. The Company offers the following three primary services: (i) senior-level search; (ii) advertised recruitment search; and (iii) Internet-based search.

Senior-Level Search Services

The Company's search services are typically used to fill senior-level positions, such as boards of directors, chief executive officers and other senior executive officers. Once the Company is retained by a client to conduct an executive search, the Company assembles a team comprised of consultants with geographic, industry and functional expertise. Korn/Ferry's search consultants serve as management advisors and work closely with the client in identifying, assessing and placing a qualified candidate. In fiscal 1998, the Company performed over 5,400 senior-level search assignments.

The Company uses a search methodology that has been developed through many years of experience in senior-level search. The Company emphasizes a close working relationship with the client and a comprehensive understanding of the client's business issues, strategy and culture, as well as an in-depth knowledge of the skills necessary to succeed within a client's organization. Initially, the search team consults with the client to better understand its history, culture, structure, expectations, challenges, future directions and operations. In these meetings, the team identifies the specific needs of the client and develops a profile of an ideal candidate for the position. Early in the process, the team also works with the client to develop the general parameters of a compensation package that will attract high quality

candidates.

Once the position is defined, the research team identifies, through the use of the Company's proprietary databases and a number of key technology-based information sources, companies that are in related industries facing similar challenges and issues and that possess operating characteristics similar to those of the client. In addition, the team consults with its established network of sources to help identify individuals with the right backgrounds and personal abilities. These sources are a critical element in assessing the marketplace. The original list of candidates is carefully screened through phone interviews, video conferences or in-person meetings with the candidates. The client is then presented with four to five qualified candidates to interview. The Company, sometimes with the assistance of an independent third party, conducts reference checks throughout the process.

Usually, the finalists meet with the client for a second and possibly a third round of discussions. At this point, the compensation package for each will have been discussed in detail so that there is confidence that offers will be accepted. Generally, the search consultants will participate in the negotiations until a final offer is made and accepted. Throughout the process, ongoing communication with the client is critical to keep client management apprised of progress.

Every search that the Company performs is backed by a one-year guarantee. If the executive who has been recruited does not perform satisfactorily and ceases to be employed by the client within one year, the Company will repeat the search for no additional fee.

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Advertised Recruitment Search Services

The Company's advertised recruitment search service uses print advertising in targeted publications to attract the most qualified candidates for management positions at all levels. Advertised recruitment search is appropriate when clients seek numerous qualified candidates from a broad universe of industries. The Company introduced its advertised recruitment search service in 1991, and currently offers it in 16 offices in Europe, Asia/Pacific and Latin America. In fiscal 1998, advertised recruitment was used for approximately 455 search assignments. The Company believes there are opportunities to expand the use of advertised recruitment in the U.S. and launched the service there in August 1998.

At the beginning of each advertised recruitment search engagement, teams comprised of consultants with specialized expertise in the appropriate industry and function gather information on the client's business, culture and the open position. The team creates the advertising campaign and advises the client on the most appropriate media for the campaign. Once the advertisement is finalized and published, the team reviews and screens all resumes received by the client and interviews qualified candidates. Based on these interviews and feedback from both the client and the candidates, the team produces a short list of top candidates for the client and prepares and assembles detailed profiles and evaluation reports on each candidate. Consultants will advise and consult with clients throughout the negotiation process and provide input on competitive salary packages. Finally, the consultants will conduct final reference checks and follow up with both the client and the candidate to ensure a smooth transition of the hired candidate into the client's organization.

Internet-Based Search Services

Futurestep, operated through a subsidiary of the Company, combines the Company's extensive senior-level search expertise with exclusive candidate assessment tools and the reach of the Internet to recruit candidates for middle-management positions. Futurestep is fundamentally different from other Internet-based job placement services, which do not employ Futurestep's sophisticated filtering process or permit search professionals to interact

with candidates and clients. One of the Company's co-investors in Futurestep is bill gross' idealab!, which has agreed to purchase an 11% interest in Futurestep.

Futurestep recognizes that loss in productivity as a result of middle-management vacancies is significant. By pre-building an inventory of qualified candidates prior to receiving a client assignment and by keeping that inventory current, Futurestep can quickly generate a select list of candidates, which should significantly reduce search cycle time.

To register with Futurestep, candidates complete an on-line assessment profile that details their work history, management experience, preferred career path and management style. The assessment tools, which Futurestep has licensed on an exclusive basis for executive search, have been validated by a cross-section of senior managers over ten years and give reliable feedback on decision-making style, communication style, cultural preferences and career and personal motivation. Futurestep clients complete a similar profile to determine company culture and the type of manager who will succeed in the open position. The Company believes that cultural compatibility is critical to the successful placement of a candidate and that these proprietary tools may have applicability to other areas of executive search. To encourage candidates to register with Futurestep, Futurestep provides career management feedback on a candidate's salary potential, leadership skills, the industries and functions for which the candidate is most qualified and the most compatible corporate culture.

When Futurestep receives a client assignment, a preliminary list of candidates is selected from the Futurestep database and the most qualified are called by a Futurestep search consultant for further evaluation. The consultant schedules a 45-minute to one-hour video interview with selected candidates. The consultant then identifies the top candidates and provides the client with excerpts of the video-taped interviews and other background information for comparison. The Futurestep consultant typically organizes the client/candidate interviews, and advises and consults throughout the negotiation process to structure the final offer package and position responsibilities.

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Confidentiality for both candidates and clients is paramount. When candidates register with Futurestep, they do not know who the Futurestep clients are or which positions are available. Companies do not have access to candidate information until a candidate gives explicit permission to release the information to the client when contacted by a Futurestep consultant.

The Company and Futurestep have an exclusive alliance with The Wall Street Journal, the first of its kind in the industry. Companies that advertise positions through The Wall Street Journal have the option of retaining Futurestep for services ranging from resume evaluation to complete management of the recruitment process. Futurestep candidates have access to career-management advice through direct links with The Wall Street Journal's website, and candidates applying for positions advertised through The Wall Street Journal can register with Futurestep via direct links to Futurestep's website.

The alliance, which has an initial term through June 2001 with options for renewal, provides the Company with preferred advertising rates and requires the purchase of a minimum amount of print and on-line advertising. For each company and candidate referred to Futurestep by The Wall Street Journal, Futurestep is obligated to pay to The Wall Street Journal a small percentage of its fee. The Wall Street Journal, the Company and Futurestep have agreed not to promote competing services during the term of the agreement.

ORGANIZATION

Global Presence

The Company has 71 offices across 41 countries, organized into the following

regions: North America, Europe, Asia/Pacific and Latin America. The Company's offices are staffed with consultants who possess an understanding of the local market, culture and management resources along with knowledge of the global issues facing clients.

The following table provides information relating to each region:

REGION	FISCAL 1998 REVENUES (IN MILLIONS)	NUMBER OF OFFICES AS OF APRIL 30, 1998	FISCAL 1998 AVERAGE NUMBER OF CONSULTANTS
North America.....	\$162.6	20	167
Europe.....	86.2	28	108
Asia/Pacific.....	34.8	14	46
Latin America.....	31.4	9	28

North America. The Company opened its first office in Los Angeles in 1969, and currently has 20 offices throughout the U.S. and Canada. The North America region has grown from \$75.8 million in revenues in fiscal 1994 to \$162.6 million in fiscal 1998. The Company has been ranked first among Hunt-Scanlon's top North American executive search firms since the statistics were first published in 1990. In fiscal 1998, the Company handled over 2,100 assignments in this region, with an average number of 167 consultants, including 112 vice presidents. In fiscal 1998, the firm opened new offices in Austin and Tysons Corner to focus on the high-growth companies located in these areas.

Europe. The Company opened its first European office in London in 1972 and currently has 28 offices throughout the region. The region has grown from \$37.9 million in revenues in fiscal 1994 to \$86.2 million in fiscal 1998. The Company handled over 1,900 assignments in fiscal 1998 in this region, with an average number of 108 consultants, including 72 vice presidents. In fiscal 1998, the region added new offices in Helsinki and Copenhagen. In fiscal 1999, the Company acquired Didier Vuchot & Associates, enhancing Korn/Ferry's market position in France.

Asia/Pacific. The Company opened its first Asia/Pacific office in Tokyo in 1973, and has built a 14-office network throughout the region, including the opening in fiscal 1997 of an office in Seoul. The region has grown

from \$13.9 million in revenues in fiscal 1994 to \$34.8 million in fiscal 1998. The Company handled over 740 assignments in fiscal 1998 in this region, with an average number of 46 consultants, including 30 vice presidents. The latest Economist Intelligence Unit report on Executive Search in Asia and Australia describes Korn/Ferry as the leading executive search firm in the region.

Latin America. The Company entered Latin America through its 1977 acquisition of a 49% interest in Hazzard & Associates, and the Company continues to conduct its operations in Mexico through three subsidiaries in which the Company holds a controlling minority interest. As of April 30, 1998, the Company operated a network of nine offices covering more than 20 countries in Latin America. The region has grown from \$16.0 million in revenues in fiscal 1994 to \$31.4 million in fiscal 1998. The Company handled over 925 assignments in fiscal 1998 in this region, with an average number of 28 consultants, including 17 vice presidents. In fiscal 1997, the Company opened a new office in Rio de Janeiro. According to the Economist Intelligence Unit's latest report on Executive Search in the Americas, Korn/Ferry dominates the executive search market in Latin America.

In 1970, the Company was the first executive search firm to establish specialty practices to serve specific industries and markets and has continued to expand the range of its specialty practices. The specialty practices consist of consultants throughout the regions with the knowledge and contacts many have built during successful careers in the same industries and markets. Consultants in the Company's ten specialty practice groups bring an in-depth understanding of the market conditions and strategic and management issues faced by clients within the specific industry. The Company plans to continue to expand its specialized expertise through internal development, strategic hiring in targeted growth areas and selected acquisitions.

PERCENTAGE OF FISCAL 1998 REVENUES BY INDUSTRY SPECIALIZATION

Financial Services.....	21%
Industrial.....	15%
Advanced Technology.....	15%
Consumer.....	15%
Healthcare.....	11%
Professional Services.....	7%
Fashion/Retail.....	6%
Not-for-Profit/Associations/Education.....	4%
Energy.....	3%
Entertainment.....	3%

Functional Expertise

The Company has organized centers of functional expertise, made up of consultants who have extensive backgrounds in placing executives in certain functions, such as boards of directors, chief executive officers and other senior executive and financial officers. The Company's board services practice, for example, was first established in 1972 to help clients assemble an effective, knowledgeable and cohesive board of directors to meet the growing demands for accountability and more effective board performance. The shortage of experienced directors, the tightening of governance policies and the desire on the part of companies to broaden their board bases are making it more difficult to identify and recruit directors with the needed skills. The Company has established significant expertise in this area and has built a proprietary database with the names and backgrounds of all the Fortune 1000 directors, plus a significant number of middle-market and high-growth company board members, to help support board searches. Members of functional groups are located throughout the Company's regions and across its specialty practice groups.

PERCENTAGE OF FISCAL 1998 REVENUES BY FUNCTIONAL EXPERTISE

Board Level/CEO/Senior Executive and Financial Management.....	44%
Marketing and Sales.....	25%
Finance and Control.....	11%
Manufacturing/Engineering/Research and Development/Technology.....	9%
Human Resources and Administration.....	7%
Information Systems.....	4%

MARKETING

As the world's largest executive search firm, the Korn/Ferry International brand name is widely recognized at the senior executive level. The Company has traditionally marketed its services through its offices, regions and specialty

practices. Futurestep markets its services to existing and prospective Korn/Ferry clients as well as through its alliance with The Wall Street Journal. To support Futurestep, which requires extensive marketing to attract qualified candidates to register in its database, the Company has launched a major campaign in southern California, including print, radio, television and on-line advertising and direct mail. The Company intends to replicate this campaign in other locations as Futurestep expands geographically.

The managers of the Company's offices, regions and specialty practices are responsible for profitability, with their compensation tied to meeting budgetary goals. Since one of the best marketing tools in a consultative business like executive search is referral, these managers are also accountable for maintaining the quality of the service to clients by making sure that each assignment meets the standards and practices set by the Company. Repeat business and referrals from satisfied clients and candidates are one of the primary sources of new business.

Consultants are also visible and active in their local communities and in key trade and business associations. The Company has implemented an aggressive global business development strategy. Specialty practice groups, regions, offices and individual consultants identify existing and prospective clients with substantial recurring search needs. Teams, representing local market, industry and functional expertise, are charged with creating and implementing strategies for developing business with targeted companies and organizations.

The Company develops a large number of proprietary research reports in conjunction with leading universities and prestigious research institutions. These reports deal in-depth with a wide array of issues from corporate governance to global leadership to provide clients with thoughtful, provocative material that identifies current trends and permits clients to benchmark their practices against those of other companies. The Company also promotes its understanding of the industry, business and management challenges facing companies today by sponsoring major conferences and forums, such as its partnership with the World Economic Forum at Davos, speeches and presentations before major industry and management groups, roundtable discussions that bring senior executives together to focus on issues of interest, mailings of its studies and reports to selected companies and interviews with the major business and trade publications.

Executive search firms frequently refrain from recruiting employees of a client and possibly client divisions and affiliations for a specified period of time, typically extending for one to two years following the last assignment performed. The Company carefully manages the off-limits conditions to which it may agree with any client, limits the number of off-limits global agreements to a few major account relationships, and carefully defines the scope of any such agreement. Over the past few years, the executive recruiting profession as a whole has been narrowing the scope and shortening the timeframe of these agreements. See "Risk Factors--Off-Limits Agreements."

PROFESSIONAL STAFF

The Company has 263 vice presidents, 121 principals, 226 senior associates and associates and 195 researchers. The Company believes the high caliber and motivation of its professionals are critical factors to its success. The Company further believes it has been able to attract and retain some of the most productive search consultants (vice presidents and principals) as a result of its premier reputation, history of consultant equity ownership and its performance-based compensation program. The Company's vice presidents have an average of seven years' experience with the Company, 12 years in the search industry and 13 years in other industries. For a discussion of ownership of Common Stock by, and compensation of, such consultants, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" and "Management--Liquidity Schedule."

Senior associates, associates and researchers support the efforts of the

vice presidents and principals with candidate sourcing and identification, but do not generally lead an assignment. The Company has training and professional development programs and a high rate of internal promotions. Over the past three fiscal years, 55 associates have been promoted to principal and 68 principals have become vice presidents. Promotion to vice president is based on a variety of factors, including demonstrated superior execution and business development skills, the ability to identify solutions to complex issues, personal and professional ethics, a thorough understanding of the market, how to retain clients and how to develop repeat business, and the ability to help build effective teams. In addition, the Company has a program of recruiting experienced professionals into the Company. In fiscal 1998, the Company hired 27 vice presidents and 38 principals, most with either previous search backgrounds or strong specialty expertise.

The Company has not been a party to a collective bargaining agreement and considers relations with its employees to be good.

COMPETITION

Korn/Ferry International is the largest executive search firm in the world. Other large executive search firms include Heidrick & Struggles International, Inc., SpencerStuart & Associates and Russell Reynolds Associates. These firms are the Company's primary competitors, although the Company and each of these firms also competes against smaller firms that specialize in specific regional, industry or functional searches. The Company believes its brand name, global network, prestigious client list, strong specialty practices and quality of service are widely recognized worldwide.

The executive search industry is comprised of approximately 4,000 retained and contingency search firms. According to industry sources, the top ten search firms represent only 11% of the industry. To date there have been few barriers to entry in the executive search business, which explains in part the highly fragmented nature of the industry. However, the globalization of world economies, combined with the increased availability and application of sophisticated technologies and comprehensive databases, will likely raise the barriers to entry. The Company believes that the industry will experience consolidation. New competitors, such as technology-oriented companies, will be drawn to the executive search business by the growing worldwide demand for qualified management employees, the fragmentation of the industry and the ability to leverage their existing technology and databases to enter the market. For example, TMP Worldwide Inc., which operates the Monster Board, recently acquired two executive search firms.

FACILITIES

The Company leases all of its 71 office locations. The Company believes that its facilities are adequate for its current needs and that it will not have difficulty leasing additional space to accommodate its anticipated future needs.

INSURANCE

The Company maintains insurance in amounts and with such coverages and deductibles as it believes are appropriate and adequate. The principal risks that the Company insures against are professional liability, worker's compensation, personal injury, bodily injury, property damage and fidelity losses. There can be no assurance that the Company's insurance will adequately protect it from potential losses and liabilities. See "Risk Factors-- Employment Liability Risk."

LEGAL PROCEEDINGS

The Company is currently not a party to any litigation the adverse resolution of which, in management's opinion, would be likely to have a material adverse effect on the Company's business, financial position or

results of operations. However, from time to time the Company has been and is involved in litigation incidental to its business.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth the executive officers and directors of the Company.

NAME ----	CLASS(1) -----	AGE(2) -----	POSITION -----
Richard M. Ferry(3).....		60	Chair of the Board President, Chief Executive
Michael D. Boxberger(3)....		51	Officer and Director
Windle B. Priem(3).....		60	Vice Chair, Chief Operating Officer and Director
Peter L. Dunn(3).....		53	Vice Chair, Corporate Secretary, General Counsel and Director
Elizabeth S.C.S. Murray(3).	n/a	42	Chief Financial Officer, Treasurer and Executive Vice President
Man Jit Singh.....	n/a	41	Vice President and Chief Executive Officer of Korn/Ferry International Futurestep, Inc.
Paul Buchanan-Barrow.....		53	Vice President and Director
Timothy K. Friar.....		39	Vice President and Director
Sakie Fukushima.....		48	Vice President and Director
Hans Jorda.....		41	Managing Director, Vice President and Director
Scott E. Kingdom.....		38	Managing Director, Vice President and Director
Raimondo Nider.....		57	Managing Director, Vice President and Director
Manuel A. Papayanopulos....		53	Managing Director, Vice President and Director
Michael A. Wellman.....		44	Managing Director, Vice President and Director
Young Kuan-Sing.....		49	Managing Director, Vice President and Director

(1) Denotes Board class of which the Director is a member. See "Description of Capital Stock--Certain Anti-Takeover Effects."

(2) As of August 15, 1998.

(3) Member of the Office of the Chief Executive.

Richard M. Ferry is founder of the Company and has been Chair of the Board since 1991 and a member of the Office of the Chief Executive since July 1998. He also serves on the Board of Directors of Avery Dennison Corp., Dole Food Company, Mellon 1st Business Bank, Mullin Consulting, Inc., Mrs. Fields' Original Cookies and Pacific Life Insurance Company.

Michael D. Boxberger has been the President and Chief Executive Officer of the Company since 1997 and a member of the Office of the Chief Executive since July 1998. He has been a Director of the Company since 1993. From 1995 to 1997 he was President of the Company and President-North America from 1991 to 1995. Mr. Boxberger joined Korn/Ferry in 1987 and has 17 years of executive search experience.

Windle B. Priem has been a Vice Chair, the Chief Operating Officer and a member of the Office of the Chief Executive since July 1998. He has been a

Director of the Company since 1993. From 1996 to 1998 he was the President of the North America region. Mr. Priem joined Korn/Ferry in 1976.

Peter L. Dunn has been a Vice Chair since 1997 and a member of the Office of the Chief Executive since July 1998. He has been a Director of the Company since 1992 and serves as the Company's General Counsel and Corporate Secretary. Mr. Dunn joined Korn/Ferry in 1980.

Elizabeth S.C.S. Murray has been the Executive Vice President and Chief Financial Officer and Treasurer and a member of the Office of the Chief Executive since July 1998. In January 1998, she joined the Company as Vice President and Chief Financial Officer and Treasurer. Prior to that, Ms. Murray served as Executive Vice President and Chief Financial Officer of Tycom Inc. from June 1997 to December 1997, and from 1994 to June 1997 she was the Chief Financial Officer of Hughes Communications, Inc., a subsidiary of Hughes Electronics Corporation. Prior to 1994, Ms. Murray served in the corporate offices of Hughes Electronics Corporation as Director of Planning.

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Man Jit Singh has been a Vice President of the Company and President and Chief Executive Officer of Futurestep since December 1997. Previously, he was a principal of Sibson & Co. from 1996 to 1997, the Chief Executive Officer of Talent Tree Staffing Services and sector director of BET plc from 1994 to 1996, and Chief Executive Officer of The Cast Group AG from 1991 to 1994.

Paul Buchanan-Barrow has been a Vice President since 1992 and a member of the Board of Directors since 1994. He is currently responsible for the firm's Business Strategy Group throughout Europe. Mr. Buchanan-Barrow joined Korn/Ferry in 1992 and has twelve years of executive search experience.

Timothy K. Friar has been a Vice President since 1995 and a member of the Board of Directors since May 1998. Mr. Friar joined Korn/Ferry in 1993 as a senior associate.

Sakie Fukushima has been a Vice President since 1993 and a member of the Board of Directors since 1995. Ms. Fukushima joined Korn/Ferry in 1991 as a principal and has seven years of executive search experience.

Hans Jorda has been a Vice President since 1994 and a member of the Board of Directors since 1996. He currently is the Managing Director for the Company's Middle European Region, including Austria, Germany and Switzerland, a role he assumed in 1996. From 1992 to 1994 he owned and managed the New Europe Consulting Group, an executive search company that the Company acquired in 1994, and has 14 years of executive search experience.

Scott E. Kingdom has been a Vice President since 1993, and a Member of the Board of Directors since May 1998. He has been the Managing Director of the Chicago and Minneapolis offices since 1995. Mr. Kingdom joined Korn/Ferry in 1988 and has 16 years of executive search experience.

Raimondo Nider has been a Vice President of the Company since 1989 and a member of the Board of Directors since 1996. He has been the Managing Director of Southern Europe since 1996. Mr. Nider joined Korn/Ferry in 1989 and has 23 years of executive search experience.

Manuel A. Papayanopoulos has been a Vice President since 1982 and a member of the Board of Directors since 1997. Mr. Papayanopoulos joined Korn/Ferry in 1982 and has 24 years of executive search experience.

Michael A. Wellman has been a Vice President since 1992 and a member of the Board of Directors since 1997. From 1995 to 1998 he was the Managing Director of the New York office. Since July 1998, he has been Managing Director of the Northeast Region of the Company (Toronto, Boston, Stamford, Princeton, Philadelphia and New York). Mr. Wellman joined Korn/Ferry in 1992 and has 15 years of executive search experience.

Young Kuan-Sing has been a Vice President since 1988 and a member of the Board of Directors since 1996. He is currently the Managing Director for the ASEAN sub-region within Asia/Pacific and a member of the newly-formed Asia-Pacific Operating Group as well as the region's Business Strategy Group since July 1998. From 1995 to 1998 he was responsible for East Asia including China, Hong Kong, Thailand, Malaysia, Singapore and Indonesia. Prior to that he was Office Manager for the Company's Singapore office. Mr. Young joined Korn/Ferry in 1982.

The executive officers of the Company serve at the discretion of its Board of Directors. Each director of the Company serves until such director's successor is elected and qualified or until the director's death, retirement, resignation or removal.

BOARD OF DIRECTORS

Upon consummation of the Offering, the Company will have thirteen Directors, all of whom are employees of the Company, and one vacancy on the Board of Directors. The Company intends to replace three employee-directors with four independent directors within 30 days of the consummation of the Offering. The Company's Board of Directors is divided into three classes serving staggered terms of three years each, with approximately one-third of the Company's Board of Directors being elected each year.

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COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") has standing Audit, Compensation, Executive and Nominating Committees.

Audit Committee. Upon consummation of the Offering, the Board intends to reconstitute its audit committee (the "Audit Committee") to be comprised of at least two independent directors. The Audit Committee makes recommendations concerning the engagement of independent public accountants, reviews the plans and results of the audit engagement with the independent public accountants, approves professional services provided by the independent public accountants, reviews the independence of the independent public accountants, considers the range of audit and non-audit fees and reviews the adequacy of the Company's internal accounting controls. The Audit Committee is also available to receive reports, suggestions, questions and recommendations from the independent public accountants, the Chief Financial Officer and the General Counsel. It also confers with those parties in order to assure the sufficiency and effectiveness of the programs being followed by corporate officers in the area of compliance with the law and conflicts of interest.

Compensation Committee. Upon consummation of the Offering, the Board intends to expand the membership of its compensation committee (the "Compensation Committee") to be comprised of at least two independent directors. The Compensation Committee determines the compensation of the Company's executive officers and administers the Performance Award Plan. The current executive officer salaries were set by the Board prior to establishment of the Compensation Committee. The Compensation Committee has the responsibility for the compensation of the senior executives of the Company including salaries and benefits. The Compensation Committee also reviews and makes recommendations to the Board with respect to the Company's overall compensation program for directors and officers, including salaries, employee benefit plans, stock options granted, equity incentive plans and payment of bonuses.

Executive Committee. The Executive Committee of the Board acts with all the authority of the Board as to those decisions within the Board's purview, and possesses all authority of the Board except as to those decisions requiring approval also of the Company's shareholders.

Nominating Committee. The nominating committee (the "Nominating Committee") recommends criteria to the Board for the selection of candidates to serve on

the Board, evaluates all proposed candidates, recommends to the Board nominees to fill vacancies on the Board, and prior to the annual meeting of shareholders recommends to the Board a slate of nominees for election to the Board by the shareholders of the Company at the annual meeting. The Nominating Committee also seeks possible candidates for the Board and otherwise serves to aid in attracting qualified candidates to the Board.

DIRECTOR COMPENSATION

Following the Offering, the Company does not intend to pay additional remuneration to employees who also serve as directors. The Company will reimburse all directors for their out-of-pocket expenses incurred in connection with their duties as directors. Non-employee directors will receive an annual retainer of \$ _____ in cash and \$ _____ in cash for each regular or special meeting attended as well as annual stock option grants under the Performance Award Plan. See "--Benefit Plans--Performance Award Plan."

OFFICE OF THE CHIEF EXECUTIVE

In July 1998, the Company announced the formation of an Office of the Chief Executive, consisting of Mr. Ferry and four senior executive officers, Messrs. Boxberger, Priem and Dunn and Ms. Murray. Concurrently, the duties of these officers were realigned and expanded. Mr. Priem is a Vice Chair and Chief Operating Officer. Mr. Dunn, Vice Chair, Corporate Secretary and General Counsel, is responsible for the Company's Corporate Development Group including new business ventures, such as Futurestep, and strategic planning, as well as having responsibility for the Company's information technology and legal departments. Ms. Murray, the Company's Chief Financial Officer and Treasurer, is also an Executive Vice President and is responsible for the corporate treasury, corporate performance standards, external reporting and information systems.

COMPENSATION DECISIONS AND INSIDER PARTICIPATION

In fiscal 1998, decisions concerning compensation of executive officers were made by the Company's Senior Executive Compensation Committee, consisting of employee-directors Messrs. Buchanan-Barrow, as Chair, Kelley, Nider, Priem and Wellman, with Messrs. Ferry and Peter Mullin, a compensation consultant, serving in advisory roles. The Senior Executive Compensation Committee, which will be reorganized as the Compensation Committee upon consummation of the Offering, will review and approve the comprehensive compensation program for senior executives of the Company, and will review the specific salaries of executive vice presidents and senior vice presidents subject to the ratification of the salary programs established for the positions of Chair and the Chief Executive Officer by the Board acting as a whole.

EXECUTIVE COMPENSATION

The following table shows the compensation paid by the Company to the Chief Executive Officer and each of the Company's other three most highly compensated executive officers (collectively, the "Named Executive Officers"), all of whom are members of the Office of the Chief Executive, with respect to the fiscal year ended April 30, 1998.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION		ALL OTHER SALARY BONUSES COMPENSATION

Richard M. Ferry.....
Chair of the Board
Michael D. Boxberger....
President and Chief
Executive Officer
Windle B. Priem.....
Vice Chair and Chief
Operating Officer
Peter L. Dunn.....
Vice Chair, Corporate
Secretary and General
Counsel

BENEFIT PLANS

Performance Award Plan

In July 1998, the Company adopted the Performance Award Plan to provide a means to attract, motivate, reward and retain talented and experienced officers, non-employee directors, other key employees and certain other eligible persons (collectively, "Eligible Persons") who may be granted awards from time to time by the Company's Board of Directors or, if authorized, the Compensation Committee (such administrators, the "Committee"), or, for non-employee directors, under a formula provided in the Performance Award Plan. The maximum number of shares of Common Stock reserved for issuance is 7,000,000 subject to adjustment for certain changes in the Company's capital structure and other extraordinary events. Shares subject to awards that are not paid for or exercised before they expire or are terminated are available for other grants under the Performance Award Plan to the extent permitted by law. Shareholders of the Company approved the Performance Award Plan in August 1998.

The Committee intends to grant ten-year stock options for approximately _____ shares of Common Stock to eligible persons. The Named Executive Officers will receive option grants for such shares in the following amounts: Mr. Ferry (_____ shares); Mr. Boxberger (_____ shares); Mr. Priem (_____ shares); and Mr. Dunn (_____ shares). The exercise price of each option granted will be at the fair market value per share of Common Stock at the time of grant. Such options will vest in equal installments over five years.

Awards under the Performance Award Plan may be in the form of nonqualified stock options, incentive stock options, stock appreciation rights ("SARs"), limited SARs, restricted stock, performance shares, stock bonuses, or cash bonuses based on performance. Awards may be granted singularly or in combination with other awards. Any cash bonuses and other performance awards under the Performance Award Plan will depend upon the extent to which performance goals set by the Board of Directors or the Committee are met during the performance period. Awards under the Performance Award Plan generally will be nontransferable by the holder of the award (a "Holder") (other than by will or the laws of descent and distribution). During the Holder's lifetime, rights under the Performance Award Plan generally will be exercisable only by the Holder, subject to such exceptions as may be authorized by the Committee in accordance with the Performance Award Plan. No incentive stock option may be granted at a price that is less than the fair market value of the Common Stock (110% of fair market value of the Common Stock for certain participants) on the date of grant. Nonqualified stock options and other awards may be granted at prices below the fair market value of the Common Stock on the date of grant. Restricted stock awards can be issued for nominal or the minimum lawful consideration. Typically, the participant may vote restricted stock, but any dividend on restricted shares will be held in escrow subject to forfeiture until the shares have vested. No more than _____ shares will be available for restricted stock awards,

subject to exceptions for restricted stock awards based on past service, deferred compensation and performance awards.

The maximum number of shares subject to awards (either performance or otherwise) that may be granted to an individual in the aggregate in any one calendar year is 1,050,000. A non-employee director may not receive awards in respect of more than 50,000 shares in the aggregate in any one calendar year. With respect to cash-based performance awards, no more than \$2.5 million per year, per performance cycle may be awarded to any one individual. No more than one performance cycle may begin in any one year with respect to cash-based performance awards.

Section 162(m) Performance-Based Awards. In addition to options and SARs granted under other provisions of the Performance Award Plan, performance-based awards payable in cash or shares within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Performance-Based Awards"), which depend on the achievement of pre-established financial performance goals, may be granted under the Performance Award Plan. The specific performance goals will be set by a qualified committee of the Board created for these purposes and the specific targets will be set by the Committee when their attainment is substantially uncertain. The permitted performance goals under the Performance Award Plan may include any one or more of the following: revenue growth, net earnings (before or after taxes or before or after interest, taxes, depreciation and amortization), cash flow, return on equity, return on assets or return on net investment, or cost containment or reduction. The applicable performance cycle may not be less than one nor more than seven years (five years in respect of such awards payable only in cash).

Administration. The Performance Award Plan will be administered by the Board or the Committee. The Committee will have broad authority to (i) designate recipients of discretionary awards, (ii) determine or modify (subject to any required consent) the terms and provisions of awards, including the price, vesting provisions, terms of exercise and expiration dates, (iii) approve the form of award agreements, (iv) determine specific objectives and performance criteria with respect to performance awards, and (v) construe and interpret the Performance Award Plan. The Committee will have the discretion to accelerate and extend the exercisability or term and establish the events of termination or reversion of outstanding awards.

Change in Control. Upon a Change in Control Event, each option and SAR will become immediately exercisable; restricted stock will immediately vest free of restrictions; and the number of shares, cash or other property covered by each performance share award will be issued to the Holder, unless the Committee determines to the contrary. A "Change in Control Event" is defined generally to include (i) certain changes in a majority of the membership of the Board over a period of two years or less, (ii) the acquisition of more than 30% of the outstanding voting securities of the Company by any person other than the Company, any Company benefit plan or one of their affiliates, successors, heirs, relatives or certain donees or certain other affiliates, or (iii) shareholder approval of a transfer of substantially all of the Company's assets, the dissolution or liquidation of the Company, or a merger, consolidation or reorganization (other than with an affiliate) whereby shareholders immediately prior

to such event own less than 70% of the outstanding voting securities of the surviving entity after such event. In addition, if any participant's employment is terminated by the Company for any reason other than for cause either in express anticipation of, or within one year after a Change in Control Event, then all awards held by that participant will vest in full immediately before his or her termination date.

The Committee may also provide for alternative settlements (including cash payments), the assumption or substitution of awards or other adjustments in the Change in Control context of any other reorganization of the Company.

Plan Amendment, Termination and Term. The Company's Board has the authority to amend, suspend or discontinue the Performance Award Plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. The Performance Award Plan may be amended by the Board without shareholder approval unless such approval is required by applicable law.

The Performance Award Plan will remain in existence as to all outstanding awards until such awards are exercised or terminated. The maximum term of options, SARs and other rights to acquire Common Stock under the Performance Award Plan is ten years after the initial date of award, subject to provisions for further deferred payment in certain circumstances. No award can be made after the tenth anniversary of the date of the consummation of the Offering. Awards may remain exercisable for a period of time determined by the Committee after termination of employment for certain reasons, after which, to the extent not exercised, such awards terminate.

Automatic Grants to Non-Employee Directors. Under the Performance Award Plan, each director who is not an officer or employee (a "Non-Employee Director") and who is or thereafter becomes a director of the Company after the Offering will be automatically granted a nonqualified stock option to purchase 1,500 shares of Common Stock when the person takes office, at an exercise price equal to the market price of the Common Stock at the close of trading on that date (or, with respect to the Company's current directors, on the tenth trading day after completion of the Offering). In addition, on the day of the annual shareholders meeting in each calendar year beginning in 1999 and continuing for each subsequent year during the term of the Performance Award Plan, each then-continuing Non-Employee Director will be granted a nonqualified stock option to purchase 1,500 shares of Common Stock at an exercise price equal to the market price of the Common Stock at the close of trading on that date. Non-Employee Directors may also be granted discretionary awards. All automatically granted Non-Employee Director stock options will have a ten-year term and will be immediately exercisable. If a Non-Employee Director's services are terminated for any reason, any automatically granted stock options held by such Non-Employee Director that are exercisable will remain exercisable for twelve months after such termination of service or until the expiration of the option term, whichever occurs first. Automatically-granted options are subject to the same adjustment, change in control, and acceleration provisions that apply to awards generally, except that any changes or Board or Committee actions (1) will be effected through a shareholder approved reorganization agreement or will be consistent with the effect on Options held by other than executive officers and (2) will be consistent in respect of the underlying shares with the effect on shareholders generally. Any outstanding automatic option grant that is not exercised prior to a Change in Control Event in which the Company is not to survive will terminate, unless such option is assumed or replaced by the surviving corporation.

Payment for Shares. The exercise price of options and other awards may be paid in cash, promissory note or (subject to certain restrictions) shares of Common Stock. The Company may finance the exercise or purchase and (subject to any applicable legal limits) offset shares to cover the exercise or purchase price and withholding taxes.

Federal Tax Consequences. The current federal income tax consequences of awards authorized under the Performance Award Plan follow certain basic patterns. Generally, awards under the Performance Award Plan that are includable in income of the recipient at the time of award or exercise (such as nonqualified stock options, SARs, restricted stock and performance awards) are deductible by the Company, and awards that are not required to be included in income of the recipient at such times (such as incentive stock options) are not deductible by the Company.

Non-Exclusive Plan. The Performance Award Plan is not exclusive. The Board, under California law, may grant stock and performance incentives or other

compensation, in stock or cash, under other plans or authority.

Employee Tax Deferred Savings Plan--401(k) Plan

The Company adopted a defined contribution 401(k) plan in 1984. Under the Company's 401(k) plan, U.S. employees who have been employed by the Company for over six months are eligible to make employee contributions in the following fiscal quarterly enrollment period, and become eligible for contributions by the Company. Employees must have worked at least 1,000 hours in a plan year (May 1 to April 30) to be eligible for the Company contribution.

The 401(k) plan allows employees to contribute a portion of their salary to their personal plan account ("Participant Savings Contributions") of up to 20% of their salary or the maximum employee contribution set by the Internal Revenue Service each year, whichever is less. Participants are always 100% vested in their own contributions, and any investment gains or losses therefrom. The 401(k) plan allows participants over the age of 59 1/2 to make withdrawals from the Company's 401(k) plan without penalty.

The 401(k) plan provides for discretionary employer contributions. Discretionary contributions (if any) up to 2% of an employee's salary (to a maximum of \$1,000) are first allocated to employees below the category of vice president. In addition, the Company may contribute any amount or it may decide not to contribute in a given Plan Year ("Employer Matching Contribution"). The Company's matching contribution vests over a period of six years in increments of 20% after the one year anniversary. The Company also has the option of making additional contributions to employees' accounts based upon a percentage of total compensation, including bonuses. An employee is eligible for these employer contributions for a plan year only if employed on the last day of the plan year.

WORLDWIDE EXECUTIVE BENEFIT PLANS: RETIREMENT PLAN; LIFE INSURANCE PLAN; AND DISABILITY PLAN

The Company's Worldwide Executive Benefit Plans ("WEB Plans") cover vice presidents of the Company. The benefits provided are intended to reward eligible employees for long term service and contributions to the firm and which are provided through a combination of local government benefits, local benefits provided by the Company, and specific WEB Plan's benefits. To be eligible to be a participant in a Company WEB Plan, an employee must be a vice president or more senior officer and a shareholder of the Company working at least 30 hours per week.

Retirement Plan. The Company's WEB-Retirement Plan provides a monthly benefit to eligible employees upon retirement from the Company. Each year, a plan participant accrues and is fully vested in one-twentieth of the targeted benefit, expressed as a percentage set by the Company for that year. Upon retirement, a participant receives a monthly benefit payment equal to the sum of the percentages accrued over such participant's term of employment, up to a maximum of 20 years, multiplied by such participant's highest average monthly salary during any 36 consecutive months of the final 72 months of active full-time employment. The WEB-Retirement Plan provides targeted retirement benefits through sources funded by the Company, government social security and retirement benefits and Company retirement programs provided by the eligible employee's local office.

Life Insurance Plan. The Company's WEB-Life Insurance Plan provides financial security for the survivors of an eligible employee in the event of his or her death. The life insurance coverage provided is a targeted life insurance benefit of three times an eligible employee's base salary in the most tax efficient manner possible for participants. The WEB- Life Insurance Plan administers the life insurance benefits through sources funded by the Company, government provided survivor benefits and local life insurance programs and coverage provided by local carriers within an eligible employee's country.

Disability Plan. The Company's WEB-Disability Plan provides income to

eligible employees and their families should an illness or injury cause an extended period of disability for an eligible employee. The plan's disability coverage provides a targeted disability benefit of 60% of an eligible employee's base salary (up to the

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maximum limit allowed by the insurance carrier). The WEB-Disability Plan provides the disability coverage through Company funded sources, government sponsored disability benefits, local disability programs available for the Company and particular disability benefits under the plan.

ENHANCED WEALTH ACCUMULATION PLANS

The Company maintains two Enhanced Wealth Accumulation Plans (the "EWAPS"), one for its U.S. vice presidents and one for its non-U.S. vice presidents, which are identical in their material provisions. The EWAPS replaced the Company's earlier Wealth Accumulation Plans (the "WAPS") for vice presidents, although those participants within the Company's original WAPS who did not choose to roll their previous participation and deferrals or contributions into the EWAPS continue to be covered under the earlier version. The EWAPS offer a means for the Company to provide an additional future compensation package for certain vice presidents of the Company in order to reward long term service to the Company and retain key employees.

The EWAPS allow participants to elect to participate by deferring compensation initially or in some instances, making an after-tax contribution, for an eight-year period. Each deferral or contribution unit is for an eight-year period based on the calendar year, usually commencing on January 1. Participants may commence an additional deferral or contribution unit every five years during their participation in the EWAPS. Participants may elect to accelerate their deferrals or contributions but not increase the total amount. By choosing to participate in the EWAPS, a vice president opts by his or her participation to defer a portion of their compensation earned, in return for an annuity of a specified amount paid by the Company over a fifteen year period, upon retirement at age 65.

EWAP benefits begin to vest after five years; vested benefits increase for each year of participation in excess of five years and vested benefits maximize at 15 years or at age 65 with a minimum participation of eight years. The payments for vested EWAP benefits generally commence when a participant is age 65 or retires. If a participant chooses to retire from the Company's service prior to reaching the age of 65, he or she is eligible for an "early retirement benefit" as to which his or her normal monthly EWAPS benefits are proportionately reduced in accordance with his or her early retirement, to be adjusted for each month a participant retires prior to the age of 65. To be eligible for an early retirement benefit, the participant must have completed at least 15 years of service with the Company and also have completed eight years of service with the Company while enrolled in that contribution unit. An early retiree may also choose to delay payment of EWAPS benefits until age 65 and accordingly incur no reduction of benefits to be paid. EWAPS participants who terminate their service with the Company after five or more years of participation in a deferral or contribution unit and prior to a normal retirement age of 65 or early retirement date are eligible for an "incentive benefit" from the Company. However, if a participant becomes employed as an executive search consultant or obtains employment in any capacity for any other executive search firm within two years after termination of employment with the Company, any early retirement or incentive benefit is forfeited. Payment of the incentive benefit by the Company is in monthly installments, commencing at age 65, of a payment amount equal to the normal benefit payment, to be paid for the same number of years a participant participated within a deferral or contribution unit up to a maximum of 15 years. An incentive benefit recipient may also elect to receive a lump sum payment in lieu of monthly payments, equal to their previous deferrals or contribution plus interest.

If a participant dies and is eligible for normal retirement benefits prior

to receiving his or her full benefits, his or her beneficiary is entitled to receive such payments. Additionally, a deceased participant's spouse, if any, may receive an additional survivor's benefit to be paid for a specified period of time, following the termination of the normal EWAPS benefit payments. Disability benefits payments are payable to a participant within the plan, but only with respect to his or her first deferral or contribution unit completed. There are no disability benefits associated with additional deferral or contribution units completed by a participant. If a participant becomes disabled, as defined in the EWAPS, the Company will pay monthly disability benefits to the participant in an amount equal to one-twelfth of the amount per annum specified as the disability benefit for the participant's initial deferral or contribution unit, until the age of 65, or until the attainment of a later age for persons whose disability begins after age 61. A participant receiving disability benefit payments is still eligible for all normal retirement benefits, early retirement benefits and survivor benefits under the EWAPS.

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SENIOR EXECUTIVE INCENTIVE PLANS

The Company provides for its vice presidents two Senior Executive Incentive Plans (the "SEIPS"), one for its U.S. executives and one for its non-U.S. executives, which are identical in their material provisions. The Board of Directors approves eligibility for senior executives' participation in the SEIPS. Additionally, a senior executive must be participating in the Company's EWAPS to be eligible to participate in the SEIPS, unless such requirement is waived by the Board of Directors. The SEIPS provide additional future compensation to the selected executives to promote the retention of valuable employees of the Company.

The SEIPS operate by allowing vice presidents of the Company to participate in a "benefit unit" whereby a participant elects to reduce the amount of compensation or in some instances make an after-tax contribution otherwise earned and payable during a four year period. The interest credited on deferrals ("benefit unit") upon termination of employment vests over a ten-year period at which time the participant receives monthly benefit payments made by the Company over a fifteen-year period, at retirement at age 65 or later.

A participant may choose to receive the SEIPS incentive benefit payments prior to the normal benefit payment date, with a corresponding reduction in the amount to be paid, upon: (i) the retirement of a participant after attaining age 65, (ii) the deferrals required for the benefit unit having been completed and (iii) completion by a participant of at least four years of service post enrollment in the benefit unit. If a participant dies prior to receiving all incentive benefit payments, the beneficiary is entitled to receive the remaining payments.

EXECUTIVE SALARY CONTINUATION PLAN

The Company's Executive Salary Continuation Plan (the "ESCP") is no longer an active plan, and as such there are a limited number of Company vice presidents who remain participants within the plan. The ESCP provides vice presidents of the Company with an additional salary payment of \$7,000 per annum for the five-year period following their retirement from service with the Company. Additionally, in the event of death of a vice president prior to retirement, the ESCP provides that the family of the deceased vice president will receive an estate and family benefit of \$10,000 per annum, to be paid for a total of ten years to the vice president's surviving family. No benefits under the plan are vested and should a vice president be terminated prior to retirement, no benefits under the plan are payable. All plan benefits are taxed as income to the recipients when received.

EXECUTIVE PARTICIPATION PROGRAMS

Executive Participation Program

Prior to the Offering and since 1991, the Company maintained two Executive Participation Programs for executives located in the U.S. and one for executives located outside of the U.S., also known as the Company's "Equity Participation Program" (together, the "EPP"). The EPP historically provided the opportunity for select executives of the Company to purchase shares of Common Stock. However, in anticipation of the Offering, the Company has ceased enrollment of executives in the EPP. Most of the Company's vice presidents are participants within the EPP. The EPP permitted executives to purchase Common Stock either in a cash payment, or by issuing promissory notes payable to the Company. Historically, shares of Common Stock were sold at book value, subject to the execution by EPP participants of an agreement which required the Company to purchase such shares at book value upon termination of the participant's employment with the Company.

Supplemental Equity Participation Plan

Persons promoted to vice president and other persons hired as vice presidents of the Company between May 2, 1998 and the filing of the Company's Registration Statement with the Securities and Exchange Commission in connection with the Offering ordinarily would have become eligible to purchase shares of Common Stock under the EPP, as described above. However, in anticipation of the Offering, the Company adopted the Supplemental Equity Participation Plan (the "Supplemental EPP") and issued shares of Common Stock to these persons at fair market value, appraised as of June 30, 1998. The Supplemental EPP also includes

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the Liquidity Schedule, as described below. The Company has ceased enrollment of executives in the Supplemental EPP as of August 17, 1998.

AMENDED STOCK REPURCHASE AGREEMENT

Substantially all of the shareholders of the Company have entered into an agreement (a "Stock Repurchase Agreement") with the Company that generally requires the Company to repurchase the shares of Common Stock owned by the shareholder at book value, typically upon termination of the shareholder's employment with the Company. In connection with the Offering, each shareholder of the Company who has entered into a Stock Repurchase Agreement will have the opportunity to enter into an Amended Stock Repurchase Agreement (the "Amended Repurchase Agreement"), whether their original Stock Purchase Agreement was entered into outside of the EPP or in connection with the EPP. The Amended Repurchase Agreements will become effective upon the consummation of the Offering and permits the shares of Common Stock subject to the Amended Repurchase Agreement to be sold into the publicly traded market on certain dates (the "Liquidity Schedule"). See "--Liquidity Schedule." Each shareholder who executes an Amended Repurchase Agreement will be permitted to sell their shares of Common Stock pursuant to the Liquidity Schedule; those shareholders who do not sign an Amended Repurchase Agreement with the Company will continue to be obligated to sell their shares of Common Stock back to the Company at book value under the terms of their original Stock Repurchase Agreement.

The Amended Repurchase Agreement will also permit the Company to call, on a non-prorata basis, some or all of the shares of Common Stock, held both within and outside the EPP, which remain restricted from sale pursuant to the Liquidity Schedule at (i) the book value as of April 30, 1998, plus interest at 8.5% per annum from that date, in the case of shares acquired at book value, or (ii) the value appraised as of the most recent appraisal date preceding the date of purchase, plus interest at 8.5% per annum from the appraisal date, in the case of shares acquired at the appraised value. Shares may be called by the Company if the individual shareholder engages in conduct or acts detrimental to the Company, as determined by the Company, including, without limitation, (i) affiliation with a competitor or development of, or contribution to, a competing enterprise, (ii) the disclosure of confidential Company information to an unauthorized third party, or (iii) conviction of a felony or other crime involving fraud, dishonesty or acts of moral turpitude.

Each shareholder accused of such conduct and with respect to whom the Company wishes to exercise its call rights may appeal to the Chair of the Board and to a committee of the Board of Directors composed of three directors, at least two of which are outside directors (the "Equity Committee"). Any such shareholder who is found to have engaged in such conduct or act will be given 30 days to cure such conduct or acts, if a cure is possible.

Additionally, the Company is permitted to call, on a non-prorata basis at the call price described above, up to 10% of all outstanding shares of Common Stock which would otherwise become transferable at a future date under the Liquidity Schedule, with the proviso that such option may not be exercised more than once during any two-year period, if the Equity Committee of the Board of Directors, in its discretion, deems such repurchase to be appropriate based on the existing market conditions for shares of Common Stock or on the Company's recent financial performance. The Company's right to call shares of Common Stock applies only to shares of Common Stock subject to the Liquidity Schedule.

LIQUIDITY SCHEDULE

Substantially all of the Company's existing shareholders have agreed to be subject to the Liquidity Schedule. The Liquidity Schedule limits shareholders' ability to sell more than 20%, or 30% if they have not participated in the Offering, of their current aggregate Common Stock holdings until the second anniversary of the Offering. The Liquidity Schedule also limits shareholders' ability to sell an additional 20% of their current aggregate Common Stock holdings until on or after the third anniversary of the Offering and limits their ability to sell more than half of their shareholdings until on or after the fourth anniversary of the Offering. Upon the death of the shareholder, the Liquidity Schedule will cease to apply and all of the shareholder's Common Stock which were still subject to the Liquidity Schedule will become transferable.

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EMPLOYMENT AGREEMENTS

The Company has a policy of requiring all its vice presidents to enter into a standard form of employment agreement that provides for an annual base salary and discretionary and incentive bonus payment. The Company also requires its vice presidents to agree in their employment contract not to compete with the Company both during the term of their employment with the Company, and also for a period of one to two years after their employment with the Company.

INDEMNIFICATION AND LIMITATION OF LIABILITY OF DIRECTOR AND EXECUTIVE OFFICERS

The Company's Articles contain provisions that eliminate the personal liability of its directors for monetary damages arising from a breach of their fiduciary duties in certain circumstances to the fullest extent permitted by California law. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission.

The Company's Bylaws provide that the Company shall indemnify its directors and officers and may indemnify its other employees and agents to the fullest extent permitted by law. The Company's Bylaws also permit the Company to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Bylaws would permit indemnification.

The Company has entered, or plans to enter, into agreements to indemnify its directors and officers, in addition to the indemnification provided for in the Company's Bylaws. These agreements, among other things, indemnify the Company's directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive

officer of the Company, any subsidiary of the Company or any other company or enterprise to which the person provides services at the request of the Company. The Company believes that these provisions and agreements are necessary to attract and retain qualified directors and executive officers.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. The Company is not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

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CERTAIN TRANSACTIONS

ADDITIONAL REDEMPTION AMOUNTS

In fiscal 1995, certain shareholders of the Company (the "Sellers"), at the request of the Company, agreed to have certain of their shares of Common Stock redeemed by the Company in a fixed redemption plan initiated by the Company (the "Redemption"). The Redemption required that any shareholder whose aggregate ownership of Common Stock, phantom units or stock appreciation rights exceeded a certain share level have a portion of his holdings redeemed. The Sellers then agreed to the Redemption, which served as a benefit to the Company in achieving a more widely held equity ownership as well as an elimination of holdings by non-employee shareholders.

The redemption price consisted of (i) a fixed amount of \$1.82 per share (the "Fixed Redemption Amount"), which represented the book value of a share of Common Stock as of year end fiscal 1994, plus 10% to reflect appreciation on the book value from the end of fiscal 1994 to the date of the redemption, (ii) a contingent amount (the "Additional Redemption Amount") equal to the difference between (a) the Fixed Redemption Amount plus 8.5% accrued interest and (b) the public offering price per share of the Common Stock and (iii) one share of Series A Preferred Stock for each 100 shares of Common Stock redeemed. The Fixed Redemption Amount consisted of 16 2/3% cash, with the balance in the form of a five-year promissory note. The aggregate Additional Redemption Amount is determined by multiplying the difference described under item (ii) above by the number of shares redeemed by the Company from each holder of redeemed shares. The Additional Redemption Amount is payable if the Company consummates an extraordinary transaction, including a public offering of the Common Stock of the Company, at any time before December 31, 2004 and the Seller has not voluntarily terminated or been terminated for cause prior to the date of the extraordinary transaction.

The Series A Preferred Stock of the Company has a liquidation value of \$7.29 per share plus cumulative unpaid dividends at 8.5% per annum until redemption. Shares of Series A Preferred Stock have voting rights equivalent to 100 shares of Common Stock for each share outstanding, except that holders of Series A Preferred Stock must vote in favor of certain transactions approved by holders of two-thirds or more of the shares of Common Stock of the Company. The Series A Preferred Stock was designed to give the Sellers the voting power necessary to protect their rights to receive payment on the promissory note issued in the Redemption and the Additional Redemption Amounts. The Company may redeem all or any part of the outstanding Preferred Stock at the earlier of either (i) payment in full of all promissory notes of the Company issued in the Redemption or (ii) the approval of the holders of a majority of the shares of the Series A Preferred Stock.

Simultaneously with the Redemption, certain holders of phantom units and stock appreciation rights (the "Rights Holders") agreed to terminate their phantom units and stock appreciation rights in return for payments corresponding to the Fixed Redemption Amounts and the Additional Redemption Amounts.

Because a substantial amount of the proceeds from the Offering would have to be used to pay the aggregate Additional Redemption Amount payable upon an

initial public offering, each of the Sellers and the Rights Holders have agreed to a negotiated discount (the "Negotiated Adjustment") from the Additional Redemption Amount they were originally entitled to receive upon an initial public offering. As a result, upon consummation of the Offering, if the Offering price is \$ per share, the midpoint of the range set forth on the cover of the Prospectus, the Sellers and the Rights Holders as a group will receive in the aggregate a payment of \$ and the Company's shareholders' equity will be reduced by the same amount. Mr. Windle B. Priem, a Director and Vice Chair and Chief Operating Officer of the Company will receive a discounted payment of approximately \$ million. Mr. Richard Ferry, the Chair of the Company's Board of Directors, will receive a discounted payment of approximately \$ million.

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.

In December 1997, Futurestep agreed to sell common stock representing a 9% interest to Man Jit Singh, the President and Chief Executive Officer of Futurestep and a Vice President of the Company.

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STRATEGIC COMPENSATION ASSOCIATES

The Company owned 47% of Strategic Compensation Associates ("SCA") during fiscal 1995 and 1996. During fiscal 1996, the Company paid approximately \$131,000 for services to SCA. In fiscal 1996, the Company sold its entire membership interest in SCA and a portion of its capital account interest in SCA, pursuant to purchase agreements executed with other members of SCA. The purchase agreements, as amended, provide for the members of SCA to purchase the Company's remaining capital account interest in five annual installments, with the last interest transfer and payment to be on December 31, 2001.

LOANS

On January 28, 1998, the Company and Mr. Boxberger entered into an agreement, whereby the Company agreed to be sole guarantor and co-obligor with Mr. Boxberger on a promissory note in the amount of \$1 million payable to Mellon 1st Business Bank, entered into by Mr. Boxberger for home loan purposes. The Company also agreed to pay all of the interest on the note for a four-year period ending January 15, 2002. The interest rate is payable at a variable rate at 0.5% below the bank's reference rate, which at the time of execution of the note was 8.5% per annum, resulting in an effective interest rate payable by the Company of 8% at the time of execution. The Company also independently executed a guaranty of payment of such promissory note for the benefit of Mellon 1st Business Bank. Mr. Boxberger has entered into an agreement with the Company to indemnify and hold the Company harmless from any and all liability (except for the interest payment) that may result from the Company being a co-obligor of the note. To secure any indemnification repayment, Mr. Boxberger has pledged to the Company all shares of Common Stock owned by him and provided the Company with a right to offset any unpaid indemnification owed to the Company from amounts owed by the Company to Mr. Boxberger.

FUTURE TRANSACTIONS

The Company has implemented a policy requiring that any material transaction with an affiliated party is subject to approval by a majority of the directors not interested in such transaction, who must determine that the terms of any such transaction are no less favorable to the Company than those that could be obtained from an unaffiliated third party and that the transaction is in the Company's best interest.

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The following table sets forth certain information about the beneficial ownership of the Common Stock as of August , 1998, and as adjusted to reflect the sale of the Common Stock offered in the Offering, by (i) each director and each executive officer of the Company, (ii) all directors and executive officers of the Company as a group, and (iii) each person (or group of affiliated persons) known by the Company to own beneficially more than five percent of the Company's outstanding voting securities not otherwise listed. The address of each director and executive officer listed is in care of Korn/Ferry International, 1800 Century Park East, Suite 900, Los Angeles, California 90067.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING -----		SHARES BENEFICIALLY OWNED AFTER THE OFFERING -----	
	NUMBER OF SHARES (1)	PERCENTAGE OFFERED	NUMBER OF SHARES	PERCENTAGE
Richard M. Ferry(2).....		%		%
Michael D. Boxberger(2)...				
Windle B. Priem(2).....				
Peter L. Dunn(2).....				
Elizabeth S.C.S. Murray(2).....				
Man Jit Singh.....				
Paul Buchanan-Barrow.....				
Timothy K. Friar.....				
Sakie Fukushima.....				
Hans Jorda.....				
Scott E. Kingdom.....				
Raimondo Nider.....				
Manuel A. Papayanopulos...				
Michael A. Wellman.....				
Young Kuan-Sing.....				
All directors and executive officers as a group (15 persons) (3).....				
Selling Shareholders(4)...				

*Less than one percent

- (1) Unless otherwise indicated, each person has sole voting and dispositive power with respect to the shares shown.
- (2) Also an officer of the Company.
- (3) Holdings include shares of Common Stock held by the Trustees of the Korn/Ferry Employee Tax Deferred Savings Plan (401(k) Plan) for the benefit of the listed individual.
- (4) Consists of persons, none of which owns more than 1% of the outstanding shares of Common Stock prior to or after the Offering.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 150,000,000 shares of Common Stock, no par value per share, and 50,000,000 shares of Preferred Stock, no par value per share, which can be issued in one or more series. Immediately following the completion of the Offering, an aggregate of

shares of Common Stock will be issued and outstanding (assuming no exercise of the over-allotment option), and no shares of Preferred Stock will be issued and outstanding. As of , 1998, the Common Stock is held of record by persons.

The following description of the Company's capital stock is a summary of the material terms of such stock. It does not purport to be complete and is subject in all respects to applicable California law and to the provisions of the Company's Articles and Bylaws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Subject to the rights of the holders of any Preferred Stock which may be outstanding, each holder of Common Stock on the applicable record date is entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor, and, in the event of liquidation, to share pro rata in any distribution of the Company's assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding Preferred Stock. Each holder of Common Stock is entitled to one vote for each share held of record on the applicable record date on all matters presented to a vote of shareholders. Holders of Common Stock have no preemptive rights to purchase or subscribe for any stock or other securities and there are no conversion rights or redemption or sinking fund provisions with respect to such Common Stock. All outstanding shares of Common Stock are, and the shares of Common Stock offered hereby will be when issued, fully paid and non-assessable.

PREFERRED STOCK

The Company's Articles authorize 50,000,000 shares of Preferred Stock. The Board of Directors has the authority to issue the Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the shareholders. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the shareholders and may adversely affect the voting and other rights of the holders of Common Stock. The issuance of Preferred Stock with voting and conversion rights may adversely affect the voting power of the holders of Common Stock, including the loss of voting control to others. At present, the Company has no plans to issue any of the Preferred Stock.

CERTAIN ANTI-TAKEOVER EFFECTS

Certain provisions of the Company's Articles and Bylaws summarized below may be deemed to have anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

The Company's Articles authorize issuance of up to 50,000,000 shares of Preferred Stock, with such characteristics that may tend to discourage a merger, tender offer or proxy contest, as described in "--Preferred Stock" above. The Company's Bylaws also limit the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice. In addition, upon qualification of the Company as a "listed corporation" as defined in Section 301.5(d) of the California Corporations Code, cumulative voting will be eliminated and the Board of Directors will be divided into three classes having staggered terms of three years each, with Classes I, II and III having initial terms expiring at the annual general meeting of shareholders in 1999, 2000 and 2001, respectively. See "Management."

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is

LISTING

There is no public trading market for the Common Stock. Application will be made to list the Common Stock on the New York Stock Exchange ("NYSE") under the symbol "KFY."

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SHARES ELIGIBLE FOR FUTURE SALE

Sales of substantial amounts of Common Stock after the Offering could adversely affect the market price of the Common Stock and could impair the Company's future ability to raise capital through the sale of its equity securities. Upon the consummation of the Offering, the Company will have outstanding _____ shares of Common Stock (_____ shares if the U.S. Underwriters' and Managers' over-allotment option is exercised in full). All of the shares of Common Stock sold in the Offering will be freely tradable under the Securities Act, unless purchased by "affiliates" of the Company as that term is defined under the Securities Act. Upon the expiration of lock-up agreements between the Company, its directors and officers. The existing shareholders and the Underwriters, which will occur 180 days after the date of this Prospectus (the "Effective Date"), all of the shares of Common Stock owned by existing shareholders (the "Restricted Shares") will become eligible for sale, subject to compliance with Rule 144 of the Securities Act and the liquidity schedule as described below.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least one year, will be entitled to sell in any three-month period a number of shares that does not exceed the greater of: (i) 1% of the number of shares of Common Stock then outstanding (approximately _____ shares immediately after this Offering) or (ii) the average weekly trading volume of the Company's Common Stock on the NYSE during the four calendar weeks immediately preceding the date on which notice of the sale is filed with the Securities and Exchange Commission. Sales pursuant to Rule 144 are subject to certain requirements relating to manner of sale, notice and availability of current public information about the Company. A person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of the Company at any time during the 90 days immediately preceding the sale and who has beneficially owned Restricted Shares for at least two years is entitled to sell such shares pursuant to Rule 144(k) without regard to the limitations and requirements described above.

Each of the Company and the existing shareholders of the Company has agreed that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, and the Company has agreed that it will not file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of the Company without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except in the case of the Company for the grant of options and sales of shares under the Company's stock benefit plans. The lock-up agreements with Credit Suisse First Boston Corporation and the Company may be released at any time as to all or a portion of the shares subject to such agreements at the sole discretion of Credit Suisse First Boston Corporation and the Company.

Substantially all of the Company's existing shareholders have agreed to be subject to the Liquidity Schedule that limits their ability to sell their current Common Stock holdings. See "Management--Liquidity Schedule."

UNDERWRITING

Under the terms and subject to the conditions contained in an Underwriting Agreement dated _____, 1998 (the "U.S. Underwriting Agreement"), the underwriters named below (the "U.S. Underwriters"), for whom Credit Suisse First Boston Corporation, Donaldson, Lufkin & Jenrette Securities Corporation and PaineWebber Incorporated are acting as representatives (the "Representatives"), have severally but not jointly agreed to purchase from the Company and the Selling Shareholders the following respective numbers of U.S. Shares:

UNDERWRITER -----	NUMBER OF U.S. SHARES -----
Credit Suisse First Boston Corporation.....	
Donaldson, Lufkin & Jenrette Securities Corporation.....	
PaineWebber Incorporated.....	

Total.....	====

The U.S. Underwriting Agreement provides that the obligations of the U.S. Underwriters are subject to certain conditions precedent and that the U.S. Underwriters will be obligated to purchase all of the U.S. Shares offered hereby (other than those shares covered by the over-allotment option described below) if any are purchased. The U.S. Underwriting Agreement provides that, in the event of a default by a U.S. Underwriter, in certain circumstances the purchase commitments of non-defaulting U.S. Underwriters may be increased or the U.S. Underwriting Agreement may be terminated.

The Company and the Selling Shareholders have entered into a Subscription Agreement (the "Subscription Agreement") with the Managers of the International Offering (the "Managers") providing for the concurrent offer and sale of the International Shares outside the United States and Canada. The closing of the U.S. Offering is a condition to the closing of the International Offering and vice versa.

The Company has granted to the U.S. Underwriters and the Managers an option, exercisable by Credit Suisse First Boston Corporation, expiring at the close of business on the 30th day after the date of this Prospectus, to purchase up to _____ additional shares at the initial public offering price, less the underwriting discounts and commissions, all as set forth on the cover page of this Prospectus. Such option may be exercised only to cover over-allotments in the sale of the shares of Common Stock offered hereby. To the extent such option is exercised, each U.S. Underwriter and each Manager will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares being sold to the U.S. Underwriters and the Managers as the number of U.S. Shares set forth next to such U.S. Underwriter's name in the preceding table and as the number set forth next to such Manager's name in the corresponding table in the prospectus relating to the International Offering bears to the sum of the total number of shares of Common Stock in such tables.

The Company and the Selling Shareholders have been advised by the Representatives that the U.S. Underwriters propose to offer the U.S. Shares in the United States and Canada to the public initially at the public offering price set forth on the cover page of this Prospectus and, through the Representatives, to certain dealers at such price less a concession of \$

per share, and the U.S. Underwriters and such dealers may allow a discount of \$ _____ per share on sales to certain other dealers. After the Offering, the public offering price and concession and discount to dealers may be changed by the Representatives.

The public offering price, the aggregate underwriting discounts and commissions per share and per share concession and discount to dealers for the U.S. Offering and concurrent International Offering will be identical. Pursuant to an Agreement between the U.S. Underwriters and Managers (the "Intersyndicate Agreement")

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relating to the Offering, changes in the public offering price, concession and discount to dealers will be made only upon the mutual agreement of Credit Suisse First Boston Corporation, as representative of the U.S. Underwriters, and Credit Suisse First Boston (Europe) Limited ("CSFBL"), on behalf of the Managers.

Pursuant to the Intersyndicate Agreement, each of the U.S. Underwriters has agreed that, as part of the distribution of the U.S. Shares and subject to certain exceptions, it has not offered or sold, and will not offer or sell, directly or indirectly, any shares of Common Stock or distribute any prospectus relating to the Common Stock to any person outside the United States or Canada or to any other dealer who does not so agree. Each of the Managers has agreed or will agree that, as part of the distribution of the International Shares and subject to certain exceptions, it has not offered or sold, and will not offer or sell, directly or indirectly, any shares of Common Stock or distribute any prospectus relating to the Common Stock in the United States or Canada or to any other dealer who does not so agree. The foregoing limitations do not apply to stabilization transactions or to transactions between the U.S. Underwriters and the Managers pursuant to the Intersyndicate Agreement. As used herein, "United States" means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction, "Canada" means Canada, its provinces, territories, possessions and other areas subject to its jurisdiction, and an offer or sale shall be in the United States or Canada if it is made to (i) any individual resident in the United States or Canada or (ii) any corporation, partnership, pension, profit-sharing or other trust or entity (including any such entity acting as an investment adviser with discretionary authority) whose office most directly involved with the purchase is located in the United States or Canada.

Pursuant to the Intersyndicate Agreement, sales may be made between the U.S. Underwriters and the Managers of such number of shares of Common Stock as may be mutually agreed upon. The price of any shares so sold will be the public offering price, less such amount as may be mutually agreed upon by Credit Suisse First Boston Corporation, as representative of the U.S. Underwriters, and CSFBL, on behalf of the Managers, but not exceeding the selling concession applicable to such shares. To the extent there are sales between the U.S. Underwriters and the Managers pursuant to the Intersyndicate Agreement, the number of shares of Common Stock initially available for sale by the U.S. Underwriters or by the Managers may be more or less than the amount appearing on the cover page of the Prospectus. Neither the U.S. Underwriters nor the Managers are obligated to purchase from the other any unsold shares of Common Stock.

This Prospectus may be used by underwriters and dealers in connection with sales of International Shares to persons located in the United States, to the extent such sales are permitted by the contractual limitations on sales described above.

The Representatives have informed the Company and the Selling Shareholders that they do not expect discretionary sales by the Underwriters to exceed 5% of the shares being offered hereby.

Each of the Company and the existing shareholders of the Company has agreed

that it will not offer, sell, contract to sell, announce its intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of the Company without the prior written consent of Credit Suisse First Boston Corporation for a period of 180 days after the date of this Prospectus, except in the case of the Company for the grant of options and sale of shares under the Company's stock benefit plans.

The U.S. Underwriters have reserved for sale, at the initial public offering price, up to shares of Common Stock for employees, directors and certain other persons associated with the Company who have expressed an interest in purchasing such shares of Common Stock in the Offering. The number of shares available for sale to the general public in the Offering will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the U.S. Underwriters to the general public on the same terms as the other shares offered hereby.

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The Company and Selling Shareholders have agreed to indemnify the U.S. Underwriters and the Managers against certain liabilities, including civil liabilities under the Securities Act, or contribute to payments that the U.S. Underwriters and the Managers may be required to make in respect thereof.

Application will be made to list the shares of Common Stock on the NYSE under the symbol "KFY."

In connection with the listing of the Common Stock on the NYSE, the Underwriters will undertake to sell round lots of 100 shares or more to a minimum of 2,000 beneficial owners.

The initial public offering price for the shares will be determined by negotiation among the Company, the Selling Shareholders and the Representatives. In determining such price, consideration will be given to various factors, including market conditions for the initial public offering, the past history of and prospects for the Company's business, operations, earnings and financial position, an assessment of the Company's management, the market for securities of companies in businesses similar to those of the Company, the general condition of the securities markets and other relevant factors. There can be no assurance, however, that the initial public offering price will correspond to the price at which the Common Stock will trade in the public market subsequent to the Offering or that an active trading market will develop and continue after the Offering.

The Representatives, on behalf of the U.S. Underwriters and the Managers, may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act"). Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Common Stock in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the Representatives to reclaim a selling concession from a syndicate member when the Common Stock originally sold by such syndicate member is purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Common Stock to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

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NOTICE TO CANADIAN RESIDENTS

RESALE RESTRICTIONS

The distribution of the Common Stock in Canada is being made only on a private placement basis exempt from the requirement that the Company and Selling Shareholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of Common Stock are effected. Accordingly, any resale of the Common Stock in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the Common Stock.

REPRESENTATIONS OF PURCHASERS

Each purchaser of Common Stock in Canada who receives a purchase confirmation will be deemed to represent to the Company and Selling Shareholders and the dealer from whom such purchase confirmation is received that (i) such purchaser is entitled under applicable provincial securities laws to purchase such Common Stock without the benefit of a prospectus qualified under such securities laws, (ii) where required by law, that such purchaser is purchasing as principal and not as agent, and (iii) such purchaser has reviewed the text above under "--Resale Restrictions."

RIGHTS OF ACTION (ONTARIO PURCHASERS)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by section 32 of the Regulation under the Securities Act (Ontario). As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the U.S. federal securities laws.

ENFORCEMENT OF LEGAL RIGHTS

All of the issuer's directors and officers as well as the experts named herein and the Selling Shareholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or such persons. All or a substantial portion of the assets of the issuer and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or such persons in Canada or to enforce a judgment obtained in Canadian courts against such issuer or persons outside of Canada.

NOTICE TO BRITISH COLUMBIA RESIDENTS

A purchaser of Common Stock to whom the Securities Act (British Columbia) applies is advised that such purchaser is required to file with the British Columbia Securities Commission a report within ten days of the sale of any Common Stock acquired by such purchaser pursuant to this offering. Such report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from the Company. Only one such report must be filed in respect of Common Stock acquired on the same date and under the same prospectus exemption.

TAXATION AND ELIGIBILITY FOR INVESTMENT

Canadian purchasers of Common Stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Common Stock in their particular circumstances and with respect to the eligibility of the Common Stock for investment by the purchaser under relevant Canadian Legislation.

LEGAL MATTERS

The validity of the shares of the Common Stock offered hereby will be passed upon for the Company by O'Melveny & Myers LLP, Los Angeles, California and for the Underwriters by Sullivan & Cromwell, Los Angeles, California.

EXPERTS

The consolidated financial statements and schedule included in this Prospectus and elsewhere in the Registration Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement"), of which this Prospectus forms a part, covering the Common Stock to be sold pursuant to the Offering. As permitted by the rules and regulations of the Commission, this Prospectus omits certain information, exhibits and undertakings contained in the Registration Statement. Such additional information, exhibits and undertakings can be inspected at and obtained from the Commission at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and at certain regional offices of the Commission located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 13th Floor, 7 World Trade Center, New York, New York, 10048. The Commission maintains a Web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, application will be made to list the Common Stock on the NYSE, and reports and other information concerning the Company may be inspected at the offices of such exchange. For additional information with respect to the Company, the Common Stock and related matters and documents, reference is made to the Registration Statement. Statements contained herein concerning any such document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

The Company will issue annual reports and unaudited quarterly reports to its shareholders for the first three quarters of each fiscal year. Annual reports will include audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and a report of its independent public accountants with respect to the examination of such financial statements. In addition, the Company will issue such other interim reports as it deems appropriate.

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After the stock split discussed in Note 14 to Korn/Ferry International's consolidated financial statements is effective, we expect to be in a position to render the following auditor's report.

Arthur Andersen LLP

Los Angeles, California
July 31, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
Korn/Ferry International and Subsidiaries:

We have audited the accompanying consolidated balance sheets of KORN/FERRY INTERNATIONAL AND SUBSIDIARIES (the "Company"), a California corporation, as of April 30, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended April 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KORN/FERRY INTERNATIONAL AND SUBSIDIARIES as of April 30, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended April 30, 1998, in conformity with generally accepted accounting principles.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	AS OF APRIL 30,	
	----- 1997	1998 -----
ASSETS		
- - - - -		
Cash and cash equivalents.....	\$ 25,298	\$ 32,358
Receivables due from clients, net of allowance for doubtful accounts		
of \$3,846 and \$5,390 in 1997 and 1998, respectively.....	49,749	57,754
Other receivables.....	3,937	3,501
Prepaid expenses.....	5,758	6,265
	-----	-----

Total current assets.....	84,742	99,878
	-----	-----
Property and equipment:		
Computer equipment and software.....	13,259	13,715
Furniture and fixtures.....	10,673	13,573
Leasehold improvements.....	7,596	9,713
Automobiles.....	1,580	1,679
	-----	-----
	33,108	38,680
Less: Accumulated depreciation and amortization.....	(15,361)	(17,583)
	-----	-----
Property and equipment, net.....	17,747	21,097
	-----	-----
Cash surrender value of company owned life insurance policies, net of loans.....	21,292	30,109
Guaranteed investment contracts.....	3,546	1,746
Notes receivable.....	2,781	2,308
Deferred income taxes.....	11,953	16,545
Goodwill and other intangibles, net of accumulated amortization of \$3,332 and \$4,182 in 1997 and 1998, respectively.....	4,364	2,972
Other.....	1,980	1,716
	-----	-----
Total assets.....	\$148,405	\$176,371
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS--(CONTINUED)
(IN THOUSANDS)

	AS OF APRIL 30,	
	1997	1998
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		

Notes payable and current maturities of long-term debt.....	\$ 5,072	\$ 2,559
Accounts payable.....	4,938	3,651
Income taxes payable.....	5,454	6,903
Accrued liabilities:		
Compensation.....	24,164	26,100
Payroll taxes.....	7,790	14,821
Other accruals.....	17,273	19,271
	-----	-----
Total current liabilities.....	64,691	73,305
Deferred compensation.....	27,676	34,552
Long-term debt.....	3,206	6,151
Other.....	933	1,582
	-----	-----
Total liabilities.....	96,506	115,590
	-----	-----
Non-controlling shareholders' interests.....	1,087	2,027
	-----	-----

Mandatorily redeemable common and preferred stock:		
Preferred stock, no par value		
Series A--Authorized 10 shares, outstanding 9 shares in 1997 and 1998, at redemption value.....	63	63
Series B--Authorized 150 shares, outstanding 126 and 121 shares in 1997 and 1998, at book value.....	1,306	1,353
Common stock, no par value--outstanding 20,062 and 22,282 shares in 1997 and 1998, at book value.....	52,159	62,110
Less: Notes receivable from shareholders.....	(5,339)	(7,365)
	-----	-----
Total mandatorily redeemable common and preferred stock.....	48,189	56,161
	-----	-----
Shareholders' equity:		
Common Stock, no par value--Authorized 150,000 shares, outstanding 1,010 and 920 shares in 1997 and 1998, at book value.....		
	--	--
Retained Earnings.....	2,623	2,593
	-----	-----
Total shareholders' equity.....	2,623	2,593
	-----	-----
Total liabilities and shareholders' equity.....	\$148,405	\$176,371
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
	-----	-----	-----
Professional fees and reimbursable expenses.....	\$225,459	\$269,624	\$311,016
Other income including interest income.....	4,758	2,937	4,009
	-----	-----	-----
Total revenues.....	230,217	272,561	315,025
Less: Reimbursable candidate expenses.....	(8,731)	(12,137)	(14,470)
	-----	-----	-----
Net revenues.....	221,486	260,424	300,555
	-----	-----	-----
Compensation and benefits.....	140,721	166,854	197,790
General and administrative expenses.....	64,419	73,005	84,575
Interest expense.....	3,683	3,320	4,234
	-----	-----	-----
Income before provision for income taxes and non-controlling shareholders' interests.....	12,663	17,245	13,956
Provision for income taxes.....	3,288	6,658	6,687
Non-controlling shareholders' interests.....	1,579	1,588	2,025
	-----	-----	-----
Net income.....	\$ 7,796	\$ 8,999	\$ 5,244
	=====	=====	=====
Basic earnings per common share.....	\$.38	\$.42	\$.24
	=====	=====	=====
Basic weighted average common shares outstanding.	20,390	21,382	21,885
	=====	=====	=====

Diluted earnings per common share.....	\$.36	\$.40	\$.23
	=====	=====	=====
Diluted weighted average common shares outstanding.....	23,019	23,481	23,839
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS)

	PREFERRED STOCK		COMMON STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ALLOCATION OF SHAREHOLDERS' EQUITY TO MANDATORILY REDEEMABLE STOCK	TOTAL SHAREHOLDERS' EQUITY	COMPREHENSIVE INCOME
	SERIES A	SERIES B						
Balance as of April 30, 1995.....	\$ 1	\$14	\$ 9,211	\$31,976	\$ (420)	\$(38,763)	\$2,019	
Purchase of stock.....		(1)	(2,957)			2,958		
Issuance of stock.....			4,402			(4,402)		
Comprehensive income:								
Net income.....				7,796		(7,456)	340	\$ 7,796
Foreign currency translation adjustments before tax.....					(2,564)	2,452	(112)	(2,564)
Income tax benefit related to other comprehensive income..					666	(637)	29	666
Comprehensive income....	---	---	-----	-----	-----	-----	-----	\$ 5,898
Balance as of April 30, 1996.....	1	13	10,656	39,772	(2,318)	(45,848)	2,276	
Purchase of stock.....		(1)	(5,051)			5,052		
Issuance of stock.....			5,843			(5,843)		
Comprehensive income:								
Net income.....				8,999		(8,567)	432	\$ 8,999
Foreign currency translation adjustments before tax.....					(2,872)	2,734	(138)	(2,872)
Income tax benefit related to other comprehensive income..					1,109	(1,056)	53	1,109
Comprehensive income....	---	---	-----	-----	-----	-----	-----	\$ 7,236
Balance as of April 30, 1997.....	1	12	11,448	48,771	(4,081)	(53,528)	2,623	
Purchase of stock.....			(3,150)			2,916	(234)	
Issuance of stock.....			8,635			(8,635)		
Comprehensive income:								
Net income.....				5,244		(5,005)	239	\$ 5,244
Foreign currency translation adjustments before tax.....					(1,461)	1,394	(67)	(1,461)
Income tax benefit related to other comprehensive income..					700	(668)	32	700
Comprehensive income....	---	---	-----	-----	-----	-----	-----	\$ 4,483
Balance as of April 30, 1998.....	\$ 1	\$12	\$16,933	\$54,015	\$(4,842)	\$(63,526)	\$2,593	
	===	===	=====	=====	=====	=====	=====	

The accompanying notes are an integral part of these consolidated financial statements.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

FISCAL YEAR ENDED APRIL
30,

1996	1997	1998
------	------	------

Cash from operating activities:			
Net income.....	\$ 7,796	\$ 8,999	\$ 5,244
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation.....	3,599	5,087	6,552
Amortization.....	1,541	424	1,165
Provision for doubtful accounts.....	1,590	2,196	2,427
Cash surrender value in excess of premiums paid.....	(1,142)	(1,601)	(1,767)
Earnings from affiliate.....	589		
Gain on sale of interest in affiliate.....	(516)		
Change in other assets and liabilities:			
Deferred compensation.....	2,056	3,093	6,876
Receivables due from clients.....	(8,769)	(12,630)	(9,996)
Prepaid expenses.....	(988)	(1,174)	(507)
Income taxes payable.....	(5,323)	276	(3,143)
Accounts payable and accrued liabilities.....	8,344	6,036	9,678
Non-controlling shareholders' interests and other.....	(431)	(550)	1,953
	8,346	10,156	18,482
Cash from investing activities:			
Purchase of property and equipment.....	(8,084)	(8,483)	(9,903)
Premiums on life insurance.....	(8,590)	(7,865)	(12,408)
Redemption (purchase) of guaranteed investment contracts.....	(5,299)	1,753	1,949
Sale of interest in affiliates.....	357	434	473
	(21,616)	(14,161)	(19,889)
Cash from financing activities:			
Increase/(decrease) in bank borrowings.....	(1,000)	2,000	2,000
Payment of debt.....	(1,477)	(1,470)	(1,957)
Borrowings under life insurance policies.....	12,878	1,973	5,358
Purchase of common and preferred stock.....	(2,532)	(3,674)	(2,761)
Issuance of common and preferred stock.....	5,695	5,597	6,588
	13,564	4,426	9,228
Effect of exchange rate changes on cash flows....	(1,898)	(1,763)	(761)
Net increase (decrease) in cash and cash equivalents.....	(1,604)	(1,342)	7,060
Cash and cash equivalents at beginning of the year.....	28,244	26,640	25,298
Cash and cash equivalents at end of the year.....	\$ 26,640	\$ 25,298	\$ 32,358

The accompanying notes are an integral part of these consolidated financial statements.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

APRIL 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Korn/Ferry International and Subsidiaries is engaged in the business of providing executive search, consulting and related services globally on a retained basis.

Principles of Consolidation

The consolidated financial statements include the accounts of Korn/Ferry International, all of its wholly owned domestic and international subsidiaries, and affiliated companies in which the Company has effective control (collectively, the "Company"). All material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates with regard to these financial statements relate to the accounting for deferred compensation plans and deferred tax assets. (See Notes 8 and 9).

Translation of Foreign Currencies

The functional currency applicable to the Company's foreign subsidiaries, except those in Argentina, Brazil, Colombia and Venezuela, is the local currency. Due to high inflation, Argentina, Brazil, Colombia and Venezuela use the U.S. dollar as the functional currency.

Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the rates of exchange in effect at the end of each year and revenues and expenses are translated at average rates of exchange during the year. Translation adjustments are reported as a component of comprehensive income.

For entities denominated in currencies other than their functional currencies, gains and losses resulting from the effect of exchange rate changes are included in determining net income and resulted in losses, included in general and administrative expenses, of \$97, \$344 and \$511 in fiscal 1996, 1997 and 1998, respectively.

Revenue Recognition

Substantially all professional fee revenues are derived from fees for professional services related to executive search, consulting and related services. Fee revenues are recognized as clients are billed and services are substantially rendered. The Company generally bills clients in three monthly installments beginning with the acceptance of a search assignment. Reimbursable expenses include specifically identified and allocated costs related to professional services that are billed to clients.

Cash Flows

Cash equivalents consist of highly liquid investments purchased with original maturities of three months or less.

Net cash from operating activities includes cash payments for interest of \$3,233, \$3,594 and \$4,381 in fiscal 1996, 1997 and 1998, respectively. Cash payments for income taxes, net of refunds, amounted to \$6,620, \$6,770 and \$9,830 in fiscal 1996, 1997 and 1998, respectively.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Fair Value of Financial Instruments

The carrying amount of cash, cash equivalents and accounts receivable approximates fair value due to the short maturity of these instruments. Guaranteed investment contracts, notes receivable, notes payable and long-term debt bear interest at rates that approximate the current market interest rates for similar instruments and, accordingly the carrying value approximates fair value.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist principally of receivables due from clients. Concentrations of credit risk with respect to receivables are limited due to the Company's large number of customers and their dispersion across many different industries and countries worldwide.

Earnings per Common Share

The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 128, "Earnings per Share," ("EPS") at April 30, 1998, which requires the Company to report basic and diluted EPS. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if the Company's phantom stock units, stock rights and Common Stock purchase commitments were converted or issued as of the earlier of the beginning of each year or the date of issuance. (See Note 2).

Property and Equipment

Leasehold improvements are amortized over the useful life of the asset, or the lease term, whichever is less, using the straight-line method. All other property and equipment is depreciated or amortized over the estimated useful lives of three to ten years, using the straight-line method.

Cash Surrender Value of Life Insurance

The increase in the cash surrender value ("CSV") of Company owned life insurance ("COLI") contracts in excess of insurance premiums paid is reported in compensation and benefits expense. (See Note 8).

Goodwill and Purchased Employment Contracts

Goodwill and purchased employment contracts are amortized on a straight-line basis over the shorter of ten years or the life of the contract, from the date of acquisition.

New Accounting Pronouncements

During 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related

Information," which requires companies to report financial and descriptive information about its reportable operating segments in the interim and annual financial statements. It is effective for annual periods beginning after December 15, 1997 and will be adopted by the Company in fiscal 1999. It is not expected that the adoption of this standard will have an impact on the consolidated financial statements, however, it may require additional footnote disclosure.

During 1998, the FASB issued SFAS No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits an amendment to FASB Statements No. 87, 88 and 106," which revises employers'

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

disclosure requirements for pension and other postretirement plans. It does not change the measurement or recognition of costs and benefits provided by those plans. The standard is effective for fiscal years beginning after December 15, 1997, although earlier application is encouraged. Adoption of this pronouncement is reflected in the accompanying consolidated financial statements (See Note 8). Disclosures for earlier periods have been restated for comparative purposes.

During 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities," which establishes new standards for reporting derivative and hedging information. The standard is effective for periods beginning after June 15, 1999 and will be adopted by the Company as of May 1, 2000. It is not expected that the adoption of this standard will have an impact on the consolidated financial statements nor require additional footnote disclosure since the Company does not currently utilize derivative instruments or participate in structured hedging activities.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year consolidated financial statement presentation.

2. BASIC AND DILUTED EARNINGS PER SHARE

Following is a reconciliation of the numerator and denominator used in the computation of basic and diluted EPS:

	FISCAL YEAR ENDED APRIL 30,								
	1996			1997			1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
BASIC EPS									
Income available to common shareholders.....	\$7,796	20,390	\$0.38 =====	\$8,999	21,382	\$0.42 =====	\$5,244	21,885	\$0.24 =====
EFFECT OF DILUTIVE SECURITIES									
Shareholder common stock purchase commitments.....		894			436			318	
Phantom stock units.	299	1,272		246	1,242		161	1,219	
Stock appreciation rights.....	109	463		88	421		14	417	
	-----	-----		-----	-----		-----	-----	
DILUTED EPS									
Income available to common shareholders plus assumed conversions.....	\$8,204 =====	23,019 =====	\$0.36 =====	\$9,333 =====	23,481 =====	\$0.40 =====	\$5,419 =====	23,839 =====	\$0.23 =====

The share amounts in the table above reflect a 4 to 1 stock split approved by the Board of Directors on July 24, 1998. (See Note 14).

3. NOTES PAYABLE AND LONG-TERM DEBT

At April 30, 1998, the Company maintained an \$11,000 unsecured bank revolving line of credit facility. Borrowings on the line of credit bear interest at the bank's prime rate less one-half percent, which was 8.0% at April 30, 1998. There is no outstanding balance under the revolving line of credit as of April 30, 1998. Subsequent to April 30, 1998, the line of credit facility was increased to \$16,000.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The Company's long-term debt consists of the following:

	FISCAL YEAR	
	ENDED APRIL 30,	
	-----	-----
	1997	1998
	-----	-----
8% variable rate unsecured term loan due to bank, principal and interest payable quarterly.....	\$ --	\$ 5,000
Unsecured subordinated notes payable to former shareholders due through October 2002, bearing interest at various rates up to 8.75%.....	5,278	3,710
	-----	-----
Total debt.....	5,278	8,710
Less: current maturities of long-term debt.....	(2,072)	(2,559)
	-----	-----
Long-term debt.....	\$ 3,206	\$ 6,151
	=====	=====

The Company issued notes payable to shareholders of \$395, \$1,708 and \$389 in fiscal 1996, 1997 and 1998, respectively, for the purchase of Common Stock.

Annual maturities of long-term debt for the five fiscal years subsequent to April 30, 1998 are: \$2,559 in 1999, \$2,488 in 2000, \$1,336 in 2001, \$1,254 in 2002 and \$1,073 in 2003.

The Company also has outstanding borrowings against the CSV of COLI contracts of \$32,278 and \$37,638 at April 30, 1997 and 1998, respectively. These borrowings are secured by the CSV, principal payments are not scheduled and interest is payable at least annually, at various variable rates. (See Note 8).

4. SHAREHOLDERS AGREEMENTS AND SUPPLEMENTAL INFORMATION REGARDING BOOK VALUE PER SHARE

Under existing stock purchase and repurchase agreements, collectively referred to as the Equity Participation Program ("EPP"), eligible executives of the Company have the opportunity to purchase shares of Common Stock at book value and are required to sell their shares of Common Stock to the Company at book value upon termination of their employment. For purposes of EPP purchases and sales, book value per share, adjusted for the 4 to 1 stock split, was

\$2.60 (\$10.40 pre-stock split) and \$2.79 (\$11.15 pre-stock split) at April 30, 1997 and 1998, respectively. The EPP book value calculation excludes the effect of the Series A Preferred Stock and shareholder notes related to Common Stock purchases. The Company ceased issuing shares of Common Stock under the EPP as of May 1, 1998. The Board of Directors approved the Supplemental Equity Participation Program on July 24, 1998, effective May 2, 1998, that provides for the issuance of common shares at fair value.

Shares subject to book value repurchase agreements are classified as mandatorily redeemable common stock in the accompanying consolidated balance sheets. As of April 30, 1997 and 1998 notes receivable from shareholders for Common Stock purchases were \$4,566 and \$6,612, respectively. The Company issued Common Stock in exchange for notes receivable from shareholders of \$3,172, \$4,305 and \$6,184 in fiscal 1996, 1997 and 1998 respectively.

At April 30, 1998, the Company had commitments of \$1,484 from vice presidents to buy additional Common Stock at book value under the EPP. Additionally, the Company had commitments to sell to vice presidents Common Shares with an aggregate price at book value of \$5,805, at May 1, 1998. The difference between the fair market value of these shares and the EPP book value purchase price, of approximately \$16,000, will be recorded as compensation and benefits expense when the book value repurchase agreements are amended and replaced with the fair value repurchase agreements upon consummation of the IPO. In addition the Company will recognize compensation and benefits expense related to shares issued subsequent to July 1997, of approximately \$10,600, representing the difference between the fair market value and the book value of the shares at the date of issuance.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The repurchase agreements under the EPP will be amended upon consummation of an initial public offering ("IPO") to permit employee shareholders to sell their shares in the public market, subject to a liquidity schedule that provides for increases over a four year period in the number of shares that can be sold. Subsequent to the consummation of an IPO, shares will no longer be issued under the EPP or Supplemental Equity Participation Program.

5. PREFERRED STOCK

In December 1994, the Company issued Series A Preferred Stock in conjunction with the redemption of common stock from certain employee shareholders. These shares have a redemption value of \$7.29 per share plus cumulative unpaid dividends at 8.5% per annum. The Company may redeem all or any part of the outstanding Preferred Stock at the earlier of either (i) payment in full of all promissory notes of the Company issued in the Redemption, or (ii) the approval of the holders of a majority of the shares of the Series A Preferred Stock. Shares of Series A Preferred Stock have voting rights equivalent to 100 shares of common stock for each share outstanding, except that holders of Series A Preferred Stock must vote in favor of certain transactions approved by holders of two-thirds or more of the shares of Common Stock of the Company.

In a previous year, the Company also issued Series B Preferred Stock which has voting and redemption rights, including the book value repurchase requirements equivalent to Common Stock. All Series B Preferred Stock is held in the Company's Employee Tax Deferred Savings Plan.

Upon consummation of an IPO, all shares of Series A and B Preferred Stock will be redeemed at their contractual amounts of approximately \$1,400.

6. PHANTOM STOCK PLAN AND STOCK RIGHT PLAN

Effective May 1, 1988, the Company established a Phantom Stock Plan for key

employees. The plan allows for granting the rights to purchase up to 1,500 unit rights at the book value of the outstanding Common Stock at the date of grant. On a pre-stock split basis as of April 30, 1997 and 1998, 310 and 297 units were outstanding, respectively. These units are fully vested and entitle employees, upon termination of employment, to receive their interest in cash based on the equivalent book value of the Common Stock.

In fiscal 1992, the Company established a Stock Right Plan under which rights are granted to employees selected by a committee of the Board of Directors. These rights are fully vested after two years and entitle the holder to rights substantially identical to the common shares, excluding voting rights. As of April 30, 1997 and 1998, 104 units were outstanding on a pre-stock split basis.

Compensation expense is recognized based on the change, if any, in the book value of the Common Stock since the date of the grant. Compensation expense related to these plans amounted to \$628, \$514 and \$270 in fiscal 1996, 1997 and 1998, respectively. Subsequent to year end, the Board of Directors and shareholders approved the termination of these plans and the conversion of the phantom stock units and stock rights to Common Stock.

The Common Stock issued upon termination of these plans will be subject to the EPP book value repurchase agreements. These repurchase agreements will be amended to adopt the liquidity schedule upon consummation of an IPO. At that date, the Company will recognize compensation and benefits expense of approximately \$13,200 for the excess of the fair market value of the shares over the book value price of the shares issued in the conversion.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

7. EMPLOYEE PROFIT-SHARING AND BENEFIT PLANS

The Company has an Employee Tax Deferred Savings Plan that covers eligible employees in the United States. The Company's discretionary accrued contribution to this plan was \$1,230, \$1,768 and \$2,400 for fiscal 1996, 1997 and 1998, respectively. The Company's non-U.S. employees are covered by a variety of pension plans that are applicable to the countries in which they work. The contributions for these plans are determined in accordance with the legal requirements in each country and generally are based on the employees' annual compensation.

8. DEFERRED COMPENSATION AND LIFE INSURANCE CONTRACTS

The Company has established several deferred compensation plans for officer/shareholder employees that provide defined benefit payments to participants based on the deferral of current compensation and subject to vesting and retirement or termination provisions.

The Enhanced Wealth Accumulation Plan (EWAP) was established in fiscal 1994. Certain vice presidents elect to participate in a "deferral unit" that requires the contribution of current compensation for an eight year period in return for defined benefit payments from the Company over a fifteen year period generally at retirement at age 65 or later. Participants may acquire additional "deferral units" every five years.

The Wealth Accumulation Plan (WAP) was replaced by the EWAP in fiscal 1994. Executives who did not choose to roll over their WAP units into the EWAP continue to be covered under the earlier version in which participants generally vest and commence receipt of benefit payments at retirement at age 65.

Participants in the Senior Executive Incentive Plan (SEIP) are elected for

participation by the Company's Board of Directors. Generally, to be eligible the vice president must be participating in the EWAP. Participation in the SEIP requires the vice president to contribute a portion of their compensation during a four-year period, or in some cases make an after tax contribution, in return for a defined benefit paid by the Company generally over a fifteen year period at age 65, or retirement.

The Company's Worldwide Executive Benefit Plans (WEB) are designed to integrate with government sponsored benefits and provide a monthly benefit to vice presidents and shareholders upon retirement from the Company. Each year a plan participant accrues and is fully vested in one-twentieth of the targeted benefits expressed as a percentage set by the Company for that year. Upon retirement, a participant receives a monthly benefit payment equal to the sum of the percentages accrued over such participant's term of employment, up to a maximum of 20 years, multiplied by the participant's highest average monthly salary during any 36 consecutive months in the final 72 months of active full-time employment.

Certain current and former employees also have individual deferred compensation arrangements with the Company which provide for payment of defined amounts over certain periods commencing at specified dates or events.

In 1998, certain employees elected to defer a portion of their compensation amounting to approximately \$2.4 million in anticipation of the Company establishing a new deferred compensation plan in the near future. If the Company does not implement such a plan by April 30, 1999, the employees will receive their deferred compensation plus interest at the Company's bank borrowing rate, currently at 8%.

For financial accounting purposes, the Company estimates the present value of the future benefits payable as of the estimated payment commencement date. The Company also estimates the remaining number of years a participant will be employed by the Company. Then, each year during the period of estimated employment, the

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Company accrues a liability and recognizes expense for a portion of the future benefit using the "benefit/years of service" attribution method for the SEIP and EWAP plans and the "projected unit credit" method for the WEB plan.

In calculating the accrual for future benefit payments, management has made assumptions regarding employee turnover, participant vesting and the discount rate. Management periodically reevaluates all assumptions. If assumptions change in future reporting periods, the changes may impact the measurement and recognition of benefit liabilities and related compensation expense.

As of April 30, 1997 and 1998, the Company had unrecognized losses related to these deferred compensation plans of \$4,421 and \$7,747 due to changes in assumptions of the discount rate used for calculating the accruals for future benefits. The Company amortizes unrecognized losses over the average remaining service period of active participants. The discount rate used in 1997 and 1998 was 9.0% and 7.5%, respectively.

Following is a reconciliation of the benefit obligation for the Company's deferred compensation plans:

YEAR ENDED
APRIL 30,

	1997	1998
	-----	-----
Benefit obligation at beginning of the year.....	\$26,705	\$30,149
Service cost.....	1,227	1,693
Interest cost.....	1,320	1,622
Plan participants' contributions.....	3,030	5,981
Recognized loss due to change in assumption.....	305	624
Benefits paid.....	(2,438)	(4,707)
	-----	-----
Benefit obligation at end of fiscal year.....	\$30,149	\$35,362
Less: current portion of benefit obligation.....	(2,473)	(810)
	-----	-----
Long-term benefit obligation at end of year.....	\$27,676	\$34,552
	=====	=====

The Company has purchased COLI contracts insuring participants and former participants. The gross CSV of these contracts of \$53,570 and \$67,747 is offset by outstanding policy loans of \$32,278 and \$37,638, on the accompanying consolidated balance sheets as of April 30, 1997 and 1998, respectively.

Death benefits payable under COLI contracts were \$244,418 and \$285,495 at April 30, 1997 and 1998, respectively. Management intends to use the future death benefits from these insurance contracts to fund the deferred compensation arrangements; however, there may not be a direct correlation between the timing of the future cash receipts and disbursements under these arrangements. In addition, certain future death benefits are restricted for the purchase of certain shares of Common Stock, if any, upon the death of a shareholder. As of April 30, 1998, COLI contracts with a net cash surrender value of \$24,500 and death benefits payable of \$146,589 were held in trust for these purposes.

9. INCOME TAXES

The provision for income taxes is based on reported income before income taxes. Deferred income tax assets and liabilities reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes, as measured by applying the currently enacted tax laws.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The provision (benefit) for domestic and foreign income taxes is comprised of the following components:

	FISCAL YEAR ENDED APRIL 30,		
	-----	-----	-----
	1996	1997	1998
	-----	-----	-----
Current taxes:			
Federal.....	\$ 921	\$ 2,602	\$ 2,953
State.....	381	991	1,022
	-----	-----	-----
Total.....	1,302	3,593	3,975
	-----	-----	-----
Deferred taxes:			
Federal.....	(3,766)	(2,133)	(3,458)

State.....	(996)	(713)	(1,154)
	-----	-----	-----
Total.....	(4,762)	(2,846)	(4,612)
	-----	-----	-----
Foreign taxes.....	6,748	5,911	7,324
	-----	-----	-----
Provision for income taxes.....	\$ 3,288	\$ 6,658	\$ 6,687
	=====	=====	=====

The domestic and foreign components of income (loss) from continuing operations before domestic and foreign income and other taxes were as follows:

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
	-----	-----	-----
Domestic.....	\$ (9,163)	\$ (2,534)	\$ (4,635)
Foreign.....	21,826	19,779	18,591
	-----	-----	-----
Total.....	\$ 12,663	\$ 17,245	\$ 13,956
	=====	=====	=====

The income tax provision stated as a percentage of pretax income was different than the amount computed using the U.S. statutory federal income tax rate for the reasons set forth in the following table:

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
	-----	-----	-----
U.S. federal statutory tax rate.....	35.0%	35.0%	35.0%
Foreign source dividend income.....	20.1	12.7	30.6
Foreign income tax credits utilized.....	(20.4)	(11.6)	(21.5)
Income subject to higher (lower) Foreign tax rates.....	(7.0)	(5.9)	5.9
COLI CSV increase, net of federal tax benefit.....	(3.6)	0.8	(5.4)
Other.....	1.9	7.6	3.3
	-----	-----	-----
Effective tax rate.....	26.0%	38.6%	47.9%
	=====	=====	=====

The significant components of deferred tax assets and liabilities are as follows:

	AS OF APRIL 30,	
	1997	1998
	-----	-----
Deferred income tax assets (liabilities):		
Deferred compensation.....	\$11,597	\$14,652
Accrued operating expenses.....	1,964	3,172
Other accrued liabilities.....	(1,590)	(1,360)

Property and equipment.....	299	419
Other.....	(317)	(338)
	-----	-----
Deferred income taxes.....	\$11,953	\$16,545
	=====	=====

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Realization of the tax asset is dependent on the Company generating sufficient taxable income in future years as the deferred tax items become currently deductible for tax reporting purposes. Management believes that all of the deferred tax asset will be realizable. However, the amount of the deferred tax asset considered realizable could be reduced if the estimates of amounts and/or timing of future taxable income are revised.

10. COMMITMENTS AND CONTINGENCIES

The Company leases office premises and certain office equipment under leases expiring at various dates through 2010. Total rental expense for fiscal years 1996, 1997 and 1998 amounted to \$9,033, \$11,686 and \$12,948, respectively. At April 30, 1998, minimum future commitments under noncancelable operating leases with lease terms in excess of one year were payable as follows: \$11,066 in 1999, \$10,357 in 2000, \$9,813 in 2001, \$8,708 in 2002, \$5,910 in 2003 and \$17,972 thereafter. As of April 30, 1998, the Company has outstanding standby letters of credit of \$945 in connection with office leases.

The Company has a policy of requiring all its vice presidents to enter into a standard form of employment agreement which provides for an annual base salary and discretionary and incentive bonus payments. The Company also requires its vice presidents to agree in their employment contracts not to compete with the Company, both during the term of their employment with the Company, and also for a period of one to two years after their employment with the Company ends.

In January 1998, the Company agreed to be the sole guarantor and co-obligor with an officer-shareholder, on a \$1,000 promissory note entered into for his home loan. The officer-shareholder has pledged all of his Common Stock to the Company as collateral. The Company also agreed to pay all of the interest on the note for a four year period ending January 15, 2002. These interest payments are included in compensation and benefits expense.

In fiscal 1995, certain shareholders of the Company, at the request of the Company, agreed to have certain of their shares of Common Stock redeemed by the Company in a fixed redemption plan initiated by the Company. The redemption price included a contingent amount equal to the difference between a fixed amount plus 8.5% accrued interest and, in the event of an IPO, the public offering price per share of the Common Stock. Simultaneously with the redemption, certain holders of phantom units and stock appreciation rights agreed to terminate their phantom units and stock appreciation rights in return for payments corresponding to the fixed amount and an additional contingent amount. The contingent amount is payable if the Company consummates an extraordinary transaction, including a public offering of the Common Stock, at any time before December 31, 2004 and the seller has not voluntarily terminated or been terminated for cause prior to the date of the extraordinary transaction.

The Company intends to use a portion of the net proceeds from an IPO to complete the redemption by the Company of certain shares of its capital stock and to pay existing obligations of the Company to former holders of phantom units and stock appreciation rights. Upon consummation of an IPO, each of the sellers has agreed to a negotiated discount from the contingent amount they

were originally entitled to receive. An IPO price or the range of possible IPO prices has not been determined by the Company and the underwriters, and therefore the payment amounts cannot be objectively estimated. However, it is expected that these payments will result in some compensation and benefits expense and a significant charge to the paid in capital of the Company, which will be recorded upon consummation of the IPO.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

11. LITIGATION

From time to time the Company has been and is involved in litigation incidental to its business. The Company is currently not a party to any litigation, which if resolved adversely against the Company, would in the opinion of the Company have a material adverse effect on the Company's business, financial position or results of operations.

12. DIVESTITURES

Effective February 29, 1996, the Company divested its 47% interest in Strategic Compensation Associates for a cash payment of \$357 and notes receivable of \$3,215. The notes are receivable in six equal annual installments with interest. Included in other income in fiscal 1996, is a gain of \$516 recognized on this transaction. The outstanding balance of notes receivable at April 30, 1997 and 1998 was \$2,781 and \$2,308 respectively.

13. BUSINESS SEGMENTS

The Company operates in one industry segment, retained executive search, on a global basis. In January 1998 the company formed Futurestep, an 80 percent owned subsidiary, to provide Internet-based retained recruitment services for middle management positions. Operating expenses and identifiable assets of Futurestep are not material in 1998. A summary of the company's operations by geographic area is presented below:

	FISCAL YEAR ENDED APRIL 30,		
	1996	1997	1998
TOTAL REVENUES:			
North America.....	\$111,513	\$135,192	\$162,618
Europe.....	68,890	77,505	86,180
Asia/Pacific.....	29,921	34,532	34,811
Latin America.....	19,893	25,332	31,416
	-----	-----	-----
Total.....	\$230,217	\$272,561	\$315,025
	=====	=====	=====
OPERATING PROFIT:			
North America.....	9,403	16,064	13,615
Europe.....	2,230	403	1,928
Asia/Pacific.....	3,542	4,183	1,313
Latin America.....	4,342	4,639	7,009
	-----	-----	-----
Total operating profit.....	19,517	25,289	23,865
Corporate.....	(3,171)	(4,724)	(5,675)
Interest expense.....	(3,683)	(3,320)	(4,234)
	-----	-----	-----

Income before income taxes and non-

controlling shareholders' interest.....	\$ 12,663	\$ 17,245	\$ 13,956
	=====	=====	=====

AS OF APRIL 30,

	1996	1997	1998
IDENTIFIABLE ASSETS:			
North America.....	\$ 33,961	\$ 30,545	\$ 50,135
Europe.....	33,524	42,300	40,600
Asia/Pacific.....	22,955	25,444	18,529
Latin America.....	8,057	10,606	16,400
Corporate.....	27,844	39,510	50,707
	-----	-----	-----
Total.....	\$126,341	\$148,405	\$176,371
	=====	=====	=====

The Company's clients were not concentrated in any specific geographic region and no single client accounted for a significant amount of the Company's revenues during fiscal 1996, 1997 or 1998.

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

14. STOCK SPLIT

Subsequent to April 30, 1998, the Company's Board of Directors authorized, and the shareholders approved, the filing of an amendment of the Company's existing Articles of Incorporation to increase the Company's authorized capital stock and effect a 4 to 1 split of the Common Stock. The Company intends to file the amendment immediately after the registration statement relating to the IPO is declared effective. The financial statements have been retroactively restated for the effects of this transaction.

15. SUBSEQUENT EVENTS

In July 1998, the Company's Board of Directors unanimously approved a proposed IPO of its common stock. The completion of the IPO is subject to filing an effective registration statement with the Securities and Exchange Commission, the compliance by the Company with applicable state securities laws and favorable market conditions for an offering of the Common Stock.

During the first quarter of fiscal 1999, the Company acquired Didier Vuchot & Associates in France for approximately \$6,000 in cash, notes, and mandatorily redeemable stock of a subsidiary that is exchangeable for Common Stock.

In June 1998, the Company entered into a trademark license and promotion agreement with Dow Jones & Company that established an alliance between Futurestep and the Wall Street Journal. The alliance, which has an initial term through June 2001 with options for renewal, provides the Company with preferred advertising rates and requires the purchase of a minimum amount of print and on-line advertising. For each company and candidate referred to Futurestep by The Wall Street Journal, Futurestep is obligated to pay to The Wall Street Journal a small percentage of its fee. The Wall Street Journal, the Company and Futurestep have agreed not to promote competing services during the term of the agreement.

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NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, ANY SELLING SHAREHOLDER OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

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UNTIL , 1998 (25 DAYS AFTER THE COMMENCEMENT OF THE OFFERING) ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

[LOGO OF KORN/FERRY INTL.]

Shares
Common Stock
(no par value)

PROSPECTUS

CREDIT SUISSE FIRST BOSTON
DONALDSON, LUFKIN & JENRETTE
PAINWEBBER INCORPORATED

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses, other than underwriting discounts and commissions, payable by the Company in connection with the issuance and distribution of the Common Stock being registered. All amounts are estimates except the SEC registration fee, the NASD filing fee and the NYSE listing fee.

Securities and Exchange Commission registration fee.....	\$67,850
NASD filing fee.....	23,500
NYSE listing fee.....	*
Accounting fees and expenses.....	*
Legal fees and expenses.....	*
Blue Sky qualification fees and expenses.....	*
Printing and engraving expenses.....	*
Transfer agent and registrar fees.....	*
Miscellaneous.....	*
Total.....	\$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has adopted provisions in its Amended and Restated Articles of Incorporation that limit the liability of directors in certain instances. As permitted by the California General Corporation Law ("CGCL"), directors will not be liable to the Company for monetary damages arising from a breach of their fiduciary duty as directors in certain circumstances. Such limitation does not affect liability for any breach of a director's duty to the Company or its shareholders (i) with respect to approval by the director of any transaction from which he derives an improper personal benefit, (ii) with respect to acts or omissions involving an absence of good faith, that he believes to be contrary to the best interests of the Company or its shareholders, that involve intentional misconduct or a knowing and culpable violation of law, that constitute an unexcused pattern of inattention that amounts to an abdication of his duty to the Company or its shareholders, or that show a reckless disregard for his duty to the Company or its shareholders in circumstances in which he was, or should have been, aware, in the ordinary course of performing his duties, of a risk of serious injury to the Company or its shareholders, or (iii) based on transactions between the Company and its directors or another corporation with interrelated directors or on improper distributions, loans or guarantees under applicable sections of the CGCL. Such limitation of liability also does not affect the availability of equitable remedies such as injunctive relief or rescission, although in certain

circumstances equitable relief may not be available as a practical matter. The limitation may relieve the directors of monetary liability to the Company for grossly negligent conduct. No claim or litigation is currently pending against the Company's directors that would be affected by the limitations of liability.

The Company's Amended and Restated Bylaws (the "Bylaws"), as amended, provide for the indemnification of directors and executive officers from any threatened, pending or completed action, suit or proceeding, whether formal or informal, by reason of their current or past service to the Company, and the reimbursement of any and all costs incurred by any such director or executive officer in regards thereto. The Bylaws also provide for the indemnification by the Company of any director of the Company, for any monetary damages arising from the imposition of joint and several liability upon such director for actions taken by other directors of the Company, except as not permitted by the CGCL.

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The Company has entered, or plans to enter, into agreements (the "Indemnification Agreements") with each of the directors and executive officers of the Company pursuant to which the Company has agreed to indemnify such director or executive officer from claims, liabilities, damages, expenses, losses, costs, penalties or amounts paid in settlement incurred by such director or executive officer in or arising out of such person's capacity as a director or executive officer of the Company or any other corporation of which such person is a director at the request of the Company to the maximum extent provided by applicable law. In addition, such director or executive officer is entitled to an advance of expenses to the maximum extent authorized or permitted by law.

To the extent that the Board of Directors or the shareholders of the Company may in the future wish to limit or repeal the ability of the Company to provide indemnification as set forth in the Articles, such repeal or limitation may not be effective as to directors and executive officers who are parties to the Indemnification Agreements, because their rights to full protection would be contractually assured by the Indemnification Agreements. It is anticipated that similar contracts may be entered into, from time to time, with future directors of the Company.

The Form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the Underwriters of the Company and its directors and officers for certain liabilities arising under the Securities Act of 1933 (the "Securities Act") or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Set forth below is certain information concerning all sales of securities by the Company during the past three years that were not registered under the Securities Act.

During the three years preceding the filing of this Registration Statement, the Registrant sold shares of Common Stock to its officers without registration under the Securities Act. Exemption from registration under the Securities Act for these sales is claimed under Rule 701 promulgated under Section 3(b) of the Securities Act, Regulation D promulgated under Section 4(2) of the Securities Act and Regulation S under the Securities Act. Each recipient of such securities represented in each transaction such recipient's intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates issued in such transactions.

Under the Registrant's Executive Participation Program (the "EPP"), the Registrant offered shares of Common Stock from the EPP's inception through January 31, 1996 at a purchase price equal to the book value of such share as of the end of the fiscal year immediately preceding such sale. During the three years preceding the filing of this Registration Statement, the following

sales were made to officers pursuant to such annual offers: 20,072 shares on September 1, 1995, October 6, 1995, November 15, 1995 and January 15, 1996, respectively, each for an aggregate of \$39,993; 18,372 shares on January 1, 1996 for an aggregate of \$36,606; 99,840 shares on April 16, 1996 for an aggregate of \$198,931; 241,644 shares on May 1, 1996 for an aggregate of \$546,115; 97,336 shares on July 1, 1996 for an aggregate of \$219,979; 60,224 shares on November 1, 1996 for an aggregate of \$119,996; 17,696 shares on April 1, 1997 for an aggregate of \$39,993; 76,920 shares on May 1, 1997 for an aggregate of \$199,992; 30,768 shares on June 1, 1997 for an aggregate of \$79,997; 30,768 shares on July 1, 1997 for an aggregate of \$79,997; 15,384 shares on August 1, 1997, April 1, 1998, and April 30, 1998, respectively, each for an aggregate of \$39,998; and 62,524 shares on August 1, 1998 for an aggregate of \$174,286.

Since the beginning of the fiscal quarter ended January 31, 1996, the Registrant has offered and sold shares of Common Stock quarterly to officers under the EPP at a purchase price equal to the book value of such share determined as a ratio of the book value as of the end of the fiscal year immediately preceding such sale and the book value as of the end of the fiscal year immediately following such sale, which ratio reflected the date during the fiscal year on which such sale was made. The Company has made the following quarterly offers and sales: For the fiscal quarter ended January 31, 1996, the Company sold an aggregate of 58,752 shares for an aggregate purchase price of \$124,995. For the fiscal quarter ended April 30, 1996, the Company sold an aggregate of 57,012 shares for an aggregate purchase price of \$124,999. For the fiscal quarter ended July 31, 1996, the Company sold an aggregate of 1,789,728 shares for an aggregate purchase price of \$4,044,785. For the fiscal quarter ended October 31, 1996, the Company sold an aggregate of 351,800 shares for an aggregate purchase price of \$824,971.

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For the fiscal quarter ended January 31, 1997, the Company sold an aggregate of 111,504 shares for an aggregate purchase price of \$270,955. For the fiscal quarter ended April 30, 1997, the Company sold an aggregate of 387,736 shares for an aggregate purchase price of \$975,156. For the fiscal quarter ended July 31, 1997, the Company sold an aggregate of 1,519,220 shares for an aggregate purchase price of \$3,949,972. For the fiscal quarter ended October 31, 1997, the Company sold an aggregate of 330,492 shares for an aggregate purchase price of \$874,978.

For the fiscal quarter ended January 31, 1998, the Company sold an aggregate of 371,040 shares for an aggregate purchase price of \$999,953. For the fiscal quarter ended April 30, 1998, the Company sold an aggregate of 766,416 shares for an aggregate purchase price of \$2,099,980. For the fiscal quarter ended July 31, 1998, the Company sold an aggregate of 2,215,104 shares for an aggregate purchase price of \$6,174,602. For the fiscal quarter ended October 31, 1998 (through August 14), the Company sold an aggregate of 159,408 shares for an aggregate purchase price of \$1,749,901.

As of August 1, 1998, the Company issued 1,521,240 shares of Common Stock upon conversion of 380,310 phantom stock units and stock appreciation rights in connection with the termination of the Company's Phantom Stock Plan and Amended and Restated Stock Right Plan. Exemption from registration under the Securities Act for this issuance is claimed under Section 3(a)(9) of the Securities Act.

On August 11, 1998, the Company sold 105,728 shares of its Common Stock for an aggregate purchase price of \$294,717 upon exercise by Didier Vuchot & Associates executives of their put option received in connection with the Company's acquisition of that firm in June 1998. Exemption from registration under the Securities Act for this issuance is claimed under Section 4(2) of the Securities Act.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) EXHIBITS.

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBIT -----
1.1*	Form of Underwriting Agreement
3.1*	Amended and Restated Articles of Incorporation of the Company
3.2*	Amended and Restated Bylaws of the Company
4.1*	Specimen Common Stock certificate
5.1*	Opinion of O'Melveny & Myers LLP
10.1*	Form of Indemnification Agreement between the Company and each of its executive officers and directors
10.2*	Performance Award Plan
10.3*	Form of U.S. and non-U.S. Worldwide Executive Benefit Retirement Plan
10.4*	Form of U.S. and non-U.S. Worldwide Executive Benefit Life Insurance Plan
10.5*	Worldwide Executive Benefit Disability Plan
10.6*	Form of U.S. and non-U.S. Enhanced Wealth Accumulation Plan
10.7*	Form of U.S. and non-U.S. Senior Executive Incentive Plan
10.8*	Executive Salary Continuation Plan
10.9*	Form of Stock Repurchase Agreement
10.10*	Form of Amended Stock Repurchase Agreement
10.11*	Form of Standard Employment Agreement
10.12*	Form of Bonus Deferral Program for fiscal 1998
10.13*	Stock Purchase Agreement between the Company, bill gross' idealab!, Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.14*	Shareholders Agreement between the Company, bill gross' idealab!, Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.15*	Employment Agreement between Mr. Singh and Korn/Ferry International Futurestep, Inc. dated December 1, 1997
10.16*	KFI/Singh Agreement between the Company and Mr. Singh dated December 1, 1997
10.17*	Stock Repurchase Agreement between the Company and Mr. Singh dated December 1, 1997
10.18*	License Agreement between Self Discovery Dynamics LLC and Korn/Ferry International Futurestep, Inc. dated May 15, 1998
10.19*	Trademark License and Promotion Agreement between Dow Jones & Company, the Company and Korn/Ferry International Futurestep, Inc. dated June 8, 1998
10.20*	Stock Purchase Agreement between the Company, Mr. Ferry, Henry B. Turner and Peter W. Mullin (as trustees of the Richard M. Ferry and Maude M. Ferry 1972 Children's Trust), the California Community Foundation and Richard M. Ferry (co-trustees), and the California Community Foundation dated June 2, 1995
10.21*	Purchase Agreement dated December 31, 1994 between the Company and the parties named therein
10.22*	Revolving Line Agreement dated January 31, 1997 between the Company and Mellon 1st Business Bank, as successor to 1st Business Bank, as amended June 19, 1998
10.23*	Revolving Credit and Term Loan Agreement dated January 31, 1997 between the Company and Mellon 1st Business Bank, as successor to 1st Business Bank

NUMBER -----	DESCRIPTION OF EXHIBIT -----
10.24*	Continuing Guaranty of the Company dated January 13, 1998 in favor of Mellon 1st Business Bank, as successor to 1st Business Bank
10.25*	Promissory Note executed by the Company dated January 28, 1998 as co-obligor payable to Mellon 1st Business Bank, as successor to 1st Business Bank
10.26*	Form of Additional Redemption Agreement
10.27*	Deferred Compensation Agreement between the Company and Mr. Ferry dated June 2, 1995
10.28*	Deferred Compensation Agreement between the Company and Mr. Ferry dated September 1, 1987, as amended on January 1, 1995
21.1*	Subsidiaries of the Company
23.1	Consent of Arthur Andersen LLP
23.3*	Consent of O'Melveny & Myers LLP (included in Exhibit 5.1)
24.1	Power of Attorney (contained on page II-6)
27.1	Financial Data Schedule

- - - - -
*To be filed by amendment

(b) FINANCIAL STATEMENT SCHEDULES

Schedule II--Korn/Ferry International Allowance for Doubtful Accounts

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act, and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on August 17, 1998.

KORN/FERRY INTERNATIONAL

By: /s/ Elizabeth S.C.S. Murray

Elizabeth S.C.S. Murray
Chief Financial Officer and
Executive Vice President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of the Registrant hereby constitute and appoint Peter L. Dunn and Elizabeth S.C.S. Murray, and each of them, as lawful attorneys-in-fact and agent for the undersigned and for each of them (with full power of substitution and resubstitution, for and in the name, place and stead of each of the undersigned officers and directors), to sign and file with the Securities and Exchange Commission under the Securities Act of 1933, as amended, any and all amendments, supplements and exhibits to this Registration Statement, including post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and any and all applications or other documents in connection with the inclusion of the Registrant's Common Stock on the New York Stock Exchange, and any and all documents required to be filed with any state securities regulating board or commission pertaining to this Registration Statement or securities covered thereby, hereby granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in order to effectuate the same as fully and to all intents and purposes as each of the undersigned might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or any of their substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Richard M. Ferry ----- Richard M. Ferry	Chair of the Board	August 17, 1998
/s/ Michael D. Boxberger ----- Michael D. Boxberger	President, Chief Executive Officer and Director	August 17, 1998
/s/ Elizabeth S.C.S. Murray ----- Elizabeth S.C.S. Murray	Chief Financial Officer and Executive Vice President	August 17, 1998
/s/ Donald E. Jordan ----- Donald E. Jordan	Vice President of Finance (Principal Accounting Officer)	August 17, 1998

SIGNATURE -----	TITLE -----	DATE -----
/s/ Paul Buchanan-Barrow ----- Paul Buchanan-Barrow	Director	August 17, 1998
/s/ Peter L. Dunn ----- Peter L. Dunn	Director	August 17, 1998
/s/ Timothy K. Friar ----- Timothy K. Friar	Director	August 17, 1998
/s/ Sakie T. Fukushima ----- Sakie T. Fukushima	Director	August 17, 1998
/s/ Hans Jorda ----- Hans Jorda	Director	August 17, 1998
/s/ Scott E. Kingdom ----- Scott E. Kingdom	Director	August 17, 1998
/s/ Young Kuan-Sing ----- Young Kuan-Sing	Director	August 17, 1998
/s/ Raimondo Nider ----- Raimondo Nider	Director	August 17, 1998
/s/ Manuel A. Papayanopulos ----- Manuel A. Papayanopulos	Director	August 17, 1998
/s/ Windle B. Priem ----- Windle B. Priem	Director	August 17, 1998
/s/ Michael A. Wellman ----- Michael A. Wellman	Director	August 17, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of
Korn/Ferry International and Subsidiaries:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Korn/Ferry International and subsidiaries included in this registration statement and we expect to be in a position to issue our report thereon dated July 31, 1998. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule II--Korn/Ferry International Allowance for Doubtful Accounts is the responsibility of the Company's management and is presented

for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Los Angeles, California
July 31, 1998

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SCHEDULE II

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
(IN THOUSANDS)

	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	DEDUCTION	BALANCE AT END OF YEAR
	-----	-----	-----	-----
YEAR ENDED APRIL 30:				
Allowance for Doubtful Accounts				
1998.....	\$3,846	\$2,427	\$ (883)	\$5,390
1997.....	3,341	2,196	(1,691)	3,846
1996.....	2,292	1,590	(541)	3,341

The accompanying notes to consolidated financial statements are in integral part of these statements.

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INDEX TO EXHIBITS

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10.4*	Worldwide Executive Benefit Disability Plan
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- 24.1 Power of Attorney (contained on page II-6)
- 27.1 Financial Data Schedule

- -----
*To be filed by amendment

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our Firm) included in or made a part of this registration statement.

/s/ Arthur Andersen LLP

Los Angeles, California
August 17, 1998

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM KORN/FERRY INTERNATIONAL AND SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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