

The Search Begins With
TRUST





3.5 million

*Candidates in Database**

\$394 million

Global Revenue in Fiscal 2002

8,003

*Searches in Fiscal 2002**

538

*Korn/Ferry and Futurestep
Consultants Worldwide**

71

*Offices Worldwide**

ALL FIGURES INCLUDE FUTURESTEP

* FIGURES INCLUDE KORN/FERRY MEXICO

LEADING THE SEARCH SINCE 1969. Korn/Ferry has set the standard in executive recruitment for more than 30 years, conducting over 80,000 senior-level searches for clients worldwide. Today, Korn/Ferry is the world's premier provider of executive human capital solutions, with services ranging from corporate governance and CEO recruitment to executive search, middle-management recruitment, strategic management assessment and executive coaching and development.

EXECUTIVE SEARCH

A TRADITION OF TRUST. Today's increasingly complex business environment demands leaders with diverse skills, backgrounds and ideas. Executive Search is the key to unlocking that talent—and the foundation of Korn/Ferry's leadership position in the human capital industry. Over the past three decades, Korn/Ferry executive consultants have conducted searches in virtually every industry, function and region around the globe.

Based in more than 70 offices in 36 countries, Korn/Ferry executive consultants work closely with clients to craft customized search strategies. Our consultants' commitment to quality—and unmatched industry, functional and regional expertise—provide the competitive advantage necessary to recruit and develop world-class leadership teams.

Global Markets

Effective executive search requires hands-on experience in the markets you serve. Korn/Ferry Executive Search consultants offer extensive backgrounds and specific expertise in the broadest range of global industries—from Financial Services and Life Sciences to Consumer, Industrial and Technology.

Korn/Ferry consultants serve clients through a highly specialized global network of more than 30 market sectors and functional areas of expertise. Our consultants' critical industry experience, local knowledge and unparalleled professional contacts ensure the highest levels of service—and most effective solutions—for Korn/Ferry clients worldwide.

Board Services

Korn/Ferry offers a core team of global professionals whose sole focus is recruiting for boards of directors and consulting on matters of corporate governance. Our Board Services division has handled a wide range of board-level assignments since its inception in 1972, and its annual *Board of Directors Study*, first produced in 1973, is the definitive source of information on board and governance trends.

CEO Services

Korn/Ferry's CEO Services division specializes in identifying and placing superior candidates at the highest levels of both public and private organizations. Our dedicated consultants conducted more than 400 CEO searches in 2002 and possess the requisite expertise—and global candidate network—to find the most qualified leaders for each unique assignment.

Candidate Services

Korn/Ferry has been placing senior-level candidates in exclusive leadership positions for more than 30 years. Our consultants are committed to finding the best talent for our clients—and to helping our candidates achieve their personal career goals.

Senior-level candidates register with Korn/Ferry through the *e-Korn/Ferry Executive Center*. The Executive Center Web site enables qualified professionals to review current opportunities and submit their digital resumes—quickly and confidentially—to Korn/Ferry consultants worldwide. Currently, the Korn/Ferry senior executive database includes more than 2.3 million candidates.

Integrated Services

In 2002, Korn/Ferry launched Integrated Services, a strategic account management solution for major international clients. The program serves global clients through a dedicated team that is led by a single point of contact and supported by local relationship managers. Providing seamless access to Executive Search and other Korn/Ferry products, Integrated Services is the most efficient human capital solution for multinational organizations.

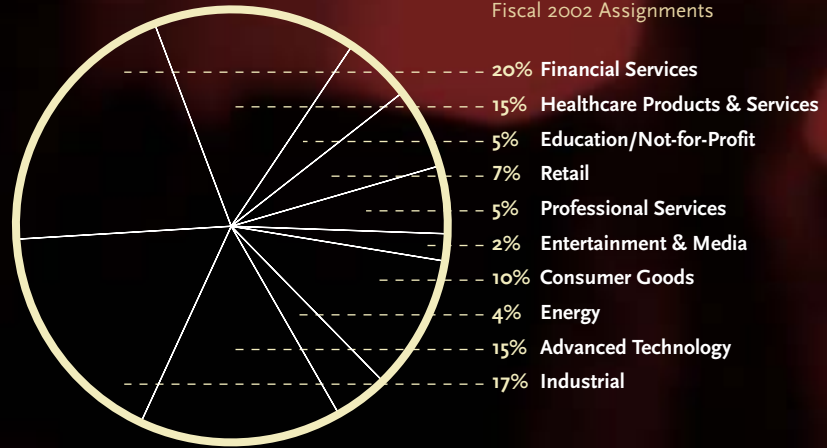
Engagements by Function

Fiscal 2002 Assignments



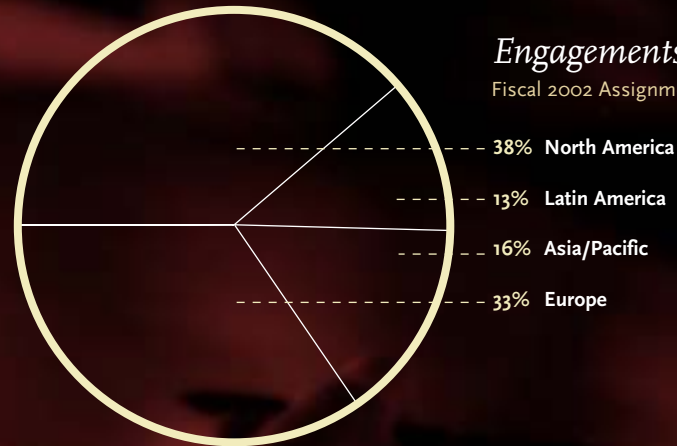
Engagements by Industry

Fiscal 2002 Assignments



Engagements by Region

Fiscal 2002 Assignments



410

CEO Searches in 2002

117

Number of Fortune 200
Clients in 2002

68%

Repeat Business in 2002

STRATEGIC MANAGEMENT ASSESSMENT & EXECUTIVE COACHING

A MODEL OF SUCCESS. The assessment of executive talent is an essential—yet elusive—element of any successful business strategy. In 2001, Korn/Ferry developed a statistically validated competency model, based on the world’s largest executive database, to enhance the assessment process. The new model—combined with Korn/Ferry’s 12 years of assessment experience—resulted in Strategic Management Assessment, a unique service that blends proprietary technology, “market for talent” expertise and predictive validity in a combination never before available to corporate clients.

Validated Instruments & Customized Process

Utilizing a global database of close to 1 million assessed executives, Korn/Ferry professionals developed validated “Best in Job” profiles for positions across a range of industries and cultures. The profiles capture the key competencies of the most successful executives within each position category. When assessing executives, Korn/Ferry consultants combine the profiles with a customized menu of values deemed critical by the client.

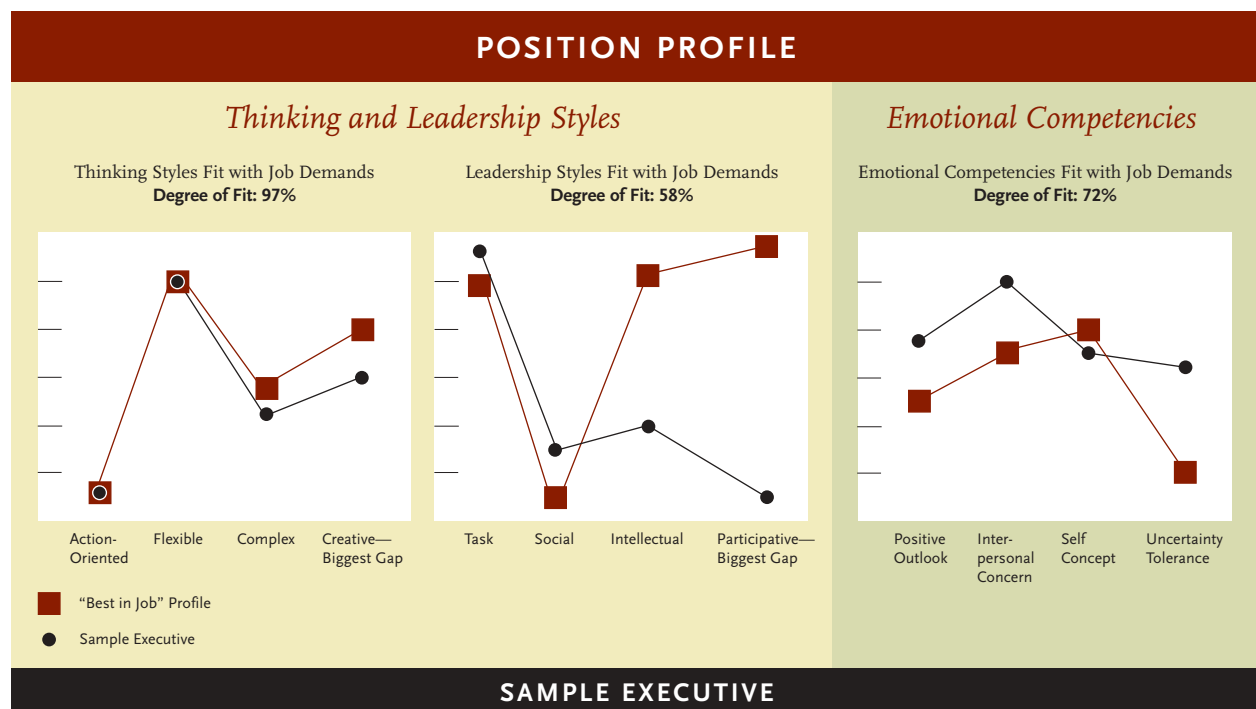
Web-Enabled Technology

The entire Strategic Management Assessment process is backed by Korn/Ferry’s proprietary, Web-based technology. Our assessment tools allow our consultants to tailor each assignment to the specific needs of

the individual client—and to generate results in real time. Clients can access all of their data online and run customized analyses at any time during a project or after its completion.

Executive Coaching

In 2002, Korn/Ferry joined forces with Dr. Marti Smye, one of the world’s leading behaviorists and executive coaches, to offer high-end, post-assessment coaching services. Korn/Ferry provides executive coaching and development through Dr. Smye’s international team of senior consultants. For each assignment, consultants are matched to the individual based on their expertise, helping to ensure that the coaching process results in a developmental plan that meets the individual’s and client company’s business objectives.



Korn/Ferry assesses executives against customized client parameters and “Best in Job” profiles for the given position.

FUTURESTEP

TRADITION MEETS TECHNOLOGY. Futurestep, a Korn/Ferry International company, is the global leader in middle-management recruitment. Drawing from Korn/Ferry's more than 30 years of industry experience, Futurestep creates customized recruitment strategies based on clients' individual workforce needs. Whether it's for a large multinational or a high-growth middle-market company, Futurestep combines solution-oriented service with today's leading technologies to deliver the strongest candidates and fastest cycle times.

Customized Solutions

Futurestep offers clients a multi-tiered portfolio of services—ranging from middle-management search to project recruitment and integrated managed services. Each Futurestep solution benefits from the in-depth industry and functional-area expertise of our global consultant network—guaranteeing that clients work with people who understand their business and have the knowledge base to qualify candidates effectively.

Global Reach

Futurestep was the first company to combine traditional search expertise with the reach and speed of the Internet. Futurestep consultants—based in more than 20 countries—have instant access to the world's largest database of prescreened middle-management professionals. The global candidate pool complements our international presence and multi-channel sourcing strategy to ensure speed, efficiency and quality of service for clients worldwide.

1.2 million

*Candidates in
Futurestep Database*



Candidates by Industry

Futurestep Global Database

- 22% Advanced Technology
- 12% Industrial & Energy
- 15% Financial Services
- 5% Entertainment & Media
- 5% Healthcare Products & Services
- 6% Education/Government/Not-for-Profit
- 8% Consumer Goods
- 11% Professional Services
- 16% General/Other

2,419

*Futurestep Searches
in Fiscal 2002*



Searches by Industry

Fiscal 2002 Assignments

- 17% Advanced Technology
- 21% Industrial & Energy
- 16% Financial Services
- 3% Entertainment & Media
- 6% Healthcare Products & Services
- 3% Education/Government/Not-for-Profit
- 11% Consumer Goods
- 9% Professional Services
- 14% General/Other

KORN/FERRY

Worldwide

Korn/Ferry is the world's leading executive search firm, with more than 70 offices throughout the Americas, Europe and Asia/Pacific.

1969

Lester Korn and Richard Ferry establish Korn/Ferry in Los Angeles.

1970

Korn/Ferry becomes first executive search firm to establish a specialized industry practice with launch of National Real Estate practice.

New York office opens.

1971

National Energy specialty practice established.

Houston and Atlanta offices open.

1972

First European offices open in Brussels, Luxembourg and London.

First annual *Korn/Ferry International Executive Demand Index* published.

National Financial Services specialty practice established.

San Francisco and Chicago offices open.

1973

Korn/Ferry becomes the first major U.S. executive search firm in Asia with opening of Tokyo office.

First annual *Korn/Ferry Board of Directors Study* published in North America.

Dallas office opens.

1974

Paris office opens.

1975

First Latin American office opens in São Paulo.

National High Technology practice established.

Singapore office opens.

1977

Fortune magazine cites Korn/Ferry as the leading executive search firm in the world.

Merger with Hazzard & Associates adds offices in Mexico City and Monterrey, making Korn/Ferry the dominant search firm in Latin America.

1978

Offices open in Hong Kong, Caracas and Kuala Lumpur.

1979

Offices open in Sydney and Frankfurt.

Retail/Fashion specialty practice established.

1980

Office opens in Stamford.

1981

Offices open in Melbourne, Newport Beach and Washington, D.C.

1982

Boston office opens.

1983

Specialty practices established in Healthcare and Education.

1985

Korn/Ferry passes \$50 million in annual revenue.

Offices open in Seattle and Buenos Aires.

1986

Korn/Ferry develops a comprehensive, computerized candidate database.

The Americas ATLANTA | BOGOTÁ | BOSTON | BUENOS AIRES |
CALGARY | CARACAS | CHICAGO | DALLAS | DENVER | HOUSTON | LIMA | LOS ANGELES |
MEXICO CITY* | MIAMI | MINNEAPOLIS | MONTERREY* | MONTREAL | NEW YORK |
NEWPORT BEACH | PHILADELPHIA | PRINCETON | QUITO* | RIO DE JANEIRO | SAN
FRANCISCO | SANTIAGO | SÃO PAULO | SEATTLE | SILICON VALLEY | STAMFORD |
TORONTO | TYSONS CORNER | VANCOUVER | WASHINGTON, D.C.

Europe AMSTERDAM | ATHENS | BARCELONA | BIRMINGHAM | BRUSSELS |
BUCHAREST* | BUDAPEST | COPENHAGEN | FRANKFURT/KOENIGSTEIN | GENEVA |
GOTHENBURG | HELSINKI | ISTANBUL* | LONDON | LUXEMBOURG | LYON | MADRID |
MILAN | MOSCOW* | MUNICH | OSLO | PARIS | ROME | STOCKHOLM | STRASBOURG |
VIENNA | WARSAW | ZÜRICH

Asia/Pacific AUCKLAND* | BANGKOK | BEIJING | BOMBAY | HONG KONG |
JAKARTA | KUALA LUMPUR | MELBOURNE | NEW DELHI | SEOUL | SHANGHAI |
SINGAPORE | SYDNEY | TOKYO | WELLINGTON

*AFFILIATE OR SATELLITE OFFICE

1988

Bangkok office opens.

1990

Korn/Ferry expands into Central and Eastern Europe, opening its first regional office in Budapest.

1992

Bogotá office opens.

1993

Korn/Ferry merges with Carré/Orban in Europe, the largest search firm merger to date.

Korn/Ferry becomes first major executive search firm to introduce videoconferencing capabilities to facilitate the recruitment process.

Santiago office opens.

1994

First India office opens in Bombay.

Princeton office opens.

More than half of Korn/Ferry professionals are located outside of the United States.

1995

Korn/Ferry begins development of innovative technology infrastructure, featuring an international candidate network and proprietary executive search software.

Offices open in Beijing and Philadelphia.

1996

Offices open in Shanghai and Jakarta.

1997

Korn/Ferry becomes first U.S. search firm to open offices in Rio de Janeiro.

New Delhi office opens.

1998

Korn/Ferry launches Futurestep.

Korn/Ferry takes the lead in corporate diversity issues with publication of *Diversity in the Executive Suite*.

First Korea office opens in Seoul.

1999

Korn/Ferry launches IPO on the New York Stock Exchange (NYSE:KFY).

Vancouver office opens.

2000

Korn/Ferry becomes first search firm to reach \$500 million in annual revenues.

Korn/Ferry launches the e-Korn/Ferry Executive Center, a Web-based registration and research tool for senior-level candidates.

Acquisitions in Toronto, Montreal and Calgary enhance Korn/Ferry's presence in Canada.

Korn/Ferry retained by Mexico's then-president-elect, Vicente Fox Quesada, to assist in the search for his presidential cabinet.

2001

Korn/Ferry launches enhanced Strategic Management Assessment product.

2002

Korn/Ferry retained by U.S. Government to assist in the hiring of 81 Airport Federal Security Directors.

Korn/Ferry is the world's leading provider of executive human capital solutions, with more than 70 offices and 500 expert consultants worldwide.

MARKET LEADERSHIP

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DEAR SHAREHOLDER,

Fiscal Year 2002 will undoubtedly go down as one of the most difficult 12-month periods in the history of executive search. After more than a decade of compound annual growth exceeding 20 percent, Korn/Ferry's revenues declined 38 percent last fiscal year. The implosion of the dot.com economy, the emergence of the war on terrorism and the seemingly endless wave of corporate accounting scandals caused organizations worldwide to slow their recruiting efforts and rethink their hiring plans.

Our company's response to this precipitous drop in demand was swift and decisive—since February 2001 we have reduced worldwide staff by more than 30 percent, shuttered our JobDirect subsidiary, closed unprofitable offices and cut our annual operating expenses by more than \$100 million.

The short-term impact of the global falloff in the search market was substantial. Still, Korn/Ferry's Executive Search business attained a positive EBITDA, excluding asset impairment and restructuring charges, of \$6.2 million in Q4 and \$22.2 million for the fiscal year.

Fiscal Year 2002 was also a period of rebirth and of returning to our roots as the world's leading recruitment firm. We took advantage of the depressed market to make some major improvements to our business, and we streamlined our cost structure and centralized our back-office support functions to improve efficiencies across all business lines.

In December, we unveiled our long-term strategy: to leverage the strength of our brand and the depth of our relationships to offer clients a full range of executive human capital solutions. The backbone of our business is Executive Search, which we have built to prominence over the past three decades. Our goal now is to leverage off of this highly successful platform and evolve into a solutions provider that offers a variety of human capital products and services that clients want and need.

We also strengthened our global markets structure in December, with the appointment of new leadership and a more focused definition of global and regional roles. We formally established our Integrated Services

program, which brings to bear all of Korn/Ferry's resources to support multinational clients that have a variety of recruitment needs across the globe.

This past year we also launched our new Strategic Management Assessment services. We named Gary Hourihan to build the business line, and he has led the development of the most advanced assessment tools and metrics in the industry. In February 2002, we rolled out Executive Coaching services as an enhancement to our Management Assessment offerings.

Another positive development was the appointment of Bob McNabb to head up Futurestep in the Americas and Asia/Pacific. Bob has broadened the Futurestep portfolio of services by offering recruitment outsourcing in response to client demands. He has also reduced Futurestep losses and has begun rebuilding revenues in a very tough market, particularly in North America.

Despite the recession in North America and the sluggish European and Asian economies, Korn/Ferry and Futurestep still conducted close to 8,000 searches last year, over 3,000 of which were for CEOs, CFOs, CTOs, board members and other top management positions. Clients continued to seek us out because of the strength of our brand, the depth and breadth of our consultants, and our unparalleled track record of success throughout the world.

Shortly after the close of Fiscal Year 2002, we completed a private placement with San Francisco-based investment firm Friedman Fleischer & Lowe. The firm invested \$50 million of capital in Korn/Ferry through the purchase of convertible securities. The investment strengthens our balance sheet and allows us to invest in our long-term strategies despite the difficult short-term environment. It also provides us with a valuable strategic partner for the future.

In addition to the private placement, we strengthened our board at the close of the year by adding three new outside members: David Lowe and Spencer Fleischer, both vice chairmen of Friedman Fleischer

& Lowe, and Edward Miller, former President and CEO of AXA Financial, Inc. Richard Ferry, cofounder of Korn/Ferry, stepped down from his board role but will continue to provide counsel to the firm. As a result of these changes, nine of our 12 board members are now independent, outside directors. Finally, in March 2002, we appointed our new Chief Financial Officer, Gary Burnison, who has proven to be a great addition to our executive team.

When I joined Korn/Ferry in July 2001, I discovered a company battling a severe drop in industry demand. But I also discovered an organization rich with expertise, a brand that was known and respected in boardrooms around the world, and a culture of customer focus and deep resiliency.

The demand for recruitment services will return, and we are extremely well positioned to grow dramatically when it does. By lowering our cost structure and expanding our products and services, we have set the stage for renewed growth and improved margins.

When clients seek to add a critical new member to their executive team, or when candidates consider making a significant career move, they look to a brand they can trust. Korn/Ferry stands at the fore of the human capital industry, and we intend to stay there for many years to come. Ours is a brand built on confidence, expertise and, above all, trust.



Paul C. Reilly

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Chairman and
Chief Executive Officer

LEADERSHIP

Board of Directors

Paul C. Reilly

Chairman and Chief Executive Officer
Korn/Ferry International

James E. Barlett

Vice Chairman
TeleTech

Frank V. Cahouet

Retired Chairman, President and Chief Executive Officer
Mellon Financial Corporation

Spencer C. Fleischer

Vice Chairman
Friedman Fleischer & Lowe

Sakie Fukushima

Vice President and Director
Korn/Ferry International

Patti S. Hart

Former Chairman and Chief Executive Officer
Excite@Home

David L. Lowe

Vice Chairman
Friedman Fleischer & Lowe

Charles D. Miller

Retired Chairman and Chief Executive Officer
Avery Dennison Corporation
Chairman
Nationwide Health Properties, Inc.

Edward D. Miller

Member of Supervisory Board
AXA
Former President and Chief Executive Officer
AXA Financial, Inc.

Windle B. Priem

Former President and Chief Executive Officer
Korn/Ferry International

Gerhard Schulmeyer

Former Chief Executive Officer
Siemens Corporation
Professor of Practice
MIT Sloan School of Management

Mark C. Thompson

President and Chief Executive Officer
Sentium Leadership Strategies
Chairman
Network Public Broadcasting

Senior Management

James E. Boone

President, The Americas

Gary D. Burnison

Executive Vice President and Chief Financial Officer

Dick Buschman

President, Korn/Ferry and Futurestep Europe

Dan A. Demeter

Chief Information Officer

Peter L. Dunn

General Counsel

Gary C. Hourihan

President, Strategic Management Assessment

Robert McNabb

President, Futurestep Americas and Asia/Pacific

Stephen P. Semprevivo

Chief Administrative Officer

Don Spetner

Chief Marketing Officer

Charles Tseng

President, Asia/Pacific

Chris van Someren

President, Global Markets

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Annual Meeting

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