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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-14505

KORN/FERRY INTERNATIONAL

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

95-2623879
(I.R.S. Employer
Identification Number)

1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067
(Address of principal executive offices) (Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares outstanding of our common stock as of September 1, 2015 was 51,201,229 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	July 31, 2015 (unaudited)	April 30, 2015
ASSETS		
Cash and cash equivalents	\$ 276,514	\$ 380,838
Marketable securities	19,859	25,757
Receivables due from clients, net of allowance for doubtful accounts of \$10,344 and \$9,958, respectively	199,533	188,543
Income taxes and other receivables	9,835	10,966
Deferred income taxes	1,211	3,827
Prepaid expenses and other assets	35,923	31,054
Total current assets	542,875	640,985
Marketable securities, non-current	118,079	118,819
Property and equipment, net	61,800	62,088
Cash surrender value of company owned life insurance policies, net of loans	105,111	102,691
Deferred income taxes, net	53,506	56,014
Goodwill	250,835	254,440
Intangible assets, net	45,655	47,901
Investments and other assets	44,683	34,863
Total assets	<u>\$ 1,222,544</u>	<u>\$ 1,317,801</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 18,005	\$ 19,238
Income taxes payable	1,819	3,813
Compensation and benefits payable	120,961	219,364
Other accrued liabilities	62,098	63,595
Total current liabilities	202,883	306,010
Deferred compensation and other retirement plans	174,988	173,432
Other liabilities	22,974	23,110
Total liabilities	<u>400,845</u>	<u>502,552</u>
Stockholders' equity:		
Common stock: \$0.01 par value, 150,000 shares authorized, 63,549 and 62,863 shares issued and 51,195 and 50,573 shares outstanding, respectively	467,511	463,839
Retained earnings	410,000	392,033
Accumulated other comprehensive loss, net	(55,812)	(40,623)
Total stockholders' equity	<u>821,699</u>	<u>815,249</u>
Total liabilities and stockholders' equity	<u>\$ 1,222,544</u>	<u>\$ 1,317,801</u>

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
(unaudited)

	Three Months Ended July 31,	
	2015	2014
	(in thousands, except per share data)	
Fee revenue	\$267,394	\$251,188
Reimbursed out-of-pocket engagement expenses	11,941	9,137
Total revenue	<u>279,335</u>	<u>260,325</u>
Compensation and benefits	179,456	169,106
General and administrative expenses	37,491	37,368
Reimbursed expenses	11,941	9,137
Cost of services	10,120	9,465
Depreciation and amortization	7,423	6,770
Restructuring charges, net	—	9,886
Total operating expenses	<u>246,431</u>	<u>241,732</u>
Operating income	32,904	18,593
Other (loss) income, net	(74)	2,177
Interest expense, net	(299)	(794)
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	32,531	19,976
Equity in earnings of unconsolidated subsidiaries, net	725	466
Income tax provision	10,174	5,909
Net income	<u>\$ 23,082</u>	<u>\$ 14,533</u>
Earnings per common share:		
Basic	<u>\$ 0.46</u>	<u>\$ 0.30</u>
Diluted	<u>\$ 0.46</u>	<u>\$ 0.29</u>
Weighted-average common shares outstanding:		
Basic	<u>49,493</u>	<u>48,703</u>
Diluted	<u>50,014</u>	<u>49,591</u>

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

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KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended	
	July 31,	
	2015	2014
	(in thousands)	
Net income	\$ 23,082	\$ 14,533
Other comprehensive income:		
Foreign currency translation adjustments	(15,632)	(3,680)
Deferred compensation and pension plan adjustments, net of tax	447	487
Unrealized losses on marketable securities, net of tax	(4)	(6)
Comprehensive income	<u>\$ 7,893</u>	<u>\$ 11,334</u>

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
(unaudited)

	Three Months Ended	
	July 31,	
	2015	2014
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 23,082	\$ 14,533
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	7,423	6,770
Stock-based compensation expense	3,691	3,319
Provision for doubtful accounts	2,068	1,911
Gain on cash surrender value of life insurance policies	(2,494)	(3,263)
Gain on marketable securities	(665)	(2,018)
Deferred income taxes	5,124	4,859
Change in other assets and liabilities:		
Deferred compensation	(1,820)	1,715
Receivables due from clients	(13,058)	(28,312)
Income tax and other receivables	1,145	152
Prepaid expenses and other assets	(4,869)	(2,909)
Investment in unconsolidated subsidiaries	(725)	(466)
Income taxes payable	(1,990)	(4,967)
Accounts payable and accrued liabilities	(96,737)	(77,636)
Other	(10,368)	(3,735)
Net cash used in operating activities	<u>(90,193)</u>	<u>(90,047)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(5,485)	(6,590)
Purchase of marketable securities	(9,116)	(4,319)
Proceeds from sales/maturities of marketable securities	16,364	7,812
Premium on company-owned life insurance policies	(404)	(419)
Proceeds from life insurance policies	1,659	1,801
Dividends received from unconsolidated subsidiaries	806	318
Net cash provided by (used in) investing activities	<u>3,824</u>	<u>(1,397)</u>
Cash flows from financing activities:		
Purchase of common stock	(6,573)	(3,731)
Proceeds from issuance of common stock upon exercise of employee stock options and in connection with an employee stock purchase plan	2,379	1,479
Tax benefit related to stock-based compensation	4,064	1,165
Dividends paid to shareholders	(5,115)	—
Payments on life insurance policy loans	(1,151)	(705)
Net cash used in financing activities	<u>(6,396)</u>	<u>(1,792)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(11,559)</u>	<u>(1,908)</u>
Net decrease in cash and cash equivalents	(104,324)	(95,144)
Cash and cash equivalents at beginning of period	380,838	333,717
Cash and cash equivalents at end of period	<u>\$ 276,514</u>	<u>\$238,573</u>

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2015

1. Organization and Summary of Significant Accounting Policies

Nature of Business

Korn/Ferry International, a Delaware corporation (the “Company”), and its subsidiaries are engaged in the business of providing talent management solutions, including executive recruitment on a retained basis, recruitment for non-executive professionals, recruitment process outsourcing and leadership & talent consulting services. The Company’s worldwide network of 78 offices in 37 countries enables it to meet the needs of its clients in all industries.

Basis of Consolidation and Presentation

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended April 30, 2015 for the Company and its wholly and majority owned/controlled domestic and international subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The preparation of the consolidated financial statements conform with United States (“U.S.”) generally accepted accounting principles (“GAAP”) and prevailing practice within the industry. The consolidated financial statements include all adjustments, consisting of normal recurring accruals and any other adjustments that management considers necessary for a fair presentation of the results for these periods. The results of operations for the interim period are not necessarily indicative of the results for the entire fiscal year.

Investments in affiliated companies, which are 50% or less owned and where the Company exercises significant influence over operations, are accounted for using the equity method.

The Company considers events or transactions that occur after the balance sheet date but before the consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures.

Use of Estimates and Uncertainties

The preparation of the consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates, and changes in estimates are reported in current operations as new information is learned or upon the amounts becoming fixed and determinable. The most significant areas that require management judgment are revenue recognition, restructuring, deferred compensation, annual performance related bonuses, evaluation of the carrying value of receivables, goodwill and other intangible assets, fair value of contingent consideration, share-based payments and the recoverability of deferred income taxes.

Revenue Recognition

Substantially all fee revenue is derived from fees for professional services related to executive recruitment performed on a retained basis, recruitment for non-executive professionals, recruitment process outsourcing and leadership & talent consulting services. Fee revenue from executive recruitment activities and recruitment for non-executive professionals is generally one-third of the estimated first year cash compensation of the placed executive or non-executive professional, as applicable, plus a percentage of the fee to cover indirect engagement related expenses. The Company generally recognizes such revenue on a straight-line basis over a three-month period, commencing upon client acceptance, as this is the period over which the recruitment services are performed. Fees earned in excess of the initial contract amount are recognized upon completion of the engagement, which reflect the difference between the final actual compensation of the placed executive and the estimate used for purposes of the previous billings. Since the initial contract fees are typically not contingent upon placement of a candidate, our assumptions primarily relate to establishing the period over which such service is performed. These assumptions determine the timing of revenue recognition and profitability for the reported period. Any revenues associated with services that are provided on a contingent basis are recognized once the contingency is resolved. In addition to recruitment for non-executive professionals, Futurestep provides recruitment process outsourcing (“RPO”) services and fee revenue is recognized as services are rendered and/or as milestones are achieved. Fee revenue from Leadership & Talent Consulting (“LTC”) services is recognized as services are rendered for consulting engagements and other time based

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

services, measured by total hours incurred to the total estimated hours at completion. It is possible that updated estimates for the consulting engagement may vary from initial estimates with such updates being recognized in the period of determination. Depending on the timing of billings and services rendered, the Company accrues or defers revenue as appropriate. LTC revenue is also derived from the sale of solution services, which includes revenue from licenses and from the sale of products. Revenue from licenses is recognized using a straight-line method over the term of the contract (generally 12 months). Under the fixed term licenses, the Company is obligated to provide the licensee with access to any updates to the underlying intellectual property that are made by the Company during the term of the license. Once the term of the agreement expires, the client's right to access or use the intellectual property expires and the Company has no further obligations to the client under the license agreement. Revenue from perpetual licenses is recognized when the license is sold since the Company's only obligation is to provide the client access to the intellectual property but is not obligated to provide maintenance, support, updates or upgrades. Products sold by the Company mainly consist of books and automated services covering a variety of topics including performance management, team effectiveness, and coaching and development. The Company recognizes revenue for its products when the product has been sold or shipped in the case of books. As of July 31, 2015 and April 30, 2015, the Company included deferred revenue of \$39.5 million and \$40.5 million, respectively, in other accrued liabilities.

Allowance for Doubtful Accounts

An allowance is established for doubtful accounts by taking a charge to general and administrative expenses. The amount of the allowance is based on historical loss experience, assessment of the collectability of specific accounts, as well as expectations of future collections based upon trends and the type of work for which services are rendered. After the Company exhausts all collection efforts, the amount of the allowance is reduced for balances identified as uncollectible.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of July 31, 2015 and April 30, 2015, the Company's investments in cash equivalents, consist of money market funds for which market prices are readily available. As of July 31, 2015 and April 30, 2015, the Company had cash equivalents of \$168.8 million and \$260.6 million, respectively.

Marketable Securities

The Company currently has investments in marketable securities and mutual funds which are classified as either trading securities or available-for-sale, based upon management's intent and ability to hold, sell or trade such securities. The classification of the investments in these marketable securities and mutual funds is assessed upon purchase and reassessed at each reporting period. These investments are recorded at fair value and are classified as marketable securities in the accompanying consolidated balance sheets. The investments that the Company may sell within the next twelve months are carried as current assets. Realized gains (losses) on marketable securities are determined by specific identification. Interest is recognized on an accrual basis, dividends are recorded as earned on the ex-dividend date. Interest and dividend income are recorded in the accompanying consolidated statements of income in interest expense, net.

The Company invests in mutual funds (for which market prices are readily available) that are held in trust to satisfy obligations under the Company's deferred compensation plans (see Note 5 — *Marketable Securities*) and are classified as trading securities. Such investments are based upon the employees' investment elections in their deemed accounts in the Executive Capital Accumulation Plan and similar plans in Asia Pacific and Canada ("ECAP") from a pre-determined set of securities and the Company invests in marketable securities to mirror these elections. The changes in fair value in trading securities are recorded in the accompanying consolidated statements of income in other (loss) income, net.

The Company also invests cash in excess of its daily operating requirements and capital needs primarily in marketable fixed income (debt) securities in accordance with the Company's investment policy, which restricts the type of investments that can be made. The Company's investment portfolio includes corporate bonds. These marketable fixed income (debt) securities are classified as available-for-sale securities based on management's decision, at the date such securities are acquired, not to hold these securities to maturity or actively trade them. The Company carries these marketable debt securities at fair value based on the market prices for these marketable debt securities or similar debt securities whose prices are readily available. The changes in fair values, net of applicable taxes, are recorded as unrealized gains or losses as a

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

component of comprehensive income. When, in the opinion of management, a decline in the fair value of an investment below its amortized cost is considered to be “other-than-temporary,” a credit loss is recorded in the statement of income in other (loss) income, net; any amount in excess of the credit loss is recorded as unrealized gains or losses as a component of comprehensive income. Generally, the amount of the loss is the difference between the cost or amortized cost and its then current fair value; a credit loss is the difference between the discounted expected future cash flows to be collected from the debt security and the cost or amortized cost of the debt security. The determination of the other-than-temporary decline includes, in addition to other relevant factors, a presumption that if the market value is below cost by a significant amount for a period of time, a write-down may be necessary. During the three months ended July 31, 2015 and 2014, no other-than-temporary impairment was recognized.

Fair Value of Financial Instruments

Fair value is the price the Company would receive to sell an asset or transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities recorded or disclosed at fair value, the Company determines the fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, the fair value is based upon the quoted market price of similar assets. The fair values are assigned a level within the fair value hierarchy as defined below:

- *Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- *Level 3:* Unobservable inputs that reflect the reporting entity’s own assumptions.

As of July 31, 2015 and April 30, 2015, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included cash, cash equivalents, accounts receivable and marketable securities. The carrying amount of cash, cash equivalents and accounts receivable approximates fair value due to the short maturity of these instruments. The fair values of marketable securities classified as trading are obtained from quoted market prices, and the fair values of marketable securities classified as available-for-sale are obtained from a third party, which are based on quoted prices or market prices for similar assets.

Business Acquisitions

Business acquisitions are accounted for under the acquisition method. The acquisition method requires the reporting entity to identify the acquirer, determine the acquisition date, recognize and measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired entity, and recognize and measure goodwill or a gain from the purchase. The acquiree’s results are included in the Company’s consolidated financial statements from the date of acquisition. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over the amounts assigned is recorded as goodwill, or if the fair value of the assets acquired exceeds the purchase price consideration, a bargain purchase gain is recorded. Adjustments to fair value assessments are generally recorded to goodwill over the measurement period (not longer than twelve months). The acquisition method also requires that acquisition-related transaction and post-acquisition restructuring costs be charged to expense as committed, and requires the Company to recognize and measure certain assets and liabilities including those arising from contingencies and contingent consideration in a business combination.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired. The goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, goodwill of the reporting unit would be considered impaired. To measure the amount of the impairment loss, the implied fair value of a reporting unit’s goodwill is compared to the carrying amount of that goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
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July 31, 2015

business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. For each of these tests, the fair value of each of the Company's reporting units is determined using a combination of valuation techniques, including a discounted cash flow methodology. To corroborate the discounted cash flow analysis performed at each reporting unit, a market approach is utilized using observable market data such as comparable companies in similar lines of business that are publicly traded or which are part of a public or private transaction (to the extent available). Results of the annual impairment test performed as of January 31, 2015, indicated that the fair value of each reporting unit exceeded its carrying amount and no reporting units were at risk of failing the impairment test. As a result, no impairment charge was recognized. There were no indicators of impairment as of July 31, 2015 and April 30, 2015 that would have required further testing.

Intangible assets primarily consist of customer lists, non-compete agreements, proprietary databases, intellectual property and trademarks and are recorded at their estimated fair value at the date of acquisition and are amortized in a pattern in which the asset is consumed if that pattern can be reliably determined, or using the straight-line method over their estimated useful lives which range from one to 24 years. For intangible assets subject to amortization, an impairment loss is recognized if the carrying amount of the intangible assets is not recoverable and exceeds fair value. The carrying amount of the intangible assets is considered not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from use of the asset. Intangible assets with indefinite lives are not amortized, but are reviewed annually for impairment or more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount. As of July 31, 2015 and April 30, 2015, there were no indicators of impairment with respect to the Company's intangible assets.

Compensation and Benefits Expense

Compensation and benefits expense in the accompanying consolidated statements of income consist of compensation and benefits paid to consultants (employees who originate business), executive officers and administrative and support personnel. The most significant portions of this expense are salaries and the amounts paid under the annual performance related bonus plan to employees. The portion of the expense applicable to salaries is comprised of amounts earned by employees during a reporting period. The portion of the expenses applicable to annual performance related bonuses refers to the Company's annual employee performance related bonus with respect to a fiscal year, the amount of which is communicated and paid to each eligible employee following the completion of the fiscal year.

Each quarter, management makes its best estimate of its annual performance related bonuses, which requires management to, among other things, project annual consultant productivity (as measured by engagement fees billed and collected by executive search consultants and revenue and other performance metrics for LTC and Futurestep consultants), the level of engagements referred by a fee earner in one line of business to a different line of business, Company performance including profitability, competitive forces and future economic conditions and their impact on the Company's results. At the end of each fiscal year, annual performance related bonuses take into account final individual consultant productivity (including referred work), Company results including profitability, the achievement of strategic objectives and the results of individual performance appraisals, and the current economic landscape. Accordingly, each quarter the Company reevaluates the assumptions used to estimate annual performance related bonus liability and adjusts the carrying amount of the liability recorded on the consolidated balance sheet and reports any changes in the estimate in current operations.

Because annual performance-based bonuses are communicated and paid only after the Company reports its full fiscal year results, actual performance-based bonus payments may differ from the prior year's estimate. Such changes in the bonus estimate historically have been immaterial and are recorded in current operations in the period in which they are determined. The performance related bonus expense was \$42.4 million and \$39.0 million for the three months ended July 31, 2015 and 2014, respectively, which was reduced by a change in the previous years' estimate recorded in the three months ended July 31, 2015 and 2014, of \$0.6 million and \$0.3 million, respectively. This resulted in net bonus expense of \$41.8 million and \$38.7 million in the three months ended July 31, 2015 and 2014, respectively, included in compensation and benefits expense in the consolidated statements of income.

Other expenses included in compensation and benefits expense are due to changes in deferred compensation and pension plan liabilities, changes in cash surrender value ("CSV") of company owned life insurance ("COLI") contracts, amortization of stock compensation awards, payroll taxes and employee insurance benefits.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

Restructuring Charges, Net

The Company accounts for its restructuring charges as a liability when the obligations are incurred and records such charges at fair value. Changes in the estimates of the restructuring charges are recorded in the period the change is determined.

Stock-Based Compensation

The Company has employee compensation plans under which various types of stock-based instruments are granted. These instruments principally include restricted stock units, restricted stock, stock options and an Employee Stock Purchase Plan ("ESPP"). The Company recognizes compensation expense related to restricted stock units, restricted stock and the estimated fair value of stock options and stock purchase under the ESPP on a straight-line basis over the service period for the entire award.

Recently Proposed Accounting Standards

In May 2014, the FASB issued guidance that supersedes revenue recognition requirements regarding contracts with customers to transfer goods or services or for the transfer of nonfinancial assets. Under the new guidance, entities are required to recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis to be performed on transactions to determine when and how revenue is recognized. In July 2015, the FASB decided to approve a one-year deferral of the effective date as well as providing an option to early adopt the standard on the original effective date. This new guidance is effective for fiscal years and interim periods within those annual years beginning after December 15, 2017 as opposed to the original effective date of December 15, 2016. The Company will adopt this guidance in its fiscal year beginning May 1, 2018. The Company is currently evaluating the effect the guidance will have on our financial condition and results of operations.

2. Basic and Diluted Earnings Per Share

Accounting Standards Codification 260, Earnings Per Share, requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividends prior to vesting as a separate class of securities in calculating earnings per share. We have granted and expect to continue to grant to certain employees restricted stock grants that contain non-forfeitable rights to dividends. Such grants are considered participating securities. Therefore, we are required to apply the two-class method in calculating earnings per share. The two-class method of computing earnings per share is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. The dilutive effect of participating securities is calculated using the more dilutive of the treasury method or the two-class method.

Basic earnings per common share was computed using the two-class method by dividing basic net earnings attributable to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings per common share was computed using the two-class method by dividing diluted net earnings attributable to common stockholders by the weighted-average number of common shares outstanding plus dilutive common equivalent shares. Dilutive common equivalent shares include all in-the-money outstanding options or other contracts to issue common stock as if they were exercised or converted. The application of the two-class method did not have a material impact on the earnings per share calculation for the three months ended July 31, 2014.

During the three months ended July 31, 2015 and 2014, all shares of outstanding options were included in the computation of diluted earnings per share. During the three months ended July 31, 2015, restricted stock awards of 0.5 million, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

The following table summarizes basic and diluted earnings per common share attributable to common stockholders:

	Three Months Ended	
	July 31,	
	2015	2014
	(in thousands, except per share data)	
Net income	\$23,082	\$14,533
Less: distributed and undistributed earnings to nonvested restricted stockholders	224	—
Basic net earnings attributable to common stockholders	22,858	14,533
Add: undistributed earnings to nonvested restricted stockholders	176	—
Less: reallocation of undistributed earnings to nonvested restricted stockholders	174	—
Diluted net earnings attributable to common stockholders	22,860	14,533
Weighted-average common shares outstanding:		
Basic weighted-average number of common shares outstanding	49,493	48,703
Effect of dilutive securities:		
Restricted stock	452	756
Stock options	66	132
ESPP	3	—
Diluted weighted-average number of common shares outstanding	50,014	49,591
Net earnings per common share:		
Basic earnings per share	\$ 0.46	\$ 0.30
Diluted earnings per share	\$ 0.46	\$ 0.29

3. Comprehensive Income

Comprehensive income is comprised of net income and all changes to stockholders' equity, except those changes resulting from investments by stockholders (changes in paid in capital) and distributions to stockholders (dividends) and is reported in the accompanying consolidated statements of comprehensive income. Accumulated other comprehensive loss, net of taxes, is recorded as a component of stockholders' equity.

The components of accumulated other comprehensive loss were as follows:

	July 31, 2015	April 30, 2015
	(in thousands)	
Foreign currency translation adjustments	\$(36,551)	\$(20,919)
Deferred compensation and pension plan adjustments, net of tax	(19,261)	(19,708)
Unrealized gains on marketable securities, net of tax	—	4
Accumulated other comprehensive loss, net	\$(55,812)	\$(40,623)

The following table summarizes the changes in each component of accumulated other comprehensive income (loss) for the three months ended July 31, 2015:

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Gains (Losses) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of April 30, 2015	\$ (20,919)	\$ (19,708)	\$ 4	\$ (40,623)
Unrealized losses arising during the period	(15,632)	—	(4)	(15,636)
Reclassification of realized net losses to net income	—	447	—	447
Balance as of July 31, 2015	\$ (36,551)	\$ (19,261)	\$ —	\$ (55,812)

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

The following table summarizes the changes in each component of accumulated other comprehensive income (loss) for the three months ended July 31, 2014:

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Gains (Losses) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of April 30, 2014	\$ 15,604	\$ (18,006)	\$ 14	\$ (2,388)
Unrealized losses arising during the period	(3,680)	—	(6)	(3,686)
Reclassification of realized net losses to net income	—	487	—	487
Balance as of July 31, 2014	<u>\$ 11,924</u>	<u>\$ (17,519)</u>	<u>\$ 8</u>	<u>\$ (5,587)</u>

(1) The tax effects on the reclassifications of realized net losses was \$0.3 million for both the three months ended July 31, 2015 and 2014.

4. Employee Stock Plans

Stock-Based Compensation

The following table summarizes the components of stock-based compensation expense recognized in the Company's consolidated statements of income for the periods indicated:

	Three Months Ended July 31,	
	2015	2014
	(in thousands)	
Restricted stock	\$ 3,554	\$3,252
ESPP	120	—
Stock options	17	67
Total stock-based compensation expense, pre-tax	3,691	3,319
Tax benefit from stock-based compensation expense	(1,154)	(982)
Total stock-based compensation expense, net of tax	<u>\$ 2,537</u>	<u>\$2,337</u>

The Company uses the Black-Scholes option valuation model to estimate the grant date fair value of employee stock options. The expected volatility reflects consideration of the historical volatility in the Company's publicly traded stock during the period the option is granted. The Company believes historical volatility in these instruments is more indicative of expected future volatility than the implied volatility in the price of the Company's common stock. The expected life of each option is estimated using historical data. The risk-free interest rate is based on the U.S. Treasury zero-coupon issue with a remaining term approximating the expected term of the option. The Company uses historical data to estimate forfeiture rates applied to the gross amount of expense determined using the option valuation model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options. The assumptions used in option valuation models are highly subjective, particularly the expected stock price volatility of the underlying stock. The Company did not grant stock options in the three months ended July 31, 2015 and 2014.

Stock Incentive Plans

At the Company's 2012 Annual Meeting of Stockholders, held on September 27, 2012, the Company's stockholders approved an amendment and restatement to the Korn/Ferry International Amended and Restated 2008 Stock Incentive Plan (the 2012 amendment and restatement being the "Second A&R 2008 Plan"), which among other things, increased the current maximum number of shares that may be issued under the plan to 5,700,000 shares, subject to certain changes in the Company's capital structure and other extraordinary events. The Second A&R 2008 Plan provides for the grant of awards to eligible participants, designated as either nonqualified or incentive stock options, restricted stock and restricted stock units, any of which may be performance-based or market-based, and incentive bonuses, which may be paid in cash or a combination thereof. Under the Second A&R 2008 Plan, the ability to issue full-value awards is limited by requiring full-value stock awards to count 1.91 times as much as stock options.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

Stock Options

Stock option transactions under the Company's Second A&R 2008 Plan were as follows:

	Three Months Ended July 31, 2015			
	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
	(in thousands, except per share data)			
Outstanding, April 30, 2015	202	\$ 15.45		
Exercised	(72)	\$ 15.62		
Forfeited/expired	(5)	\$ 17.97		
Outstanding, July 31, 2015	<u>125</u>	\$ 15.30	<u>1.69</u>	<u>\$ 2,272</u>
Exercisable, July 31, 2015	<u>125</u>	\$ 15.30	<u>1.69</u>	<u>\$ 2,272</u>

Additional information pertaining to stock options:

	Three Months Ended July 31,	
	2015	2014
	(in thousands)	
Total fair value of stock options vested	\$ 96	\$ 324
Total intrinsic value of stock options exercised	\$ 1,360	\$ 1,039

Restricted Stock

The Company grants time-based restricted stock awards to executive officers and other senior employees generally vesting over a three to four year period. In addition, certain key management members typically receive time-based restricted stock awards upon commencement of employment and may receive them annually in conjunction with the Company's performance review. Time-based restricted stock awards are granted at a price equal to fair value, which is determined based on the closing price of the Company's common stock on the grant date. The Company recognizes compensation expense for time-based restricted stock awards on a straight-line basis over the vesting period.

The Company also grants market-based and performance-based restricted stock units to executive officers and other senior employees. The market-based units vest after three years depending upon the Company's total stockholder return over the three-year performance period relative to other companies in its selected peer group. The fair value of these market-based restricted stock units are determined by a third-party valuation using extensive market data that are based on historical Company and peer group information. The Company recognizes compensation expense for market-based restricted stock units on a straight-line basis over the vesting period.

Performance-based restricted stock units vest after three years depending upon the Company meeting certain objectives that are set at the time the restricted stock unit is issued. Performance-based restricted stock units are granted at a price equal to the fair value, which is determined based on the closing price of the Company's common stock on the grant date. The Company recognizes compensation expense for performance-based restricted stock units on a straight-line basis over the vesting period. At the end of each reporting period, the Company estimates the number of restricted stock units expected to vest, based on the probability that certain performance objectives will be met, exceeded, or fall below target levels, and takes into account these estimates when calculating the expense for the period.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

Restricted stock activity during the three months ended July 31, 2015 is summarized below:

	Shares	Weighted- Average Grant Date Fair Value
	(in thousands, except per share data)	
Non-vested, April 30, 2015	1,560	\$ 22.15
Granted	579	\$ 25.13
Vested	(695)	\$ 14.74
Forfeited/expired	(9)	\$ 23.96
Non-vested, July 31, 2015	<u>1,435</u>	<u>\$ 26.93</u>

As of July 31, 2015, there were 0.3 million shares and 0.2 million shares outstanding relating to market-based and performance-based restricted stock units, respectively, with total unrecognized compensation totaling \$7.8 million and \$1.9 million, respectively.

As of July 31, 2015, there was \$31.3 million of total unrecognized compensation cost related to all non-vested awards of restricted stock, which is expected to be recognized over a weighted-average period of 2.7 years. During the three months ended July 31, 2015 and 2014, 188,104 shares and 125,421 shares of restricted stock totaling \$6.6 million and \$3.7 million, respectively, were repurchased by the Company, at the option of the employee, to pay for taxes related to vesting of restricted stock.

Employee Stock Purchase Plan

The Company has an ESPP that, in accordance with Section 423 of the Internal Revenue Code, allows eligible employees to authorize payroll deductions of up to 15% of their salary to purchase shares of the Company's common stock at 85% of the fair market price of the common stock on the last day of the enrollment period. Employees may not purchase more than \$25,000 in stock during any calendar year. The maximum number of shares that may be issued under the ESPP is 3.0 million shares. The ESPP was suspended during the second half of fiscal 2012 and as a result, no shares were purchased during the three months ended July 31, 2014. On January 1, 2015, the Company once again allowed employees to participate in the ESPP. During the three months ended July 31, 2015, employees purchased 44,334 shares at \$29.55 per share. As of July 31, 2015, the ESPP had approximately 1.6 million shares remaining available for future issuance.

Common Stock

During the three months ended July 31, 2015 and 2014, the Company issued 71,428 shares and 85,321 shares of common stock, respectively, as a result of the exercise of stock options, with cash proceeds from the exercise of \$1.1 million and \$1.5 million, respectively.

No shares were repurchased during the three months ended July 31, 2015 and 2014, other than to satisfy minimum tax withholding requirements upon the vesting of restricted stock as described above.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

5. Marketable Securities

As of July 31, 2015, marketable securities consisted of the following:

	Trading (1)(2)	Available-for- Sale (2)	Total
	(in thousands)		
Mutual funds	\$127,793	\$ —	\$127,793
Corporate bonds	—	10,145	10,145
Total	127,793	10,145	137,938
Less: current portion of marketable securities	(9,714)	(10,145)	(19,859)
Non-current marketable securities	\$118,079	\$ —	\$118,079

As of April 30, 2015, marketable securities consisted of the following:

	Trading (1)(2)	Available-for- Sale (2)	Total
	(in thousands)		
Mutual funds	\$131,399	\$ —	\$131,399
Corporate bonds	—	13,177	13,177
Total	131,399	13,177	144,576
Less: current portion of marketable securities	(12,580)	(13,177)	(25,757)
Non-current marketable securities	\$118,819	\$ —	\$118,819

(1) These investments are held in trust for settlement of the Company's vested and unvested obligations of \$125.5 million and \$129.1 million as of July 31, 2015 and April 30, 2015, respectively, under the ECAP (see Note 6 — *Deferred Compensation and Retirement Plans*). During the three months ended July 31, 2015 and 2014, the fair value of the investments increased; therefore, the Company recognized income of \$0.7 million and \$2.0 million, respectively, which was recorded in other (loss) income, net.

(2) The Company's financial assets measured at fair value on a recurring basis include trading securities classified as Level 1 and available-for-sale securities classified as Level 2. As of July 31, 2015 and April 30, 2015, the Company had no investments classified as Level 3.

The amortized cost and fair values of marketable securities classified as available-for-sale investments were as follows:

	July 31, 2015			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	
	(in thousands)			
Corporate bonds	\$ 10,143	\$ 3	\$ (1)	\$ 10,145

	April 30, 2015			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	
	(in thousands)			
Corporate bonds	\$ 13,167	\$ 11	\$ (1)	\$ 13,177

(1) There are no marketable securities that have been in a continuous unrealized loss position for 12 months or more.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

Investments in marketable securities classified as available-for-sale securities are made based on the Company’s investment policy, which restricts the types of investments that can be made. As of July 31, 2015 and April 30, 2015, marketable securities classified as available-for-sale consist of corporate bonds for which market prices for similar assets are readily available. As of July 31, 2015, available-for-sale marketable securities have remaining maturities ranging from two to five months. During the three months ended July 31, 2015 and 2014, the Company received \$3.0 million and \$2.0 million, respectively, in proceeds from maturities of available-for-sale marketable securities. Investments in marketable securities classified as trading are based upon investment selections the employee elects from a pre-determined set of securities in the ECAP and the Company invests in marketable securities to mirror these elections. As of July 31, 2015 and April 30, 2015, the Company’s investments in marketable securities classified as trading consist of mutual funds for which market prices are readily available.

As of July 31, 2015 and April 30, 2015, the Company’s marketable securities classified as trading were \$127.8 million (net of gross unrealized gains of \$8.0 million and \$0.6 million of gross unrealized losses) and \$131.4 million (net of gross unrealized gains of \$8.3 million and \$0.2 million of gross unrealized losses), respectively.

6. Deferred Compensation and Retirement Plans

The Company has several deferred compensation and retirement plans for eligible consultants and vice presidents that provide defined benefits to participants based on the deferral of current compensation or contributions made by the Company subject to vesting and retirement or termination provisions. In June 2003, the Company amended the deferred compensation plans, with the exception of the ECAP and international retirement plans, so as not to allow new participants or the purchase of additional deferral units by existing participants.

The components of net periodic benefit costs are as follows:

	Three Months Ended	
	July 31,	
	2015	2014
	(in thousands)	
Amortization of actuarial loss	\$ 731	\$ 763
Interest cost	703	747
Net periodic benefit costs	<u>\$ 1,434</u>	<u>\$ 1,510</u>

The Company purchased COLI contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of funding benefits under such plans. The gross CSV of these contracts of \$173.6 million and \$172.3 million is offset by outstanding policy loans of \$68.5 million and \$69.6 million in the accompanying consolidated balance sheets as of July 31, 2015 and April 30, 2015, respectively. The CSV value of the underlying COLI investments increased by \$2.5 million and \$3.3 million during the three months ended July 31, 2015 and 2014, respectively, recorded as a decrease in compensation and benefits expense in the accompanying consolidated statement of income.

The Company has an ECAP, which is intended to provide certain employees an opportunity to defer salary and/or bonus on a pre-tax basis or make an after-tax contribution. In addition, the Company, as part of its compensation philosophy, makes discretionary contributions into the ECAP and such contributions may be granted to key employees annually based upon employee performance. Certain key management may also receive Company ECAP contributions upon commencement of employment. The Company made contributions to the ECAP during the three months ended July 31, 2015 and 2014 of \$2.0 million and \$1.2 million, respectively. The Company expects to contribute an additional \$20.0 million during the remainder of fiscal 2016. As these contributions vest, the amounts are recorded as a liability in deferred compensation and other retirement plans on the accompanying balance sheet and compensation and benefits on the accompanying consolidated statement of income. Participants generally vest in Company contributions over a four year period.

The ECAP is accounted for whereby the changes in the fair value of the vested amounts owed to the participants are adjusted with a corresponding charge (or credit) to compensation and benefits costs. During the three months ended July 31, 2015 and 2014, deferred compensation liability increased; therefore, the Company recognized in compensation expense \$0.7 million and \$1.7 million, respectively. Offsetting these increases in compensation and benefits expense was an increase in

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
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July 31, 2015

the fair value of marketable securities classified as trading (held in trust to satisfy obligations under certain deferred compensation liabilities) of \$0.7 million and \$2.0 million during the three months ended July 31, 2015 and 2014, respectively, recorded in other (loss) income, net on the consolidated statement of income (see Note 5 — *Marketable Securities*).

7. Business Segments

The Company currently operates in three global businesses: Executive Recruitment, LTC and Futurestep. The Executive Recruitment segment focuses on recruiting Board of Director and C-level positions, in addition to research-based interviewing and onboarding solutions, for clients predominantly in the consumer, financial services, industrial, life sciences/healthcare and technology industries. LTC assists clients with ongoing assessment and development of their senior executives and management teams, and addresses three fundamental needs: Talent Strategy, Succession Management, and Leadership Development, all underpinned by a comprehensive array of world-leading IP, products and tools. Futurestep is a global industry leader in high-impact talent acquisition solutions. Its portfolio of services includes global and regional RPO, project recruitment, individual professional search and consulting. The Executive Recruitment business segment is managed by geographic regional leaders and LTC and Futurestep worldwide operations are managed by their respective Chief Executive Officers. The Executive Recruitment geographic regional leaders and the Chief Executive Officers of LTC and Futurestep report directly to the Chief Executive Officer of the Company. The Company also operates a Corporate segment to record global expenses of the Company.

The Company evaluates performance and allocates resources based on the Company's chief operating decision maker's ("CODM") review of (1) fee revenue and (2) adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). To the extent that such charges occur, Adjusted EBITDA excludes restructuring charges, integration and acquisition costs, certain separation costs and certain non-cash charges (goodwill, intangible asset and other than temporary impairment). The accounting policies for the reportable segments are the same as those described in the summary of significant accounting policies, except the items described above are excluded from EBITDA to arrive at Adjusted EBITDA.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
July 31, 2015

Financial highlights by business segment are as follows:

	Three Months Ended July 31, 2015								
	Executive Recruitment				Subtotal	LTC	Futurestep	Corporate	Consolidated
	North America	EMEA	Asia Pacific	South America					
	(in thousands)								
Fee revenue	\$ 90,359	\$ 36,090	\$ 19,215	\$ 6,426	\$ 152,090	\$ 69,240	\$ 46,064	\$ —	\$ 267,394
Total revenue	\$ 94,399	\$ 37,171	\$ 19,990	\$ 6,432	\$ 157,992	\$ 71,441	\$ 49,902	\$ —	\$ 279,335
Net income									\$ 23,082
Other loss, net									74
Interest expense, net									299
Equity in earnings of unconsolidated subsidiaries, net									(725)
Income tax provision									10,174
Operating income (loss)	\$ 24,145	\$ 6,276	\$ 2,986	\$ 1,508	\$ 34,915	\$ 7,495	\$ 6,189	\$ (15,695)	\$ 32,904
Depreciation and amortization	827	365	246	78	1,516	3,748	585	1,574	7,423
Other income (loss), net	32	143	18	239	432	(863)	—	357	(74)
Equity in earnings of unconsolidated subsidiaries, net	86	—	—	—	86	—	—	639	725
EBITDA	25,090	6,784	3,250	1,825	36,949	10,380	6,774	(13,125)	40,978
Integration/acquisition costs	—	—	—	—	—	329	—	345	674
Adjusted EBITDA	\$ 25,090	\$ 6,784	\$ 3,250	\$ 1,825	\$ 36,949	\$ 10,709	\$ 6,774	\$ (12,780)	\$ 41,652

	Three Months Ended July 31, 2014								
	Executive Recruitment				Subtotal	LTC	Futurestep	Corporate	Consolidated
	North America	EMEA	Asia Pacific	South America					
	(in thousands)								
Fee revenue	\$ 82,300	\$ 40,297	\$ 19,534	\$ 6,284	\$ 148,415	\$ 63,548	\$ 39,225	\$ —	\$ 251,188
Total revenue	\$ 86,082	\$ 41,429	\$ 20,369	\$ 6,309	\$ 154,189	\$ 65,420	\$ 40,716	\$ —	\$ 260,325
Net income									\$ 14,533
Other income, net									(2,177)
Interest expense, net									794
Equity in earnings of unconsolidated subsidiaries, net									(466)
Income tax provision									5,909
Operating income (loss)	\$ 18,998	\$ 2,643	\$ 2,522	\$ 73	\$ 24,236	\$ 3,460	\$ 3,457	\$ (12,560)	\$ 18,593
Depreciation and amortization	904	489	294	85	1,772	3,252	446	1,300	6,770
Other income (loss), net	129	46	109	33	317	217	(2)	1,645	2,177
Equity in earnings of unconsolidated subsidiaries, net	68	—	—	—	68	—	—	398	466
EBITDA	20,099	3,178	2,925	191	26,393	6,929	3,901	(9,217)	28,006
Restructuring charges, net	1,151	3,987	17	377	5,532	2,758	1,424	172	9,886
Adjusted EBITDA	\$ 21,250	\$ 7,165	\$ 2,942	\$ 568	\$ 31,925	\$ 9,687	\$ 5,325	\$ (9,045)	\$ 37,892

8. Long-Term Debt

On June 3, 2015, the Company amended its senior unsecured revolving Credit Agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association, as lender (the “Lender”), which became effective on June 5, 2015. The Credit Agreement provides for an aggregate availability under the revolving credit facility up to \$150.0 million, which includes a \$15.0 million sub-limit for letters of credit, with an option to increase the credit facility by an additional \$50.0 million prior to December 3, 2019, subject to the Lender’s consent and the satisfaction of certain conditions (including the requirement, if the Lender acting in its sole discretion so elects, that the credit facility under the Credit Agreement become secured at such time by substantially all the assets of the Company and the guarantors). The Credit Agreement matures on June 3, 2020.

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July 31, 2015

Borrowings under the Credit Agreement bear interest, at the Company's election, at the adjusted London Interbank Offered Rate ("LIBOR") plus the applicable margin or at the base rate plus the applicable margin. The applicable margin is based on a percentage per annum determined in accordance with a specified pricing grid based on the Company's total funded debt to adjusted EBITDA ratio. For LIBOR loans, the applicable margin will range from 0.875% to 1.75% per annum, while for base rate loans, the applicable margin will range from 0.00% to 0.75% per annum. The Company is required to pay a quarterly commitment fee of 0.25% to 0.40% on the revolving credit facility's average daily unused commitments based on the Company's total funded debt to adjusted EBITDA ratio. In addition, there is a domestic liquidity requirement that we maintain at least \$50.0 million in domestic liquidity defined as unrestricted cash and/or marketable securities (excluding any marketable securities that are held in trust for the settlement of our obligations under certain deferred compensation plans) as a condition to consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases of our common stock. Undrawn amounts on our line of credit may be used to calculate domestic liquidity. The Company is also limited in consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases of our common stock to a cumulative total of \$125.0 million in any fiscal year. Subject to the foregoing, the Company is permitted to pay up to \$75.0 million in dividends and share repurchases, in aggregate, in any fiscal year (subject to the satisfaction of certain conditions).

As of July 31, 2015 and April 30, 2015, the Company had no borrowings under its long-term debt arrangements. At July 31, 2015 and April 30, 2015, there was \$2.8 million of standby letters of credit issued under its long-term debt arrangements. The Company had a total of \$1.4 million and \$1.6 million of standby letters of credits with other financial institutions as of July 31, 2015 and April 30, 2015, respectively.

9. Subsequent Events

Quarterly Dividend Declaration

On September 7, 2015, the Board of Directors of the Company declared a cash dividend of \$0.10 per share that will be paid on October 15, 2015 to holders of the Company's common stock of record at the close of business on September 25, 2015. The declaration and payment of future dividends under the quarterly dividend policy will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, financial conditions, the terms of the Company's indebtedness and other factors that the Board of Directors may deem to be relevant. The Board may amend, revoke or suspend the dividend policy at any time and for any reason.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Quarterly Report on Form 10-Q may contain certain statements that we believe are, or may be considered to be, "forward-looking" statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally can be identified by use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "may," "will," "likely," "estimates," "potential," "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statement. The principal risk factors that could cause actual performance and future actions to differ materially from the forward-looking statements include, but are not limited to, dependence on attracting and retaining qualified and experienced consultants, maintaining our brand name and professional reputation, potential legal liability and regulatory developments, portability of client relationships, global and local political or economic developments in or affecting countries where we have operations, currency fluctuations in our international operations, risks related to growth, restrictions imposed by off-limits agreements, competition, reliance on information processing systems, cyber security vulnerabilities, limited protection of our intellectual property, our ability to enhance and develop new technology, our ability to successfully recover from a disaster or business continuity problems, employment liability risk, an impairment in the carrying value of goodwill and other intangible assets, deferred tax assets that we may not be able to use, our ability and efforts to develop new services, clients and practices, changes in our accounting estimates and assumptions, our investments in marketable securities, alignment of our cost structure, risks related to the integration of recently acquired businesses, seasonality, impacts of our dividend policy on our ability to pursue growth opportunities, and the matters disclosed under the heading "Risk Factors" in the Company's Exchange Act reports, including Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2015 ("Form 10-K"). Readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date of this Quarterly Report on Form 10-Q and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

The following presentation of management's discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. We also make available on the Investor Relations portion of our website at www.kornferry.com earnings slides and other important information, which we encourage you to review.

Executive Summary

Korn/Ferry International (referred to herein as the "Company," "Korn Ferry," or in the first person notations "we," "our," and "us") is a premier global provider of talent management solutions that helps clients design talent strategies as well as assist them in the execution of building and attracting their talent. We are a premier provider of executive recruitment, leadership and talent consulting and talent acquisition solutions with the broadest global presence in the recruitment industry. Our services include Executive Recruitment, consulting and solutions services through Leadership & Talent Consulting ("LTC") and recruitment for non-executive professionals and recruitment process outsourcing ("RPO") through Futurestep. Approximately 72% of the executive recruitment searches we performed in fiscal 2015 were for board level, chief executive and other senior executive and general management positions. Our 5,350 clients in fiscal 2015 included many of the world's largest and most prestigious public and private companies, including approximately 56% of the FORTUNE 500, middle market and emerging growth companies, as well as government and nonprofit organizations. We have built strong client loyalty, with 79% of assignments performed during fiscal 2015 having been on behalf of clients for whom we had conducted assignments in the previous three fiscal years. Approximately 60% of our revenues were generated from clients that utilize multiple lines of business.

In an effort to maintain our long-term strategy of being the leading provider of talent management solutions, our strategic focus for fiscal 2016 centers upon enhancing the integration of our multi-service strategy. We further plan to explore new products and services, continue to pursue a disciplined acquisition strategy, enhance our technology and processes and aggressively leverage our brand through thought leadership and intellectual capital projects as a means of delivering world-class service to our clients.

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In fiscal 2015, we undertook an effort to bring together all our internally developed and acquired intellectual property in Korn Ferry's Four Dimensions of Leadership ("KF4D"), our newest and most robust assessment tools for Executive Recruitment, LTC and Futurestep. We have identified four crucial areas that matter most for individual and organizational success. The analytics we collect enable us to help organizations accentuate strengths and identify areas to develop, as well as understand how they stack up against their competition:

- **Competencies** — the skills and behaviors required for success that can be observed.
- **Experiences** — assignments or roles that prepare a person for future opportunities.
- **Traits** — inclinations, aptitudes and natural tendencies a person leans toward, including personality and intellectual capacity.
- **Drivers** — values and interests that influence a person's career path, motivation, and engagement.

Leveraging KF4D, we plan to continue to address areas of increasing client demand including LTC and RPO.

The Company currently operates in three global business segments: Executive Recruitment, LTC and Futurestep. See Note 7 —*Business Segments*, in the Notes to our Consolidated Financial for discussion of the Company's global business segments. The Company evaluates performance and allocates resources based on the chief operating decision maker's review of (1) fee revenue and (2) adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). To the extent that such charges occur, Adjusted EBITDA excludes restructuring charges, integration and acquisition costs and certain separation costs and certain non-cash charges (goodwill, intangible asset and other than temporary impairment). Adjusted EBITDA is a non-GAAP financial measure. It has limitations as an analytical tool, should not be viewed as a substitute for financial information determined in accordance with U.S. generally accepted accounting principles ("GAAP"), and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. In addition, it may not necessarily be comparable to non-GAAP performance measures that may be presented by other companies. Management believes the presentation of this non-GAAP financial measure provides meaningful supplemental information regarding Korn Ferry's performance by excluding certain charges and other items that may not be indicative of Korn Ferry's ongoing operating results. The use of this non-GAAP financial measure facilitates comparisons to Korn Ferry's historical performance. Korn Ferry includes this non-GAAP financial measure because management believes it is useful to investors in allowing for greater transparency with respect to supplemental information used by management in its evaluation of Korn Ferry's ongoing operations and financial and operational decision-making. The accounting policies for the reportable segments are the same as those described in the summary of significant accounting policies in the accompanying consolidated financial statements, except that the above noted items are excluded from EBITDA to arrive at Adjusted EBITDA.

Fee revenue increased \$16.2 million, or 6% in the three months ended July 31, 2015 to \$267.4 million compared to \$251.2 million in the three months ended July 31, 2014, with increases in fee revenue in all business segments. During the three months ended July 31, 2015, we recorded operating income of \$32.9 million with Executive Recruitment, LTC and Futurestep segments contributing \$34.9 million, \$7.5 million and \$6.2 million, respectively, offset by corporate expenses of \$15.7 million. Net income during the three months ended July 31, 2015 and 2014 was \$23.1 million and \$14.5 million, respectively. Adjusted EBITDA was \$41.7 million with Executive Recruitment, LTC and Futurestep segments contributing \$36.9 million, \$10.7 million, and \$6.8 million, respectively, offset by corporate expenses net of other income and equity in earnings of unconsolidated subsidiaries of \$12.7 million during the three months ended July 31, 2015. Adjusted EBITDA increased \$3.8 million during the three months ended July 31, 2015 to \$41.7 million, from Adjusted EBITDA of \$37.9 million during the three months ended July 31, 2014.

Our cash, cash equivalents and marketable securities decreased \$110.9 million, or 21%, to \$414.5 million at July 31, 2015, compared to \$525.4 million at April 30, 2015. This decrease is mainly due to bonuses earned in fiscal 2015 and paid during the first quarter of fiscal 2016 and \$5.1 million in dividends paid during the first quarter of fiscal 2016, partially offset by cash provided by operating activities during the three months ended July 31, 2015. As of July 31, 2015, we held marketable securities to settle obligations under our Executive Capital Accumulation Plan ("ECAP") with a cost value of \$120.4 million and a fair value of \$127.8 million. Our vested and unvested obligations for which these assets were held in trust totaled \$125.5 million as of July 31, 2015. Our working capital increased by \$5.0 million to \$340.0 million in the three months ended July 31, 2015. We believe that cash on hand and funds from operations will be sufficient to meet our anticipated working capital, capital expenditures, general corporate requirements and dividend payments under our dividend policy in the next twelve months. We had no long-term debt or any outstanding borrowings under our credit facility at July 31, 2015 or April 30, 2015. As of July 31, 2015 and April 30, 2015, there was \$2.8 million of standby letters of credit issued under our long-term debt arrangements. We have a total of \$1.4 million and \$1.6 million of standby letters of credits with other financial institutions as of July 31, 2015 and April 30, 2015, respectively.

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Results of Operations

The following table summarizes the results of our operations as a percentage of fee revenue:

	Three Months Ended July 31,	
	2015	2014
Fee revenue	100.0%	100.0%
Reimbursed out-of-pocket engagement expenses	4.5	3.6
Total revenue	104.5	103.6
Compensation and benefits	67.1	67.3
General and administrative expenses	14.0	14.9
Reimbursed expenses	4.5	3.6
Cost of services	3.8	3.8
Depreciation and amortization	2.8	2.7
Restructuring charges, net	—	3.9
Operating income	12.3	7.4
Net income	8.6%	5.8%

The following tables summarize the results of our operations by business segment:

	Three Months Ended July 31,			
	2015		2014	
	Dollars	%	Dollars	%
	(dollars in thousands)			
Fee revenue				
Executive recruitment:				
North America	\$ 90,359	33.8%	\$ 82,300	32.8%
EMEA	36,090	13.5	40,297	16.0
Asia Pacific	19,215	7.2	19,534	7.8
South America	6,426	2.4	6,284	2.5
Total Executive Recruitment	152,090	56.9	148,415	59.1
LTC	69,240	25.9	63,548	25.3
Futurestep	46,064	17.2	39,225	15.6
Total fee revenue	267,394	100.0%	251,188	100.0%
Reimbursed out-of-pocket engagement expense	11,941		9,137	
Total revenue	\$279,335		\$260,325	

	Three Months Ended July 31,			
	2015		2014	
	Dollars	Margin (1)	Dollars	Margin (1)
	(dollars in thousands)			
Operating income				
Executive recruitment:				
North America	\$ 24,145	26.7%	\$ 18,998	23.1%
EMEA	6,276	17.4	2,643	6.6
Asia Pacific	2,986	15.5	2,522	12.9
South America	1,508	23.5	73	1.2
Total Executive Recruitment	34,915	23.0	24,236	16.3
LTC	7,495	10.8	3,460	5.4
Futurestep	6,189	13.4	3,457	8.8
Corporate	(15,695)		(12,560)	
Total operating income	\$ 32,904	12.3%	\$ 18,593	7.4%

(1) Margin calculated as a percentage of fee revenue by business segment.

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Three Months Ended July 31, 2015									
Executive Recruitment									
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	\$ 90,359	\$36,090	\$19,215	\$ 6,426	\$152,090	\$69,240	\$ 46,064	\$ —	\$ 267,394
Total revenue	\$ 94,399	\$37,171	\$19,990	\$ 6,432	\$157,992	\$71,441	\$ 49,902	\$ —	\$ 279,335
Net income									\$ 23,082
Other loss, net									74
Interest expense, net									299
Equity in earnings of unconsolidated subsidiaries, net									(725)
Income tax provision									10,174
Operating income (loss)	\$ 24,145	\$ 6,276	\$ 2,986	\$ 1,508	\$ 34,915	\$ 7,495	\$ 6,189	\$ (15,695)	32,904
Depreciation and amortization	827	365	246	78	1,516	3,748	585	1,574	7,423
Other income (loss), net	32	143	18	239	432	(863)	—	357	(74)
Equity in earnings of unconsolidated subsidiaries, net	86	—	—	—	86	—	—	639	725
EBITDA	25,090	6,784	3,250	1,825	36,949	10,380	6,774	(13,125)	40,978
Integration/acquisition costs	—	—	—	—	—	329	—	345	674
Adjusted EBITDA	<u>\$ 25,090</u>	<u>\$ 6,784</u>	<u>\$ 3,250</u>	<u>\$ 1,825</u>	<u>\$ 36,949</u>	<u>\$10,709</u>	<u>\$ 6,774</u>	<u>\$ (12,780)</u>	<u>\$ 41,652</u>
Adjusted EBITDA margin	<u>27.8%</u>	<u>18.8%</u>	<u>16.9%</u>	<u>28.4%</u>	<u>24.3%</u>	<u>15.5%</u>	<u>14.7%</u>		<u>15.6%</u>

Three Months Ended July 31, 2014									
Executive Recruitment									
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	\$ 82,300	\$40,297	\$19,534	\$ 6,284	\$148,415	\$63,548	\$ 39,225	\$ —	\$ 251,188
Total revenue	\$ 86,082	\$41,429	\$20,369	\$ 6,309	\$154,189	\$65,420	\$ 40,716	\$ —	\$ 260,325
Net income									\$ 14,533
Other income, net									(2,177)
Interest expense, net									794
Equity in earnings of unconsolidated subsidiaries, net									(466)
Income tax provision									5,909
Operating income (loss)	\$ 18,998	\$ 2,643	\$ 2,522	\$ 73	\$ 24,236	\$ 3,460	\$ 3,457	\$ (12,560)	18,593
Depreciation and amortization	904	489	294	85	1,772	3,252	446	1,300	6,770
Other income (loss), net	129	46	109	33	317	217	(2)	1,645	2,177
Equity in earnings of unconsolidated subsidiaries, net	68	—	—	—	68	—	—	398	466
EBITDA	20,099	3,178	2,925	191	26,393	6,929	3,901	(9,217)	28,006
Restructuring charges, net	1,151	3,987	17	377	5,532	2,758	1,424	172	9,886
Adjusted EBITDA	<u>\$ 21,250</u>	<u>\$ 7,165</u>	<u>\$ 2,942</u>	<u>\$ 568</u>	<u>\$ 31,925</u>	<u>\$ 9,687</u>	<u>\$ 5,325</u>	<u>\$ (9,045)</u>	<u>\$ 37,892</u>
Adjusted EBITDA margin	<u>25.8%</u>	<u>17.8%</u>	<u>15.1%</u>	<u>9.0%</u>	<u>21.5%</u>	<u>15.2%</u>	<u>13.6%</u>		<u>15.1%</u>

Three Months Ended July 31, 2015 Compared to Three Months Ended July 31, 2014

Fee Revenue

Fee Revenue. Fee revenue went up by \$16.2 million, or 6%, to \$267.4 million in the three months ended July 31, 2015 compared to \$251.2 million in the year-ago quarter. This increase was attributable to higher fee revenue in Futurestep, LTC and Executive Recruitment. Exchange rates unfavorably impacted fee revenue by \$16.3 million or 6% in the three months ended July 31, 2015, when compared to the year-ago quarter.

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Executive Recruitment. Executive Recruitment reported fee revenue of \$152.1 million, an increase of \$3.7 million, or 2%, in the three months ended July 31, 2015 compared to \$148.4 million in the year-ago quarter. As detailed below, Executive Recruitment fee revenue was higher in the North America and South America regions, partially offset by decreases in fee revenue in EMEA and Asia Pacific regions in the three months ended July 31, 2015 as compared to the year-ago quarter. The higher fee revenue in Executive Recruitment was mainly due to a 4% increase in the weighted-average fees billed per engagement, offset by a 1% decrease in the number of Executive Recruitment engagements billed during the three months ended July 31, 2015 as compared to the year-ago quarter. Exchange rates unfavorably impacted fee revenue by \$9.4 million, or 6%, in the three months ended July 31, 2015, when compared to the year-ago quarter.

North America reported fee revenue of \$90.4 million, an increase of \$8.1 million, or 10%, in the three months ended July 31, 2015 compared to \$82.3 million in the year-ago quarter. North America's fee revenue was higher due to a 6% increase in the number of engagements billed and a 4% increase in the weighted-average fees billed per engagement during the three months ended July 31, 2015 compared to the year-ago quarter. The overall increase in fee revenue was driven by growth in the financial services, life sciences/healthcare, and technology sectors as compared to the year-ago quarter, partially offset by a decline in the industrial, consumer goods, and education/non-profit sectors. Exchange rates unfavorably impacted fee revenue by \$0.8 million, or 1%, in the three months ended July 31, 2015, when compared to the year-ago quarter.

EMEA reported fee revenue of \$36.1 million, a decrease of \$4.2 million, or 10%, in the three months ended July 31, 2015 compared to \$40.3 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by \$5.4 million, or 13%, in the three months ended July 31, 2015, when compared to the year-ago quarter. The decrease in fee revenue was driven by a 9% decrease in the number of engagements billed and a 2% decline in weighted-average fees billed per engagement in the three months ended July 31, 2015 as compared to the year-ago quarter. The performance in existing offices in the United Kingdom and Germany were the primary contributors to the decrease in fee revenue in the three months ended July 31, 2015 compared to the year-ago quarter, partially offset by an increase in fee revenue in Belgium and Switzerland. In terms of business sectors, industrial, technology, and consumer goods experienced the largest decline in fee revenue in the three months ended July 31, 2015 as compared to the year-ago quarter, partially offset by an increase in the life sciences/healthcare sector.

Asia Pacific reported fee revenue of \$19.2 million, a slight decrease of \$0.3 million, or 2%, in the three months ended July 31, 2015 compared to \$19.5 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by \$1.7 million, or 9%, in the three months ended July 31, 2015, when compared to the year-ago quarter. The decline in fee revenue was due to a 1% decrease in both weighted-average fees billed per engagement and the number of engagements billed in the three months ended July 31, 2015 compared to the year-ago quarter. The performance in Hong Kong and Japan were the primary contributors to the decrease in fee revenue in the three months ended July 31, 2015 compared to the year-ago quarter, partially offset by an increase in fee revenue in Australia and Singapore. Consumer goods was the main sector contributing to the decrease in fee revenue in the three months ended July 31, 2015 as compared to the year-ago quarter, partially offset by an increase in fee revenue in the industrial sector.

South America reported fee revenue of \$6.4 million and \$6.3 million, in the three months ended July 31, 2015 and 2014, respectively. Exchange rates unfavorably impacted fee revenue for South America by \$1.5 million, or 24%, in the three months ended July 31, 2015, when compared to the year-ago quarter. The growth in fee revenue was mainly due to a 3% increase in weighted-average fees billed per engagement in the three months ended July 31, 2015 compared to the year-ago quarter. The performance in Venezuela was the primary contributor to higher fee revenue in the three months ended July 31, 2015 compared to the year-ago quarter, partially offset by a decline in Colombia. Consumer goods was the main sector contributing to the growth in fee revenue in the three months ended July 31, 2015 compared to the year-ago quarter, partially offset by a decrease in fee revenue in the industrial sector during the same period.

Leadership & Talent Consulting. LTC reported fee revenue of \$69.2 million, an increase of \$5.6 million, or 9%, in the three months ended July 31, 2015 compared to \$63.6 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by \$3.1 million, or 5%, in the three months ended July 31, 2015. The acquisition of Pivot Leadership on March 1, 2015 contributed \$5.2 million in consulting fee revenue for the three months ended July 31, 2015. Overall, fee revenue increased due to higher consulting fee revenue of \$4.3 million, or 9%, in the three months ended July 31, 2015 compared to the year-ago quarter, and an increase in product revenue of \$1.3 million, or 9%, compared to the year-ago quarter.

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Futurestep. Futurestep reported fee revenue of \$46.1 million, an increase of \$6.9 million, or 18%, in the three months ended July 31, 2015 compared to \$39.2 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by \$3.8 million, or 10%, in the three months ended July 31, 2015. The higher fee revenue was due to a 10% increase in the weighted-average fees billed per engagement and a 6% increase in the number of engagements billed in the three months ended July 31, 2015 compared to the year-ago quarter. The increase in the weighted-average fees billed was driven by a 36% increase in professional recruitment and an 8% increase in fee revenue from recruitment process, as these tend to generate higher fees per engagement than other services performed by Futurestep.

Compensation and Benefits

Compensation and benefits expense increased \$10.4 million, or 6%, to \$179.5 million in the three months ended July 31, 2015 from \$169.1 million in the year-ago quarter. This increase was due in large part to higher performance related bonus expense of \$3.1 million and an increase of \$4.9 million, \$0.6 million and \$0.5 million in salaries and related payroll taxes, outside contractors and employee insurance cost, respectively. The increase in performance related bonus expense was due to an increase in fee revenue and profitability due to the continued adoption of our strategy, including referrals between lines of business and an increase in average headcount, primarily in LTC and Futurestep. The higher level of salaries and related payroll expense and employee insurance costs, were due to an increase in average headcount of 12% in the three months ended July 31, 2015 compared to the year-ago quarter, and reflects our continued growth-related investments back into the business. Also contributing to the increase in compensation and benefit was a change in the cash surrender value (“CSV”) of company owned life insurance (“COLI”). The change in CSV of COLI increased compensation and benefits expense by \$0.8 million in the three months ended July 31, 2015 compared to the year-ago quarter due to a smaller increase in the underlying investments due to market changes. COLI is held to fund other deferred compensation retirement plans. (see Note 6 — *Deferred Compensation and Retirement Plans*, included in the Notes to our Consolidated Financial Statements) Exchange rates favorably impacted compensation and benefits expenses by \$10.4 million, or 6%, in the three months ended July 31, 2015.

Executive Recruitment compensation and benefits expense went up by \$1.5 million, or 2%, to \$99.4 million in the three months ended July 31, 2015 compared to \$97.9 million in the year-ago quarter. This increase was primarily due to higher performance related bonus expense of \$3.3 million, partially offset by a decline in the fair value of vested amounts owed under deferred compensation plans during the three months ended July 31, 2015 compared to the year-ago quarter. The increase in performance related bonus expense was due to a 3% increase in average headcount and higher fee revenue and profitability due to the continued adoption of our strategy. Executive Recruitment compensation and benefits expense as a percentage of fee revenue decreased to 65% in the three months ended July 31, 2015 from 66% in the year-ago quarter.

LTC compensation and benefits expense increased \$2.8 million, or 7%, to \$41.5 million in the three months ended July 31, 2015 from \$38.7 million in the year-ago quarter. The change was primarily due to an increase of \$2.0 million in salaries and related to payroll taxes during the three months ended July 31, 2015 compared to the year-ago quarter. The increase in salaries and related payroll taxes was due to an 11% increase in average headcount during the three months ended July 31, 2015 compared to the year-ago quarter. LTC compensation and benefits expense as a percentage of fee revenue decreased to 60% in the three months ended July 31, 2015 from 61% in the year-ago quarter.

Futurestep compensation and benefits expense increased \$4.6 million, or 17%, to \$31.3 million in the three months ended July 31, 2015 from \$26.7 million in the year-ago quarter. The increase was primarily driven by an increase of \$2.8 million in salaries and related payroll taxes, \$0.5 million in outside contractors, \$0.5 million in vacation expense, and \$0.3 million in employee insurance cost. The increase in salaries and related payroll taxes, vacation expense and employee insurance costs were due to a 26% increase in the average headcount. The higher average headcount and the increase in the use of outside contractors were primarily associated with the increase in staffing to accommodate the increase in fee revenue from our RPO business. Futurestep compensation and benefits expense as a percentage of fee revenue was 68% in both the three months ended July 31, 2015 and 2014.

Corporate compensation and benefits expense increased by \$1.5 million, or 26%, to \$7.3 million in the three months ended July 31, 2015 from \$5.8 million in the year-ago quarter mainly due to a change in CSV of COLI. The change in CSV of COLI increased compensation and benefits expense by \$0.8 million in the three months ended July 31, 2015 compared to the year-ago quarter due to a smaller increase in the underlying investments. COLI is held to fund other deferred compensation retirement plans. (see Note 6 — *Deferred Compensation and Retirement Plans*, included in the Notes to our Consolidated Financial Statements.)

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General and Administrative Expenses

General and administrative expenses were essentially flat during the three months ended July 31, 2015 as compared to the year-ago quarter, increasing by \$0.1 million to \$37.5 million in the three months ended July 31, 2015. General and administrative expenses as a percentage of fee revenue was 14% in the three months ended July 31, 2015 compared to 15% in the year-ago quarter. Exchange rates favorably impacted general and administrative expenses by \$2.4 million, or 6%, during the three months ended July 31, 2015.

Executive Recruitment general and administrative expenses decreased \$2.2 million, or 12%, to \$16.6 million in the three months ended July 31, 2015 from \$18.8 million in the year-ago quarter. General and administrative expenses decreased due to a favorable foreign exchange rate that resulted in a foreign exchange gain of \$0.4 million in the three months ended July 31, 2015 compared to foreign exchange loss of \$0.6 million in the year-ago quarter. The remaining change was due to a decrease in premise and office expense of \$0.5 million and other general and administrative expenses of \$0.7 million. Executive Recruitment general and administrative expenses as a percentage of fee revenue was 11% in the three months ended July 31, 2015 compared to 13% in the year-ago quarter.

LTC general and administrative expenses were \$8.7 million in both the three months ended July 31, 2015 and 2014. LTC general and administrative expenses as a percentage of fee revenue was 13% in the three months ended July 31, 2015 compared to 14% in the year-ago quarter.

Futurestep general and administrative expenses increased \$0.7 million, or 15%, to \$5.4 million in the three months ended July 31, 2015 compared to \$4.7 million in the year-ago quarter. The increase is attributable to an increase in premise and office expense and marketing and business development expenses of \$0.3 million and \$0.2 million, respectively in the three months ended July 31, 2015 compared to the year-ago quarter. Futurestep general and administrative expenses as a percentage of fee revenue was 12% in both the three months ended July 31, 2015 and 2014.

Corporate general and administrative expenses increased \$1.6 million, or 31%, to \$6.8 million in the three months ended July 31, 2015 compared to \$5.2 million in the year-ago quarter. The increase in general and administrative expenses was driven by \$0.7 million in higher legal fees and other professional fees during the three months ended July 31, 2015 compared to the year-ago quarter. The rest of the change was due to an unfavorable foreign exchange rate that resulted in an increase in general and administrative expenses of \$0.5 million during the three months ended July 31, 2015 compared to the year-ago quarter.

Cost of Services Expense

Cost of services expense consist primarily of non-billable contractor and product costs related to the delivery of various services and products. Cost of services expense increased \$0.7 million, or 7%, to \$10.1 million in the three months ended July 31, 2015 compared to \$9.4 million in the year-ago quarter. Cost of services expense as a percentage of fee revenue was 4% in both the three months ended July 31, 2015 and 2014.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were \$7.4 million, an increase of \$0.6 million in the three months ended July 31, 2015 compared to \$6.8 million in the year-ago quarter. The increase relates primarily to technology investments that were made in the current and prior year. This expense relates mainly to software, leasehold improvements, computer equipment, furniture and fixtures and intangible assets.

Restructuring Charges, Net

No restructuring charges, net were incurred during the three months ended July 31, 2015. During the three months ended July 31, 2014, we took actions to rationalize our cost structure as a result of efficiencies obtained from prior year technology investments that enabled further integration of the legacy business and the acquisitions of PDI Ninth House and Global Novations, as well as other cost saving initiatives. As a result, we recorded \$9.9 million in restructuring charges, net in the three months ended July 31, 2014, of which \$9.6 million relates to severance and \$0.3 million relates to consolidation/abandonment of premises.

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Operating Income

Operating income increased \$14.3 million to \$32.9 million in the three months ended July 31, 2015 as compared to \$18.6 million in the year-ago quarter. This increase in operating income resulted from an increase of \$16.2 million in fee revenue and a decrease of \$9.9 million in restructuring charges, net. These changes were offset by higher compensation and benefits expense of \$10.4 million, cost of services expense of \$0.7 million, and \$0.6 million in depreciation and amortization expenses during the three months ended July 31, 2015 as compared to the year-ago quarter.

Executive Recruitment operating income increased \$10.7 million to \$34.9 million in the three months ended July 31, 2015 as compared to \$24.2 million in the year-ago quarter. The increase in Executive Recruitment operating income was driven by higher fee revenue of \$3.7 million, a decline in restructuring charges, net of \$5.5 million, a decrease of \$2.2 million in general and administrative expenses, offset by increases in compensation and benefits expense of \$1.5 million. The increase in compensation and benefits expense was due in part to investments in headcount to grow the business (a 7% increase in the average consultant headcount), as well as higher incentive compensation tied to referrals between Executive Recruitment, LTC and Futurestep resulting from continued adoption of our strategy. Executive Recruitment operating income as a percentage of fee revenue was 23% in the three months ended July 31, 2015 as compared to 16% in the year-ago quarter.

LTC operating income increased \$4.1 million to \$7.5 million in the three months ended July 31, 2015 as compared to \$3.4 million in the year-ago quarter. The increase in LTC operating income was primarily due to a \$5.6 million increase in fee revenue and a decline of \$2.8 million in restructuring charges, net, partially offset by higher compensation and benefit expense of \$2.8 million and an increase of \$1.1 million in cost of services expense. LTC operating income as a percentage of fee revenue was 11% in the three months ended July 31, 2015 compared to 5% in the year-ago quarter.

Futurestep operating income increased by \$2.7 million to \$6.2 million in the three months ended July 31, 2015 from \$3.5 million in the year-ago quarter. The increase in Futurestep operating income was primarily due to \$6.9 million in higher fee revenue and a decline of \$1.4 million in restructuring charges, net, partially offset by an increase of \$4.6 million in compensation and benefits expense and \$0.7 million in general and administrative in the three months ended July 31, 2015 compared to the year-ago quarter. Futurestep operating income as a percentage of fee revenue was 13% in the three months ended July 31, 2015 as compared to 9% in the year-ago quarter.

Adjusted EBITDA

Adjusted EBITDA increased \$3.8 million to \$41.7 million in the three months ended July 31, 2015 as compared to \$37.9 million in the year-ago quarter. This increase was driven by higher fee revenue of \$16.2 million, primarily offset by higher compensation and benefits expense (excluding certain integration/acquisition costs) of \$10.1 million and an increase in other loss, net of \$2.3 million during the three months ended July 31, 2015 compared to the year-ago quarter. Adjusted EBITDA as a percentage of fee revenue was 16% in the three months ended July 31, 2015 as compared to 15% in the year-ago quarter.

Executive Recruitment Adjusted EBITDA was \$36.9 million and \$31.9 million in the three months ended July 31, 2015 and 2014, respectively. Adjusted EBITDA increased \$5.0 million in the three months ended July 31, 2015 as compared to the year-ago quarter due to higher fee revenue of \$3.7 million, a decline of \$2.2 million in general and administrative expenses, offset by increases of \$1.5 million in compensation and benefits expense. The increase in compensation and benefits expense was due in part to investments in headcount to grow the business, as well as higher incentive compensation tied to referrals between Executive Recruitment, LTC and Futurestep resulting from continued adoption of our strategy. The decrease in general and administrative expenses was partially due to favorable foreign exchange rate in the three months ended July 31, 2015 compared to the year-ago quarter. Executive Recruitment Adjusted EBITDA as a percentage of fee revenue was 24% in the three months ended July 31, 2015 as compared to 22% in the year-ago quarter.

LTC Adjusted EBITDA increased by \$1.0 million to \$10.7 million in the three months ended July 31, 2015 as compared to \$9.7 million in the year-ago quarter. This increase was due to higher fee revenue of \$5.6 million, offset by an increase in compensation and benefit expense of \$2.5 million (excluding certain integration/acquisition costs), \$1.1 million increase in cost of services and higher depreciation and amortization expenses of \$0.5 million. The increase in compensation and benefit expenses was due to an increase in headcount to grow the business (an 11% increase in the average headcount). LTC Adjusted EBITDA as a percentage of fee revenue was 15% in both the three months ended July 31, 2015 and 2014.

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Futurestep Adjusted EBITDA increased by \$1.5 million to \$6.8 million in the three months ended July 31, 2015 as compared to \$5.3 million in the year-ago quarter. The increase in Futurestep Adjusted EBITDA was primarily due to an increase in fee revenue of \$6.9 million, offset by an increase of \$4.6 million in compensation and benefits expense and \$0.7 million in general and administrative expenses during the three months ended July 31, 2015 as compared to the year-ago quarter. The increase in compensation and benefits expense was primarily driven by higher salaries and related payroll taxes due to an increase in average headcount. Futurestep Adjusted EBITDA as a percentage of fee revenue was 15% in the three months ended July 31, 2015 as compared to 14% in the year-ago quarter.

Other (Loss) Income, Net

Other loss, net was \$0.1 million in the three months ended July 31, 2015 as compared to other income, net of \$2.2 million in the year-ago quarter. The change in other (loss) income, net is due primarily to the decrease in the fair value of our marketable securities during the three months ended July 31, 2015 compared to the year-ago quarter.

Interest Expense, Net

Interest expense, net primarily relates to borrowings under our COLI policies, which is partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was \$0.3 million in the three months ended July 31, 2015 as compared to \$0.8 million in the year-ago quarter.

Equity in Earnings of Unconsolidated Subsidiaries

Equity in earnings of unconsolidated subsidiaries is comprised of our less than 50% interest in our Mexican subsidiary and IGroup, LLC. We report our interest in earnings or loss of our Mexican subsidiary and IGroup, LLC on the equity basis as a one-line adjustment to net income. Equity in earnings was \$0.7 million in the three months ended July 31, 2015 as compared to \$0.5 million in the year-ago quarter.

Income Tax Provision

The provision for income taxes was \$10.1 million in the three months ended July 31, 2015 compared to \$6.0 million in the year-ago quarter. The provision for income taxes in the three months ended July 31, 2015 and 2014 reflects a 31% and 30% effective tax rate, respectively.

Liquidity and Capital Resources

The Company and its Board of Directors endorse a balanced approach to capital allocation by utilizing capital for investment in the Company's consultants and intellectual property, as well as the strategic acquisition of businesses.

In addition, on December 8, 2014, the Board of Directors adopted a dividend policy to distribute, to our stockholders, a regular quarterly cash dividend of \$0.10 per share. On June 10, 2015, the Company declared a dividend of \$0.10 per share, paid on July 15, 2015 to stockholders of record on June 25, 2015. On September 7, 2015, the Company declared a dividend of \$0.10 per share, payable on October 15, 2015 to stockholders of record on September 25, 2015. The declaration and payment of future dividends under the quarterly dividend program will be at the discretion of the Board of Directors and will depend upon many factors, including our earnings, capital requirements, financial conditions, the terms of our indebtedness and other factors our Board of Directors may deem to be relevant. Our Board of Directors may, however, amend, revoke or suspend our dividend policy at any time and for any reason.

On December 8, 2014, the Board of Directors also approved an increase in the Company's stock repurchase program to an aggregate of \$150.0 million. Common stock may be repurchased from time to time in open market or privately negotiated transactions at the Company's discretion subject to market conditions and other factors.

Our performance is subject to the general level of economic activity in the geographic regions and the industries which we service. We believe, based on current economic conditions, that our cash on hand and funds from operations will be sufficient to meet anticipated working capital, capital expenditures, general corporate requirements and dividend payments under our dividend policy during the next twelve months. However, if the national or global economy, credit market conditions, and/or labor markets were to deteriorate in the future, such changes would put negative pressure on demand for

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our services and affect our operating cash flows. If these conditions were to persist over an extended period of time, we may incur negative cash flows, and it might require us to access our existing credit facility to meet our capital needs and/or discontinue our dividend policy.

Cash and cash equivalents and marketable securities were \$414.5 million and \$525.4 million as of July 31, 2015 and April 30, 2014, respectively. Net of amounts held in trust for deferred compensation plans and accrued bonuses, cash and marketable securities were \$237.5 million and \$235.6 million at July 31, 2015 and April 30, 2015, respectively. As of July 31, 2015 and April 30, 2015, we held \$149.5 million and \$143.4 million, respectively of cash and cash equivalents in foreign locations, net of amounts held in trust for deferred compensation plans and to pay fiscal 2016 and fiscal 2015 bonuses. If these amounts were distributed to the United States, in the form of dividends, we would be subject to additional U.S. income taxes. The Company has a plan to distribute a small portion of the cash held in foreign locations to the United States. No deferred tax liability has been recorded because no additional taxes would arise in connection with such distributions. Cash and cash equivalents consist of cash and highly liquid investments purchased with original maturities of three months or less. Marketable securities consist of mutual funds and investments in corporate bonds. The primary objectives of our investment in mutual funds are to meet the obligations under certain of our deferred compensation plans, while the corporate bonds and other securities are available for general corporate purposes.

As of July 31, 2015 and April 30, 2015, marketable securities of \$137.9 million and \$144.6 million, respectively, included trading securities of \$127.8 million (net of gross unrealized gains of \$8.0 million and \$0.6 million of gross unrealized losses) and \$131.4 million (net of gross unrealized gains of \$8.3 million and \$0.2 million of gross unrealized losses), respectively, held in trust for settlement of our obligations under certain deferred compensation plans, of which \$118.1 million and \$118.8 million, respectively, are classified as non-current. Our vested and unvested obligations for which these assets were held in trust totaled \$125.5 million and \$129.1 million as of July 31, 2015 and April 30, 2015, respectively. As of July 31, 2015 and April 30, 2015, we had marketable securities classified as available-for-sale with a balance of \$10.1 million and \$13.2 million, respectively.

The net increase in our working capital of \$5.0 million as of July 31, 2015 compared to April 30, 2015 is primarily attributable to a decrease in compensation and benefits payable and an increase in accounts receivable, offset by decreases in cash and cash equivalents. The decrease in compensation and benefits payable and cash and cash equivalents was primarily due to payment of annual bonuses earned in fiscal 2015 and paid during the first quarter of fiscal 2016 while accounts receivable increased due to an increase in days of sales outstanding which went from 58 days to 64 days (which is consistent with historical experience) from April 30, 2015 to July 31, 2015. Cash used in operating activities was \$90.2 million in the three months ended July 31, 2015 compared to \$90.0 in the year-ago quarter.

Cash provided by investing activities was \$3.8 million in the three months ended July 31, 2015, an increase of \$5.2 million from cash used in investing activities of \$1.4 million in the year-ago quarter. Cash provided by investing activities was higher primarily due to an increase of \$3.8 million in the net sales/maturities and purchase of marketable securities and a decrease of \$1.1 million in cash used to purchase property and equipment.

Cash used in financing activities was \$6.4 million in the three months ended July 31, 2015, an increase of \$4.6 million from cash used financing activities of \$1.8 million in the year-ago quarter. Cash used in financing activities increased primarily due to cash dividends paid to stockholders in the three months ended July 31, 2015 of \$5.1 million and an increase of \$2.8 million in cash used to repurchase shares of common stock to satisfy tax withholding requirements upon the vesting of restricted stock, offset with the higher cash proceeds from the exercise of employee stock options and in connection with an employee stock purchase plan of \$3.8 million in the three months ended July 31, 2015 compared to the year-ago quarter. As of July 31, 2015, \$150.0 million remained available for common stock repurchases under our stock repurchase program.

Cash Surrender Value of Company Owned Life Insurance Policies, Net of Loans

The Company purchased COLI policies or contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of funding benefits under such plans. As of July 31, 2015 and April 30, 2015, we held contracts with gross CSV of \$173.6 million and \$172.3 million, respectively. Since fiscal 2012, we paid our premiums under our COLI contracts from operating cash, and in prior years, we generally borrowed under our COLI contracts to pay related premiums. Such borrowings do not require annual principal repayments, bear interest primarily at variable rates and are secured by the CSV of COLI contracts. Total outstanding borrowings against the CSV of COLI contracts were \$68.5 million and \$69.6 million as of July 31, 2015 and April 30, 2015, respectively. At July 31, 2015 and April 30, 2015, the net cash value of these policies was \$105.1 million and \$102.7 million, respectively.

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Long-Term Debt

On June 3, 2015, we amended our senior unsecured revolving Credit Agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association, as lender (the “Lender”), which became effective as of June 5, 2015. The Credit Agreement provides for an aggregate availability under the revolving credit facility up to \$150.0 million, which includes a \$15.0 million sub-limit for letters of credit, with an option to increase the credit facility by an additional \$50.0 million prior to December 3, 2019, subject to the Lender’s consent and the satisfaction of certain conditions (including the requirement, if the Lender acting in its sole discretion so elects, that the credit facility under the Credit Agreement become secured at such time by substantially all the assets of the Company and the guarantors). The Credit Agreement matures on June 3, 2020.

Borrowings under the Credit Agreement bear interest, at our election, at the adjusted LIBOR plus the applicable margin or at the base rate plus the applicable margin. The applicable margin is based on a percentage per annum determined in accordance with a specified pricing grid based on the Company’s total funded debt to adjusted EBITDA ratio. For LIBOR loans, the applicable margin will range from 0.875% to 1.75% per annum, while for base rate loans, the applicable margin will range from 0.00% to 0.75% per annum. We are required to pay a quarterly commitment fee of 0.25% to 0.40% on the revolving credit facility’s average daily unused commitments based on the Company’s total funded debt to adjusted EBITDA ratio. In addition, there is a domestic liquidity requirement that we maintain at least \$50.0 million in domestic liquidity defined as unrestricted cash and/or marketable securities (excluding any marketable securities that are held in trust for the settlement of our obligations under certain deferred compensation plans) as a condition to consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases of our common stock. Undrawn amounts on our line of credit may be used to calculate domestic liquidity. The Company is also limited in consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases of our common stock to a cumulative total of \$125.0 million in any fiscal year. Subject to the foregoing, the Company is permitted to pay up to \$75.0 million in dividends and share repurchases, in aggregate, in any fiscal year (subject to the satisfaction of certain conditions), which amount is further limited by any consideration paid with respect to acquisitions during such fiscal year, as discussed above.

As of July 31, 2015 and April 30, 2015, the Company had no borrowings under its long-term debt arrangements. At July 31, 2015 and April 30, 2015, there was \$2.8 million of standby letters of credit issued under its long-term debt arrangements. The Company had a total of \$1.4 million and \$1.6 million of standby letters of credits with other financial institutions as of July 31, 2015 and April 30, 2015, respectively.

We are not aware of any other trends, demands or commitments that would materially affect liquidity or those that relate to our resources.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements and have not entered into any transactions involving unconsolidated, special purpose entities. We had no material changes in contractual obligations as of July 31, 2015, as compared to those disclosed in our table of contractual obligations included in our Annual Report.

Critical Accounting Policies

Preparation of this Quarterly Report on Form 10-Q requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions and changes in the estimates are reported in current operations as new information is learned or upon the amounts becoming fixed and determinable. In preparing our interim consolidated financial statements and accounting for the underlying transactions and balances, we apply our accounting policies as disclosed in the notes to our consolidated financial statements. We consider the policies related to revenue recognition, performance related bonuses, deferred compensation, carrying values of receivables, goodwill, intangible assets, fair value of contingent consideration and recoverability of deferred income taxes as critical to an understanding of our interim consolidated financial statements because their application places the most significant demands on management’s judgment and estimates. Specific risks for these critical accounting policies are described in our Form 10-K filed with the Securities Exchange Commission. There have been no material changes in our critical accounting policies since fiscal 2015.

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Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

As a result of our global operating activities, we are exposed to certain market risks, including foreign currency exchange fluctuations and fluctuations in interest rates. We manage our exposure to these risks in the normal course of our business as described below. We have not utilized financial instruments for trading, hedging or other speculative purposes nor do we trade in derivative financial instruments.

Foreign Currency Risk

Substantially all our foreign subsidiaries' operations are measured in their local currencies. Assets and liabilities are translated into U.S. dollars at the rates of exchange in effect at the end of each reporting period and revenue and expenses are translated at average rates of exchange during the reporting period. Resulting translation adjustments are reported as a component of accumulated other comprehensive income on our consolidated balance sheets.

Transactions denominated in a currency other than the reporting entity's functional currency may give rise to transaction gains and losses that impact our results of operations. Historically, we have not realized significant foreign currency gains or losses on such transactions. Foreign currency losses, on an after tax basis, included in net income were \$0.2 million and \$0.7 million in the three months ended July 31, 2015 and 2014, respectively.

Our primary exposure to exchange losses or gains is based on outstanding intercompany loan balances denominated in U.S. dollars. If the U.S. dollar strengthened or weakened by 15%, 25% and 35% against the Pound Sterling, the Euro, the Canadian dollar, the Australian dollar and the Yen, our exchange loss or gain for the three months ended July 31, 2015 would have been \$2.8 million, \$4.7 million and \$6.6 million, respectively, based on outstanding balances at July 31, 2015.

Interest Rate Risk

We primarily manage our exposure to fluctuations in interest rates through our regular financing activities, which are short term and provide for variable market rates. As of July 31, 2015 and April 30, 2015, we had no outstanding borrowings under our Credit Agreement. We had \$68.5 million and \$69.6 million of borrowings against the CSV of COLI contracts as of July 31, 2015 and April 30, 2015, respectively, bearing interest primarily at variable rates. The risk of fluctuations in these variable rates is minimized by the fact that we receive a corresponding adjustment to our borrowed funds crediting rate which has the effect of increasing the CSV on our COLI contracts.

Item 4. *Controls and Procedures*

(a) Evaluation of Disclosure Controls and Procedures.

Based on their evaluation of our disclosure controls and procedures conducted as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective.

(b) Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting during the three months ended July 31, 2015 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II.**Item 1. Legal Proceedings**

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 management, after consultation with legal counsel, have a material adverse effect on the Company's business, financial position or results of operations.

Item 1A. Risk Factors

In our Form 10-K for the year ended April 30, 2015, we described material risk factors facing our business. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. As of the date of this report, there have been no material changes to the risk factors described in our Form 10-K.

Item 2. Unregistered Sale of Equity Securities, Use of Proceeds and Issuers Purchases of Equity Securities**Issuer Purchases of Equity Securities**

The following table summarizes common stock repurchased by us during the quarter ended July 31, 2015:

	Shares Purchased (1)	Average Price Paid Per Share	Shares Purchased as Part of Publicly- Announced Programs (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs (2)
May 1, 2015— May 31, 2015	—	\$ —	—	\$ 150.0 million
June 1, 2015— June 30, 2015	2,369	\$ 33.29	—	\$ 150.0 million
July 1, 2015— July 31, 2015	185,735	\$ 34.97	—	\$ 150.0 million
Total	188,104	\$ 34.94	—	\$ 150.0 million

(1) Represents withholding of a portion of restricted shares to cover taxes on vested restricted shares.

(2) On December 8, 2014, the Board of Directors approved an increase in the Company's stock repurchase program to an aggregate of \$150.0 million. The shares can be repurchased in open market transactions or privately negotiated transactions at the Company's discretion.

Our senior unsecured revolving credit agreement limits us to consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases in any fiscal year to a cumulative total of \$125.0 million. Subject to the foregoing, pursuant to our senior unsecured revolving credit agreement, we are permitted to pay up \$75.0 million in dividends and share repurchases, in the aggregate, in any fiscal year (subject to the satisfaction of certain conditions). The senior unsecured revolving credit agreement also requires us to maintain \$50.0 million in domestic liquidity, defined as unrestricted cash and/or marketable securities (excluding any marketable securities that are held in trust for the settlement of the Company's obligation under certain deferred compensation plans) as a condition to consummating permitted acquisitions, paying dividends to our stockholders and repurchasing shares of our common stock. Undrawn amounts on our line of credits may be used to calculate domestic liquidity.

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Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1*	Employment Agreement between the Company and Matthew P. Reilly, dated May 4, 2015.
10.2	Credit Agreement with Wells Fargo Bank, National Association, as lender, dated January 18, 2013
10.3	Amendment No. 1 to Credit Agreement with Wells Fargo Bank, National Association, as lender, dated December 12, 2014
10.4**	Amendment No. 2 to Credit Agreement with Wells Fargo Bank, National Association, as lender, dated June 3, 2015
10.5+	Form of Indemnification Agreement between the Company and some of its directors and executive officers, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 15, 2015.
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
32.1	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management contract, compensatory plan or arrangement.

** Confidential treatment has been requested for portions of this exhibit which have been filed separately with the Securities and Exchange Commission.

+ Incorporated herein by reference.

SIGNATURES

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

KORN/FERRY INTERNATIONAL

By: /s/ Robert P. Rozek

Robert P. Rozek
Executive Vice President and Chief Financial Officer

Date: September 9, 2015

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+ Incorporated herein by reference.

May 4, 2015

PERSONAL AND CONFIDENTIAL

Mr. Matthew P. Reilly
c/o Korn Ferry Leadership Consulting Corporation
1900 Avenue of the Stars, Suite 2600
Los Angeles, CA 90067

Dear Matt,

We are delighted to extend to you this offer of employment to be the CEO of Korn Ferry International's ("Korn Ferry" or the "firm") Leadership and Talent Consulting business unit ("LTC"). The purpose of this offer letter (referred to herein as this "Offer Letter") is to confirm the terms of your employment, including your responsibilities, reporting relationships, compensation, employee benefits, and professional requirements. Your employment will begin on a date mutually agreed upon by you and Korn Ferry ("Start Date").

Base Salary

Your monthly base salary will be \$37,500.00, payable in semi-monthly increments.

Annual Incentive Award

You will be eligible for an annual incentive award of up to \$1,550,000 (cash and LTIP) with a target annual incentive award of \$850,000 (cash and LTIP). This award will be based on an appraisal of your achievements in meeting goals established by the Compensation and Personnel Committee of the Board of Directors of Korn Ferry ("Compensation Committee") and such other factors as may be determined in the discretion of the Compensation Committee.

In connection with Korn Ferry's fiscal year 2016 (May 1, 2015- April 30, 2016), you will be guaranteed a minimum incentive award of \$750,000; which shall be paid to you in cash, as an advance, in equal semi-monthly payments during the fiscal year. Any annual incentive award for Korn Ferry's fiscal year 2016 earned in excess of this guaranteed minimum award will be paid at such time and in such manner as determined by the Compensation Committee. Following fiscal year 2016, you will not have any guaranteed minimum incentive award amount or be entitled to any further advance incentive award payments.

Sign On Award

In recognition of amounts you will forfeit from your previous employer in order to commence employment with Korn Ferry, you shall be entitled to receive the following awards:

(1) a lump-sum cash award of seven hundred thousand dollars (\$700,000) payable within 30 days of your start date, with such amount subject to repayment to the Company (w) in full within

30 days following the termination of your employment either by you voluntarily without Good Reason (as defined below) or by Korn Ferry for "Cause" prior to the first anniversary of the Start Date, (x) in an amount equal to 75% of the gross amount thereof within 30 days following the termination of your employment either by you voluntarily without Good Reason or by Korn Ferry for "Cause" on or after the first anniversary of the Start Date and prior to the second anniversary of the Start Date, (y) in an amount equal to 50% of the gross amount thereof within 30 days following the termination of your employment either by you voluntarily without Good Reason or by Korn Ferry for "Cause" on or after the second anniversary of the Start Date and prior to the third anniversary of the Start Date; and (z) in an amount equal to 25% of the gross amount thereof within 30 days following the termination of your employment either by you voluntarily without Good Reason or by Korn Ferry for "Cause" on or after the third anniversary of the Start Date and prior to the fourth anniversary of the Start Date. For the avoidance of doubt, should your employment with Korn Ferry terminate after the fourth anniversary of your start date you shall not be obligated to repay any amount of the lump sum cash award of \$700,000 above;

(2) a one-time restricted stock unit award, subject to the approval by the Compensation Committee, in respect of a number of shares having a value on the grant date of the award (as determined by the Compensation Committee) equal to one million four hundred thousand dollars (\$1,400,000). Such restricted stock unit award will vest in four equal annual installments on the 1st, 2nd, 3rd, and 4th anniversaries of the date of the grant thereof, subject to your continuous active full-time employment with Korn Ferry through each vesting date and the terms and conditions of Korn Ferry's standard form of restricted stock unit award agreement; and

(3) a one-time award of restricted stock units subject to performance-based vesting criteria ("Performance Shares"), covering a number of shares with a value on the grant date of the award (as determined by the Compensation Committee) of one million dollars (\$1,000,000), which Performance Shares will be earned at the end of, and based on the firm's performance during, a performance period of 3 years starting with Korn Ferry's fiscal year 2016 (the "Performance Period") and subject to your continuous employment with Korn Ferry through the vesting date as set forth in Korn Ferry's standard form of performance share award agreement.

The date of grant of these awards will be the later of the date you commence full-time active employment with Korn Ferry or the date the awards are approved by the Compensation Committee. All other terms of the awards shall be determined by the Compensation Committee and consistent with Korn Ferry's equity compensation plan and applicable forms of award agreement.

Employee Benefits and Perquisites

You will be eligible to participate in such employee benefit plans arrangements and programs maintained by Korn Ferry from time to time for the benefit of its senior executives generally. In addition, while employed by Korn Ferry you will receive \$450 per month as an automobile allowance. Please be aware that these programs are subject to change. If they are modified in the future, you will continue to be eligible for such benefits as are provided to other line of business CEO's of the firm.

“At will” Employment and Termination of Employment

Your employment with Korn Ferry will be an employment “at will” and this arrangement may be altered only in writing by the CEO of Korn Ferry.

In the event that your employment with Korn Ferry is terminated (i) by Korn Ferry for any reason other than Cause (as defined below) and not due to your death or Disability or (ii) by you for Good Reason, and such termination of employment occurs prior to or more than 12 months after the occurrence of a Change in Control (as defined below), then Korn Ferry will pay to you your Accrued Compensation (as defined below), payable within 30 days after your termination (with the payment date during such 30 day period to be determined by Korn Ferry in its sole discretion), and a pro rata portion of the annual cash incentive award you would have received for the fiscal year in which your employment terminates (based on Korn Ferry’s actual performance over the entire year and the number of days of your actual service to Korn Ferry during such fiscal year), which pro rata portion will be payable to you at the same time bonuses are paid to executives generally for the applicable fiscal year, and

(1) Korn Ferry will pay to you the amount in cash equal, in the aggregate, to twelve (12) months of your then current annual base salary, to be paid in equal monthly installments over a period of twelve (12) months after the date your employment terminates;

(2) for up to eighteen (18) months after such termination, to the extent you and/or your covered dependent(s) continue to participate in Korn Ferry’s group health plan(s) pursuant to COBRA after your termination of employment and to the extent permitted by applicable law, Korn Ferry will provide reimbursement of COBRA coverage premiums paid by you and your covered dependent(s) so that you and your covered dependent(s) enjoy coverage at the same benefit level and to the same extent and for the same effective contribution, if any, as participation is available to other executive officers of Korn Ferry;

(3) outstanding equity incentive awards (including the one-time time vesting restricted stock unit award mentioned above) held by you (other than any performance shares) and all of your benefits under the Executive Capital Accumulation Plan, if any, at the time of your termination that would have vested in the twelve (12) months following the date your employment terminates (in each case, as if such incentives and benefits permitted proportionate vesting in monthly increments rather than any longer increment) will become fully vested as of the date your employment terminates and, to the extent applicable, shall remain exercisable until the date that is the earlier of (x) two (2) years after the date your employment terminates and (y) its originally scheduled expiration date; and

(4) you shall receive a number of performance shares and/or a payout under any long-term performance-based cash incentive program (as applicable), payable no later than the March 15 of the year following the calendar year in which the applicable performance period ends, equal to the product of (A) the performance shares and/or cash award that would have been earned if you had served Korn Ferry for the entirety of any open performance period at the time of your termination of employment based upon Korn Ferry’s actual performance during such period, and (B) a fraction, (x) the numerator of which fraction shall be the sum of (i) the number of days of your employment during any such performance period and (ii) 365 (provided that the numerator shall not exceed the number of days in the applicable performance period) and (y) the denominator of which fraction shall be the number of days in the applicable performance period (as determined in the sole discretion of the Compensation Committee).

In addition, if your employment with Korn Ferry is terminated (i) by Korn Ferry for any reason other than Cause and not due to your death or Disability or (ii) by you for Good Reason, and such termination of employment occurs within 12 months after the occurrence of a Change in Control (as defined on Schedule A hereto), then you will be entitled to the same severance benefits as described above, except that the aggregate payment in clause (1) above shall be in the amount equal to twelve (12) months of your then current annual base salary plus your full target annual incentive award (and these severance payments will be made in the same form and at such time as set forth in this section in paragraph (1) above), and you will be entitled to vesting of 100% of your outstanding equity incentive awards and all benefits under the Executive Capital Accumulation Plan, if any, provided that with respect to performance-based awards such vesting will be based on actual performance through the date of the Change in Control.

In the event that your employment is terminated by Korn Ferry for Cause, by you without Good Reason or as a result of your death or Disability, you will not be entitled to the severance compensation described above, but instead will only be entitled to payment of the Accrued Compensation through the date your employment terminates, payable within 30 days after your termination (with the payment date during such 30 day period to be determined by Korn Ferry in its sole discretion).

Notwithstanding anything in this letter to the contrary, other than the payment of the Accrued Compensation through the date of termination of your employment, you shall not be entitled to any severance payments or benefits hereunder (i) unless and until you execute and deliver to Korn Ferry, within twenty-one (21) days of the date of termination of your employment, a unilateral general release of all known and unknown claims against Korn Ferry and its officers, directors, employees, agents and affiliates in a form acceptable to Korn Ferry, and such release becomes fully effective and irrevocable under applicable law, and (ii) unless you are, and continue to be, in compliance with the terms set forth below under the headings "Business Information and Non-Competition" and "Assignment of Inventions". In addition, promptly following any termination of your employment (other than by reason of your death), you will deliver to Korn Ferry reasonably satisfactory written evidence of your resignation from all positions that you may then hold as an employee or officer of Korn Ferry or any affiliate.

For purposes of this letter:

"Accrued Compensation" means, as of any date, the amount of any unpaid base salary earned by you through the date of the termination of your employment and any annual cash incentive award earned by you, but not yet paid, for the most recently completed fiscal year prior to the termination of your employment.

"Cause" shall mean (a) conviction of any felony or other crime involving fraud, dishonesty or acts of moral turpitude or pleading guilty or nolo contendere to such charges, (b) reckless or willful behavior or conduct that causes or is reasonably likely to cause Korn Ferry material harm or injury or exposes or is reasonably likely to expose Korn Ferry to any material civil, criminal

or administrative liability, (c) any material misrepresentation or false statement made by you in any application for employment, employment history, resume or other document submitted to Korn Ferry, either before, during or after employment, (d) any material violation of Korn Ferry's material written policies or procedures including those described under Professional Requirements below, or (e) any of your representations or warranties set forth in the third paragraph under Professional Requirements below are, or become, untrue or inaccurate.

"Disability" shall mean you are unable, by reason of mental or physical disability, incapacity or illness, to perform substantially all of your duties and obligations hereunder, which condition lasts for a continuous period in excess of three (3) months, or an aggregate period in excess of four (4) months in any one (1) calendar year.

You shall be deemed to have "Good Reason" to terminate your employment hereunder if, without your prior written consent, (A) Korn Ferry materially reduces your duties or responsibilities as Chief Executive Officer, LTC; (B) Korn Ferry materially reduces your then current base salary or target annual incentive award as set forth herein (in each case, other than as part of an across-the-board reduction applicable to all "named executive officers" of Korn Ferry (as defined under Item 402 of Regulation S-K and to the extent employed by Korn Ferry at that time)); or (C) Korn Ferry materially breaches a material term of this letter agreement. Prior to terminating for Good Reason, you are required to provide Korn Ferry with 30 days advance written notice of your intention to terminate employment for Good Reason, and Korn Ferry shall be permitted to cure any events giving rise to such Good Reason that are subject to being cured during such 30 day period, after which, if such event remains uncured, your employment must terminate within 30 days.

Professional Requirements

You will continue to be subject to (and hereby acknowledge) the firm's Code of Business Conduct, Code of Business Conduct and Ethics, Non-Harassment and Non-Discrimination Policy, Information Technology Security Policies and Procedures, Policy Statement Regarding Insider Trading, Media Contacts, and Securities Analysts, Policy Statement Prohibiting Payments to Foreign Government Agencies and Officials, Political Parties, Leaders and Candidates, and False Entries in Books and Records, and the Agreement to Protect Confidential Information which govern all aspects of our professional practice. Copies of the Codes, Policies and Agreement have been previously provided to you. Your employment continues to be contingent on your abiding by the provisions of these documents.

In addition, as an executive officer of Korn Ferry, you hereby acknowledge and agree that you are subject to the terms and conditions of the Korn Ferry International Clawback Policy, as in effect from time to time, a current copy of which has already been provided to you. You also agree that all "incentive payments" and "performance-based equity awards" you receive, as such terms are defined in the Policy, are subject to the terms and conditions of the Policy.

You also represent and warrant that you are currently legally available to work for Korn Ferry, that you have the full legal right and authority to negotiate and accept this offer letter of employment and to render the services as required under this offer letter, and that by negotiating, accepting and signing such offer letter and rendering such services, you will not have breached

or violated and will not breach or otherwise violate any contract or legal obligation that you may owe to any third party. You further represent and warrant that you have not and will not breach or violate any contract or legal obligation owed to any third party, e.g., a fiduciary obligation owed to your current employer. If for any reason whatsoever, any of the foregoing representations or warranties are untrue or inaccurate, or become untrue or inaccurate after your acceptance of such offer letter, in any respect, then Korn Ferry shall have the right to terminate your employment for Cause.

Business Information and Non-Competition

You acknowledge and agree that, during your employment with Korn Ferry, you will have access to Korn Ferry's customer information, trade secrets and other confidential and proprietary information relating to the business of Korn Ferry and, therefore, in consideration of the payments and benefits provided under this letter, you will comply with the restrictions and obligations set forth in this letter.

You agree that during the term of your employment, except as necessary to carry on the business of Korn Ferry or its subsidiaries or affiliates, and after the expiration of your employment for any reason, you shall not, directly or indirectly, use or disclose to any person, firm, or corporation, any candidate list, personal histories or resumes, employment information, business information, customer lists, business secrets or any other information not generally known in the industry concerning business or policies of the firm or its subsidiaries or affiliates, including, but not limited to the list of clients or placement candidates of the firm or its subsidiaries or affiliates.

You further agree that during the term of your employment and the period ending two years after your employment terminates for any reason, you will not directly or indirectly (as owner, principal, agent, partner, officer, employee, independent contractor, consultant, stockholder or otherwise) (1) solicit or accept any executive search or leadership development/consulting assignment from, or otherwise attempt to provide services then provided by the firm or its subsidiaries or affiliates to, any existing client of the firm or its subsidiaries or affiliates or any person who has been a client of the firm or its subsidiaries or affiliates during the preceding two years, or (2) solicit for employment or otherwise attempt to engage the services of any employee of the firm or its subsidiaries or affiliates. The term "client" as used in this clause shall mean only clients as to which you, at any time during the three years preceding the date your employment terminates for any reason, contacted or engaged in activities on behalf of the firm or its subsidiaries or affiliates.

In addition, you agree that during the term of your employment and the period ending twelve months after your employment terminates for any reason you will not directly or indirectly in the entire United States and any other country where Korn Ferry or its subsidiaries or affiliates has operated or offered its services at any time in the one-year period ending on the last day of your employment with Korn Ferry, (a) own, manage, operate, be employed by, provide services to, sell, control or participate in the ownership, management, operation, sales or control of any of the competitors (including, but not limited to, any of their subsidiaries or affiliates) listed on Schedule B (attached hereto and each business a "Listed Entity") provided

that the foregoing shall not be applicable to the ownership of not more than 1% of the publicly traded equity securities of any of the foregoing or to the indirect ownership of any of the foregoing through the ownership of mutual funds; or (b) request or advise any of the clients, vendors or other business contacts of Korn Ferry or its subsidiaries or affiliates with which you had contact while employed by Korn Ferry to withdraw, curtail, cancel or not increase their business with Korn Ferry or its subsidiaries or affiliates.

Finally, you agree to notify Korn Ferry of each employment or consulting engagement you accept during the one year period following your termination of employment (including the name and address of the hiring party) and will, upon request by Korn Ferry, describe in reasonable detail the nature of your duties in each such position.

The terms of this letter shall be governed by and construed under and in accordance with the internal laws of the State of Georgia without reference to the principles of conflicts of laws. Should any court or other authority of competent jurisdiction determine that any agreement or covenant in this letter, in order to be effective, must be modified to limit its duration or scope, you and Korn Ferry agree to consider such agreement or covenant to be so modified in its duration and/or scope and such agreement or covenant, and all other agreements and covenants in this letter, shall otherwise continue in full force and effect.

Assignment of Inventions

Korn Ferry shall be the sole and exclusive owner and the sole author of all of the results and proceeds of your efforts, including, but not limited to, all ideas or suggestions, whether or not in writing, which are created, suggested and/or obtained by you in the course and scope of your employment with Korn Ferry (collectively, the "Work"), from the moment of their creation and at every stage of their development, production, or completion. Without limiting the foregoing, in the event that any element(s) of the Work are not deemed to be a "work made for hire" for Korn Ferry, you hereby irrevocably and exclusively assign to Korn Ferry (or if any applicable law prohibits or limits such assignment, you hereby exclusively and irrevocably license to Korn Ferry) all right, title and interest in and to such element(s) (including all copyrights therein and thereto and all renewals and extensions thereof), and all rights to exploit the same throughout the world, in perpetuity (but in any event for not less than the period of copyright and any renewals and extensions thereof), in any and all media, whether now or hereafter known or devised. You hereby grant to Korn Ferry the right to change, add to, take from, translate, reformat and/or reprocess the Work in any manner Korn Ferry may in its sole discretion determine. To the fullest extent allowable under any applicable law, you hereby irrevocably waive or assign to Korn Ferry, your so-called "moral rights" or "droit moral." You agree to execute and deliver to Korn Ferry such assignments, certificates of engagement or other instruments as Korn Ferry may reasonably require from time to time to evidence Korn Ferry's ownership of the Work.

Section 409A Compliance

Notwithstanding any inconsistent provision herein, to the extent Korn Ferry determines in good faith that (a) one or more of the payments or benefits received or to be received by you pursuant hereunder in connection with your termination of employment would constitute deferred compensation subject to the rules of Internal Revenue Code Section 409A

(“Section 409A”) and not exempt from Section 409A, and (b) that you are a “specified employee” under Section 409A, then only to the extent required to avoid your incurrence of any additional tax or interest under Section 409A, such payment or benefit will be delayed until the earlier of your death or the date which is six (6) months after your “separation from service” within the meaning of Section 409A. For purposes of Section 409A of the Code, each right to receive payment hereunder shall be treated as a right to receive a series of separate payments and, accordingly, any installment payment shall at all times be considered a separate and distinct payment. Anything herein to the contrary notwithstanding, the terms of this letter shall be interpreted and applied in a manner consistent with the requirements of Section 409A the regulations promulgated thereunder so as not to subject you to the payment of any tax penalty or interest which may be imposed by Section 409A of the Code and Korn Ferry shall have no right to accelerate or make any payment hereunder except to the extent such action would not subject you to the payment of any tax penalty or interest under Section 409A. If, under the terms of this Agreement, it is possible for a payment that is subject to Section 409A to be made in two separate taxable years, payment shall be made in the later taxable year.

To the extent that any reimbursements pursuant to this Agreement or otherwise are taxable to you, any reimbursement payment due to you shall be paid to you on or before the last calendar day of your taxable year following the taxable year in which the related expense was incurred; provided, that, you have provided Korn Ferry written documentation of such expenses in a timely fashion and such expenses otherwise satisfy Korn Ferry’s Company’s expense reimbursement policies. Reimbursements pursuant to this Agreement or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that you receive in one taxable year shall not affect the amount of such reimbursements that you receive in any other taxable year.

Section 280G

Anything in this letter to the contrary notwithstanding, in the event it shall be determined that any payment, benefit or distribution made or provided by Korn Ferry or its affiliated companies to you or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms hereof or otherwise) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), or interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then such Payments shall either (a) be delivered in full, or (b) subject to and in a manner consistent with the requirements of Section 409A of the Code, be reduced to the minimum extent necessary to ensure that no portion thereof will be subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state or local income and employment taxes and the Excise Tax, results in your receipt, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the Excise Tax. In the event that any Payments are to be reduced pursuant to this paragraph, then the reduction shall be applied as follows: (i) first, on a pro rata basis to your cash severance payments and your pro rata annual cash incentive award payment for the year of termination, (ii) second, on a pro rata basis to your equity incentive awards and (iii) third, to your benefits under the Executive Capital Accumulation Plan, if any.

Withholding

All amounts payable to you hereunder will be subject to customary tax and other withholdings.

Acceptance

Upon your acceptance of this offer of employment, please acknowledge your agreement with the terms set forth in this letter by signing in the designated space below. A copy of this letter agreement is enclosed for your records.

I look forward to your continued success with Korn Ferry International. If you have any questions, please don't hesitate to call me.

Sincerely,

/s/ Gary D. Burnison

Gary D. Burnison
Chief Executive Officer
Korn Ferry International

ACCEPTED:

/s/Matt Reilly

Matt Reilly

01 May 2015

Date

SCHEDULE A

DEFINITION OF CHANGE IN CONTROL

For purposes of the foregoing, a "Change in Control" shall mean any of the following:

(a) an acquisition by any Person (excluding one or more Excluded Persons) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) or a pecuniary interest (as defined in Section 16a-1(a)(2) of the Exchange Act) in (either comprising "ownership of") more than 30% of the Common Stock of the Company or voting securities entitled to then vote generally in the election of directors ("Voting Stock") of the Company, after giving effect to any new issue in the case of an acquisition from the Company; or

(b) consummation of merger, consolidation, or reorganization of the Company or of a sale or other disposition of all or substantially all of the Company's consolidated assets as an entirety (collectively, a "Business Combination"), other than a Business Combination (1) in which all or substantially all of the holders of Voting Stock of the Company hold or receive directly or indirectly more than 50% of the Voting Stock of the entity resulting from the Business Combination (or a parent company), and (2) after which no Person (other than any one or more of the Excluded Persons) owns more than 30% of the Voting Stock of the resulting entity (or a parent company) who did not own directly or indirectly at least that percentage of the Voting Stock of the Company immediately before the Business Combination, and (3) after which one or more Excluded Persons own an aggregate amount of Voting Stock of the resulting entity owned by any Persons who (i) own more than 5% of the Voting Stock of the resulting entity, (ii) are not Excluded Persons, (iii) did not own directly or indirectly at least the same percentage of the Voting Stock of the Company immediately before the Business Combination, and (iv) in the aggregate own more than 30% of the Voting Stock of the resulting entity; or

(c) approval by the Board of Directors of the Company and (if required by law) by shareholders of the Company of a plan to consummate the dissolution or complete liquidation of Korn Ferry International; or

(d) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new directors (excluding any new director designated by a person who has entered into an agreement or arrangement with Korn Ferry International to effect a transaction described in clause (a) or (b) of this definition) whose appointment, election, or nomination for election was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved (all such directors, "Incumbent Directors"), cease for any reason to constitute a majority of the Board; provided that for purposes of this clause (d), any directors elected at any time during 1999 shall be deemed to be Incumbent Directors.

Notwithstanding the above provisions in this Schedule A, no Change in Control shall be deemed to have occurred if a Business Combination, as described in paragraph (b) above, is effected and a majority of the Incumbent Directors, through the adoption of a Board resolution, determines that, in substance, no Change in Control has occurred.

The “Company” means Korn Ferry International, a Delaware corporation, its successors, and/or its Subsidiaries, as the context requires.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Excluded Person” means

(i) the Company; or

(ii) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act; or

(iii) any employee benefit plan of the Company; or

(iv) any affiliates (within the meaning of the Exchange Act), successors, or heirs, descendants or members of the immediate families of the individuals identified in part (ii) of this definition.

“Person” means an organization, a corporation, an individual, a partnership, a trust or any other entity or organization, including a governmental entity and a “person” as that term is used under Section 13(d) or 14(d) of the Exchange Act.

Schedule B

A. T. Kearney
Adecco
Alexander Mann
Ambris
AON plc
Aon/Hewitt
Caldwell Partners
Center for Creative Leadership
Christian & Timbers
Corporate Executive Board
CT Partners
Cubiks
Deloitte
Development Dimensions International
Egon Zender
GH Smart
Hay Group
Heidrick & Struggles
Hogan
HRX
Kelly Services

Kenexa/IBM
Manpower
Marsh & McLennan Companies, Inc.
PeopleScout
Pinstripe/Ochre House
Pricewaterhouse Coopers
RHR International LLP
Right Management
RightThing/ADP
Russell Reynolds
SAP/Successfactors
SHL
Spencer Stuart
Spherion/Ranstad
Talent2/Allegis
Taleo/Oracle
Towers Watson & Co.
Ultimate Software
Workday
YSC
Zenger-Folkman

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") is entered into as of January 18, 2013, by and between KORN/FERRY INTERNATIONAL, a Delaware corporation ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

Borrower has requested that Bank extend or continue credit to Borrower as described below, and Bank has agreed to provide such credit to Borrower on the terms and conditions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 DEFINED TERMS. The following terms as used herein shall have the following meanings:

"Adjusted EBITDA" means, with respect to any fiscal period of Borrower and its Subsidiaries, the sum of (determined on a consolidated basis and without duplication) the following: (a) net profit before tax for such period, and, in each case to the extent included in the computation of net profit before tax for such period, minus (b) the amount of any non-recurring gains, plus (c) interest expense, plus (d) depreciation expense and amortization expense, plus (e) non-cash capital stock-based compensation to officers and employees (including in connection with the vesting of stock options in Borrower), plus (f) restructuring charges (whether in cash or non-cash), including those resulting from Permitted Acquisitions, in an amount not to exceed \$20,000,000, plus (g) non-cash, non-recurring charges, and (h) plus non-cash charges or minus non-cash gains related to fair value adjustments.

"Aggregate Effective Amount" means, as of any date of determination, the sum of (a) the aggregate effective face amounts of all Letters of Credit then outstanding and not then paid by Bank or an affiliate of Bank, plus (b) the aggregate amounts paid by Bank (or its affiliates) under Letters of Credit not then reimbursed to Bank by Borrower pursuant to Section 2.1(d) and not the subject of one or more Revolving Advances deemed made pursuant to Section 2.1(d).

"Bank" is defined in the preamble.

"Bankruptcy Code" is defined in Section 7.1(f).

“Borrower” is defined in the preamble.

“Business Day” means any day except a Saturday, Sunday or any other day on which commercial banks in California are authorized or required by Law to close.

“Capital Lease” means, as to any Person, a lease of any property by that Person as lessee that is, or should be in accordance with GAAP (including Financial Accounting Standards Board Statement No. 13, as amended or superseded from time to time), recorded as a “capital lease” on the balance sheet of that Person prepared in accordance with GAAP; provided that notwithstanding the foregoing in the event that GAAP changes during the term of this Agreement, “Capital Lease” shall not include any operating lease.

“Cash Equivalents” means, when used in connection with any Person, that Person’s:

- (a) Investments in Government Securities due within one year after the date of the making of the investment;
- (b) Investments in readily marketable direct obligations of any State of the United States of America or any political subdivision of any such State or any public agency or instrumentality thereof given on the date of such investment a credit rating of at least Aa by Moody’s Investors Service, Inc. or AA by Standard & Poor’s Rating Group (a division of McGraw Hill, Inc.), in each case due within one year after the date of the making of the investment;
- (c) Investments in certificates of deposit issued by, bank deposits in, eurodollar deposits through, bankers’ acceptances of, and repurchase agreements covering Government Securities executed by Bank or any bank incorporated under the Laws of the United States of America, any State thereof or the District of Columbia and having on the date of such investment combined capital, surplus and undivided profits of at least \$250,000,000, or total assets of at least \$5,000,000,000, in each case due within one year after the date of the making of the investment;
- (d) Investments in certificates of deposit issued by, bank deposits in, eurodollar deposits through, bankers’ acceptances of, and repurchase agreements covering Government Securities executed by any branch or office located in the United States of America of a bank incorporated under the Laws of any jurisdiction outside the United States of America having on the date of such investment combined capital, surplus and undivided profits of at least \$500,000,000, or total assets of at least \$15,000,000,000, in each case due within one year after the date of the making of the investment;
- (e) Investments in readily marketable commercial paper or other debt securities issued by corporations doing business in and incorporated under the Laws of the United States of America or any State thereof or of any corporation that is the holding company for a bank described in clause (c) or (d) above given on the date of such investment a credit rating of at least P 1 by Moody’s Investors Service, Inc. or A 1 by Standard & Poor’s Rating Group (a division of McGraw Hill, Inc.), in each case due within one year after the date of the making of the investment; and

(f) Investments in a readily redeemable “money market mutual fund” sponsored by a bank described in clause (c) or (d) hereof that has and maintains an investment policy limiting its investments primarily to instruments of the types described in clauses (a) through (e) hereof and given on the date of such investment a credit rating of at least Aa by Moody’s Investors Service, Inc. and AA by Standard & Poor’s Rating Group (a division of McGraw Hill, Inc.).

“Change of Control” means that (a) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30%, or more, of the Equity Interests of Borrower having the right to vote for the election of members of the Board of Directors, (b) a majority of the members of the board of directors of Borrower do not constitute Continuing Directors, or (c) except to the extent otherwise permitted pursuant to the terms of this Agreement (including without limitation Section 6.3), Borrower shall cease to own and control, directly or indirectly, (i) with respect to any Material Subsidiary in existence on the Closing Date, all of the Equity Interests in such Material Subsidiary owned and controlled, directly or indirectly, by Borrower on the Closing Date, or (ii) with respect to any Material Subsidiary acquired or formed after the Closing Date, all of the Equity Interests in such Material Subsidiary owned and controlled, directly or indirectly, by Borrower on the date of such acquisition or formation.

“Closing Date” means the date on which all conditions precedent set forth in Section 4.1 have been met or waived in writing by Bank.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

“Compliance Certificate” means a certificate duly executed by the chief financial officer of Borrower appropriately completed and in substantially the form of Exhibit A.

“Continuing Director” means (a) any member of the board of directors of Borrower who was a director of Borrower on the Closing Date, and (b) any individual who becomes a member of the board of directors of Borrower after the Closing Date if such individual was approved, appointed or nominated for election to the board of directors by a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the board of directors of Borrower in office at the Closing Date in an actual or threatened election contest relating to the election of the directors of Borrower and whose initial assumption of office resulted from such contest or the settlement thereof.

“Debtor Relief Laws” means the Bankruptcy Code, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

“Domestic Liquidity” means, as of any date of determination, the aggregate amount of unrestricted and unencumbered (a) cash and Cash Equivalents and (b) Marketable Securities (excluding any Marketable Securities that are then held in trust for settlement of Borrower’s obligations under certain of its deferred compensation plans), in each case then held by Borrower and its Domestic Subsidiaries.

“Domestic Subsidiary” means a Subsidiary that is not a Foreign Subsidiary.

“Equity Interest” of any Person means any and all shares, interests, participations or other equivalents (however designated, and including capital appreciation rights) of the capital stock, membership interests, partnership interests or other equivalent equity ownership interests in or of such Person, and any and all warrants, rights or options to purchase or acquire any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time, including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

“Event of Default” is defined in Section 7.1.

“Excluded Subsidiaries” means, collectively, the Foreign Subsidiaries of Borrower identified on Schedule 5.11 hereto.

“Foreign Operations Consolidation” is defined in Section 6.3(a).

“Foreign Subsidiary” means a Subsidiary of Borrower that (a) is organized under the laws of a country (or political subdivision thereof) other than the United States of America and (b) holds all or substantially all of its assets outside the United States of America.

“GAAP” means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States of America, that are applicable to the circumstances as of the date of determination, consistently applied, unless required by any of the governing bodies referenced above to adopt a change in such principles.

“Governmental Authority” means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (c) any court, administrative tribunal or public utility.

“Government Securities” means readily marketable (a) direct full faith and credit obligations of the United States of America or obligations guaranteed by the full faith and credit of the United States of America and (b) obligations of an agency or instrumentality of, or corporation owned, controlled or sponsored by, the United States of America that are generally considered in the securities industry to be implicit obligations of the United States of America.

“Greenshoe Option” is defined in Section 2.1(b).

“Hedging Agreement” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity agreements and other similar agreements or arrangements designed to protect against fluctuations in interest rates, currency values or commodity values.

“Indebtedness”, as applied to any Person, means without duplication (a) all indebtedness for borrowed money; (b) obligations under leases which in accordance with GAAP constitute Capital Leases or are synthetic leases; (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (d) obligations under conditional sale or other title retention agreements relating to property acquired by such Person and obligations of such Person in respect of the deferred purchase price of property or services (other than current accounts payable incurred in the ordinary course of such Person’s business); (e) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non recourse to the credit of that Person; (f) obligations in respect of letters of credit or bankers acceptances; (g) any advances under any factoring arrangement; (h) any net obligations of such Person under “swap,” “cap,” “collar” or other interest rate protection agreements or arrangements; and (i) all obligations of any partnership or joint venture of which such Person is a member, if such Person is legally liable for such obligations. For the avoidance of doubt, the obligation of any Person to pay an “earn-out” or similar contingent consideration obligation in respect of an acquisition (whether of Equity Interests or assets) shall not constitute “Indebtedness” unless and until such obligation shall be deemed (and treated as) a non-contingent liability in accordance with GAAP (including without limitation in the event such earn-out or similar obligation becomes the subject of an interest-bearing note or similar instrument).

“Indemnitee” is defined in Section 8.11.

“Investment” means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of any Equity Interests of any Person or by means of a loan, advance creating a debt, capital contribution, guaranty or other debt or equity participation interest in any other Person, including any partnership and joint venture interests of such Person.

“Laws” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative orders or judicial precedents.

“Letter of Credit” is defined in Section 2.1(d).

“Letter of Credit Documents” is defined in Section 2.1(d).

“Letter of Credit Fees” is defined in Section 2.2(e).

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting such asset, including any agreement to give any of the foregoing, (b) the interest of a vendor or a lessor under any

conditional sale agreement, Capital Lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities, and/or (d) the filing of or agreement to give any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction with respect to such asset.

“Line of Credit” is defined in Section 2.1(a).

“Line of Credit Amount” means, \$75,000,000, provided that such amount may be (a) increased from time to time pursuant to Section 2.1(b), and (b) reduced from time to time pursuant to Section 2.1(c).

“Line of Credit Maturity Date” means January 18, 2018.

“Line of Credit Note” is defined in Section 2.1(a).

“Line of Credit Usage” means, as of any date of determination, the sum of (a) the aggregate principal amount of Revolving Advances outstanding as of such date, plus (b) the then applicable Aggregate Effective Amount.

“Loan Documents” means, collectively, this Agreement, the Line of Credit Note, the Subsidiary Guaranty, any Letter of Credit Document, and any other certificates, documents or agreements of any type or nature heretofore or hereafter executed or delivered by Borrower, any other Obligor and/or any other Person to Bank in any way relating to or in furtherance of this Agreement, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated or extended.

“Marketable Securities” means, when used in connection with any Person, that Person’s Investments, excluding Investments in real estate, that are (a) traded on (i) a U.S. national securities exchange, (ii) on the comparable securities exchanges located in London, England, Paris, France, Hong Kong, People’s Republic of China, Tokyo, Japan and Frankfurt, Germany and (iii) any other comparable non-U.S. exchange approved by Bank, (b) reported through the National Association of Securities Dealers Automated Quotation National Market System or comparable non-U.S. established over-the-counter trading system approved by Bank, (c) traded on a U.S. commodities exchange or on a comparable non-U.S. commodities exchange approved by Bank, or (d) regularly traded on an over-the-counter basis and susceptible of obtaining bid offers and prices by contacting the trading desks of at least three nationally recognized securities or commodities trading companies, and in each case which are not (or after exercise of immediately exercisable registration rights of such Person would not be) subject to restrictions on transfer as a result of applicable contract provisions, the provisions of the Securities Act of 1933, as amended (or regulations thereunder), or other applicable law.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the condition (financial or otherwise), operations, assets, business or properties of Borrower or the Material Subsidiaries taken as a whole, (b) a material impairment of the ability of Borrower or any Obligor to punctually pay or perform any of its obligations under any Loan Document to which it is a party, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower or any Obligor of any Loan Document to which it is a party.

“Material Subsidiary” means a Subsidiary of Borrower that holds total assets (excluding intercompany Indebtedness owing from Borrower or any of its Subsidiaries) with a book value of more than \$20,000,000; provided that Borrower may designate (in a writing delivered to Bank) a Subsidiary as a Material Subsidiary notwithstanding that such Subsidiary would not otherwise constitute a Material Subsidiary.

“Material Non-TP Subsidiary” means a Material Subsidiary of Borrower that is not a Tax Preferred Subsidiary.

“Obligations” means all present and future obligations of every kind or nature of any Obligor at any time and from time to time owed to Bank, under any one or more of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against any Obligor.

“Obligors” means, collectively, Borrower, each Person executing the Subsidiary Guaranty and any other Person that, either on or after the Closing Date, becomes a guarantor of all or any part of the Line of Credit and, in each case where any of the foregoing is a partnership, each general partner thereof.

“Pending Acquisition” means a proposed acquisition by Borrower of a global leadership solutions company as more particularly disclosed by Borrower to Bank prior to the Closing Date and referred to as “Project Unity”.

“Permitted Acquisition” means an acquisition by Borrower or any of its Material Subsidiaries of all or substantially all of the assets of, or all of the Equity Interests of, an entity (except in the event of an asset purchase, of such entity or a division or location where such entity does business) (each, an “Acquired Person”), provided that (a) the consent of Bank to such acquisition has been obtained or (b) each of the following conditions is satisfied with respect to such acquisition, if applicable:

(a) Such Acquired Person is engaged primarily in the same or reasonably related line(s) of business as Borrower and its Material Subsidiaries, taken as a whole;

(b) If such Acquisition is of all of the Equity Interests of the Acquired Person, such Acquired Person is merged with and into Borrower or the applicable Material Subsidiary substantially simultaneously with Borrower’s or such Subsidiary’s acquisition of such Equity Interests or becomes a wholly-owned Subsidiary of Borrower or such Material Subsidiary and the provisions of Section 5.11 are satisfied with respect to such new Subsidiary to the extent applicable;

(c) If such acquisition is of all of the Equity Interests of an Acquired Person, such acquisition is not opposed by the board of directors or equivalent governing body of the Acquired Person;

(d) If the aggregate consideration paid or to be paid with respect to such acquisition equals or exceeds \$30,000,000, Borrower or such Material Subsidiary shall have delivered to Bank prior written notice of such acquisition, which notice shall provide Bank a reasonably detailed description of the proposed acquisition;

(e) At the time of such acquisition, no Potential Event of Default or Event of Default shall exist and no Potential Event of Default or Event of Default would occur as a result thereof on a pro forma basis immediately after giving effect to such acquisition;

(f) The acquisition shall have been consummated in compliance in all material respects with all applicable Laws; and

(g) After giving effect to such acquisition and the purchase price to be paid in connection therewith (i) Domestic Liquidity shall not be less than \$50,000,000, (ii) the aggregate amount of consideration paid with respect to all acquisitions (excluding the Pending Acquisition) shall not exceed \$100,000,000 in any fiscal year of Borrower and (iii) the aggregate amount of consideration paid with respect to all acquisitions (excluding the Pending Acquisition) plus the aggregate amount of dividends and distributions paid by Borrower pursuant to Section 6.6(c) and Share Repurchases shall not exceed \$125,000,000 in any fiscal year of Borrower.

“Permitted Encumbrances” means:

(a) Any Liens existing on the Closing Date and disclosed on Schedule 6.7 and any renewals or extensions thereof;

(b) Any Liens arising under this Agreement or the other Loan Documents;

(c) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which Borrower maintains adequate reserves;

(d) Purchase money Liens, whether now existing or hereafter arising (including those arising out of a Capital Lease or a synthetic lease) (i) on equipment and software acquired or held by Borrower incurred for financing the acquisition of the equipment and software, or (ii) existing on equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the equipment and software;

(e) Leases or subleases and licenses or sublicenses granted in the ordinary course of Borrower’s business;

(f) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 7.1(e);

(g) Liens in favor of other financial institutions arising in connection with Borrower’s deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by such institutions, provided that Bank has a perfected Lien in the amounts held in such deposit accounts;

(h) Liens of landlords and liens of carriers, warehousemen, mechanics, materialmen and other similar Liens incurred in the ordinary course of business for sums not overdue more than sixty (60) days;

(i) Liens (other than any lien created by Section 4068 of ERISA and securing an obligation of any employer or employers which is delinquent) incurred or deposits or pledges made in the ordinary course of business in connection with worker's compensation, unemployment insurance and other types of social security, or to secure the performance of bids, leases, customs, tenders, statutory obligations, surety and appeal bonds, payment and performance bonds, return-of-money bonds and other similar obligations (not incurred in connection with the borrowing of money or the obtaining of advances or credits to finance the purchase price of property);

(j) Easements, rights-of-way, restrictions, covenants, conditions and other Liens incurred, licenses and sublicenses and other similar rights granted to others in the ordinary course of business and not, individually or in the aggregate, materially interfering with the ordinary conduct of the business of the applicable Person;

(k) Liens which are incidental to the conduct of the Borrower's business or the ownership of its property and assets and which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially impair the ordinary conduct of the business of the applicable Person;

(l) Liens securing Indebtedness incurred to the extent used to finance insurance premiums, provided that the property encumbered thereby shall be limited to the proceeds of any such insurance policies;

(m) Any (i) interest or title of a lessor or sublessor under any lease not prohibited by this Agreement, (ii) Lien or restriction that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any Lien or restriction referred to in the preceding clause (ii), so long as the holder of such Lien or restriction agrees to recognize the rights of such lessee or sublessee under such lease;

(n) Any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property;

(o) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases and consignments; and

(p) Liens consisting of rights of set-off or bankers' liens or amounts on deposit.

"Permitted Indebtedness" means, without duplication:

(a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any of the other Loan Documents;

(b) Indebtedness not to exceed \$10,000,000 in the aggregate in any fiscal year of Borrower secured by a Lien described in clause (d) of the defined term "Permitted Encumbrances," provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment and related software financed with such Indebtedness;

(c) Indebtedness of a Subsidiary acquired pursuant to a Permitted Acquisition (or Indebtedness assumed by a Borrower or a Material Subsidiary pursuant to a Permitted Acquisition as a result of a merger or consolidation or an acquisition of assets), so long as such Indebtedness (i) was not incurred in connection with, or in contemplation of, such Permitted Acquisition, (ii) does not exceed \$20,000,000 in the aggregate at any time outstanding, and (iii) in each case, shall have been repaid in full within six (6) months after the date such Permitted Acquisition occurred (or up to an additional year thereafter if during such extended period a prepayment of such Indebtedness would require the payment of a prepayment penalty or other premium of more than 5% on the amount prepaid);

(d) Indebtedness owed to trade creditors incurred in the ordinary course of business;

(e) Indebtedness arising from the endorsement of instruments in the ordinary course of business;

(f) Obligations under Hedging Agreements consisting of foreign exchange contracts, currency swaps or other similar agreements or arrangements designed to protect Borrower or any of its Subsidiaries against fluctuations in currency values that are entered into in the ordinary course of business;

(g) Obligations under other forms of Hedging Agreements;

(h) Indebtedness constituting Investments in the form of intercompany loans and advances to the extent permitted by Section 6.5; and

(i) Indebtedness of Borrower owed to officers and employees pursuant to deferred compensation and retirement plans in effect on the Closing Date, which Indebtedness arises in the ordinary course of business and is otherwise substantially consistent with prior practices;

(j) Other unsecured Indebtedness in the aggregate outstanding amount not at any time exceeding \$5,000,000.

"Permitted Investments" means, collectively, the following:

(a) Investments in cash and Cash Equivalents;

(b) Investments in Marketable Securities (including Marketable Securities held in trust for settlement of Borrower's obligations under certain of its deferred compensation plans) made in the ordinary course of business and otherwise in a manner substantially consistent with prior practices;

(c) Investments in Obligor;

(d) Investments consisting of intercompany loans and advances by Material Subsidiaries that are not Obligor in other Material Subsidiaries that are not Obligor;

(e) Provided that no Potential Event of Default or Event of Default exists at the time of the making thereof, other Investments in Subsidiaries that are not Obligor so long as the aggregate amount of any such Investments does not exceed \$15,000,000 during any fiscal year of Borrower;

(f) Investments in an aggregate amount equal to the amount of compensation deferred by officers and employees of Borrower pursuant to the Korn/Ferry Executive Capital Accumulation Plan as in effect on the Closing Date and otherwise made in a manner substantially consistent with prior practices;

(g) Investments relating to Borrower's officer and employee deferred compensation and retirement plans as in effect on the Closing Date made in the ordinary course of business and otherwise in a manner substantially consistent with prior practices;

(h) Investments that constitute Permitted Acquisitions;

(i) Investments of any Person that becomes a Subsidiary after the Closing Date; provided that (i) such Investments exist at the time such Person becomes a Subsidiary, (ii) neither Borrower nor any other Subsidiary of Borrower (other than such new Subsidiary) shall be obligated in respect of such Investments, and (iii) such Investments were not made in anticipation of such Person becoming a Subsidiary;

(j) Investments consisting of the non-cash consideration received by Borrower or any Subsidiary in connection with any disposition not prohibited by this Agreement;

(k) Investments under Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which Borrower or any of its Subsidiaries is exposed in the conduct of its business or the management of its liabilities;

(l) Investments representing retention loans made in the ordinary course of business of Borrower and its Subsidiaries; provided that the aggregate principal amount of all such Investments constituting retention loans shall not exceed the aggregate principal amount of retention loans approved by the compensation committee of Borrower; and

(m) Other Investments in an aggregate amount not to exceed at any time \$2,500,000.

"Person" means any individual or entity, including a trustee, corporation, limited liability company, general partnership, limited partnership, joint stock company, trust, estate, unincorporated organization, bank, business association, firm, joint venture, government agency or authority, or otherwise.

"Plan" is defined in Section 3.9.

“Potential Event of Default” is defined in Section 4.2(a).

“Responsible Official” means (a) with respect to Borrower, any Senior Officer or the controller of Borrower, (b) with respect to any other Person (i.e., other than Borrower) that is not an individual, any officer of such Person, managing member or manager of such Person, general partner of such Person, officer of a corporate or limited liability company general partner of such Person, or officer of a corporate or limited liability company general partner of a partnership that is a general partner of such Person, or any other responsible official thereof duly acting on behalf thereof, and (c) when used with reference to a Person who is an individual, such Person. Any document or certificate hereunder that is signed or executed by a Responsible Official of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of that Person.

“Revolving Advance” means an advance under the Line of Credit.

“Senior Officer” means, with respect to Borrower, its (a) chief executive officer, (b) president, (c) chief financial officer, (d) treasurer and/or (e) chairman of its board of directors.

“Share Repurchase” is defined in Section 6.6(c).

“Subsidiary” shall mean, as of any date of determination and with respect to Borrower, any corporation, limited liability company or partnership (whether or not, in any case, characterized as such or as a “joint venture”), whether now existing or hereafter organized or acquired: (a) in the case of a corporation or limited liability company, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned (directly or indirectly) by Borrower and/or one or more Subsidiaries of Borrower, or (b) in the case of a partnership, of which a majority of the partnership or other ownership interests are at the time beneficially owned by Borrower and/or one or more of its Subsidiaries.

“Subsidiary Guaranty” means that certain Subsidiary Guaranty dated as of January 18, 2013, executed (a) on the Closing Date by each existing Material Non-TP Subsidiary of Borrower (other than the Excluded Subsidiaries) and (b) after the Closing Date by any other Person, including pursuant to the terms of Section 5.11, in the form of Exhibit C, either as originally executed or as the same may from time to time be supplemented, modified, amended, restated or extended.

“Tax Preferred Subsidiary” means (a) a Subsidiary of Borrower that is a controlled foreign corporation (within the meaning of Section 957(a) of the Code) with respect to which Borrower (or any corporation which in addition to Borrower is a member of an affiliated group, within the meaning of Section 1504(a) of the Code, for which a consolidated return is filed pursuant to Section 1501 of the Code) is a United States shareholder within the meaning of Section 951(b) of the Code or (b) a Foreign Subsidiary of Borrower which is treated as a disregarded entity or partnership for United States of America tax purposes pursuant to the entity classification rules under Section 7701 of the Code.

“to the best knowledge of” or any term of similar import, means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by the Person (or, in the case of a Person other than a natural Person, known by a Responsible Official of that Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) should have been known by the Person (or, in the case of a Person other than a natural Person, should have been known by a Responsible Official of that Person).

“Total Funded Debt” means, as of any date of determination, with respect to Borrower and its Subsidiaries on a consolidated basis, the sum of, without duplication, (a) all obligations for borrowed money plus (b) all obligations with respect to the principal component of Capital Leases plus (c) all guaranty obligations plus (d) all outstanding Letters of Credit.

“Total Funded Debt to Adjusted EBITDA Ratio” means as of the last day of any fiscal quarter of Borrower, (a) Total Funded Debt as of that date to (b) Adjusted EBITDA for the four fiscal quarter period ending on that date.

“Unused Commitment Fee” is defined in Section 2.2(d).

SECTION 1.2 USE OF DEFINED TERMS. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class. The term “including” is by way of example and not limitation.

SECTION 1.3 ACCOUNTING TERMS. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, except as otherwise specifically prescribed herein. In the event that GAAP changes during the term of this Agreement such that the covenants contained in Section 5.9 would then be calculated in a different manner or with different components, (a) Borrower and Bank agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrower’s financial condition to substantially the same criteria as were effective prior to such change in GAAP and (b) Borrower shall be deemed to be in compliance with the covenants contained in the aforesaid Section if and to the extent that Borrower would have been in compliance therewith under GAAP as in effect immediately prior to such change, but shall have the obligation to deliver each of the materials described in Section 5.3 to Bank, on the dates therein specified, with financial data presented in a manner which conforms with GAAP as in effect immediately prior to such change.

SECTION 1.4 EXHIBITS AND SCHEDULES. All exhibits and schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference.

ARTICLE II
CREDIT TERMS

SECTION 2.1 LINE OF CREDIT.

(a) Line of Credit. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make Revolving Advances to Borrower from time to time up to and including the Line of Credit Maturity Date, not to exceed at any time the then applicable Line of Credit Amount (the "Line of Credit"), the proceeds of which shall be used to refinance Borrower's existing Indebtedness with Citibank, N.A. on the Closing Date and otherwise for Borrower's working capital requirements and general corporate purposes, including Permitted Acquisitions, payment of dividends and distributions permitted pursuant to Section 6.6(c), Share Repurchases permitted pursuant to Section 6.6(d) and other permitted uses identified herein. Borrower's obligation to repay Revolving Advances under the Line of Credit shall be evidenced by a promissory note dated as of January 18, 2013 ("Line of Credit Note"), in the form of Exhibit B, all terms of which are incorporated herein by this reference.

(b) Optional Increase in Line of Credit Amount. Subject to Bank approval and provided that (i) no Potential Event of Default or Event of Default then exists, on any date prior to June 19, 2017, and (ii) no voluntary permanent reductions to the Line of Credit Amount pursuant to Section 2.1(c) have occurred prior to the date of any such request, Borrower may request in writing that the Line of Credit Amount be increased in an amount which does not result in the principal amount of the Line of Credit being greater than \$125,000,000 ("Greenshoe Option"); provided further that each requested increase to the Line of Credit Amount shall be in a minimum amount of at least \$10,000,000 or such smaller amount if such smaller amount is the maximum amount available under the Greenshoe Option at such time. Unless a shorter time period shall be approved by Bank in writing, any request under this Section shall be submitted by Borrower to Bank not less than thirty (30) days prior to the proposed increase. Any such request shall be accompanied by a certificate signed by a Senior Officer of Borrower, stating that no Potential Event of Default or Event of Default exists as of the date of the request or will result from the requested increase. Bank shall notify Borrower within the specified time period whether or not it agrees to allow the proposed increase; provided, however, that should Bank fail to respond within such time period it shall be deemed to have declined to allow the proposed increase. The rejection of any proposed increase by Bank shall not affect Borrower's right to request an increase in the Line of Credit Amount at a future date. In the event Bank agrees to any proposed increase, Borrower shall: (A) issue a replacement Line of Credit Note to Bank in the principal amount of the increased Line of Credit Amount; (B) execute and deliver to Bank such amendments, if any, to the Loan Documents as Bank may reasonably request relating to such increase; and (C) pay to Bank any agreed upon loan (or upfront) fee applicable to such increase.

(c) Optional Termination of Line of Credit or Reduction in Line of Credit Amount. Borrower may at any time or from time to time, upon not less than three (3) Business Days' notice to Bank, terminate the Line of Credit or reduce in part the Line of Credit Amount, provided that each partial reduction of the Line of Credit shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(d) Letter of Credit Subfeature. As a subfeature under the Line of Credit, Bank agrees from time to time during the term thereof to issue or cause an affiliate to issue standby letters of credit for the account of Borrower to finance Borrower's and its Material Subsidiaries' working capital requirements (each, a "Letter of Credit" and collectively, "Letters of Credit"); provided however, that the aggregate undrawn amount of all outstanding Letters of Credit shall not at any time exceed Fifteen Million Dollars (\$15,000,000). The form and substance of each Letter of Credit shall be subject to approval by Bank, in its sole discretion. Each Letter of Credit shall be issued for a term not to exceed 365 days, as designated by Borrower; provided however, that no Letter of Credit shall have an expiration date subsequent to the maturity date of the Line of Credit. The undrawn amount of all issued Letters of Credit shall be reserved under the Line of Credit and shall not be available for borrowings thereunder. Each Letter of Credit shall be subject to the additional terms and conditions of the Letter of Credit agreements, applications and any related documents required by Bank in connection with the issuance thereof (collectively, the "Letter of Credit Documents"). Each drawing paid under a Letter of Credit shall be deemed a Revolving Advance under the Line of Credit and shall be repaid by Borrower in accordance with the terms and conditions of this Agreement applicable to the Revolving Advances; provided however, that if Revolving Advances under the Line of Credit are not available, for any reason, at the time any drawing is paid, then Borrower shall immediately pay to Bank the full amount drawn, together with interest thereon from the date such drawing is paid to the date such amount is fully repaid by Borrower, at the rate of interest applicable to Revolving Advances under the Line of Credit. In such event Borrower agrees that Bank, in its sole discretion, may debit any account maintained by Borrower with Bank for the amount of any such drawing.

(e) Borrowing and Repayment. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions contained herein or in the Line of Credit Note; provided however, that the total outstanding borrowings under the Line of Credit shall not at any time exceed the then applicable Line of Credit Amount.

SECTION 2.2 INTEREST/FEES.

(a) Interest. The outstanding principal balance of the Line of Credit shall bear interest, and the amount of each drawing paid under any Letter of Credit shall bear interest from the date such drawing is paid to the date such amount is fully repaid by Borrower, at the rate of interest set forth in the Line of Credit Note.

(b) Computation and Payment. Interest shall be computed on the basis of a 360-day year, actual days elapsed. Interest shall be payable at the times and place set forth in each promissory note or other instrument or document required hereby.

(c) Upfront Fee. Borrower shall pay to Bank a non-refundable upfront fee for the Line of Credit equal to \$187,500 (equal to 0.25% of \$75,000,000), which fee shall be due and payable in full upon the execution of this Agreement.

(d) Unused Commitment Fee. Borrower shall pay to Bank a fee (computed on the basis of a 360-day year, actual days elapsed) on the average daily unused amount of the Line of Credit (i.e., the then applicable Line of Credit Amount minus Line of Credit Usage), which fee (the "Unused Commitment Fee") shall be calculated on a quarterly basis by Bank according to the table below and shall be due and payable quarterly by Borrower in arrears within ten (10) days after each billing is sent by Bank:

Total Funded Debt to Adjusted EBITDA Ratio	Applicable Unused Commitment Fee
Less than 0.50 to 1.00	0.25%
Equal to or greater than 0.50 to 1.00 but less than 1.00 to 1.00	0.30%
Equal to or greater than 1.00 to 1.00	0.35%

(e) Letter of Credit Fees. Borrower shall pay to Bank (i) fees upon the issuance of each Letter of Credit equal to two percent (2.00%) per annum (computed on the basis of a 360-day year, actual days elapsed) of the face amount thereof, and (ii) fees upon the payment or negotiation of each drawing under any Letter of Credit and fees upon the occurrence of any other activity with respect to any Letter of Credit (including without limitation, the transfer, amendment or cancellation of any Letter of Credit) determined in accordance with Bank's standard fees and charges then in effect for such activity (such fees collectively referred to as the "Letter of Credit Fees").

SECTION 2.3 COLLECTION OF PAYMENTS. Borrower authorizes Bank to collect all principal and interest due under the Line of Credit, the Unused Commitment Fee, the Letter of Credit Fees and all other fees and expenses charged or otherwise to be reimbursed by Borrower under or in respect of any of the Loan Documents, by charging Borrower's deposit account number 4945044147 with Bank, or any other deposit account maintained by Borrower with Bank for the full amount thereof. Should there be insufficient funds in any such deposit account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.

SECTION 2.4 GUARANTIES. The payment and performance of all Indebtedness and other Obligations of Borrower to Bank under the Line of Credit shall be guaranteed jointly and severally by each Material Non-TP Subsidiary (except as permitted by the terms hereof with respect to the Excluded Subsidiaries), as evidenced by and subject to the terms of the Subsidiary Guaranty.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank, which representations and warranties shall survive the execution of this Agreement and shall continue in full force and effect until the full and final payment, and satisfaction and discharge, of all obligations of Borrower to Bank subject to this Agreement.

SECTION 3.1 LEGAL STATUS. Borrower is a corporation, duly organized and existing and in good standing under the laws of Delaware, and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could reasonably be expected to result in a Material Adverse Effect. Each Material Subsidiary is a corporation, limited liability company or other similar business organization, duly organized and existing, or duly formed and existing (as applicable), and in good standing under the laws of its jurisdiction of organization or formation, and is qualified or licensed to do business (and is in good standing as a foreign organization, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.2 AUTHORIZATION AND VALIDITY. This Agreement and each of the other Loan Documents have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof will constitute legal, valid and binding agreements and obligations of Borrower or the Obligor that executes the same, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles generally affecting creditors' rights.

SECTION 3.3 NO VIOLATION. The execution, delivery and performance by Borrower or any Material Non-TP Subsidiary of each of the Loan Documents to which it is a party do not (a) violate any provision of any law or regulation, or contravene any provision of the Articles of Incorporation or By-Laws of Borrower or such Subsidiary, or (b) result in any breach of or default under any material contract, obligation, indenture or other instrument to which Borrower or any such Subsidiary is a party or by which Borrower or such Subsidiary may be bound other than such violations, breaches or defaults which are not reasonably expected to have a Material Adverse Effect; and neither Borrower nor any such Subsidiary is in violation of, or default under, any contract, obligation, indenture or other instrument described in clause (b) above in any respect that could reasonably be expected to have a Material Adverse Effect.

SECTION 3.4 LITIGATION. Except as set forth on Schedule 3.4 or disclosed by Borrower to Bank in writing prior to the date hereof, there are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before any governmental authority, arbitrator, court or administrative agency which could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.5 CORRECTNESS OF FINANCIAL STATEMENT. The annual consolidated financial statement of Borrower and its Subsidiaries dated April 30, 2012 and all interim financial statements delivered to Bank since said date, true copies of which have been delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct and present fairly in all material respects the financial condition of Borrower and its Subsidiaries, (b) disclose all liabilities of Borrower and its Subsidiaries that are required to be reflected or reserved against under GAAP, whether liquidated or unliquidated, fixed or contingent, and (c) have been prepared in accordance with GAAP consistently applied. Since the dates of such

financial statements there has been no material adverse change in the financial condition of Borrower and its Subsidiaries, nor has Borrower or any of its Subsidiaries mortgaged, pledged, granted a security interest in or otherwise encumbered any of its or their assets or properties except (a) Permitted Encumbrances or (b) as otherwise permitted by Bank in writing.

SECTION 3.6 INCOME TAX RETURNS. Borrower has no knowledge of any material pending assessments or adjustments of its or any of its Subsidiaries' income tax payable with respect to any year.

SECTION 3.7 NO SUBORDINATION. There is no agreement, indenture, contract or instrument to which Borrower or any other Obligor is a party or by which Borrower may be bound that requires the subordination in right of payment of any of Borrower's or such other Obligor's obligations subject to this Agreement or any other Loan Document to which it is a party to any other obligation of Borrower or such other Obligor.

SECTION 3.8 PERMITS, FRANCHISES. Borrower and each Material Subsidiary possess, and will hereafter possess, all permits, consents, approvals, franchises and licenses required and rights to all trademarks, trade names, patents, and fictitious names, if any, necessary to enable them to conduct the business in which they are now engaged in compliance with applicable law, except where the failure to possess any such permits, consents, approvals, franchises, licenses or rights could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.9 ERISA.

(a) Borrower and its Material Subsidiaries are in compliance in all material respects with all applicable provisions of ERISA;

(b) to the best knowledge of Borrower, none of Borrower or any of the Material Subsidiaries has violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by Borrower or any of the Material Subsidiaries (each, a "Plan") where such violation could reasonably be expected to have a Material Adverse Effect;

(c) no Reportable Event as defined in ERISA has occurred and is continuing with respect to any Plan initiated by Borrower or any of the Material Subsidiaries that could reasonably be expected to result in a Material Adverse Effect;

(d) Borrower and the Material Subsidiaries have met their minimum funding requirements under ERISA with respect to each Plan, except where the failure to meet such minimum funding requirements could reasonably be expected to result in a Material Adverse Effect; and

(e) each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under GAAP, except where the failure to fulfill such benefit obligations could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10 OTHER OBLIGATIONS. None of Borrower or any of the Material Subsidiaries is in default (subject to any applicable notice and/or cure periods) on any obligation for borrowed money in excess of \$2,500,000, any material purchase money obligation or any other material lease, commitment, contract, instrument or obligation.

SECTION 3.11 ENVIRONMENTAL MATTERS. Except as disclosed by Borrower to Bank in writing prior to the date hereof, Borrower and the Material Subsidiaries are in compliance in all material respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of Borrower's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. To the best knowledge of Borrower, none of the operations of Borrower or the Material Subsidiaries is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. To the best knowledge of Borrower, none of Borrower or any of the Material Subsidiaries has any material contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment.

ARTICLE IV

CONDITIONS

SECTION 4.1 CONDITIONS OF INITIAL EXTENSION OF CREDIT. The obligation of Bank to extend any credit contemplated by this Agreement is subject to the fulfillment to Bank's satisfaction of all of the following conditions (the date on which such conditions are satisfied being the "Closing Date");

- (a) Approval of Bank Counsel. All legal matters incidental to the extension of credit by Bank shall be reasonably satisfactory to Bank's counsel.
- (b) Documentation. Bank shall have received, in form and substance reasonably satisfactory to Bank, each of the following, duly executed:
 - (i) This Agreement and each promissory note (including the Line of Credit Note) or other instrument or document required hereby.
 - (ii) The Subsidiary Guaranty.
 - (iii) With respect to any Letter(s) of Credit to be issued on the Closing Date, such Letter of Credit Documents as Bank may require in connection with the issuance thereof.
 - (iv) With respect to Borrower and each other Obligor, such documentation as Bank may reasonably require to establish the due organization, valid existence and good standing of each such Person in its jurisdiction of formation, its qualification to engage in business in the jurisdiction of its formation and, if different, the

jurisdiction of its principal place of business, its authority to execute, deliver and perform the Loan Documents to which it is a party, the identity, authority and capacity of each responsible official thereof authorized to act on its behalf, including copies of its articles or certificates of incorporation, or articles or certificate of formation (as applicable), and amendments thereto, certified by the applicable Secretary of State (or equivalent government official), bylaws, operating agreements or limited liability company agreements (as applicable) and amendments thereto, in each case certified by a responsible official of such party, certificates of good standing and/or qualifications to engage in business, certified copies of corporate resolutions, incumbency certificates, certificates of responsible officials and the like.

(v) Favorable written legal opinions of Morrison & Foerster LLP, counsel to Borrower and the other Obligors in existence on the Closing Date, and such local counsel opinions as Bank may reasonably require, in each case, together with copies of all factual certificates and legal opinions upon which its counsel has relied.

(vi) A pay-off letter or equivalent and lien release documentation from Citibank, N.A.

(vii) Such other documents as Bank may reasonably require under any other Section of this Agreement.

(c) Financial Condition. There shall not have occurred a Material Adverse Effect.

(d) Insurance. Borrower shall have delivered to Bank evidence of insurance coverage on all Borrower's property, in form, substance, amounts, covering risks and issued by companies reasonably satisfactory to Bank, and where required by Bank, with loss payable endorsements in favor of Bank.

SECTION 4.2 CONDITIONS OF EACH EXTENSION OF CREDIT. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

(a) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be true in all material respects on and as of the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto, with the same effect as though such representations and warranties had been made on and as of each such date, and on each such date (except (i) with respect to representations and warranties which, by their terms, relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such date, (ii) to the extent Borrower has previously notified Bank of a change in such representations and warranties and Bank, in writing, has approved such change to the representations and warranties and confirmed that such change is to be deemed a modification to such representations and warranties as set forth in this Agreement, and (iii) that any representation or warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct in all respects on such date), no Event of Default as defined herein, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or shall exist (each, a "Potential Event of Default").

(b) Documentation. Bank shall have received all additional documents which may be required in connection with such extension of credit.

ARTICLE V

AFFIRMATIVE COVENANTS

Borrower covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower shall, unless Bank otherwise consents in writing:

SECTION 5.1 PUNCTUAL PAYMENTS. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents at the times and place and in the manner specified therein (and subject to any applicable notice and/or cure periods), and promptly upon written demand by Bank, the amount by which the outstanding principal balance of any credit subject hereto at any time exceeds any limitation on borrowings applicable thereto.

SECTION 5.2 ACCOUNTING RECORDS. Maintain, and cause each Material Subsidiary to maintain, adequate books and records in accordance with GAAP consistently applied, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of Borrower or any such Material Subsidiary; provided, however, unless an Event of Default or Potential Event of Default shall have occurred and be continuing, (a) such inspections, audits and examinations shall be during Borrower's or any such Material Subsidiary's normal business hours and (b) Bank shall have provided Borrower or such Material Subsidiary with at least three (3) Business Days' notice prior to any such inspection, audit or examination.

SECTION 5.3 FINANCIAL STATEMENTS. Provide to Bank all of the following, in form and detail reasonably satisfactory to Bank:

(a) not later than 90 days after and as of the end of each fiscal year, an audited annual consolidated financial statement of Borrower and its Subsidiaries, prepared by a nationally recognized public accounting firm without qualification or exception, to include balance sheet and statements of income, cash flows and shareholders' equity (including all footnotes to the foregoing); provided that Bank acknowledges and agrees that the delivery of the annual consolidated financial statement of Borrower and its Subsidiaries included in the 10K shall satisfy the covenant in this Section 5.3(a). Such financial statements shall be prepared in accordance with GAAP, consistently applied;

(b) not later than 45 days after and as of the end of each fiscal quarter, a consolidated financial statement of Borrower and its Subsidiaries, prepared by Borrower, to include balance sheet and statements of income and cash flows; provided that Bank acknowledges and agrees that the delivery of the consolidated financial statement of Borrower and its Subsidiaries included in the 10Q shall satisfy the covenant in this Section 5.3(b). Such financial statements shall be prepared in accordance with GAAP, consistently applied;

(c) contemporaneously with each annual and quarterly financial statement of Borrower required hereby, a Compliance Certificate of a Senior Officer of Borrower that said financial statements are accurate in all material respects, that there exists no Potential Event of Default or Event of Default and containing computations as to compliance with the covenants set forth in Section 5.9;

(d) promptly after written request by Bank, copies of any other (i.e., to the extent not included in clauses (a) or (b) above) detailed audit reports, management letters or recommendations submitted to Borrower by independent accountants in connection with the accounts or books of Borrower or any audit of Borrower;

(e) promptly after the same are available, and in any event within five (5) Business Days after filing with the Securities and Exchange Commission, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Borrower, and copies of all annual, regular, periodic and special reports and registration statements which Borrower may file or be required to file with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and not otherwise required to be delivered to Bank pursuant to other provisions of this Section 5.3;

(f) promptly after written request by Bank, copies of any report or other document that was filed by Borrower with any Governmental Agency;

(g) as soon as available and in any event not later than 90 days after the commencement of each fiscal year of the Borrower, the budget and projected Financial Statements of the Borrower for such fiscal year end and each of the two (2) fiscal years following such fiscal year (detailed on a quarterly basis), including, in each case, projected balance sheets, statements of income and statements of cash flow of the Borrower all in reasonable detail and with assumptions; and

(h) from time to time such other information as Bank may reasonably request in writing.

SECTION 5.4 COMPLIANCE. Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, all material licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its business; and comply in all material respects with the provisions of all documents pursuant to which Borrower or any Material Subsidiary is organized and/or which govern Borrower's or such Subsidiary's continued existence and materially comply with the requirements of all laws, rules, regulations and orders of any governmental authority applicable to Borrower, its Material Subsidiaries and/or their businesses.

SECTION 5.5 INSURANCE. Maintain and keep in force, and cause each Material Subsidiary to maintain and keep in force, for each business in which Borrower and its Material Subsidiaries are engaged, insurance of the types and in amounts customarily carried in similar lines of business, including but not limited to fire, extended coverage, public liability, flood, property damage and workers' compensation, with all such insurance carried with companies and in amounts reasonably satisfactory to Bank, and deliver to Bank from time to time at Bank's written request schedules setting forth all insurance then in effect.

SECTION 5.6 FACILITIES. Keep, and cause each Material Subsidiary to keep, all properties useful or necessary to Borrower's and its Material Subsidiaries' businesses in good repair and condition in all material respects (subject to normal wear and tear), and from time to time make necessary repairs, renewals and replacements thereto so that such properties shall be fully and efficiently preserved and maintained.

SECTION 5.7 TAXES AND OTHER LIABILITIES. Pay and discharge, and cause each Material Subsidiary to pay and discharge, when due any and all material indebtedness, obligations, assessments and taxes, both real or personal, including without limitation, federal and state income taxes and state and local property taxes and assessments, except (a) such as Borrower or any Material Subsidiary may in good faith contest or as to which a bona fide dispute may arise, and (b) for which Borrower or the applicable Material Subsidiary has made provision, to Bank's reasonable satisfaction, for eventual payment thereof in the event Borrower or any such Subsidiary is obligated to make such payment; provided that the failure to make any such payments shall not constitute a breach of this covenant unless the aggregate amount of such payments could reasonably be expected to exceed \$500,000.

SECTION 5.8 LITIGATION. Promptly give notice in writing to Bank of any litigation pending or threatened against Borrower or any Subsidiary with a claim in excess of \$5,000,000.

SECTION 5.9 FINANCIAL CONDITION. Maintain Borrower's consolidated financial condition as follows using GAAP consistently applied and used consistently with prior practices (except to the extent modified by the definitions herein), with compliance determined commencing with Borrower's consolidated financial statements for the fiscal period ending on or about January 31, 2013, except as otherwise stated:

(a) Adjusted EBITDA (calculated on a rolling four-fiscal quarter basis) of not less than (i) \$45,000,000 as of the last day of any fiscal quarter occurring after the Closing Date, but prior to April 30, 2016 and (ii) \$50,000,000 as of the last day of the fiscal quarter ending April 30, 2016 and each fiscal quarter ending thereafter.

(b) Total Funded Debt to Adjusted EBITDA Ratio, as of the last day of any fiscal quarter, not greater than 2.50 to 1.00.

SECTION 5.10 NOTICE TO BANK. Promptly (but in no event more than five (5) days after the occurrence of each such event or matter), give written notice to Bank in reasonable detail of:

(a) the occurrence of any Event of Default or Potential Event of Default;

(b) any change in the name or the organizational structure of Borrower or any of its Material Subsidiaries;

(c) the occurrence and nature of any Reportable Event or Prohibited Transaction, each as defined in ERISA, or any funding deficiency with respect to any Plan; or

(d) any termination or cancellation of any insurance policy which Borrower or any Material Subsidiary is required to maintain pursuant to this Agreement, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting Borrower's property in excess of an aggregate of \$2,000,000.

SECTION 5.11 FUTURE MATERIAL NON-TP SUBSIDIARIES AND THE EXCLUDED SUBSIDIARIES. Cause (a) each entity that becomes a Material Non-TP Subsidiary after the Closing Date (whether by a Permitted Acquisition, a written designation by Borrower as described in the definition of "Material Subsidiary," or otherwise) and (b) each of the Excluded Subsidiaries in the event the Foreign Operations Consolidation shall not have occurred on or before April 30, 2013, to execute and deliver to Bank, within 45 days of becoming a Material Non-TP Subsidiary in the case of clause (a) above, or not later than May 15, 2013 in the case of clause (b) above, (i) an appropriate joinder to the Subsidiary Guaranty and (ii) such other agreements other documents and legal opinions as Bank may reasonably request, in form and substance reasonably acceptable to Bank.

SECTION 5.12 PRIMARY CASH MANAGEMENT ARRANGEMENTS. So long as the Line of Credit shall remain in effect or any Revolving Advance or Letters of Credit thereunder remains outstanding, Borrower shall maintain its primary depository and cash management accounts and arrangements with Bank and/or its affiliates.

ARTICLE VI

NEGATIVE COVENANTS

Borrower further covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower will not, and will not permit any of its Material Subsidiaries to, without Bank's prior written consent:

SECTION 6.1 USE OF FUNDS. Use any of the proceeds of any credit extended hereunder except for the purposes stated in Section 2.1(a).

SECTION 6.2 OTHER INDEBTEDNESS. Create, incur, assume or permit to exist any Indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, other than (a) the liabilities of Borrower to Bank, (b) Permitted Indebtedness, and (c) any other liabilities of Borrower and its Subsidiaries identified on Schedule 6.2 hereto.

SECTION 6.3 MERGER, CONSOLIDATION, TRANSFER OF ASSETS.

(a) Merge into or consolidate with any other entity, other than mergers or consolidations of Subsidiaries into and with (i) Borrower (with Borrower as the surviving entity) or (ii) another Subsidiary, including in either case in connection with Permitted Acquisitions; provided that Borrower may reorganize Subsidiaries that are Foreign Subsidiaries to an organization in which such Foreign Subsidiaries are Subsidiaries of a newly formed foreign holding company (or newly formed foreign holding companies) so long as no Event of Default or Potential Event of Default shall have occurred and be continuing or would result after giving effect to any such reorganization (the "Foreign Operations Consolidation");

(b) make any substantial change in the nature of Borrower's or the Material Subsidiaries' businesses as conducted as of the date hereof not reasonably related to such businesses as of the date hereof;

(c) acquire all or substantially all of the assets of any other Person, other than pursuant to Permitted Acquisitions; or

(d) sell, lease, transfer or otherwise dispose (each, a "Disposition") of Borrower's or any Material Subsidiary's assets, except:

(i) Dispositions of obsolete, worn-out or surplus property in the ordinary course of business;

(ii) non-exclusive licenses for the use of the intellectual property of such licensor and exclusive licenses of intellectual property rights so long as substantially all of the economic value of the intellectual property rights is retained by the licensor;

(iii) Dispositions by a non-Obligor Subsidiary to another non-Obligor Subsidiary;

(iv) Dispositions of Equity Interests in any Subsidiary in order to qualify members of the board of directors of such Subsidiary if required by applicable law;

(v) involuntary Dispositions as a result of any loss of, damage to, or destruction of, or any condemnation or other taking for public use of, any property of such Person;

(vi) Dispositions of assets for at least fair market value (as determined by the board of directors of Borrower) so long as the net book value of all assets sold or otherwise disposed of in any fiscal year does not exceed \$5,000,000; and

(vii) that any Subsidiary may be wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to Borrower or an Obligor.

SECTION 6.4 GUARANTIES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of Borrower as security for, any liabilities or obligations of any other Person, other than (a) any of the foregoing in favor of Bank, and (b) any guarantee made by Borrower and/or the Obligors in respect of each other's Permitted Indebtedness.

SECTION 6.5 INVESTMENTS. Make any Investments in any Person, other than Permitted Investments.

SECTION 6.6 DIVIDENDS, DISTRIBUTIONS. Declare or pay any dividend or distribution either in cash, stock or any other property on any Equity Interest of Borrower or any Subsidiary now or hereafter outstanding, nor redeem, retire, repurchase or otherwise acquire any part of any class of Borrower's or any Subsidiaries' Equity Interests now or hereafter outstanding, other than (a) dividends and distributions paid by Subsidiaries to Borrower or another Subsidiary, including dividends payable in capital stock or rights to purchase capital stock of such Subsidiaries, provided that no dividend or distribution shall be paid in cash by any Obligor to any Subsidiary that is not an Obligor, (b) dividends payable solely in capital stock or rights to purchase capital stock of Borrower, (c) dividends and distributions paid by Borrower to its shareholders on any Equity Interest of Borrower, and (d) redemptions, retirements, repurchases or other acquisitions of Borrower's common stock (each, a "Share Repurchase"), provided that (i) no Potential Event of Default or Event of Default then exists or would result therefrom, (ii) the aggregate consideration paid (whether in cash or otherwise) in connection with any dividend or distribution paid pursuant to Section 6.6(c) and Share Repurchases during any fiscal year shall not exceed \$50,000,000, (iii) the aggregate consideration paid (whether in cash or otherwise) in connection with any dividend or distribution paid pursuant to Section 6.6(c) and Share Repurchases plus the aggregate amount of consideration paid with respect to all acquisitions (excluding the Pending Acquisition) during any fiscal year shall not exceed \$125,000,000, and (iv) after giving effect to any dividend or distribution paid pursuant to Section 6.6(c) or Share Repurchase, Domestic Liquidity shall not be less than \$50,000,000.

SECTION 6.7 PLEDGE OF ASSETS. Mortgage, pledge, grant or permit to exist a security interest in, or Lien upon, all or any portion of Borrower's or any Material Subsidiary's assets now owned or hereafter acquired, other than Permitted Encumbrances

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.1 The occurrence of any of the following shall constitute an "Event of Default" under this Agreement:

(a) Borrower shall fail to pay (i) any principal when due, or (ii) any interest, fees or other amounts payable under any of the Loan Documents within two (2) Business Days of when due.

(b) Any financial statement or certificate furnished to Bank in connection with, or any representation or warranty made by Borrower or any other party under this Agreement or any other Loan Document shall prove to be incorrect, false or misleading in any material respect when furnished or made.

(c) Any default in the performance of or compliance with any obligation, agreement or other provision contained herein or in any other Loan Document (other than those referred to in subsections (a) and (b) above), and with respect to any such default which by its nature can be cured, such default shall continue for a period of twenty (20) days from the earlier of (i) the date Borrower first knew of such default or (ii) written notice thereof from Bank.

(d) Any default in the payment or performance of any obligation, or any defined event of default (after giving effect to any applicable notice and/or cure periods), under the terms of any contract, instrument or document (other than any of the Loan Documents) pursuant to which Borrower or any other Obligor has incurred any debt or other liability to any Person relating to Indebtedness (other than Indebtedness hereunder) in a principal amount outstanding of at least \$10,000,000.

(e) The filing of a notice of judgment Lien against Borrower or any Subsidiary, and such judgment Lien has not been released, as of record, within fifteen (15) days after the filing thereof; or the recording of any abstract of judgment against Borrower or any Subsidiary in any jurisdiction in which Borrower or such Subsidiary has an interest in real property and such abstract of judgment has not been released, as of record, within fifteen (15) days after the recording thereof; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of Borrower or any Subsidiary which has not been released by the date that is fifteen (15) days prior to the date such levy or attachment is to be made or enforced; or the entry of a judgment against Borrower or any Subsidiary for the payment of money in excess of \$10,000,000 (inclusive of amounts covered by insurance with respect to which the insurer has not disputed coverage therefor) which has not been released, discharged, bonded against, or stayed pending appeal within fifteen (15) days after entry thereof; or the entry of a judgment against Borrower or any Subsidiary which materially restricts the business operations of Borrower or such Subsidiary, was not stayed pending an appeal immediately upon the entry thereof and which has not been reversed within fifteen (15) days after the date of entry thereof.

(f) Borrower or any Subsidiary shall become insolvent, or shall suffer or consent to or apply for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or shall generally fail to pay its debts as they become due, or shall make a general assignment for the benefit of creditors; Borrower or any Subsidiary shall file a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time ("Bankruptcy Code"), or under any state or federal law granting relief to debtors, whether now or hereafter in effect; or any involuntary petition or proceeding pursuant to the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors is filed or commenced against Borrower or any Subsidiary, and such filing has not been stayed or dismissed within sixty (60) days after the filing thereof, or Borrower or any Subsidiary shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition; or Borrower or any Subsidiary shall be adjudicated a bankrupt, or an order for relief shall be entered against Borrower or any Subsidiary by any court of competent jurisdiction under the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors.

(g) The occurrence of a Change of Control.

SECTION 7.2 REMEDIES. Upon the occurrence of any Event of Default: (a) all indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice become immediately due and payable without presentment, demand, protest or notice of dishonor, all of which are hereby expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall, at Bank's option and without notice, immediately cease and terminate; and (c) and during the continuation of such Event of Default, Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence and during the continuation of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1 NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

SECTION 8.2 NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

BORROWER:

KORN/FERRY INTERNATIONAL
1900 Avenue of the Stars, Suite 2600
Los Angeles, California 90067
Attn: Robert Rozek, EVP and CFO
Fax: (310) 553-8640

With a copy to:

KORN/FERRY INTERNATIONAL
1900 Avenue of the Stars, Suite 2600
Los Angeles, California 90067
Attn: Stephen Wideman, VP-Treasury
Fax: (310) 557-3725

With an additional copy (which shall not constitute notice) to:

MORRISON & FOERSTER LLP
555 W. Fifth Street, Suite 3500
Los Angeles, California 90013
Attn: Kathy I. Johnstone, Esq.
Fax: (213) 892-5454

BANK:

WELLS FARGO BANK, NATIONAL ASSOCIATION
Commercial Banking Group
1800 Century Park East, Suite 1100
Los Angeles, California 90067
Attn: Korn/Ferry Account Officer
Fax: (310) 789-5336

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

SECTION 8.3 COSTS, EXPENSES AND ATTORNEYS' FEES. Borrower shall pay to Bank promptly upon written demand the full amount of all payments, advances, charges and documented costs and expenses (to include outside counsel fees and all allocated costs of Bank's in-house counsel), expended or incurred by Bank in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Bank's continued administration hereof and thereof, and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other Person) relating to Borrower or any other Person; provided Bank shall provide to Borrower a reasonably detailed invoice of such payments, advances, charges, costs and expenses promptly upon written request from Borrower.

SECTION 8.4 SUCCESSORS, ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Borrower may not assign or transfer its interests or rights hereunder without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights and benefits under each of the Loan Documents. In connection therewith, Bank may disclose all documents and information which Bank now has or may hereafter acquire relating to any credit subject hereto, Borrower or its business, or any other Obligor or the business of such Obligor. Each such proposed transferee receiving such documents and information, by its receipt thereof, agrees to be bound by all confidentiality requirements applicable thereto as may be set forth in the Loan Documents.

SECTION 8.5 ENTIRE AGREEMENT; AMENDMENT. This Agreement and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. This Agreement may be amended or modified only in writing signed by each party hereto.

SECTION 8.6 NO THIRD PARTY BENEFICIARIES. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other Person shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party.

SECTION 8.7 TIME. Time is of the essence of each and every provision of this Agreement and each other of the Loan Documents.

SECTION 8.8 SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

SECTION 8.9 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement.

SECTION 8.10 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 8.11 INDEMNITY BY BORROWER. Borrower agrees to indemnify, save and hold harmless Bank and its directors, officers, agents, attorneys and employees (collectively, the "Indemnitees") from and against: (a) Any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action arises out of or relates in any manner whatsoever to the advances made by Bank to Borrower, or relates to the Loan Documents or to the transactions governed thereby; (b) Any and all administrative or investigative proceedings by any governmental agency or authority arising out of or related to any claim, demand, action or cause of action described in clause (a) above; and (c) Any and all liabilities, losses, costs or expenses (including reasonable attorneys' fees and disbursements and other professional services) that any Indemnitee suffers or incurs as a result of

the assertion of any of the foregoing; provided that no Indemnitee shall be entitled to indemnification for any loss caused by its own or its employees' or agents' gross negligence or willful misconduct. Each Indemnitee is authorized to employ counsel in enforcing its rights hereunder and in defending against any claim, demand, action, cause of action or administrative or investigative proceeding covered by this Section 8.11; provided that the Indemnitees as a group may retain only one law firm to represent them with respect to any such matter unless there is, under applicable standards of professional conduct, conflict on any significant issue between the positions of any two or more Indemnitees. Any obligation or liability of Borrower to any Indemnitee under this Section 8.11 shall be and hereby is covered by the Loan Documents and shall survive the expiration or termination of this Agreement and the repayment of the Revolving Advances made under the Line of Credit and the payment and performance of all other obligations owed to Bank.

SECTION 8.12 NONLIABILITY OF BANK. Borrower acknowledges and agrees that:

(a) By accepting or approving anything required to be observed, performed, fulfilled or given to Bank pursuant to the Loan Documents, including any certificate, financial statement, insurance policy or other document, Bank shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by Bank;

(b) The relationship between Borrower and Bank in connection with this Agreement and the other Loan Documents is, and shall at all times remain, solely that of a borrower and lender; Bank shall not under any circumstance be construed to be a partner or joint venturer of Borrower; Bank shall not under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with Borrower, or to owe any fiduciary duty to Borrower as a result of the transactions arising under this Agreement and the other Loan Documents; Bank does not undertake or assume any responsibility or duty to Borrower to select, review, inspect, supervise, pass judgment upon or inform Borrower of any matter in connection with its property or the operations of Borrower; Borrower shall rely entirely upon its own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by Bank in connection with such matters is solely for the protection of Bank and neither Borrower nor any other Person is entitled to rely thereon; and

(c) Bank shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to persons or damage to property caused by the actions, inaction or negligence of Borrower and Borrower hereby indemnifies and holds Bank harmless from any such loss, damage, liability or claim.

SECTION 8.13 FURTHER ASSURANCES. Borrower shall, at its expense and without expense to Bank, do, execute and deliver such further acts and documents as Bank from time to time reasonably requires for the assuring and confirming unto Bank of the rights hereby created or intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of any Loan Document.

SECTION 8.14 CREDIT AGREEMENT GOVERNS. In the event of any actual irreconcilable conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control and govern; provided that the inclusion of supplemental rights or remedies in favor of Bank in any other Loan Document shall not be deemed a conflict with this Agreement.

SECTION 8.15 ARBITRATION.

(a) Arbitration. The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Loan Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in California selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) subject to applicable law, exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in clauses (i), (ii) and (iii) of this subsection.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority

vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of California or a neutral retired judge of the state or federal judiciary of California, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of California and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the California Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Real Property Collateral; Judicial Reference. Notwithstanding anything herein to the contrary, no dispute shall be submitted to arbitration if the dispute concerns indebtedness secured directly or indirectly, in whole or in part, by any real property unless (i) the holder of the mortgage, lien or security interest specifically elects in writing to proceed with the arbitration, or (ii) all parties to the arbitration waive any rights or benefits that might accrue to them by virtue of the single action rule statute of California, thereby agreeing that all indebtedness and obligations of the parties, and all mortgages, liens and security interests securing such indebtedness and obligations, shall remain fully valid and enforceable. If any such dispute is not submitted to arbitration, the dispute shall be referred to a referee in accordance with California Code of Civil Procedure Section 638 et seq., and this general reference agreement is intended to be specifically enforceable in accordance with said Section 638. A referee with the

qualifications required herein for arbitrators shall be selected pursuant to the AAA's selection procedures. Judgment upon the decision rendered by a referee shall be entered in the court in which such proceeding was commenced in accordance with California Code of Civil Procedure Sections 644 and 645.

(i) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first written above.

BORROWER:

KORN/FERRY INTERNATIONAL,
a Delaware corporation

By: /s/ Robert Rozek

Name: Robert Rozek

Title: EVP / CFO

BANK:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Sanjna Daphtary

Sanjna Daphtary

Vice President

EXHIBIT A

COMPLIANCE CERTIFICATE

To: Wells Fargo Bank, National Association

Date: _____, _____

Subject: KORN/FERRY INTERNATIONAL

Reference is made to the Credit Agreement dated as of January 18, 2013 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") between Korn/Ferry International, a Delaware corporation ("Borrower") and Wells Fargo Bank, National Association ("Bank"). All terms used and not otherwise defined in this Compliance Certificate have the meanings given in the Credit Agreement. This Compliance Certificate is delivered pursuant to Section 5.3(c) of the Credit Agreement and relates to the fiscal [quarter] [year] ended _____, _____ (the "Reporting Date"). The undersigned hereby certifies that the financial statements delivered herewith are accurate in all material respects and that all calculations contained herein and therein are as determined in accordance with GAAP, consistently applied, except to the extent modified by the terms of the Credit Agreement.

Events of Default. (Check one):

- The undersigned does not have knowledge of the occurrence of a Potential Event of Default or Event of Default under the Credit Agreement.
- The undersigned has knowledge of the occurrence of a Potential Event of Default or Event of Default under the Credit Agreement and attached hereto is a statement of the facts with respect thereto.

Covenant Compliance. The undersigned further hereby certifies as follows:

1. Adjusted EBITDA. Pursuant to Section 5.9(a) of the Credit Agreement, as of the Reporting Date, the Adjusted EBITDA (calculated on a rolling four-fiscal quarter basis) was \$ _____ which satisfies does not satisfy the requirement that such amount, on the Reporting Date, be not less than: _____ !

Calculation of Adjusted EBITDA. As of the Reporting Date:

(a) net profit before tax for the period covered hereby \$ _____

in each case to the extent included in the computation of net profit before tax for the period covered hereby:

¹ [Insert (i) \$45,000,000 for any fiscal quarter occurring after the Closing Date, but prior to April 30, 2016 and (ii) \$50,000,000 for the fiscal quarter ending April 30, 2016 and each fiscal quarter ending thereafter.]

<u>minus</u> (b) the amount of any non-recurring gains	\$ _____
<u>plus</u> (c) interest expense	\$ _____
<u>plus</u> (d) depreciation expense and amortization expense	\$ _____
<u>plus</u> (e) non-cash capital stock-based compensation to officers and employees (including in connection with the vesting of stock options in Borrower)	\$ _____
<u>plus</u> (f) restructuring charges (whether in cash or non-cash), including those resulting from Permitted Acquisitions, in an amount not to exceed \$20,000,000	\$ _____
<u>plus</u> (g) non-cash, non-recurring charges	\$ _____
<u>plus</u> (h) non-cash charges or <u>minus</u> non-cash gains related to fair value adjustments	\$ _____
<u>equals</u> Adjusted EBITDA [(a) - (b) + (c) + (d) + (e) + (f) + (g) + (h)]	\$ _____

2. Total Funded Debt to Adjusted EBITDA Ratio Pursuant to Section 5.9(b) of the Credit Agreement, the Total Funded Debt to Adjusted EBITDA Ratio as of the Reporting Date was _____ to 1.00, which satisfies does not satisfy the requirement that such amount be not greater than 2.50 to 1.00 as of such date.

Calculation of Total Funded Debt to Adjusted EBITDA Ratio As of the Reporting Date:

(a) Calculation of Total Funded Debt As of the Reporting Date:

(i) all obligations for borrowed money	\$ _____
<u>plus</u> (ii) all obligations with respect to the principal component of Capital Leases	\$ _____
<u>plus</u> (iii) all guaranty obligations	\$ _____
<u>plus</u> (iv) all outstanding Letters of Credit	\$ _____

equals Total Funded Debt [(i) + (ii) + (iii) + (iv)] \$ _____

(b) Adjusted EBITDA \$ _____²

equals Total Funded Debt to Adjusted EBITDA Ratio [(a) / (b)] _____ : _____

3. Attached hereto as Schedules A, B, C, D, E, and F are calculations showing compliance with the purchase money indebtedness, acquisition indebtedness, unsecured indebtedness, investments in subsidiaries that are not obligors, other investments, and permitted acquisitions, share repurchases, and cash dividends provisions of the Credit Agreement, respectively, as of the Reporting Date.

² [Insert Adjusted EBITDA amount from the last line in Section 1 above.]

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has caused this Compliance Certificate to be executed as of the day and year first written above.

By: _____
Name:
Title:³

³ _____
[To be signed by a Senior Officer of Borrower.]

Schedule A

Purchase Money Indebtedness

To be provided by Borrower.

Schedule B

Acquisition Indebtedness

To be provided by Borrower.

Schedule C

Unsecured Indebtedness

To be provided by Borrower.

Schedule D

Investments in Subsidiaries That Are Not Obligors

To be provided by Borrower.

Schedule E

Other Investments

To be provided by Borrower.

Schedule F

Permitted Acquisitions; Share Repurchases; Cash Dividends
(Sections 6.5 and 6.6 of the Credit Agreement)

To be provided by Borrower.

EXHIBIT B

Form of Line of Credit Note

REVOLVING LINE OF CREDIT NOTE

\$75,000,000.00

Los Angeles, California
January 18, 2013

FOR VALUE RECEIVED, the undersigned KORN/FERRY INTERNATIONAL, a Delaware corporation ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 1800 Century Park East, Suite 1100, Los Angeles, California 90067, California, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of Seventy-Five Million Dollars (\$75,000,000.00), or so much thereof as may be advanced and be outstanding, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

- (a) "Base Rate" means, for any day, a fluctuating rate equal to the highest of: (i) the Prime Rate in effect on such day, (ii) a rate determined by Bank to be one and one-half percent (1.50%) above Daily One Month LIBOR in effect on such day, and (iii) the Federal Funds Rate plus one and one-half percent (1.50%).
- (b) "Business Day" means any day except a Saturday, Sunday or any other day on which commercial banks in California are authorized or required by law to close.
- (c) "Credit Agreement" means that certain Credit Agreement between Borrower and Bank dated as of January 18, 2013, as amended, restated, supplemented or otherwise modified from time to time.
- (d) "Daily One Month LIBOR" means, for any day, the rate of interest equal to LIBOR then in effect for delivery for a one (1) month period.
- (e) "Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers for the immediately preceding day, as published by the Federal Reserve Bank of New York; provided that if no such rate is so published on any day, then the Federal Funds Rate for such day shall be the rate most recently published.
- (f) "Fixed Rate Term" means a period commencing on a Business Day and continuing for one (1), three (3), six (6) or twelve (12) months, as designated by Borrower, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to LIBOR; provided however, that no Fixed Rate Term may be selected for a principal amount less than Five Hundred Thousand Dollars (\$500,000.00); and provided further, that no Fixed Rate Term shall extend beyond the scheduled maturity date hereof. If any Fixed Rate Term would end on a day which is not a Business Day, then such Fixed Rate Term shall be extended to the next succeeding Business Day.

(g) "LIBOR" means the rate per annum (rounded upward, if necessary, to the nearest whole 1/8 of 1%) and determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{100\% - \text{LIBOR Reserve Percentage}}$$

(i) "Base LIBOR" means the rate per annum for United States dollar deposits quoted by Bank (A) for the purpose of calculating effective rates of interest for loans making reference to LIBOR, as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by Bank for the purpose of calculating effective rates of interest for loans making reference thereto, on the first day of a Fixed Rate Term for delivery of funds on said date for a period of time approximately equal to the number of days in such Fixed Rate Term and in an amount approximately equal to the principal amount to which such Fixed Rate Term applies, or (B) for the purpose of calculating effective rates of interest for loans making reference to the Daily One Month LIBOR Rate, as the Inter-Bank Market Offered Rate in effect from time to time for delivery of funds for one (1) month in amounts approximately equal to the principal amount of such loans. Borrower understands and agrees that Bank may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as Bank in its discretion deems appropriate including, but not limited to, the rate offered for U.S. dollar deposits on the London Inter-Bank Market.

(ii) "LIBOR Reserve Percentage" means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by Wells Fargo Bank for expected changes in such reserve percentage during the applicable term of this Note.

(h) "Prime Rate" means at any time the rate of interest most recently announced within Bank at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate.

INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum determined by Bank to be the Applicable Margin above the Base Rate in effect from time to time, or (ii) at a fixed rate per annum determined by Bank to be the Applicable Margin above LIBOR in effect on the first day of the applicable Fixed Rate Term, with Applicable Margin defined according to the table below (and with the term "Total Funded Debt to Adjusted EBITDA Ratio" as defined in the Credit Agreement):

<u>Total Funded Debt to Adjusted EBITDA Ratio</u>	<u>Applicable Margin (Fixed Rate Term)</u>	<u>Applicable Margin (Base Rate)</u>
Less than 0.50 to 1.00	0.50%	0.00%
Equal to or greater than 0.50 to 1.00 but less than 1.00 to 1.00	1.00%	0.00%
Equal to or greater than 1.00 to 1.00	1.50%	0.25%

When interest is determined in relation to the Base Rate, each change in the rate of interest hereunder shall become effective on the date each Base Rate change is announced within Bank. With respect to each LIBOR selection hereunder, Bank is hereby authorized to note the date, principal amount, interest rate and Fixed Rate Term applicable thereto and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

(b) Selection of Interest Rate Options. At any time any portion of this Note bears interest determined in relation to LIBOR, it may be continued by Borrower at the end of the Fixed Rate Term applicable thereto so that all or a portion thereof bears interest determined in relation to the Base Rate or to LIBOR for a new Fixed Rate Term designated by Borrower. At any time any portion of this Note bears interest determined in relation to the Base Rate, Borrower may convert all or a portion thereof so that it bears interest determined in relation to LIBOR for a Fixed Rate Term designated by Borrower. At such time as Borrower requests an advance hereunder or wishes to select a LIBOR option for all or a portion of the outstanding principal balance hereof, and at the end of each Fixed Rate Term, Borrower shall give Bank notice specifying: (i) the interest rate option selected by Borrower; (ii) the principal amount subject thereto; and (iii) for each LIBOR selection, the length of the applicable Fixed Rate Term. Any such notice may be given by telephone (or such other electronic method as Bank may permit) so long as, with respect to each LIBOR selection, (A) if requested by Bank, Borrower provides to Bank written confirmation thereof not later than three (3) Business Days after such notice is given, and (B) such notice is given to Bank prior to 10:00 a.m. on the first day of the Fixed Rate Term, or at a later time during any Business Day if Bank, at its sole option but without obligation to do so, accepts Borrower's notice and quotes a fixed rate to Borrower. If Borrower does not immediately accept a fixed rate when quoted by Bank, the quoted rate shall expire and any subsequent LIBOR request from Borrower shall be subject to a redetermination by Bank of the applicable fixed rate. If no specific designation of interest is made at the time any advance is requested hereunder or at the end of any Fixed Rate Term, Borrower shall be deemed to have made a Base Rate interest selection for such advance or the principal amount to which such Fixed Rate Term applied.

(c) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon written demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) future, supplemental, emergency or other changes in the LIBOR Reserve Percentage, assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR to the extent they are not included in the calculation of LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower, absent manifest error.

(d) Payment of Interest. Interest accrued on this Note shall be payable on the first day of each month, commencing January 1, 2013.

(e) Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, or at Bank's option upon the occurrence, and during the continuance of an Event of Default, the outstanding principal balance of this Note shall bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to two percent (2%) above the rate of interest from time to time applicable to this Note.

BORROWING AND REPAYMENT:

(a) Borrowing and Repayment. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on January 18, 2018.

(b) Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of Borrower's Executive Vice President/Chief Financial Officer, Senior Vice President/Corporate Controller, VP-Treasury, Senior VP—Finance and Investor Relations or General Counsel, any one acting alone, who are authorized to request advances and direct the disposition of any advances until written notice of the revocation of such authority is received by the holder at the office designated above, or (ii) any person, with respect to advances deposited to the credit of any deposit account of Borrower, which advances, when so deposited, shall be conclusively presumed to have been made to or for the benefit of Borrower regardless of the fact that persons other than those authorized to request advances may have authority to draw against such account. The holder shall have no obligation to determine whether any person requesting an advance is or has been authorized by Borrower.

(c) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to the Base Rate, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to LIBOR, with such payments applied to the oldest Fixed Rate Term first.

PREPAYMENT:

(a) Base Rate. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to the Base Rate at any time, in any amount and without penalty.

(b) LIBOR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to LIBOR at any time and in the minimum amount of Five Hundred Thousand Dollars (\$500,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance thereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of the Fixed Rate Term applicable thereto by acceleration or otherwise, Borrower shall pay to Bank immediately upon written demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which such Fixed Rate Term matures, calculated as follows for each such month:

- (i) Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Fixed Rate Term applicable thereto.
- (ii) Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such Fixed Rate Term at LIBOR in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.
- (iii) If the result obtained in (ii) for any month is greater than zero, discount that difference by LIBOR used in (ii) above.

Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due, the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2.00%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed).

EVENTS OF DEFAULT:

This Note is made pursuant to and is subject to the terms and conditions of the Credit Agreement. Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

MISCELLANEOUS:

(a) Remedies. Upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon written demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

KORN/FERRY INTERNATIONAL

By: _____
Name: _____
Title: _____

EXHIBIT C

Form of Subsidiary Guaranty

SUBSIDIARY GUARANTY

This SUBSIDIARY GUARANTY (“Subsidiary Guaranty”), dated as of January 18, 2013, is made by the Persons listed on the signature pages hereto, together with each other Person who may become a party hereto pursuant to Section 16 of this Subsidiary Guaranty (each a “Guarantor” and collectively “Guarantors”), jointly and severally in favor of Wells Fargo Bank, National Association (“Bank”), with reference to the following facts:

RECITALS

A. Pursuant to that certain Credit Agreement dated as of January 18, 2013 by and between Korn/Ferry International, a Delaware corporation (“Borrower”), and Bank (said Credit Agreement, as amended, extended, renewed, supplemented, or otherwise modified from time to time, being the “Credit Agreement”), Bank has agreed to extend certain credit facilities to Borrower.

B. As a condition to the availability of such credit facilities, Guarantors are required to enter into this Subsidiary Guaranty and to guaranty the Guaranteed Obligations as hereinafter provided.

C. Guarantors expect to realize direct and indirect benefits as the result of the availability of the aforementioned credit facilities to Borrower, as the result of financial or business support which will be provided to the Guarantors by Borrower.

AGREEMENT

NOW, THEREFORE, in order to induce Bank to extend the aforementioned credit facilities, and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Guarantors hereby represent, warrant, covenant, agree and guaranty as follows:

1. Definitions. This Subsidiary Guaranty is the Subsidiary Guaranty referred to in the Credit Agreement and is one of the Loan Documents. Terms defined in the Credit Agreement and not otherwise defined in this Subsidiary Guaranty shall have the meanings given those terms in the Credit Agreement when used herein and such definitions are incorporated herein as though set forth in full. In addition, as used herein, the following terms shall have the meanings respectively set forth after each:

“Guarantied Obligations” means any and all present and future Obligations of any type or nature of Borrower or any other Obligor to Bank arising under or related to the Loan Documents and/or any one or more of them, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, including without limitation obligations of performance as well as obligations of

payment, and including without limitation interest that accrues after the commencement of any bankruptcy or insolvency proceeding by or against Borrower, any Guarantor or any other Person.

“Subsidiary Guaranty” means this Subsidiary Guaranty, and any extensions, modifications, renewals, restatements, reaffirmations, supplements or amendments hereof, including, without limitation, any documents or agreements by which additional Guarantors become party hereto.

2. Guaranty of Guaranteed Obligations. Guarantors hereby, jointly and severally, irrevocably, unconditionally guaranty and promise to pay and perform on demand the Guaranteed Obligations and each and every one of them, including all amendments, modifications, supplements, renewals or extensions of any of them, whether such amendments, modifications, supplements, renewals or extensions are evidenced by new or additional instruments, documents or agreements or change the rate of interest on any Guaranteed Obligation or the security therefor, or otherwise.

3. Nature of Guaranty. This Subsidiary Guaranty is irrevocable and continuing in nature and relates to any Guaranteed Obligations now existing or hereafter arising. This Subsidiary Guaranty is a guaranty of prompt and punctual payment and performance and is not merely a guaranty of collection.

4. Relationship to Other Agreements. Nothing herein shall in any way modify or limit the effect of terms or conditions set forth in any other document, instrument or agreement executed by any Guarantor or in connection with the Guaranteed Obligations, but each and every term and condition hereof shall be in addition thereto. All provisions contained in the Credit Agreement or any other Loan Document that apply to Loan Documents generally are fully applicable to this Subsidiary Guaranty and are incorporated herein by this reference.

5. Subordination of Indebtedness of the Obligors to Guarantors to the Guaranteed Obligations. Each Guarantor agrees that:

(a) Any indebtedness of Borrower or any other Obligor now or hereafter owed to any Guarantor hereby is subordinated to the Guaranteed Obligations.

(b) Upon the occurrence and during the continuance of any Event of Default or a Potential Event of Default, if Bank so requests in writing, any such indebtedness of Borrower or any other Obligor now or hereafter owed to any Guarantor shall be collected, enforced and received by such Guarantor as trustee for Bank and shall be paid over to Bank in kind on account of the Guaranteed Obligations, but without reducing or affecting in any manner the obligations of such Guarantor under the other provisions of this Subsidiary Guaranty.

(c) Should such Guarantor fail to collect or enforce any such indebtedness of Borrower or any other Obligor now or hereafter owed to such Guarantor and pay the proceeds thereof to Bank in accordance with Section 5(b) hereof, Bank as such Guarantor’s attorney-in-fact may do such acts and sign such documents in such Guarantor’s name as Bank reasonably deems necessary or advisable to effect such collection, enforcement and/or payment.

6. [Reserved].

7. **Waivers and Consents.** Each Guarantor acknowledges that the obligations undertaken herein involve the guaranty of obligations of Persons other than such Guarantor and, in full recognition of that fact, consents and agrees that Bank may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) supplement, modify, amend, extend, renew, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon; (b) supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Guaranteed Obligations or any part thereof, or any of the Loan Documents to which such Guarantor is not a party or any additional security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder; (c) accept new or additional instruments, documents or agreements in exchange for or relative to any of the Loan Documents or the Guaranteed Obligations or any part thereof; (d) accept partial payments on the Guaranteed Obligations; (e) receive and hold additional security or guaranties for the Guaranteed Obligations or any part thereof; (f) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Bank in its sole and absolute discretion may determine; (g) release any Person from any personal liability with respect to the Guaranteed Obligations or any part thereof; (h) settle, release on terms satisfactory to Bank or by operation of applicable laws or otherwise liquidate or enforce any Guaranteed Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or (i) consent to the merger, change or any other restructuring or termination of the corporate or other existence of Borrower, any Guarantor or any other Person, and correspondingly restructure the Guaranteed Obligations, and any such merger, change, restructuring or termination shall not affect the liability of any Guarantor or the continuing effectiveness hereof, or the enforceability hereof with respect to all or any part of the Guaranteed Obligations.

Upon the occurrence and during the continuance of any Event of Default, Bank may enforce this Subsidiary Guaranty independently as to each Guarantor and independently of any other remedy or security Bank at any time may have or hold in connection with the Guaranteed Obligations. Each Guarantor expressly waives any right to require Bank to marshal assets in favor of any Obligor, and agrees that Bank may proceed against any Obligor, or upon or against any security or remedy, before proceeding to enforce this Subsidiary Guaranty, in such order as it shall determine in its sole and absolute discretion. Bank may file a separate action or actions against any Obligor and/or any Guarantor without respect to whether action is brought or prosecuted with respect to any security or against any other Person, or whether any other Person is joined in any such action or actions. Guarantors agree that Bank and the other Obligors and any affiliates of the other Obligors may deal with each other in connection with the Guaranteed Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Subsidiary Guaranty. Bank's rights hereunder shall be reinstated and revived, and the

enforceability of this Subsidiary Guaranty shall continue, with respect to any amount at any time paid on account of the Guaranteed Obligations which thereafter shall be required to be restored or returned by Bank upon the bankruptcy, insolvency or reorganization of Borrower or any other Person, or otherwise, all as though such amount had not been paid. Each Guarantor agrees that the rights of Bank created or granted herein and the enforceability of this Subsidiary Guaranty with respect to Guarantors at all times shall remain effective to guaranty the full amount of all the Guaranteed Obligations even though the Guaranteed Obligations, or any part thereof, or any security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against any other Obligor or any other guarantor or surety and whether or not any other Obligor shall have any personal liability with respect thereto. To the maximum extent permitted by applicable law, each Guarantor expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any other Obligor with respect to the Guaranteed Obligations, (b) the unenforceability or invalidity of any guaranty for the Guaranteed Obligations, (c) the cessation for any cause whatsoever of the liability of any other Obligor (other than by reason of the full payment and performance of all Guaranteed Obligations), (d) any failure of Bank to marshal assets in favor of Borrower or any other Person, (e) except as otherwise provided in this Subsidiary Guaranty or prohibited by applicable law, any failure of Bank to give notice of sale or other disposition of collateral to such Guarantor or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) except as otherwise provided in this Subsidiary Guaranty or prohibited by applicable law, any failure of Bank to comply with applicable laws in connection with the sale or other disposition of any collateral or other security for any Guaranteed Obligation, including without limitation, any failure of Bank to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Guaranteed Obligation, (g) any act or omission of Bank or others that directly or indirectly results in or aids the discharge or release of any other Obligor or the Guaranteed Obligations or any security or guaranty therefor by operation of law or otherwise, (h) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (i) any failure of Bank to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (j) the election by Bank, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (k) any extension of credit or the grant of any lien under Section 364 of the United States Bankruptcy Code, (l) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (m) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (n) [reserved], (o) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Guaranteed Obligations (or any interest thereon) in or as a result of any such proceeding, (p) to the extent permitted, the benefits of any form of one-action rule under any applicable law, or (q) any action taken by Bank that is authorized by this Section or any other provision of any Loan Document. Until no part of the Line of Credit remains outstanding and all of the Guaranteed Obligations have been paid and performed in full, no Guarantor shall have any right of subrogation, contribution (other than as set forth in Section 11), reimbursement or indemnity, and each Guarantor expressly waives any right to enforce any remedy that Bank now has or hereafter may have against any other Person

and waives the benefit of, or any right to participate in, any collateral now or hereafter held by Bank. To the maximum extent permitted by applicable law, each Guarantor waives all rights and defenses arising out of an election of remedies by Bank, even though that election of remedies, has destroyed such Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Subsidiary Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations (except if such notice is required to be given to the Guarantors under this Guaranty, any other Loan Document or any other Guaranteed Obligations to which any Guarantor is a party).

8. Condition of Borrower and its Subsidiaries and Other Obligors. Each Guarantor represents and warrants to Bank that such Guarantor has established adequate means of obtaining from Borrower and its Subsidiaries, and the other Obligors, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of Borrower and its Subsidiaries, and the other Obligors, and their properties, and each Guarantor now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of Borrower and its Subsidiaries, and the other Obligors, and their properties. Each Guarantor hereby expressly waives and relinquishes any duty on the part of Bank (should any such duty exist) to disclose to such Guarantor any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of Borrower or its Subsidiaries, or any other Obligor, or their properties, whether now known or hereafter known by Bank during the life of this Subsidiary Guaranty. With respect to any of the Guaranteed Obligations, Bank need not inquire into the powers of Borrower or any Subsidiaries thereof, or any other Obligor, or the officers or employees acting or purporting to act on their behalf, and all Guaranteed Obligations made or created in good faith reliance upon the professed exercise of such powers shall be secured hereby.

9. [Reserved].

10. Waiver of Rights of Subrogation. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Guarantor is a party, Guarantors hereby expressly waive with respect to each other Obligor and its successors and assigns (including any surety) and any other Person which is directly or indirectly a creditor of any other Obligor or any surety for any other Obligor, any and all rights at law or in equity to subrogation, to reimbursement, to exoneration, to contribution (except as specifically provided in Section 11 below), to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker, and which Guarantors may have or hereafter acquire against any other Obligor or any other such Person in connection with or as a result of Guarantors' execution, delivery and/or performance of this Subsidiary Guaranty or any other Loan Document to which any Guarantor is a party. Guarantors agree that they shall not have or assert any such rights against any other Obligor or their successors and assigns or any other Person (including any surety) which is directly or indirectly a creditor of any other Obligor or any surety for any other Obligor, either directly or as an attempted setoff to any action

commenced against Guarantors by any other Obligor (as borrower or in any other capacity), Bank or any other such Person. Guarantors hereby acknowledge and agree that this waiver is intended to benefit the other Obligors and Bank and shall not limit or otherwise affect Guarantors' liability hereunder, under any other Loan Document to which any Guarantor is a party, or the enforceability hereof or thereof.

11. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of all payments made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of all such payments. The provisions of this Section 11 shall in no respect limit the obligations and liabilities of any Guarantor to Bank, and, subject to the provisions of Section 16 below, each Guarantor shall remain liable to Bank for the full amount guaranteed by such Guarantor hereunder. The "proportionate share" of any Guarantor shall be a fraction (which shall in no event exceed 1.00) the numerator of which is the excess, if any, of the fair value of the assets of such Guarantor over a fair estimate of the liabilities of such Guarantor and the denominator of which is the excess (but not less than \$1.00) of the fair value of the aggregate assets (without duplication) of all Guarantors over a fair estimate of the aggregate liabilities (without duplication) of all Guarantors. All relevant calculations shall be made as of the date such Guarantor became a Guarantor.

12. Understandings With Respect to Waivers and Consents. Each Guarantor warrants and agrees that each of the waivers and consents set forth herein is made with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Guarantor otherwise may have against Borrower, Bank or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. Each Guarantor acknowledges that it has either consulted with legal counsel regarding the effect of this Subsidiary Guaranty and the waivers and consents set forth herein, or has made an informed decision not to do so. If this Subsidiary Guaranty or any of the waivers or consents herein are determined to be unenforceable under or in violation of applicable law, this Subsidiary Guaranty and such waivers and consents shall be effective to the maximum extent permitted by law.

13. Representations and Warranties. Each Guarantor hereby makes each and every representation and warranty applicable to such Guarantor set forth in Article 3 of the Credit Agreement as if set forth in full herein. Each Guarantor covenants and agrees that, until the Guaranteed Obligations have been indefeasibly paid in full and the Credit Agreement has been terminated, such Guarantor shall perform, comply with and be bound by all of the agreements, covenants and obligations contained in Articles 5, 6, and 8 of the Credit Agreement which are applicable to such Guarantor or its assets.

14. Costs and Expenses. Each Guarantor agrees to pay to Bank all documented costs and expenses including, without limitation, reasonable attorneys' fees and disbursements) incurred by Bank in the enforcement or attempted enforcement of this Subsidiary Guaranty, whether or not an action is filed in connection therewith, and in connection with any waiver or amendment of any term or provision hereof. All advances, charges, costs and expenses,

including reasonable attorneys' fees and disbursements (including the reasonably allocated cost of legal counsel employed by Bank), incurred or paid by Bank in exercising any right, privilege, power or remedy conferred by this Subsidiary Guaranty, or in the enforcement or attempted enforcement thereof, shall be subject hereto and shall become a part of the Guaranteed Obligations and shall be paid to Bank by each Guarantor, immediately upon demand, together with interest thereon at the rate(s) provided for under the Credit Agreement.

15. Construction of this Guaranty. This Subsidiary Guaranty is intended to give rise to absolute and unconditional obligations on the part of each Guarantor; hence, in any construction hereof, notwithstanding any provision of any Loan Document to the contrary, this Subsidiary Guaranty shall be construed strictly in favor of Bank in order to accomplish its stated purpose.

16. Joinder. Any other Person may become a Guarantor under and become bound by the terms and conditions of this Subsidiary Guaranty by executing and delivering to Bank an Instrument of Joinder substantially in the form attached hereto as Exhibit A, accompanied by such documentation as Bank may reasonably require to establish the due organization, valid existence and good standing of such Person, its qualification to engage in business in each material jurisdiction in which it is required to be so qualified, its authority to execute, deliver and perform this Subsidiary Guaranty, and the identity, authority and capacity of each responsible official thereof authorized to act on its behalf.

17. Arbitration.

(a) Arbitration. The parties hereto (and for the purposes of this Arbitration section "parties" shall include each Guarantor and Bank) agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise arising out of or relating to in any way (i) the loan and related loan and security documents which are the subject of this Guaranty and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in California selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of California or a neutral retired judge of the state or federal judiciary of California, in either case with a minimum of ten years experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of California and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the California Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date and within 180 days of the filing of the dispute with the AAA. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. The resolution of any dispute arising pursuant to the terms of this Guaranty shall be determined by a separate arbitration proceeding and such dispute shall not be consolidated with other disputes or included in any class proceeding.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Real Property Collateral; Judicial Reference. Notwithstanding anything herein to the contrary, no dispute shall be submitted to arbitration if the dispute concerns indebtedness secured directly or indirectly, in whole or in part, by any real property unless (i) the holder of the mortgage, lien or security interest specifically elects in writing to proceed with the arbitration, or (ii) all parties to the arbitration waive any rights or benefits that might accrue to them by virtue of the single action rule statute of California, thereby agreeing that all indebtedness and obligations of the parties, and all mortgages, liens and security interests securing such indebtedness and obligations, shall remain fully valid and enforceable. If any such dispute is not submitted to arbitration, the dispute shall be referred to a referee in accordance with California Code of Civil Procedure Section 638 et seq., and this general reference agreement is intended to be specifically enforceable in accordance with said Section 638. A referee with the qualifications required herein for arbitrators shall be selected pursuant to the AAA's selection procedures. Judgment upon the decision rendered by a referee shall be entered in the court in which such proceeding was commenced in accordance with California Code of Civil Procedure Sections 644 and 645.

(i) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the documents between the parties or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the documents or any relationship between the parties.

18. Counterparts. This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

19. THIS SUBSIDIARY GUARANTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

[signature pages follow]

IN WITNESS WHEREOF, Guarantor has executed this Subsidiary Guaranty by its duly authorized officer as of the date first written above.

“Guarantors”

GLOBAL NOVATIONS, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

KORN/FERRY INTERNATIONAL FUTURESTEP, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

LOMINGER LIMITED, INC.,
a Minnesota corporation

By: _____

Name: _____

Title: _____

LORE INTERNATIONAL INSTITUTE, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

SENSA SOLUTIONS, INC.,
a Virginia corporation

By: _____

Name: _____

Title: _____

Address **[[for notices to all Guarantors?]]**:

Attn: _____

Fax: () _____

EXHIBIT A
TO
SUBSIDIARY GUARANTY
INSTRUMENT OF JOINDER

THIS INSTRUMENT OF JOINDER ("Joinder") is executed as of _____, _____, by _____, _____, a _____ ("Joining Party"), and delivered to Wells Fargo Bank, National Association ("Bank"), pursuant to the Subsidiary Guaranty dated as of January 18, 2013, made by certain Subsidiaries of Korn/Ferry International identified therein (collectively, the "Guarantors"), in favor of Bank (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Guaranty"). Terms used but not defined in this Joinder shall have the meanings defined for those terms in the Guaranty.

RECITALS

a) The Guaranty was made by the Guarantors in favor of Bank in connection with that certain Credit Agreement (as amended, extended, renewed, supplemented or otherwise modified from time to time, the "Credit Agreement") dated as of January 18, 2013, by and between Korn/Ferry International, a Delaware corporation ("Borrower"), and Bank.

b) Joining Party (i) has become a Material Non-TP Subsidiary of Borrower and as such is required pursuant to Section 5.11 of the Credit Agreement to become a Guarantor under the terms and conditions of the Guaranty, or (ii) is an Excluded Subsidiary of Borrower that, pursuant to the terms of Section 5.11 of the Credit Agreement, is required to become a Guarantor.

c) Joining Party expects to realize direct and indirect benefits as a result of the availability to Borrower of the credit facilities under the Credit Agreement.

NOW THEREFORE, Joining Party agrees as follows:

AGREEMENT

1. By this Joinder, Joining Party becomes a "Guarantor" under and pursuant to Section 16 of the Guaranty. Joining Party agrees that, upon its execution hereof, it will become a Guarantor under the Guaranty with respect to all Guaranteed Obligations as further set forth therein, and will be bound by all terms, conditions, and duties applicable to a Guarantor under the Guaranty.

2. The effective date of this Joinder is _____, _____.

“Joining Party”

a _____

By: _____

[Printed Name and Title]

ACKNOWLEDGED:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____

[Printed Name and Title]

SCHEDULE 3.4

LITIGATION

None.

SCHEDULE 5.11

EXCLUDED SUBSIDIARIES

None.

SCHEDULE 6.2

INDEBTEDNESS

<u>Description</u>	<u>Beneficiary</u>	<u>Item #</u>	<u>Type</u>	<u>Maturity</u>	<u>Amount</u>	<u>Bank</u>
New York Office Lease – 200 Park	Tishman Speyner Properties, L.P	657563	LC	5/15/13	\$ 2,645,030	CitiBank
Washington DC Lease – 1700 K Street	1700 K Street Associates LLC	549251	LC	7/21/13	\$ 80,313.13	CitiBank
San Francisco Office Lease – 1 Sansome	One Sansome StProperty LLC	536378	LC	1/7/13	\$ 184,146	CitiBank
HP Equipment Leases	Korn/Ferry International		Cap Lease		\$ 65,254.69	HP Financial
HP Equipment Leases	Korn/Ferry International		Cap Lease		\$ 23,188.24	HP Financial
HP Equipment Leases	Korn/Ferry International		Cap Lease		\$ 6,449.76	HP Financial
HP Equipment Leases	Korn/Ferry International		Cap Lease		\$ 12,619.50	HP Financial

SCHEDULE 6.7

LIENS

	<u>Debtor</u>	<u>Secured Party</u>	<u>Initial Filing Number</u>	<u>Collateral Description</u>
1	Korn/Ferry International	AT&T Capital Services, Inc.	2010 4618082	Equipment
2	Korn/Ferry International	Hewlett-Packard Financial Services Company	2011 0222300	Equipment
3	Korn/Ferry International	Hewlett-Packard Financial Services Company	2011 0313869	Equipment
4	Korn/Ferry International	Canon Financial Services	2012 0117657	Equipment
5	Korn/Ferry International	AT&T Capital Services, Inc.	2012 4144269	Equipment
6	Lominger Limited, Inc.	US Bancorp	200810386112	Equipment
7	Lominger Limited, Inc.	US Bancorp	200917798558	Equipment
8	Lominger Limited, Inc.	US Bancorp	201018957974	Equipment
9	Lominger Limited, Inc.	US Bancorp	201021481702	Equipment
10	Lominger Limited, Inc.	US Bancorp	201021766554	Equipment
11	Global Novations, LLC	Wells Fargo Financial Leasing, Inc.	2011 2509399	Equipment

Liens in favor of Citibank, N.A. with respect to the account listed below and the cash maintained therein in an amount not to exceed \$2,861,482.19, arising in connection with letters of credit issued pursuant to that certain Loan Agreement dated as of March 14, 2011 by and among Korn/Ferry International, the lenders from time to time party thereto, and Citibank, N.A., as Administrative Agent for such lenders, which letters of credit remain outstanding on the Closing Date:

Bank: CitiBusiness IMMA
Account Number:
Name: Korn/Ferry International

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This Amendment No. 2 to Credit Agreement (this "Amendment") dated as of December 12, 2014, is made by and between KORN/FERRY INTERNATIONAL, a Delaware corporation ("Borrower") and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

This Amendment is made with reference to the following facts:

A. Borrower is currently indebted to Bank pursuant to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated as of January 18, 2013 (as amended from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth for such terms in the Credit Agreement as amended hereby.

B. Borrower has requested that Bank clarify and agree that certain intercompany transactions by and among Borrower and its Subsidiaries or among its Subsidiaries shall constitute (and to the extent occurring prior to the date of this Agreement, constituted) Permitted Investments. Subject to the terms and conditions set forth herein, Bank is willing to make such clarification and agrees that the Credit Agreement shall be amended as more specifically set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and benefits contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Borrower and Bank agree as follows:

1. AMENDMENTS TO CREDIT AGREEMENT.

1.1. The definition of Permitted Investments (contained in Section 1.1 of the Credit Agreement) is amended to delete the word "and" at the end of clause (1), re-lettering clause (m) as clause (n) and adding the following new clause (m):

(m) To the extent not otherwise permitted by the foregoing, Investments consisting of the conversion of Indebtedness in the form of intercompany loans and advances into equity, including the transfer of an intercompany loan by an Obligor to a non-Obligor Subsidiary, in each case, to the extent (i) the underlying intercompany loans or advances arose (A) in the ordinary course of business between Borrower and any Subsidiary or between a Subsidiary of Borrower and another Subsidiary or (B) in connection with a Permitted Acquisition, and (ii) the conversion of such loans and advances into equity is made prior to May 1, 2015; and

2. CONDITIONS PRECEDENT.

The effectiveness of this Amendment and Bank's agreements set forth herein are subject to the satisfaction of each of the following conditions precedent:

2.1. Documentation. Borrower shall have delivered or caused to be delivered to Bank, at Borrower's sole cost and expense, the following, each of which shall be in form and substance satisfactory to Bank:

(a) An executed original of this Amendment; and

(b) Such other agreements, documents and instruments as Bank may reasonably require in connection with this Amendment and the transactions described herein.

2.2. Representations and Warranties. All of Borrower's representations and warranties contained herein shall be true and correct on and as of the date of execution hereof and no Event of Default or event, fact or circumstance which with the passage of time, the giving of notice, or both, would be an Event of Default shall have occurred and be continuing under the Credit Agreement or any of the other Loan Documents, as modified hereby.

3. REPRESENTATIONS AND WARRANTIES.

Borrower makes the following representations and warranties to Bank as of the date hereof, which representations and warranties shall survive the execution, termination or expiration of this Amendment and shall continue in full force and effect until the full and final satisfaction and discharge of all obligations of Borrower to Bank under the Credit Agreement and the other Loan Documents:

3.1. Reaffirmation of Prior Representations and Warranties. Borrower hereby reaffirms and restates as of the date hereof, all of the representations and warranties made by Borrower in the Credit Agreement and the other Loan Documents, except (a) to the extent such representations and warranties specifically relate to an earlier date, or (b) to the extent such representations and warranties are amended by this Amendment.

3.2. No Default. No Potential Event of Default or Event of Default exists as of the date of this Amendment.

3.3. Due Execution. The execution, delivery and performance of this Amendment and any instruments, documents or agreements executed in connection herewith are within the powers of Borrower, have been duly authorized by all necessary action, and do not contravene any law or the terms of any organizational document of Borrower, result in a breach of, or constitute a default under, any contractual restriction, indenture, trust agreement or other instrument or agreement binding upon Borrower.

3.4. No Further Consent. The execution, delivery and performance of this Amendment and any documents or agreements executed in connection herewith do not require any consent or approval not previously obtained of any shareholder, beneficiary or creditor of Borrower.

3.5. Binding Agreement. This Amendment, and each of the other instruments, documents and agreements executed in connection herewith constitute the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws or equitable principles relating to or limiting creditors' rights generally.

4. MISCELLANEOUS.

4.1. Recitals Incorporated. The Recitals set forth above are incorporated into and are made a part of this Amendment.

4.2. Further Assurances. Borrower, at its sole cost and expense, agrees to execute and deliver all documents and instruments and to take all other actions as may be specifically provided for herein and as may be required in order to consummate the purposes of this Amendment. Borrower shall diligently and in good faith pursue the satisfaction of any conditions or contingencies in this Amendment.

4.3. No Third Parties. Except as specifically provided herein, no third party shall be benefited by any of the provisions of this Amendment; nor shall any such third party have the right to rely in any manner upon any of the terms hereof, and none of the covenants, representations, warranties or agreements herein contained shall run in favor of any third party.

4.4. Time is of the Essence. Time is of the essence for the performance of all obligations and the satisfaction of all conditions of this Amendment. The parties intend that all time periods specified in this Amendment shall be strictly applied, without any extension (whether or not material) unless specifically agreed to in writing by all parties hereto.

4.5. Integration: Interpretation. The parties acknowledge and agree that this Amendment and all documents, instruments and agreements executed in connection herewith are documents delivered to Bank in connection with the Credit Agreement and are therefore Loan Documents. The Loan Documents, including this Amendment and the documents, instruments and agreements executed in connection herewith, contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations, discussions and correspondence. The Loan Documents shall not be modified except by written instrument executed by all parties.

4.6. Counterparts and Execution. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.7. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California.

4.8. Non-Impairment of Loan Documents. On the date all conditions precedent set forth herein are satisfied in full, this Amendment shall be a part of the Credit Agreement. Except as expressly provided in this Amendment or in any other document, instrument or agreement executed by Bank, all provisions of the Loan Documents shall remain in full force and effect, and Bank shall continue to have all its rights and remedies under the Loan Documents.

4.9. No Waiver. Nothing herein shall be deemed a waiver by Bank of any Default or Event of Default. No delay or omission of Bank to exercise any right, remedy or power under any of the Loan Documents shall impair such right, remedy or power or be construed to be a waiver of any default or an acquiescence therein, and single or partial exercise of any such right, remedy or power shall not preclude other or further exercise thereof or the exercise of any other right, remedy or power. No waiver of any term, covenant, or condition shall be deemed to waive Bank's right to enforce such term, covenant or condition at any other time.

4.10. Successors and Assigns. The terms of this Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties to this Amendment.

4.11. Costs and Expenses. Borrower agrees to pay, promptly upon Bank's written demand therefor, all costs and expenses (including without limitation reasonable attorneys' fees) expended or incurred by Bank in connection with the negotiation, documentation and preparation of this Amendment and any other documents executed in connection herewith, and in carrying out the terms of this Amendment, whether incurred before or after the effective date hereof.

[signature page follows]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the date first set forth above.

BORROWER:

KORN/FERRY INTERNATIONAL,
a Delaware corporation

By: /s/ Andrew Katz
Andrew Katz
Vice President

BANK:

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ Sanjna Daphtary
Sanjna Daphtary
Vice President

PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. REDACTED PORTIONS ARE INDICATED WITH THE NOTATION “[***]”.

CONFIDENTIAL TREATMENT REQUESTED BY
KORN/FERRY INTERNATIONAL
Execution Version

AMENDMENT NO. 2 TO CREDIT AGREEMENT

This Amendment No. 2 to Credit Agreement (this “Amendment”) dated as of June 3, 2015, is made by and between KORN/FERRY INTERNATIONAL, a Delaware corporation (“Borrower”) and WELLS FARGO BANK, NATIONAL ASSOCIATION (“Bank”).

RECITALS

This Amendment is made with reference to the following facts:

A. Borrower is currently indebted to Bank pursuant to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated as of January 18, 2013 (as amended from time to time, the “Credit Agreement”). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth for such terms in the Credit Agreement as amended hereby.

B. [***].

C. Borrower has requested that Bank agree to (i) increase the Line of Credit Amount to \$150,000,000 and (ii) make certain other changes to the terms of the Credit Agreement. Subject to the terms and conditions set forth herein, Bank is willing to grant such accommodations to Borrower as more specifically set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and benefits contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Borrower and Bank agree as follows:

1. AMENDMENTS TO CREDIT AGREEMENT.

1.1. Section 1.1 - Definitions (Amended and Restated). The definitions of “Adjusted EBITDA,” “Continuing Director,” “Domestic Liquidity,” “Line of Credit Amount” and “Line of Credit Maturity Date” in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

“Adjusted EBITDA” means, with respect to any fiscal period of Borrower and its Subsidiaries, the sum of (determined on a consolidated basis and without duplication) the following: (a) (i) net profit (before tax and equity in earnings of unconsolidated Subsidiaries) for such period and (ii) the amount of dividends or other distributions paid in cash during such period by an unconsolidated subsidiary of Borrower, and, in each case to the extent included in the

[***] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

computation of the foregoing clause (a) for such period, minus (b) the amount of any non-recurring gains (excluding, however, cash, non-recurring gains relating to previously expensed items that do not exceed in the aggregate the greater of (i) \$5,000,000 and (ii) 5.00% of Adjusted EBITDA for the trailing twelve-month period ending on the last day of such period), plus (c) interest expense, plus (d) depreciation expense and amortization expense, plus (e) non-cash capital stock-based compensation to officers and employees (including in connection with the vesting of stock options in Borrower), plus (f) restructuring charges (whether in cash or non-cash), including those resulting from Permitted Acquisitions, in an amount not to exceed \$20,000,000, plus (g) non-cash, non-recurring charges, and (h) plus non-cash charges or minus non-cash gains related to fair value adjustments.

“Continuing Director” means (a) any member of the board of directors of Borrower who was a director of Borrower on the Amendment No. 2 Effective Date, and (b) any individual who becomes a member of the board of directors of Borrower after the Amendment No. 2 Effective Date if such individual was approved, appointed or nominated for election to the board of directors by a majority of the Continuing Directors.

“Domestic Liquidity” means, as of any date of determination, an amount equal to the sum of (a) the aggregate amount of unrestricted and unencumbered (i) cash and Cash Equivalents and (ii) Marketable Securities (excluding any Marketable Securities that are then held in trust for settlement of Borrower’s obligations under certain of its deferred compensation plans), in each case then held by Borrower and its Domestic Subsidiaries, plus (b) the Line of Credit Amount as of that date, minus (C) Line of Credit Usage as of that date.

“Line of Credit Amount” means, \$150,000,000, provided that such amount may be (a) increased from time to time pursuant to Section 2.1(b), and (b) reduced from time to time pursuant to Section 2.1(c).

“Line of Credit Maturity Date” means June 3, 2020.

1.2. Section 1.1 - Definition of Permitted Acquisition. Clause (g) of the definition of “Permitted Acquisition” contained in Section 1.1 of the Credit Agreement is amended and restated in its entirety to read as follows:

(g) After giving effect to such acquisition and the purchase price to be paid in connection therewith (i) Domestic Liquidity shall not be less than \$50,000,000, (ii) the aggregate amount of consideration paid with respect to all acquisitions shall not exceed \$100,000,000 in any fiscal year of Borrower except [***], (iii) the aggregate amount of consideration paid with respect to all acquisitions plus the aggregate amount of dividends and distributions paid by Borrower pursuant to Section 6.6(c) and Share Repurchases shall not exceed \$125,000,000 in any fiscal year of Borrower except [***].

- 2 -

[***] Confidential Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

1.3. Clause (g) of the definition of “Permitted Encumbrances” contained in Section 1.1 of the Credit Agreement is amended and restated in its entirety to read as follows:

(g) Liens in favor of other financial institutions arising in connection with Borrower’s deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by such institutions;

1.4. Section 1.1 - Definitions (New) The following definitions of “Amendment No. 2,” “Amendment No. 2 Effective Date” and [***] are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical place:

“Amendment No. 2” means that certain Amendment No. 2 to Credit Agreement, dated as of June 3, 2015, between Borrower and Bank.

“Amendment No. 2 Effective Date” means the “Effective Date” (as such term is used and defined in Amendment No. 2.

[***].

1.5. Section 2.1(a) - Line of Credit Section 2.1(a) of the Credit Agreement is hereby amended by amending and restating the last sentence thereof in its entirety to read as follows:

Borrower’s obligation to repay Revolving Advances under the Line of Credit shall be evidenced by an amended and restated revolving line of credit note dated as of June 3, 2015 (“Line of Credit Note”), in the form of Exhibit B, all terms of which are incorporated herein by this reference.

1.6. Section 2.1(b) - Optional Increase in Line of Credit Amount Section 2.1(b) of the Credit Agreement is amended to read in its entirety as follows:

(b) Optional Increase in Line of Credit Amount Subject to Bank approval and provided that (i) no Potential Event of Default or Event of Default then exists, on any date prior to December 3, 2019, and (ii) no voluntary permanent reductions to the Line of Credit Amount pursuant to Section 2.1(c) have occurred prior to the date of any such request, Borrower may request in writing that the Line of Credit Amount be increased in an amount which does not result in the principal amount of the Line of Credit being greater than \$200,000,000 (“Greenshoe Option”); provided further that each requested increase to the Line of Credit Amount shall be in a minimum amount of at least \$10,000,000 or such smaller amount if such smaller amount is the maximum amount available under the Greenshoe Option at such time. Unless a shorter time period shall be approved by Bank in writing, any request under this Section shall be submitted by Borrower to Bank not less than thirty (30) days prior to the proposed increase. Any such request shall be accompanied by a certificate signed by a Senior Officer of Borrower, stating that no Potential Event of Default or

Event of Default exists as of the date of the request or will result from the requested increase. Bank shall notify Borrower within the specified time period whether or not it agrees to allow the proposed increase; provided, however, that should Bank fail to respond within such time period it shall be deemed to have declined to allow the proposed increase. The rejection of any proposed increase by Bank shall not affect Borrower's right to request an increase in the Line of Credit Amount at a future date. In the event Bank agrees to any proposed increase, Borrower shall: (A) issue a replacement Line of Credit Note to Bank in the principal amount of the increased Line of Credit Amount; (B) execute and deliver to Bank such amendments, if any, to the Loan Documents as Bank may reasonably request relating to such increase; and (C) pay to Bank any agreed upon loan (or upfront) fee applicable to such increase. Borrower and Bank hereby agree that in the event the Line of Credit Amount is increased pursuant to the Greenshoe Option, upon the election of Bank acting in its sole discretion, the Obligations will be secured by substantially all assets of the Obligors, other than customary exceptions to be agreed by Borrower and Bank, and, if elected by Bank, concurrently with such increase (and as a condition precedent to the effectiveness thereof), the applicable Obligors will enter into customary security, pledge and other collateral documents, and any necessary amendment to the Credit Agreement, in each case in form and substance reasonably satisfactory to Borrower and Bank, to evidence the securing of the Obligations and the rights and remedies of Bank arising therefrom.

1.7. Section 2.2(d) - Unused Commitment Fee. Section 2.2(d) of the Credit Agreement is amended to read in its entirety as follows:

(d) Unused Commitment Fee. Borrower shall pay to Bank a fee (computed on the basis of a 360-day year, actual days elapsed) on the average daily unused amount of the Line of Credit (i.e., the then applicable Line of Credit Amount minus Line of Credit Usage), which fee (the "Unused Commitment Fee") shall be calculated on a quarterly basis by Bank according to the table below and shall be due and payable quarterly by Borrower in arrears within ten (10) days after each billing is sent by Bank:

Total Funded Debt to Adjusted EBITDA Ratio	Applicable Unused Commitment Fee
Less than 0.75 to 1.00	0.25%
Equal to or greater than 0.75 to 1.00 but less than 1.00 to 1.00	0.30%
Equal to or greater than 1.00 to 1.00 but less than 1.75 to 1.00	0.35%
Equal to or greater than 1.75 to 1.00	0.40%

1.8. Section 3.5 - Correctness of Financial Statement The first sentence of Section 3.5 of the Credit Agreement is amended to read in its entirety as follows:

The annual consolidated financial statement of Borrower and its Subsidiaries dated April 30, 2012 and all interim financial statements delivered to Bank since said date, true copies of which have been delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct and present fairly in all material respects the financial condition of Borrower and its Subsidiaries as of the dates and for the periods to which they relate, (b) disclose all liabilities of Borrower and its Subsidiaries that are required to be reflected or reserved against under GAAP, whether liquidated or unliquidated, fixed or contingent as of the dates and for the periods to which they relate, and (c) have been prepared in accordance with GAAP consistently applied subject (other than with respect to audited annual financial statements) to year-end audit adjustments and the absence of footnotes.

1.9. Section 5.3 - Financial Statements Section 5.3(e) of the Credit Agreement is amended by deleting the following in its entirety: "and in any event within five (5) Business Days after filing with the Securities and Exchange Commission,".

1.10. Section 5.3 - Financial Statements Section 5.3 of the Credit Agreement is amended to add the following sentence at the end thereof:

Documents required to be delivered pursuant to Section 5.3(a), (b) or (c) (to the extent any such documents are included in materials otherwise filed with the Securities and Exchange Commission) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet at the following website address *www.kornferry.com*, or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which Bank has access; provided that in any such instance (whether pursuant to clause (i) or (ii) above), Borrower shall notify Bank (by facsimile or electronic mail) of the posting of any such documents and provide to Bank by electronic mail electronic versions of such documents. Notwithstanding anything contained herein, in every instance Borrower shall be required to provide copies of the Compliance Certificates required by Section 5.3(e) directly to Bank.

1.11. Section 5.8 - Litigation Section 5.8 of the Credit Agreement is amended to read in its entirety as follows:

SECTION 5.8 LITIGATION. Promptly give notice in writing to Bank of any litigation pending or threatened in writing against Borrower or any Subsidiary with a claim in excess of \$5,000,000.

1.12. Section 5.9 - Financial Condition Section 5.9 of the Credit Agreement is amended to read in its entirety as follows:

SECTION 5.9 FINANCIAL CONDITION. Maintain Borrower's consolidated financial condition as follows using GAAP consistently applied and

used consistently with prior practices (except to the extent modified by the definitions herein), with compliance determined commencing with Borrower's consolidated financial statements for the fiscal period ending on or about April 30, 2015, except as otherwise stated:

- (a) Adjusted EBITDA (calculated on a rolling four-fiscal quarter basis) of not less than \$70,000,000 as of the last day of any fiscal quarter.
- (b) Total Funded Debt to Adjusted EBITDA Ratio, as of the last day of any fiscal quarter, not greater than 2.25 to 1.00.

1.13. Section 6.3 - Merger, Consolidation, Transfer of Assets Section 6.3(a) of the Credit Agreement is amended to read in its entirety as follows:

(a) Merge into or consolidate with any other entity, other than (i) mergers or consolidations of Subsidiaries into and with (x) Borrower (with Borrower as the surviving entity) or (y) another Subsidiary, including in either case in connection with Permitted Acquisitions and (ii) Permitted Acquisitions; provided that Borrower may reorganize Subsidiaries that are Foreign Subsidiaries to an organization in which such Foreign Subsidiaries are Subsidiaries of a newly formed foreign holding company (or newly formed foreign holding companies) so long as no Event of Default or Potential Event of Default shall have occurred and be continuing or would result after giving effect to any such reorganization (the "Foreign Operations Consolidation").

1.14. Section 6.3 - Merger, Consolidation, Transfer of Assets Section 6.3(d)(i) of the Credit Agreement is amended to read in its entirety as follows:

(i) (x) Dispositions of obsolete, worn-out or surplus property in the ordinary course of business, (y) Dispositions constituting dividends or distributions permitted by Section 6.6 or (z) Dispositions constituting Investments permitted by Section 6.5.

1.15. Section 6.6 - Dividends, Distributions, Section 6.6 of the Credit Agreement is amended to read in its entirety as follows:

SECTION 6.6 DIVIDENDS, DISTRIBUTIONS. Declare or pay any dividend or distribution either in cash, stock or any other property on any Equity Interest of Borrower or any Subsidiary now or hereafter outstanding, nor redeem, retire, repurchase or otherwise acquire any part of any class of Borrower's or any Subsidiaries' Equity Interests now or hereafter outstanding, other than (a) dividends and distributions paid by Subsidiaries to Borrower or another Subsidiary, including dividends payable in capital stock or rights to purchase capital stock of such Subsidiaries, provided that no dividend or distribution shall be paid in cash by any Obligor to any Subsidiary that is not an Obligor, (b) (i) dividends payable solely in capital stock or rights to purchase capital stock of Borrower, (ii) cashless repurchases of Equity Interests of Borrower deemed to occur upon exercise of stock options if any such Equity Interest represents a

portion of the exercise price of such options and (iii) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of Borrower, (c) dividends and distributions paid by Borrower to its shareholders on any Equity Interest of Borrower, and (d) redemptions, retirements, repurchases or other acquisitions of Borrower's common stock (each, a "Share Repurchase"), provided that (i) with respect to Section 6.6(c) and 6.6(d), no Potential Event of Default or Event of Default then exists or would result therefrom, (ii) the aggregate consideration paid (whether in cash or otherwise) in connection with any dividend or distribution paid pursuant to Section 6.6(c) and Share Repurchases during any fiscal year shall not exceed \$75,000,000, (iii) the aggregate consideration paid (whether in cash or otherwise) in connection with any dividend or distribution paid pursuant to Section 6.6(c) and Share Repurchases plus the aggregate amount of consideration paid with respect to all acquisitions shall not exceed \$125,000,000 in any fiscal year of Borrower except [***], and (iv) after giving effect to any dividend or distribution paid pursuant to Section 6.6(c) or Share Repurchase, Domestic Liquidity shall not be less than \$50,000,000.

1.16. Compliance Certificate. Exhibit A (Compliance Certificate) to the Credit Agreement is amended and restated by the Exhibit A attached hereto as Annex 1.

1.17. Title of Prior Amendment. The title to Amendment No. 2 to Credit Agreement dated as of December 12, 2014 between Borrower and Bank shall be amended to be "Amendment No. 1 to Credit Agreement."

2. CONDITIONS PRECEDENT.

This Amendment shall become effective upon the satisfaction (or waiver by Bank in writing) of each of the following conditions (the date upon which all such conditions are satisfied (or waived in writing by Bank), the "Amendment No. 2 Effective Date"):

2.1. Documentation. Borrower shall have delivered or caused to be delivered to Bank, at Borrower's sole cost and expense, the following, each of which shall be in form and substance satisfactory to Bank:

(a) An executed original Amendment;

(b) An executed Line of Credit Note in the form of Annex 2 to this Amendment;

(c) With respect to Borrower and each other Obligor, such documentation as Bank may reasonably require to establish the due organization, valid existence and good standing of each such Person in its jurisdiction of formation, its qualification to engage in business in the jurisdiction of its formation and, if different, the jurisdiction of its principal place of business, its authority to execute, deliver and perform the Loan Documents to which it is a party, the identity, authority and capacity of each

responsible official thereof authorized to act on its behalf, including copies of its articles or certificates of incorporation, or articles or certificate of formation (as applicable), and amendments thereto, certified by the applicable Secretary of State (or equivalent government official), bylaws, operating agreements or limited liability company agreements (as applicable) and amendments thereto, in each case certified by a responsible official of such party, certificates of good standing and/or qualifications to engage in business, certified copies of corporate resolutions, incumbency certificates, certificates of responsible officials and the like;

(d) Favorable written legal opinions of Gibson, Dunn & Crutcher LLP, counsel to Borrower and the other Obligors in existence on the Amendment No. 2 Effective Date, and such local counsel opinions as Bank may reasonably require, in each case, together with copies of all factual certificates and legal opinions upon which its counsel has relied; and

(e) Such other agreements, documents and instruments as Bank may reasonably require in connection with this Amendment and the transactions described herein.

2.2. Closing Fee. Borrower shall have paid to Bank a non-refundable closing fee equal to \$375,000 (i.e., 0.25% of the Line of Credit Amount).

2.3. Representations and Warranties. All of Borrower's representations and warranties contained herein shall be true and correct in all material respects on and as of the date of execution hereof (except that any representation or warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct in all respects on such date) and no Event of Default or event, fact or circumstance which with the passage of time, the giving of notice, or both, would be an Event of Default shall have occurred and be continuing under the Credit Agreement or any of the other Loan Documents, as modified hereby.

3. REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank as of the date hereof, which representations and warranties shall survive the execution, termination or expiration of this Amendment and shall continue in full force and effect until the full and final satisfaction and discharge of all obligations of Borrower to Bank under the Credit Agreement and the other Loan Documents:

3.1. Reaffirmation of Prior Representations and Warranties. Borrower hereby reaffirms and restates as of the date hereof, all of the representations and warranties made by Borrower in the Credit Agreement and the other Loan Documents, except (a) to the extent such representations and warranties specifically relate to an earlier date, or (b) to the extent such representations and warranties are amended by this Amendment.

3.2. No Default. No Potential Event of Default or Event of Default exists as of the date of this Amendment or will result from the increase in the Line of Credit Amount requested hereby.

3.3. No Voluntary Permanent Reductions. No voluntary permanent reductions to the Line of Credit Amount pursuant to Section 2.1(c) of the Credit Agreement have occurred prior to the date of this Amendment.

3.4. Due Execution. The execution, delivery and performance of this Amendment and any instruments, documents or agreements executed in connection herewith are within the powers of Borrower, have been duly authorized by all necessary action, and do not contravene any law or the terms of any organizational document of Borrower, result in a breach of, or constitute a default under, any contractual restriction, indenture, trust agreement or other instrument or agreement binding upon Borrower.

3.5. No Further Consent. The execution, delivery and performance of this Amendment and any documents or agreements executed in connection herewith do not require any consent or approval not previously obtained of any shareholder, beneficiary or creditor of Borrower.

3.6. Binding Agreement. This Amendment, and each of the other instruments, documents and agreements executed in connection herewith constitute the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws or equitable principles relating to or limiting creditors' rights generally.

4. MISCELLANEOUS

4.1. Recitals Incorporated. The Recitals set forth above are incorporated into and are made a part of this Amendment.

4.2. Further Assurances. Borrower, at its sole cost and expense, agrees to execute and deliver all documents and instruments and to take all other actions as may be specifically provided for herein and as may be required in order to consummate the purposes of this Amendment. Borrower shall diligently and in good faith pursue the satisfaction of any conditions or contingencies in this Amendment.

4.3. No Third Parties. Except as specifically provided herein, no third party shall be benefited by any of the provisions of this Amendment; nor shall any such third party have the right to rely in any manner upon any of the terms hereof, and none of the covenants, representations, warranties or agreements herein contained shall run in favor of any third party.

4.4. Time is of the Essence. Time is of the essence for the performance of all obligations and the satisfaction of all conditions of this Amendment. The parties intend that all time periods specified in this Amendment shall be strictly applied, without any extension (whether or not material) unless specifically agreed to in writing by all parties hereto.

4.5. Integration; Interpretation. The parties acknowledge and agree that this Amendment, the Amended and Restated Line of Credit Note and all documents,

instruments and agreements executed in connection herewith are documents delivered to Bank in connection with the Credit Agreement and are therefore Loan Documents. The Loan Documents, including this Amendment and the documents, instruments and agreements executed in connection herewith, contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations, discussions and correspondence. The Loan Documents shall not be modified except by written instrument executed by all parties.

4.6. Counterparts and Execution. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.7. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California.

4.8. Non-Impairment of Loan Documents. On the date all conditions precedent set forth herein are satisfied in full, this Amendment shall be a part of the Credit Agreement. Except as expressly provided in this Amendment or in any other document, instrument or agreement executed by Bank, all provisions of the Loan Documents shall remain in full force and effect, and Bank shall continue to have all its rights and remedies under the Loan Documents.

4.9. No Waiver. Nothing herein shall be deemed a waiver by Bank of any Default or Event of Default. No delay or omission of Bank to exercise any right, remedy or power under any of the Loan Documents shall impair such right, remedy or power or be construed to be a waiver of any default or an acquiescence therein, and single or partial exercise of any such right, remedy or power shall not preclude other or further exercise thereof or the exercise of any other right, remedy or power. No waiver of any term, covenant, or condition shall be deemed to waive Bank's right to enforce such term, covenant or condition at any other time.

4.10. Successors and Assigns. The terms of this Amendment shall be binding upon and inure to the benefit of the successors and assigns of the parties to this Amendment.

4.11. Costs and Expenses. Borrower agrees to pay, promptly upon Bank's written demand therefor, all costs and expenses (including without limitation reasonable attorneys' fees) expended or incurred by Bank in connection with the negotiation, documentation and preparation of this Amendment and any other documents executed in connection herewith, and in carrying out the terms of this Amendment, whether incurred before or after the effective date hereof.

4.12. Reaffirmation. Each Guarantor party hereto as debtor, guarantor, or in any other similar capacity in which such Guarantor acts as a guarantor or an accommodation party under any of the Loan Documents to which it is a party hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, and undertakings arising under or pursuant to the Subsidiary Guaranty and (ii) acknowledges

and agrees that, subsequent to the execution and delivery of, and after taking into account and giving effect to, this Amendment, the Subsidiary Guaranty remains in full force and effect as hereby ratified, amended and confirmed.

[signature page follows]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the date first set forth above.

BORROWER:

KORN/FERRY INTERNATIONAL,
a Delaware corporation

By: /s/ Robert Rozek
Name: Robert Rozek
Title: Chief Financial Officer and Treasurer

BANK:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Sanjna Daphtary
Sanjna Daphtary
Vice President

Acknowledged and agreed by the following Subsidiary Guarantors:

KORN/FERRY INTERNATIONAL
FUTURESTEP, INC.

By: /s/ Robert Rozek
Name: Robert Rozek
Title: President

SENSA SOLUTIONS, INC.

By: /s/ Bernadine Karunaratne
Name: Bernadine Karunaratne
Title: President

KORN FERRY LEADERSHIP CONSULTING CORPORATION

By: /s/ Robert Rozek
Name: Robert Rozek
Title: Chief Executive Officer and President

KORN FERRY GLOBAL HOLDINGS, INC.

By: /s/ Andrew Katz
Name: Andrew Katz
Title: Treasurer

[Attach revised Compliance Certificate]

EXHIBIT A

COMPLIANCE CERTIFICATE

To: Wells Fargo Bank, National Association

Date: _____, _____

Subject: KORN/FERRY INTERNATIONAL

Reference is made to the Credit Agreement dated as of January 18, 2013 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") between Korn/Ferry International, a Delaware corporation ("Borrower") and Wells Fargo Bank, National Association ("Bank"). All terms used and not otherwise defined in this Compliance Certificate have the meanings given in the Credit Agreement. This Compliance Certificate is delivered pursuant to Section 5.3(c) of the Credit Agreement and relates to the fiscal [quarter] [year] ended _____, _____ (the "Reporting Date"). The undersigned hereby certifies that the financial statements delivered herewith are accurate in all material respects and that all calculations contained herein and therein are as determined in accordance with GAAP, consistently applied, except to the extent modified by the terms of the Credit Agreement.

Events of Default. (Check one):

- The undersigned does not have knowledge of the occurrence of a Potential Event of Default or Event of Default under the Credit Agreement.
- The undersigned has knowledge of the occurrence of a Potential Event of Default or Event of Default under the Credit Agreement and attached hereto is a statement of the facts with respect thereto.

Covenant Compliance. The undersigned further hereby certifies as follows:

Adjusted EBITDA. Pursuant to Section 5.9(a) of the Credit Agreement, as of the Reporting Date, the Adjusted EBITDA (calculated on a rolling four-fiscal quarter basis) was \$_____ which satisfies does not satisfy the requirement that such amount, on the Reporting Date, be not less than: \$70,000,000.

Calculation of Adjusted EBITDA. As of the Reporting Date:

(a) (i) net profit (before tax and equity in earnings of unconsolidated Subsidiaries) for the period covered hereby	\$ _____
and (ii) the amount of dividends or other distributions paid in cash during such period by an unconsolidated subsidiary of Borrower	\$ _____
<u>equals (a)</u>	\$ _____

in each case to the extent included in the computation of the amount specified in clause a above for the period covered hereby:

<u>minus</u> (b) the amount of any non-recurring gains (excluding, however, cash, non-recurring gains relating to previously expensed items that do not exceed in the aggregate the greater of (i) \$5,000,000 and (ii) 5.00% of Adjusted EBITDA for the trailing twelve-month period ending on the last day of such period)[to the extent applicable, any such cash, non-recurring gains are identified in an attachment to this Compliance Certificate]	\$ _____
<u>plus</u> (c) interest expense	\$ _____
<u>plus</u> (d) depreciation expense and amortization expense	\$ _____
<u>plus</u> (e) non-cash capital stock-based compensation to officers and employees (including in connection with the vesting of stock options in Borrower)	\$ _____
<u>plus</u> (f) restructuring charges (whether in cash or non-cash), including those resulting from Permitted Acquisitions, in an amount not to exceed \$20,000,000	\$ _____
<u>plus</u> (g) non-cash, non-recurring charges	\$ _____
<u>plus</u> (h) non-cash charges or <u>minus</u> non-cash gains related to fair value adjustments	\$ _____
<u>equals</u> Adjusted EBITDA [(a) - (b) + (c) + (d) + (e) + (f) + (g) + (h)]	\$ _____

Total Funded Debt to Adjusted EBITDA Ratio Pursuant to Section 5.9(b) of the Credit Agreement, the Total Funded Debt to Adjusted EBITDA Ratio as of the Reporting Date was _____ to 1.00, which satisfies does not satisfy the requirement that such amount be not greater than 2.25 to 1.00 as of such date.

Calculation of Total Funded Debt to Adjusted EBITDA Ratio As of the Reporting Date:

<u>(a) Calculation of Total Funded Debt</u> As of the Reporting Date:	
(i) all obligations for borrowed money	\$ _____
<u>plus</u> (ii) all obligations with respect to the principal component of Capital Leases	\$ _____
<u>plus</u> (iii) all guaranty obligations	\$ _____
<u>plus</u> (iv) all outstanding Letters of Credit	\$ _____
<u>equals</u> Total Funded Debt [(i) + (ii) + (iii) + (iv)]	\$ _____

(b) Adjusted EBITDA \$ _____¹

equals Total Funded Debt to Adjusted EBITDA Ratio [(a) / (b)] _____ : _____

Attached hereto as Schedules A, B, C, D, E, and F are calculations showing compliance with the purchase money indebtedness, acquisition indebtedness, unsecured indebtedness, investments in subsidiaries that are not obligors, other investments, and permitted acquisitions, share repurchases, and cash dividends provisions of the Credit Agreement, respectively, as of the Reporting Date.

[Remainder of Page Intentionally Left Blank]

¹ [Insert Adjusted EBITDA amount from the last line in Section 1 above.]

IN WITNESS WHEREOF, the undersigned has caused this Compliance Certificate to be executed as of the day and year first written above.

By: _____
Name:
Title:²

² [To be signed by a Senior Officer of Borrower.]

Schedule A

Purchase Money Indebtedness

To be provided by Borrower.

Schedule B

Acquisition Indebtedness

To be provided by Borrower.

Schedule C

Unsecured Indebtedness

To be provided by Borrower.

Schedule D

Investments in Subsidiaries That Are Not Obligors

To be provided by Borrower.

Schedule E

Other Investments

To be provided by Borrower.

Schedule F

Permitted Acquisitions; Share Repurchases; Cash Dividends
(Sections 6.5 and 6.6 of the Credit Agreement)

To be provided by Borrower.

Form of Line of Credit Note
[Attached]

AMENDED AND RESTATED REVOLVING LINE OF CREDIT NOTE

\$150,000,000.00

Los Angeles, California
June 3, 2015

FOR VALUE RECEIVED, the undersigned KORN/FERRY INTERNATIONAL, a Delaware corporation ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 1800 Century Park East, Suite 1100, Los Angeles, California 90067, California, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of One Hundred Fifty Million Dollars (\$150,000,000.00), or so much thereof as may be advanced and be outstanding, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

"Base Rate" means, for any day, a fluctuating rate equal to the highest of: (i) the Prime Rate in effect on such day, (ii) a rate determined by Bank to be one and one-half percent (1.50%) above Daily One Month LIBOR in effect on such day, and (iii) the Federal Funds Rate plus one and one-half percent (1.50%).

"Business Day" means any day except a Saturday, Sunday or any other day on which commercial banks in California are authorized or required by law to close.

"Credit Agreement" means that certain Credit Agreement between Borrower and Bank dated as of January 18, 2013, as amended, restated, supplemented or otherwise modified from time to time.

"Daily One Month LIBOR" means, for any day, the rate of interest equal to LIBOR then in effect for delivery for a one (1) month period.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers for the immediately preceding day, as published by the Federal Reserve Bank of New York; provided that if no such rate is so published on any day, then the Federal Funds Rate for such day shall be the rate most recently published.

"Fixed Rate Term" means a period commencing on a Business Day and continuing for one (1), three (3), six (6) or twelve (12) months, as designated by Borrower, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to LIBOR; provided however, that no Fixed Rate Term may be selected for a principal amount less than Five Hundred Thousand Dollars (\$500,000.00); and provided further, that no Fixed Rate

Term shall extend beyond the scheduled maturity date hereof. If any Fixed Rate Term would end on a day which is not a Business Day, then such Fixed Rate Term shall be extended to the next succeeding Business Day.

“LIBOR” means the rate per annum (rounded upward, if necessary, to the nearest whole 1/8 of 1%) and determined pursuant to the following formula:

$$\text{LIBOR} = \frac{\text{Base LIBOR}}{100\% - \text{LIBOR Reserve Percentage}}$$

“Base LIBOR” means the rate per annum for United States dollar deposits quoted by Bank (A) for the purpose of calculating effective rates of interest for loans making reference to LIBOR, as the Inter-Bank Market Offered Rate, with the understanding that such rate is quoted by Bank for the purpose of calculating effective rates of interest for loans making reference thereto, on the first day of a Fixed Rate Term for delivery of funds on said date for a period of time approximately equal to the number of days in such Fixed Rate Term and in an amount approximately equal to the principal amount to which such Fixed Rate Term applies, or (B) for the purpose of calculating effective rates of interest for loans making reference to the Daily One Month LIBOR Rate, as the Inter-Bank Market Offered Rate in effect from time to time for delivery of funds for one (1) month in amounts approximately equal to the principal amount of such loans. Borrower understands and agrees that Bank may base its quotation of the Inter-Bank Market Offered Rate upon such offers or other market indicators of the Inter-Bank Market as Bank in its discretion deems appropriate including, but not limited to, the rate offered for U.S. dollar deposits on the London Inter-Bank Market.

“LIBOR Reserve Percentage” means the reserve percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor) for “Eurocurrency Liabilities” (as defined in Regulation D of the Federal Reserve Board, as amended), adjusted by Wells Fargo Bank for expected changes in such reserve percentage during the applicable term of this Note.

“Prime Rate” means at any time the rate of interest most recently announced within Bank at its principal office as its Prime Rate, with the understanding that the Prime Rate is one of Bank’s base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate.

INTEREST:

Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum determined by Bank to be the Applicable Margin above the Base Rate in effect from time to time, or (ii) at a fixed rate per annum determined by Bank to be the Applicable Margin above LIBOR in effect on the first day of the applicable Fixed Rate Term, with Applicable Margin defined according to the table below (and with the term “Total Funded Debt to Adjusted EBITDA Ratio” as defined in the Credit Agreement):

<u>Total Funded Debt to Adjusted EBITDA Ratio</u>	<u>Applicable Margin (Fixed Rate Term)</u>	<u>Applicable Margin (Base Rate)</u>
Less than 0.75 to 1.00	0.875%	0.00%
Equal to or greater than 0.75 to 1.00 but less than 1.00 to 1.00	1.00%	0.00%
Equal to or greater than 1.00 to 1.00 but less than 1.75 to 1.00	1.25%	0.25%
Equal to or greater than 1.75 to 1.00	1.75%	0.75%

When interest is determined in relation to the Base Rate, each change in the rate of interest hereunder shall become effective on the date each Base Rate change is announced within Bank. With respect to each LIBOR selection hereunder, Bank is hereby authorized to note the date, principal amount, interest rate and Fixed Rate Term applicable thereto and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

Selection of Interest Rate Options. At any time any portion of this Note bears interest determined in relation to LIBOR, it may be continued by Borrower at the end of the Fixed Rate Term applicable thereto so that all or a portion thereof bears interest determined in relation to the Base Rate or to LIBOR for a new Fixed Rate Term designated by Borrower. At any time any portion of this Note bears interest determined in relation to the Base Rate, Borrower may convert all or a portion thereof so that it bears interest determined in relation to LIBOR for a Fixed Rate Term designated by Borrower. At such time as Borrower requests an advance hereunder or wishes to select a LIBOR option for all or a portion of the outstanding principal balance hereof, and at the end of each Fixed Rate Term, Borrower shall give Bank notice specifying: (i) the interest rate option selected by Borrower; (ii) the principal amount subject thereto; and (iii) for each LIBOR selection, the length of the applicable Fixed Rate Term. Any such notice may be given by telephone (or such other electronic method as Bank may permit) so long as, with respect to each LIBOR selection, (A) if requested by Bank, Borrower provides to Bank written confirmation thereof not later than three (3) Business Days after such notice is given, and (B) such notice is given to Bank prior to 10:00 a.m. on the first day of the Fixed Rate Term, or at a later time during any Business Day if Bank, at its sole option but without obligation to do so, accepts Borrower's notice and quotes a fixed rate to Borrower. If Borrower does not immediately accept a fixed rate when quoted by Bank, the quoted rate shall expire and any subsequent LIBOR request from Borrower shall be subject to a redetermination by Bank of the applicable fixed rate. If no specific designation of interest is made at the time any advance is requested hereunder or at the end of any Fixed Rate Term, Borrower shall be deemed to have made a Base Rate interest selection for such advance or the principal amount to which such Fixed Rate Term applied.

Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon written demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) future, supplemental, emergency or other changes in the LIBOR Reserve Percentage, assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR to the extent they are not included in the calculation of LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower, absent manifest error.

Payment of Interest. Interest accrued on this Note shall be payable on the first day of each month, commencing July 1, 2015.

Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, or at Bank's option upon the occurrence, and during the continuance of an Event of Default, the outstanding principal balance of this Note shall bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to two percent (2%) above the rate of interest from time to time applicable to this Note.

BORROWING AND REPAYMENT:

Borrowing and Repayment. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on June 3, 2020.

Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of Borrower's Executive Vice President/Chief Financial Officer, Senior Vice President/Corporate Controller, Senior VP—Finance and Investor Relations or General Counsel, any one acting alone, who are authorized to request advances and direct the disposition of any advances until written notice of the revocation of such authority is received by the holder at the office designated above, or (ii) any person, with respect to advances deposited to the credit of any deposit account of Borrower, which advances, when so deposited, shall be conclusively presumed to have been made to or for the benefit of Borrower regardless of the fact that persons other than those authorized to request advances may have authority to draw against such account. The holder shall have no obligation to determine whether any person requesting an advance is or has been authorized by Borrower.

Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to the Base Rate, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to LIBOR, with such payments applied to the oldest Fixed Rate Term first.

PREPAYMENT:

Base Rate. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to the Base Rate at any time, in any amount and without penalty.

LIBOR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to LIBOR at any time and in the minimum amount of Five Hundred Thousand Dollars (\$500,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance thereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of the Fixed Rate Term applicable thereto by acceleration or otherwise, Borrower shall pay to Bank immediately upon written demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which such Fixed Rate Term matures, calculated as follows for each such month:

Determine the amount of interest which would have accrued each month on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Fixed Rate Term applicable thereto.

Subtract from the amount determined in (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such Fixed Rate Term at LIBOR in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.

If the result obtained in (ii) for any month is greater than zero, discount that difference by LIBOR used in (ii) above.

Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due, the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2.00%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed).

EVENTS OF DEFAULT:

This Note is made pursuant to and is subject to the terms and conditions of the Credit Agreement. Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

MISCELLANEOUS:

Remedies. Upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon written demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of California.

No Novation. This Note amends, restates, replaces and supersedes (but shall not constitute a novation of) that certain Revolving Line of Credit Note, dated January 18, 2013, in the original principal face amount of \$75,000,000, made by Borrower to the order of Bank.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

KORN/FERRY INTERNATIONAL

By: _____
Name: _____
Title: _____

[Signature Page to Amended and Restated Revolving Line of Credit Note]

CERTIFICATIONS

I, Gary D. Burnison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Korn/Ferry International;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ GARY D. BURNISON

Name: **Gary D. Burnison**

Title: **Chief Executive Officer and President**

Date: September 9, 2015

CERTIFICATIONS

- I, Robert P. Rozek, certify that:
1. I have reviewed this quarterly report on Form 10-Q of Korn/Ferry International;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT P. ROZEK

Name: **Robert P. Rozek**

Title: **Executive Vice President and Chief Financial Officer**

Date: September 9, 2015

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officers of Korn/Ferry International, a Delaware corporation (the "Company"), hereby certify that, to the best of their knowledge:

(a) the Quarterly Report on Form 10-Q for the quarter ended July 31, 2015 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 9, 2015

By: /s/ GARY D. BURNISON

Name: **Gary D. Burnison**

Title: **Chief Executive Officer and President**

By: /s/ ROBERT P. ROZEK

Name: **Robert P. Rozek**

Title: **Executive Vice President and Chief Financial Officer**