



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

**Form 10-K**

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

For the fiscal year ended April 30, 2019

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**

(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 No.)

1900 Avenue of the Stars, Suite 2600, Los Angeles, California  
(Address of Principal Executive Offices)

90067  
(Zip Code)

(310) 552-1834

(Registrant's Telephone Number, Including Area Code)

**Securities Registered Pursuant to Section 12(b) of the Act:**

Title of Each Class  
Common Stock, par value \$0.01 per share

Trading Symbol(s)  
KFY

Name of Each Exchange on Which Registered  
New York Stock Exchange

**Securities Registered Pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☒  
Non-accelerated filer ☐  
Emerging growth company ☐

Accelerated filer ☐  
Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of our common stock as of June 21, 2019 was 56,436,120 shares. The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates of the registrant on October 31, 2018, the last business day of the registrant's most recently completed second fiscal quarter (assuming that the registrant's only affiliates are its officers, directors and 10% or greater stockholders) was approximately \$2,029,075,004 based upon the closing market price of \$45.14 on that date of a share of common stock as reported on the New York Stock Exchange.

**Documents incorporated by reference**

Portions of the registrant's definitive Proxy Statement for its 2019 Annual Meeting of Stockholders scheduled to be held on October 3, 2019 are incorporated by reference into Part III of this Form 10-K.

**KORN FERRY****Index to Annual Report on Form 10-K for the Fiscal Year Ended April 30, 2019**

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## PART I.

### Item 1. Business

#### ABOUT KORN FERRY

Korn Ferry (referred to herein as the “Company” or in the first person notations “we,” “our,” and “us”) is a global organizational consulting firm, synchronizing our clients’ strategy and talent to drive superior business performance.

We operate in 104 offices in 52 countries, enabling us to deliver our solutions on a global basis, wherever our clients do business. As of April 30, 2019, we had 8,678 full-time employees, including 1,448 consultants who are primarily responsible for originating client services.

During fiscal 2019, we partnered with 13,834 client organizations. Our clients include many of the world’s largest and most prestigious public and private companies, middle market and emerging growth companies, as well as government and nonprofit organizations, including 98% of the Fortune 100 and 93% of the Financial Times Stock Exchange 100. We have built strong client loyalty, with 90% of our engagements in fiscal 2019 being completed on behalf of clients for whom we had conducted engagements in the previous three fiscal years.

We have made significant investments in our business that have strengthened our intellectual property (“IP”), enhanced our geographical presence, added complementary offerings to deepen client relationships and broadened our capabilities around talent acquisition, organizational strategy, assessment, development and rewards. Approximately 70% of our revenue comes from clients that utilize multiple lines of our business.

We were originally formed as a California corporation in November 1969 and reincorporated as a Delaware corporation in fiscal 2000.

On June 12, 2018, the Board of Directors of Korn Ferry approved a plan (the “Plan”) to go to market under a single, master brand architecture and to simplify the Company’s organizational structure by eliminating and/or consolidating certain legal entities and implementing a rebranding of the Company to offer the Company’s current products and services using the “Korn Ferry” name, branding and trademarks. In connection with the Plan, (i) the Company has sunset all sub-brands, including Futurestep, Hay Group and Lominger, among others, and (ii) effective as of January 1, 2019, the Company has been renamed “Korn Ferry.” The Company is continuing to harmonize under one brand to help the firm position itself as a preeminent organizational consulting firm and bring more client awareness to its broad range of talent management solutions. While the rebranding has not impacted the Company’s segment financial reporting, the Company renamed its Hay Group segment as Advisory and its Futurestep segment as RPO & Professional Search. The Company’s Executive Search segment name remains unchanged.

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission (the “SEC”), pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our reports, proxy statements and other documents filed electronically with the SEC are available at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

We also make available, free of charge on the Investor Relations portion of our website at <http://ir.kornferry.com>, our annual, quarterly, and current reports, and, if applicable, amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the SEC at [www.sec.gov](http://www.sec.gov).

We also make available on the Investor Relations portion of our website at <http://ir.kornferry.com> press releases and related earnings presentations and other important information, which we encourage you to review.

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of the Audit Committee, Compensation and Personnel Committee, and Nominating and Corporate Governance Committee of our Board of Directors are also posted on the Investor Relations portion of our website at <http://ir.kornferry.com>. Stockholders may request copies of these documents by writing to our Corporate Secretary at 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067.

#### THE KORN FERRY OPPORTUNITY

Aligned around our vision to be the preeminent organizational consulting firm, we are pursuing an ambitious strategy that will help us to focus relentlessly on clients and collaborate intensively across the organization. This approach builds on the best of our past and gives us a clear path to the future with focused initiatives to increase our client and commercial impact.

Korn Ferry is transforming how clients address their talent management needs. We have evolved from a mono-line business to a global organizational consulting firm, giving our consultants more frequent and expanded opportunities to engage with clients.



While most organizations can develop a sound strategy, they often struggle with how to make it stick. That is where we come in: synchronizing an organization’s strategy with its talent to drive superior performance. We help companies design their organization—the structure, roles and responsibilities—to seize these opportunities. In addition, we help organizations select and hire the talent they need to execute their strategy—and show them the best way to compensate, develop and motivate their people.

We do this through our five core solution sets:

**Core Solutions**

<b>Organizational Strategy</b>	We map talent strategy to business strategy by designing operating models and organizational structures that align to them, helping organizations put their plans into action. We make sure they have the right people, in the right roles, engaged and enabled to do the right things.
<b>Assessment and Succession</b>	We provide actionable, research-backed insights that allow organizations to understand the true capabilities of their people so they can make decisions that ensure the right leaders are ready—when and where they are needed—now and in the future.
<b>Talent Acquisition</b>	From executive search to recruitment process outsourcing, we integrate scientific research with our practical experience and industry-specific expertise to recruit professionals of all levels and functions for client organizations.
<b>Leadership Development</b>	We help leaders at all levels of an organization achieve their vision, purpose and strategy. We combine expertise, science and proven techniques with forward thinking and creativity to build leadership experiences that help entry to senior level leaders grow and deliver superior results.
<b>Rewards and Benefits</b>	We help organizations design rewards to achieve their strategic objectives. We help them pay their people fairly for doing the right things—with rewards they value—at a cost the organization can afford.

**Integrated Solutions**

Additionally, we deliver differentiated approaches for our clients through our integrated market offerings, which bring together our best thinking from across our core solutions. These offerings target specific client needs, guided by an ever-changing business environment.

One such strategic growth area is transaction services related to mergers and acquisitions (M&A) and divestitures. A key differentiator with this service is our ability to help organizations drive growth by aligning leadership, talent and culture to the investment thesis during the integration process—from the C-suite through all employee levels. We also help companies develop and execute cost optimization strategies around rewards, organization design and workforce planning, to prepare them for potential market volatility.

Other integrated offerings focus on our clients’ transformational challenges. Our digital transformation service helps clients execute on a digital operating model, including the introduction and integration of new agile ways of working. Rich proprietary data enables our clients to better deliver the right value proposition to attract, retain and engage digital talent. In addition, we help specific functional areas, such as HR, develop their future-state model within a digital environment.

Our diversity and inclusion (“D&I”) service helps clients innovate and grow by creating an inclusive culture and diverse workforce. Organizations are in different places on their D&I journeys, ranging from compliance-driven, values-driven, talent performance driven, and beyond. Therefore, we combine our insights into a single offering that can be tailored to different markets and buyers.

From core through integrated, across our solution portfolio, we have the advantage of best-in-class solutions, products and talent, coupled with deep market expertise, to deliver a seamless approach to organization, talent and rewards strategies. Our change management capabilities further support our clients, through the successful execution of their transformational strategies and the effective implementation of their people and culture programs.

**OUR INTELLECTUAL PROPERTY AND TECHNOLOGY**

We know what good looks like: We bring together the industry knowledge, assessments, and data to benchmark clients against the best. We offer a complete view of the talent they need and the talent they have. We know if their rewards are fair and effective. And we align their structures, role profiles, and people to support the strategy so that clients know where to focus their efforts to create lasting change in the organization.



### ***The Talent Hub***

At the core of our approach is deep IP and research that allows us to deliver meaningful business outcomes for our clients. We house all of this data inside our Talent Hub. With more than four billion data points in total, including 69 million assessments, profiles of eight million candidates, rewards data on 20 million professionals and engagement data on more than seven million professionals, our Talent Hub is the science-based engine that uses this rich data set to fuel all of our services, solutions and products, connecting dots to drive meaningful change.

### ***Advanced Analytics***

Core IP data and assets include proprietary leadership assessment, recruitment and development models, emotional and social competencies, human motives and values, job grading, engagement and rewards systems. We integrate and build upon our data sets using advanced modeling and artificial intelligence ("AI") to produce predictive insights and deliver demonstrable client impact.

### ***The Korn Ferry Institute***

The Korn Ferry Institute, our research and analytics arm, unites three areas: agile client execution; applied research and analytics; and breakthrough innovation. These teams work together to help business and public-sector leaders understand the key trends and drivers of human and organizational performance, so that they make better, science-based decisions on critical leadership, people, management and policy issues.

At the highest level, the Korn Ferry Institute explores three themes:

1. People, organization and technology innovation;
2. Data analytics for human and business performance; and
3. New demographic trends.

In the fiscal year ahead, we will continue to innovate and simplify our IP for greater leverage of our data set, driving even greater business impact.

### **INDUSTRY TRENDS**

In this competitive global economic environment, our clients are seeking new pathways to drive operational excellence and superior performance outcomes. This trend is attractive to our sector, as organizations are increasingly turning to partners like Korn Ferry to synchronize their strategy with their talent as an answer to today's most pressing business challenges, specifically:

- Achieving growth and cost synergies from M&A transactions without destroying employee engagement.
- Having the right people, mindsets and structures to achieve successful digital transformations.
- Managing potential market volatility by reducing cost in their reward structures and workforce mix.
- Creating cultures of inclusion where diversity is intrinsically valued; where every individual is able to contribute fully; and where all talented people can advance through the organization regardless of their gender, background or other identifying factors.
- Changing ingrained ways of thinking and building strategies that energize employees and drive performance in the face of disruptive change.
- Improving the quality of service delivery in core functions to create strategic competitive advantage.

In addition, we believe the following factors will have a long-term positive impact on our industry:

- Companies are actively in search of trusted advisors that can offer a full suite of organizational consulting products and solutions, to manage the multiple needs of their business on a global scale using a common language.
- Over the next decade, demand for skilled workers will outstrip supply, resulting in a global talent shortage. Organizations must make talent strategy a key priority and take steps now to educate, train, and upskill their existing workforces.



- Companies are increasingly leveraging big data and predictive analytics to measure the influence of activities across all aspects of their business, including their people. They expect their partners to deliver superior metrics and better ways of driving results.
- There is an increasing demand for professionals with not just the right experience, but also the right leadership competencies, traits and drivers to meet the requirements of the position and organizational culture today and prepare it for tomorrow.
- Executive management tenure continues to hover at historically low levels.
- The balance of power is shifting from the employer to the employee, as more people take charge of their own careers and the gig economy continues to grow in popularity.
- Talent mobility is being recognized as a critical driver in the recruitment, development and retention of an organization's people, particularly their early career professionals.
- Succession planning remains under heightened scrutiny amidst pressure to generate growth, shorter CEO tenures and the emphasis being placed on making succession planning a systemic governance process within global organizations.
- Executive pay is under a perpetual spotlight, making it imperative that organizations get this right to ensure the public trust and establish a functional compensation strategy that starts right at the top.
- Companies are more determined than ever to close the gender gap on pay and advancement to leadership roles.
- More companies are maintaining strategic focus by choosing to outsource non-core functions like talent acquisition to RPO providers who can offer efficient, high-quality services.

## **GROWTH STRATEGY**

Our objective is to expand our position as the preeminent organizational consulting firm. In order to meet this objective, we will continue to pursue our multi-pronged strategy:

### ***Drive a One Korn Ferry Go-to-Market Strategy***

Our synergistic go-to-market strategy, bringing together our core solutions, is driving more integrated, scalable client relationships. This is evidenced by the fact that approximately 70% of our revenues come from clients that utilize multiple lines of our business. Additionally, our Net Promoter Score, a metric used to gauge customer loyalty, has increased by three points compared to last year. To better compete in the market, we will continue to evolve from our traditional line of business segmentation to integrated solutions and industries.

Our Marquee Accounts program is a core pillar of our go-to-market strategy. This program drives major global and regional strategic account development, in addition to providing a framework for all our client development activities as we move our firm to deeper client relationships. Our Marquee Accounts program now comprises 21% of our global fee revenues. In the year ahead, we will continue to grow and expand our account management activities. This includes driving consistent account selection, assignment, planning and execution; implementing account-based marketing efforts; optimizing the pipeline and opportunity process; integrating our best thinking across solutions; and hiring additional dedicated account leaders. We will also expand this successful go-to-market program to the next level of accounts—our Regional Accounts program.

Another pillar of our growth strategy is the Products business. In fiscal 2019, product sales comprised 31% of our Advisory revenue. Our subscription services delivered online help us generate long-term relationships with our clients through large scale and technology-based human resources ("HR") programs. We continue to seek ways to further scale these highly profitable products to our global clients.

### ***Deliver Client Excellence and Innovation***

Technology is positioned to reshape the future of work and with it, the workforce as we know it today. Market innovations contribute to more accurate, faster, cost-effective and impactful business and human decisions. Our firm is well positioned in that context. We have a set of assets that are critical to such decisions: deep science on organization and human motivation, data on talent, work and rewards, and proven products and solutions.



We are combining our IP and technology into a unified single platform to allow clients to make faster, better talent decisions. Our IP-driven tools and services are being utilized by our clients for everything from organizational development and job profiling to selection, training, individual and team development, succession planning, M&A, D&I, digital transformation and more.

Enhancements to our Talent Hub platform, including Korn Ferry Listen, Assess, Perform and Pay, will allow us to embed analytics directly into our clients' user experience, providing actionable insights. In fiscal 2019, we collaborated with experience management (XM) software leader Qualtrics, whereby Korn Ferry is building a global delivery and advisory service to improve employee experience programs at scale.

**New Offerings**—More than 63,000 consumers have registered and are using Korn Ferry Advance, our new business-to-consumer offering, since it launched in the United States (the "U.S.") in July 2017. We are expanding and enhancing the offering to provide more focused assistance to people looking to make their next career move, as well as to provide tailored career services to an organization's people. Korn Ferry Advance will continue to leverage cutting-edge technology as well as the greatest asset we have—our consultants. Korn Ferry Advance is also being used to augment our Korn Ferry Advisory offerings, primarily in Leadership Development and Coaching.

#### **Create the Top-of-Mind Brand in Organizational Consulting**

Next to our people, the Korn Ferry brand is the strongest asset of the Company. Positioning Korn Ferry as the preeminent global organizational consultancy and demonstrating our ability to drive business performance through people remains the goal of our global marketing program.

The Korn Ferry brand is brought to market via two distinct channels: business-to-business ("B2B") and business-to-consumer ("B2C"). In both instances, we communicate key core values about what we do, expressing that we are 'more than' as well as inspiring action in the way our customers run their businesses and in the way they approach their careers. We are executing against our strategy with these priorities in mind:

- **One Korn Ferry**—We will partner with internal and external stakeholders to advance a differentiated one Korn Ferry story and brand that minimizes operational risks, engages our employees, resonates in the broader market and becomes a platform for differentiation and sustainable growth.
- **Generate Demand**—We will assess market trends, liaise with clients, and partner with internal stakeholders to develop a steady cadence of thought leadership-based, campaigns, public relations and demand generation activities that engage clients and prospects in meaningful conversations.

#### **Advance Korn Ferry as a Premier Career Destination**

We continue to invest in building a world-class organization that is aligned to our strategy and is staffed by a capable, motivated and agile workforce. A few key initiatives in this area include:

- **Onboarding**—In fiscal 2019, we increased our headcount by 1,035. To support this growth, we have launched a standardized, global onboarding experience for all Korn Ferry new hires using a common platform, materials and resources to ensure all new hires are effectively integrated into the Company with reduced ramp-up time to full productivity. We are also taking a programmatic approach to onboarding through our Talent Academy and StartUp early career cohort trainings.
- **Career Paths and Mobility**—Under the Korn Ferry enterprise-wide career model, we are defining and will roll out career paths that enable and encourage talent mobility across all areas of our business along with self-directed development. In fiscal 2019, we promoted more than 800 colleagues across our three segments.
- **Talent Development**—Our growth plans require a learning, agile organization. To facilitate this, we use a learning management system (iAcademy) to serve as a Center of Excellence focused on the growth and development of our colleagues through rich, personalized content.
- **Mentoring**—As our firm continues to expand in size and offerings, our colleagues face increasingly complex client and career issues, all while learning how to work together as One Korn Ferry. The need to connect, collaborate and help each other has never been more pronounced. In the year ahead, we will roll out a firm-wide mentorship program to empower our colleagues to learn, connect and advance. Paired through the Korn Ferry Advance platform, Mentors and Mentees will be matched based on proximity and career goals and focus.
- **Benefits**—We are nearing completion of our global benefits harmonization work. We are setting our sights on the next phase of our benefits strategy, which is the modernization and optimization of our benefits programs around the world. We will ensure we have benefits that are culturally relevant, market prevalent and personally impactful. We create balance between cost effectiveness and competitiveness to align with our financial goals and talent strategy.



## Pursue Transformational Opportunities at the Intersection of Talent and Strategy

We have developed a core competency in identifying, acquiring and integrating M&A targets that have the potential to further our strategic objectives and enhance shareholder value. Our disciplined approach to M&A will continue to play a critical role in the ongoing evolution of Korn Ferry into an industry specialized, business outcomes oriented solutions provider at the intersection of talent and strategy. While we will continue to execute on our targeted organic growth pathways, M&A will be a vital component of our future growth and capital deployment strategies.

## OUR ORGANIZATION

The Company operates through its three global segments: Executive Search, Advisory, and RPO & Professional Search. Our Executive Search business is managed and reported on a geographic basis throughout four regions: North America, Europe, the Middle East and Africa ("EMEA"), Asia Pacific and Latin America. Advisory and RPO & Professional Search are managed on a global basis with operations in North America, EMEA, Asia Pacific and Latin America.

### Executive Search

**Overview**—Korn Ferry helps clients attract and hire leaders who fit with their organization and make it stand out. Our services are typically used to fill executive-level positions, such as board directors, chief executive officers, chief financial officers, chief operating officers, chief information officers, chief human resource officers and other senior executive officers.

Our Executive Search services concentrate on searches for positions with average annual cash compensation of \$360,000 or more, or comparable compensation in foreign locations. The industry is comprised of retained and contingency recruitment firms. Retained firms, such as Korn Ferry, typically charge a fee for their services equal to approximately one-third of the first-year annual cash compensation for the position being filled regardless of whether the position is filled. Contingency firms generally work on a non-exclusive basis and are compensated only upon successfully placing a recommended candidate.

As part of being retained by a client to conduct a search, we assemble a team of consultants with appropriate geographic, industry and functional expertise. We utilize a standardized and differentiated approach to placing talent that integrates our research-based IP with our practical experience. Our search consultants serve as management advisors who work closely with the client in identifying, assessing and placing qualified candidates. In fiscal 2019, we executed 6,790 new executive search assignments.

**Industry Specialization**—Consultants in our six industries bring an in-depth understanding of the market conditions and strategic management issues faced by clients within their specific industries and geographies. We are continually looking to expand our specialized expertise through internal development and strategic hiring in targeted growth areas.

### Percentage of Fiscal 2019 Assignments Opened by Industry Specialization

<b>Global Industries:</b>	
Industrial	31 %
Financial Services	20 %
Life Sciences/Healthcare Provider	16 %
Consumer	15 %
Technology	13 %
<b>Regional Specialties (United States):</b>	
Education/Not-for-Profit	5 %

**Functional Expertise**—We have organized executive search centers of functional expertise, composed of consultants who have extensive backgrounds in placing executives in certain functions, such as board directors, CEOs and other senior executive officers. Our Board & CEO Services group, for example, focuses exclusively on placing CEOs and board directors in organizations around the world. This is a dedicated team from the most senior ranks of the Company. Their work is with CEOs and in the boardroom, and their expertise is organizational leadership and governance. They conduct hundreds of engagements every year, tapping talent from every corner of the globe. This work spans all ranges of organizational scale and purpose. Members of functional groups are located throughout our regions and across our industry groups.





## Percentage of Fiscal 2019 Assignments Opened by Functional Expertise

Board Level/CEO/CFO/Senior Executive and General Management	71 %
Finance and Control	9 %
Marketing and Sales	6 %
Information Systems	5 %
Manufacturing/Engineering/Research and Development/Technology	5 %
Human Resources and Administration	4 %

## Regions

**North America**—As of April 30, 2019, we had operations in 19 cities throughout the United States and Canada. In fiscal 2019, the region generated fee revenue of \$455.8 million and opened 2,901 new engagements with an average of 256 consultants.

**EMEA**—As of April 30, 2019, we had operations in 23 cities in 20 countries throughout the region. In fiscal 2019, the region generated fee revenue of \$182.8 million and opened 2,011 new engagements with an average of 166 consultants.

**Asia Pacific**—As of April 30, 2019, we had operations in 18 cities in 10 countries throughout the region. In fiscal 2019, the region generated fee revenue of \$104.3 million and opened 1,303 new engagements with an average of 96 consultants.

**Latin America**—As of April 30, 2019, we had operations in 9 cities in 7 countries covering the entire Latin America region. In fiscal 2019, the region generated fee revenue of \$31.9 million and opened 575 new engagements with an average of 36 consultants.

**Client Base**—Our 3,993 Search engagement clients in fiscal 2019 include many of the world's largest and most prestigious public and private companies.

**Competition**—In Executive Search, we compete with other global executive search firms. Although these firms are our largest competitors, we also compete with smaller boutique firms that specialize in specific regional, industry or functional searches. We believe our brand name, differentiated business model, systematic approach to client service, cutting-edge technology, unique IP, global network, prestigious clientele, strong specialty practices and high-caliber colleagues are recognized worldwide. We also believe our long-term incentive compensation arrangements, as well as other executive benefits, distinguish us from most of our competitors and are important in attracting and retaining our key consultants.

## Advisory

**Overview**—Korn Ferry helps clients design their organization—the structure, roles and responsibilities—and shows them the best way to compensate, develop and motivate their people. Our focus is on making change happen and helping people and organizations exceed their potential. Through our talented colleagues, robust solutions and intellectual property, our consultants are able to solve the most disruptive and challenging organizational and talent problems facing clients.

Our Advisory team is comprised of top leadership and organizational advisory consultants and thought leaders, working in 85 cities in 49 countries. Our consultants are predominately recruited from local markets, so they are sensitive to local issues, but work together in global teams, resulting in larger opportunities with greater client and commercial impact.

We are an advisory leader and many of the world's most admired organizations choose to partner with us because of our track record delivering successful outcomes, our ability to listen, and our focus on putting our clients first. We accomplish this through a combination of solution, consulting and other products that address how people work and show how to nurture them so that their strategies succeed. We capitalize on the breadth of our IP, service offerings and expertise to do what is right for the client—transforming ideas into actionable insights. Clients can depend on our products and platforms to be data backed, market tested and agile.

Korn Ferry is known for creating and owning one of the richest and most comprehensive people and pay data sets in the world, including the most widely used job evaluation methodology. We have helped clients assess and develop hundreds of thousands of managers and executives. In addition, we have built a database of organizational management information that enables our clients to benchmark themselves against the best performers in their industries on any multitude of dimensions.



Within Advisory, we offer the following core go-to-market solutions:

***Organizational Strategy:*** We provide end-to-end support to organizations that want to transform their business. Strategy becomes operationalized by aligning the tangible elements of the organization—people, structure and process—and the intangible elements—motivations, relationships and culture.

***Assessment and Succession:*** We provide actionable, research-backed insight and products that allow organizations to understand the talent they have, benchmarked against the talent they need to deliver on the business strategy, and we help them close any gaps.

***Leadership Development:*** We develop leaders at every stage of the leadership journey, from first time manager to CEO, with a spectrum of high-touch and high-tech leadership development experiences that are tightly aligned with succession and talent processes. Our solutions are backed by tools and techniques that are delivered by hundreds of dedicated leadership development experts across the globe.

***Rewards and Benefits:*** We help organizations design rewards to achieve their strategic objectives, to pay their people fairly for doing the right things—with rewards they value—at a cost the organization can afford. Our advice is backed by the quality and quantity of our pay data and widely used job evaluation methodology.

These solutions are often bundled into integrated market offerings (e.g., Digital Transformation, M&A) that integrate our best thinking across our solutions, enabling us to develop innovative and differentiated approaches to our clients' most pressing business challenges.

These solutions are also enhanced, enabled and optimized through various products, allowing clients to resolve people challenges consistently and cost effectively. Some are delivered by our accredited experts; others through our powerful digital tools.

Consulting fee revenue was \$568.3 million, \$540.5 million and \$497.7 million in fiscal 2019, 2018 and 2017, respectively. This represented 30%, 31% and 32% of the Company's total fee revenue in fiscal 2019, 2018 and 2017, respectively.

Products fee revenue was \$252.7 million, \$244.5 million and \$226.5 million in fiscal 2019, 2018 and 2017, respectively.

***Regions***—As of April 30, 2019, we had Advisory operations in 23 cities in North America, 33 in EMEA, 20 in Asia Pacific, and 9 in Latin America.

***Client Base***—During fiscal 2019, the Advisory segment partnered with approximately 10,000 clients across the globe and 15% of Advisory's fiscal 2019 fee revenue was referred from Korn Ferry's Executive Search and RPO & Professional Search segments. Our clients come from the private, public and not-for-profit sectors, across every major industry and represent diverse business challenges.

***Competition***—The people and organizational consulting market is extremely competitive, as companies are increasingly seeking ways to synchronize their strategy and talent to drive superior business performance. Our competitors include consulting organizations affiliated with accounting, insurance, information systems, executive search and staffing firms, as well as strategy consulting firms. Although these firms are our largest competitors, we also compete with smaller boutique firms that specialize in specific regional, industry or functional aspects of leadership and HR consulting.

Successful strategy implementation is 90% about execution, and successful execution is 90% about getting the people, organization and cultural aspects right. This is where we have an edge over our competition. We focus on making change happen. In a world of constant disruption, it is critical that we build our clients' capability to keep on changing—embedding it into every consulting project.

We also believe our products and IP, utilized every day and embedded into the core business processes of the world's most admired companies, are a major competitive differentiator.

#### **RPO & Professional Search**

***Overview***—Korn Ferry combines people, process expertise and IP enabled technology to deliver enterprise talent acquisition solutions to our clients. Our recruiting solutions have breadth, including all functional talent segments—IT, Marketing, R&D, Commercial Sales, HR, Supply Chain, Finance and Legal. We also have depth, with the ability to deliver transaction sizes ranging from single professional searches to team, department and line of business projects, and enterprise global professional recruiting solutions. Our global capabilities deliver 1-10,000 or more new hires to address our clients' employment needs.



**RPO:** In fiscal 2019, Korn Ferry was recognized as a top five RPO provider in the Baker's Dozen list, marking our 12th consecutive year on the list. Through decades of experience, we have enhanced our RPO solution to deliver quality candidates that drive our clients' business strategies. We leverage proprietary IP and data sets to guide clients on the critical skills and competencies to look for, compensation information to align with market demand, and assessment tools to ensure candidate fit.

We combine traditional recruitment expertise with a multi-tiered portfolio of talent acquisition solutions. Consultants, based in 30 countries, have access to our databases of pre-screened, mid-level professionals. Our global candidate pool complements our international presence and multi-channel sourcing strategy to provide speed, efficiency and quality service for clients worldwide.

**Project Recruitment:** We are able to deliver the same talent acquisition services as we would in an end-to-end RPO solution, but within a defined project start and end date. Our Project Recruitment solution is seamless and aligned with the client's broader talent acquisition strategy. Clients enjoy the same benefits around reduced time to hire, reduced cost per hire and improved candidate quality that they would with a full RPO solution, but via an on-demand model to manage short-term or specialized needs.

**Professional Search:** We are positioned to help organizations identify and attract professionals at the middle to upper levels of management in single-search engagements. We focus on:

**INDUSTRIES:**

- Consumer
- Financial Services
- Industrial
- Life Sciences/Healthcare
- Technology
- Education/Not-for-Profit

**FUNCTIONAL EXPERTISE:**

- Finance & Accounting
- Human Resources
- Information Technology
- Sales, Marketing & Digital
- Supply Chain Management

Our innovative search process mirrors our Executive Search solution, offering access to active and passive candidate pools, the industry's richest data on salaries and employee engagement, and proprietary tools such as Four Dimensional Executive Assessment and Executive Snapshot. A wealth of assessment data defines the traits needed for success in each role we recruit and matches candidates against best-in-class profiles while also gauging cultural fit.

**Regions**—As of April 30, 2019, we had RPO & Professional Search operations in 13 cities in North America, 13 in EMEA, 18 in Asia Pacific, and 9 in Latin America.

**Client Base**—During fiscal 2019, the RPO & Professional Search segment partnered with 2,093 clients across the globe and 44% of RPO & Professional Search's fiscal 2019 fee revenue was referred from Korn Ferry's Executive Search and Advisory segments.

**Competition**—We primarily compete for RPO business with other global RPO providers and compete for search assignments with regional contingency recruitment firms and large national retained recruitment firms. We believe our competitive advantage is distinct. We are strategic, working with clients to hire best-fit candidates using our assessment IP, proprietary technology and professional recruiters. We also work under the One Korn Ferry umbrella to help clients plan for their broader talent acquisition needs as part of their business strategy planning.

**Professional Staff and Employees**

We have assembled a wealth of talent that is rewarded based on performance. Our Company brings together a wide range of disciplines and professions—everything from academic research and technology development to executive recruiting, consulting, and business leadership. We are also a culturally diverse organization. Our people come from all over the world and speak a multitude of languages. For us, this diversity is a key source of strength. It means we have people who are able to challenge convention, offer unique perspectives, and generate innovative ideas. Equally important, it means we can think and act globally—just like our clients.

As of April 30, 2019, we had a total of 8,678 full-time employees. Of this, 1,960 were Executive Search employees consisting of 565 consultants and 1,395 associates, researchers, administrative and support staff. Our Advisory segment had 3,603 employees as of April 30, 2019, consisting of 579 consultants and 3,024 associates, researchers, administrative and support staff. Our RPO & Professional Search segment had 2,942 employees as of April 30, 2019, consisting of 304 consultants and 2,638 administrative and support staff. Corporate had 173 professionals as of April 30, 2019. We are not party to a collective bargaining agreement and consider our relations with our employees to be good. Korn Ferry is an equal opportunity employer.



#### **Item 1A. Risk Factors**

*The risks described below are the material risks facing our Company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks.*

**Competition in our industries could result in our losing market share and/or require us to charge lower prices for services, which could reduce our revenue.**

While we are continuing to evolve to One Korn Ferry integrated approach in an effort to better compete in the market, we continue to face significant competition to each of our services offerings. The human resource consulting market has been traditionally fragmented and a number of large consulting firms, such as Ernst & Young, McKinsey, Willis Towers Watson and Deloitte are building businesses in human resource management consulting to serve these needs. Our advisory business line continues to face competition from human resource consulting businesses. Many of these competitors are significantly larger than Korn Ferry and have considerable resources at their disposal, allowing for potentially significant investment to grow their human resource consulting business. Increased competition, whether as a result of professional and social networking website providers, traditional executive search firms, sole proprietors and in-house human resource professionals (as noted above) or larger consulting firms building human resources consulting businesses, may lead to pricing pressures that could negatively impact our business. For example, increased competition could require us to charge lower prices, and/or cause us to lose market share, each of which could reduce our fee revenue.

Our executive search services face competition from both traditional and non-traditional competitors that provide job placement services, including other large global executive search firms, smaller specialty firms and web-based firms. In recent years, we have also begun facing increased competition from sole proprietors and in-house human resource professionals whose ability to provide job placement services has been enhanced by professional profiles made available on the internet and enhanced social media-based search tools. The continued growth of the shared economy and related freelancing platform sites may also negatively impact demand for our services by allowing employers seeking services to connect with employees in real time and without any significant cost. Traditional executive search competitors include Egon Zehnder, Heidrick & Struggles International, Inc., Russell Reynolds Associates and Spencer Stuart. In each of our markets, one or more of our competitors may possess greater resources, greater name recognition, lower overhead or other costs and longer operating histories than we do, which may give them an advantage in obtaining future clients, capitalizing on new technology and attracting qualified professionals in these markets. Additionally, specialty firms can focus on regional or functional markets or on particular industries and executive search firms that have a smaller client base may be subject to fewer off-limits arrangements. There are no extensive barriers to entry into the executive search industry and new recruiting firms continue to enter the market.

We believe the continuing development and increased availability of information technology will continue to attract new competitors, especially web-enabled professional and social networking website providers, and these providers may be facilitating a company's ability to insource their recruiting capabilities. Competitors in these fields include SmashFly, iCIMS, Yello, Indeed, Google for Jobs and Jobvite. As these providers continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly causing disruption in the executive search industry. Further, as technology continues to develop and the shared economy continues to grow, we expect that the use of freelancing platform sites will become more prevalent. As a result, companies may turn to such sites for their talent needs, which could negatively impact demand for the services we offer.

Our RPO & Professional Search services primarily competes for business with other RPO providers such as Cielo, Alexander Mann Solutions, Kenexa, Spherion, and Kelly Services, and competes for mid-level professional search assignments with regional contingency recruitment firms and large national retained recruitment firms. In addition, some organizations have developed or may develop internal solutions to address talent acquisition that may be competitive with our solutions. This is a highly competitive and developing industry with numerous specialists. To compete successfully and achieve our growth targets for our talent acquisition business, we must continue to support and develop assessment and analytics solutions, maintain and grow our proprietary database, deliver demonstrable return on investment to clients, support our products and services globally, and continue to provide consulting and training to support our assessment products. Our failure to compete effectively with our competitors could adversely affect our operating results and future growth.

**Consolidation in the industries that we serve could harm our business.**

Companies in the industries that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our clients merge or consolidate and combine their operations, we may experience a decrease in the amount of services we perform for these clients. If one of our clients merges or consolidates with a company that relies on another provider for its services, we may lose work from



that client or lose the opportunity to gain additional work. The increased market power of larger companies could also increase pricing and competitive pressures on us. Any of these possible results of industry consolidation could harm our business, results of operations and financial condition.

***If we fail to attract and retain qualified and experienced consultants, our revenue could decline and our business could be harmed.***

We compete with other executive and professional search and consulting firms for qualified and experienced consultants. These other firms may be able to offer greater compensation and benefits or more attractive lifestyle choices, career paths or geographic locations than we do. Attracting and retaining consultants in our industry is particularly important because, generally, a small number of consultants have primary responsibility for a client relationship. Because client responsibility is so concentrated, the loss of key consultants may lead to the loss of client relationships. In fiscal 2019, for example, our top three Executive Search and Advisory consultants had primary responsibility for generating business equal to approximately 1% and 2% of our fee revenues, respectively, and our top ten Executive Search and Advisory consultants had primary responsibility for generating business equal to approximately 2% and 5% of our fee revenues, respectively. This risk is heightened due to the general portability of a consultant's business: consultants have in the past, and will in the future, terminate their employment with our Company. Any decrease in the quality of our reputation, reduction in our compensation levels relative to our peers or restructuring of our compensation program, whether as a result of insufficient revenue, a decline in the market price of our common stock or for any other reason, could impair our ability to retain existing consultants or attract additional qualified consultants with the requisite experience, skills and established client relationships. Our failure to retain our most productive consultants, whether in Executive Search, Advisory or RPO & Professional Search, or maintain the quality of service to which our clients are accustomed, as well as the ability of a departing consultant to move business to his or her new employer, could result in a loss of clients, which could in turn cause our fee revenue to decline and our business to be harmed. We may also lose clients if the departing Executive Search, Advisory or RPO & Professional Search consultant has widespread name recognition or a reputation as a specialist in his or her line of business in a specific industry or management function. We could also lose additional consultants if they choose to join the departing Executive Search, Advisory or RPO & Professional Search consultant at another executive search or consulting firm. If we fail to limit departing consultants from moving business or recruiting our consultants to a competitor, our business, financial condition and results of operations could be adversely affected.

***We may be limited in our ability to recruit candidates from our clients, and we could lose search opportunities to our competition, which could harm our business.***

Either by agreement with clients, or for client relations or marketing purposes, we sometimes refrain from, for a specified period of time, recruiting candidates from a client when conducting searches on behalf of other clients. These off-limit agreements can generally remain in effect for up to two years following the completion of an assignment. The duration and scope of the off-limit agreement, including whether it covers all operations of the client and its affiliates or only certain divisions of a client, generally are subject to negotiation or internal policies and may depend on factors such as the scope, size and complexity of the client's business, the length of the client relationship and the frequency with which we have been engaged to perform executive and professional searches for the client. If a prospective client believes that we are overly restricted by these off-limit agreements from recruiting employees of our existing clients, these prospective clients may not engage us to perform their executive searches. Therefore, our inability to recruit candidates from these clients may make it difficult for us to obtain search assignments from, or to fulfill search assignments for, other companies in that client's industry. We cannot ensure that off-limit agreements will not impede our growth or our ability to attract and serve new clients, or otherwise harm our business.

***We incur substantial costs to hire and retain our professionals, and we expect these costs to continue and to grow.***

Our success depends on attracting and retaining professional employees. To attract and retain such employees in a competitive marketplace, we must provide a competitive compensation package. As such, we may pay hiring bonuses and annual retention bonuses to secure the services of new hires and retain our professional employees. Such payments have taken the form of long-term deferred compensation, restricted stock, and unsecured cash payments in the form of promissory notes. The aggregate amount of these awards to employees is significant and as competition in our industry intensifies, we expect to continue issuing these types of long-term incentive awards. If the national or global economy and/or labor markets were to deteriorate in the future, such changes would put negative pressure on demand for our services, thereby negatively affecting our generation of future revenues, but we would continue to incur the cost of these long-term awards, resulting in lower results of operations.

***If we are unable to retain our executive officers and key personnel or integrate new members of our senior management who are critical to our business, we may not be able to successfully manage our business in the future.***

Our future success depends upon the continued service of our executive officers and other key management personnel. Competition for qualified personnel is intense, and we may compete with other companies that have greater financial and other resources than we do. If we lose the services of one or more of our executives or key



employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, or if we are unable to integrate new members of our senior management who are critical to our business, we may not be able to successfully manage our business or achieve our business objectives.

***If we are unable to maintain our professional reputation and brand name, our business will be harmed.***

We depend on our overall reputation and brand name recognition to secure new engagements and to hire qualified professionals. Our success also depends on the individual reputations of our professionals. We obtain a majority of our new engagements from existing clients or from referrals by those clients. Any client who is dissatisfied with our services can adversely affect our ability to secure new engagements.

If any factor, including poor performance or negative publicity, whether or not true, hurts our reputation, we may experience difficulties in competing successfully for both new engagements and qualified consultants. Failing to maintain our professional reputation and the goodwill associated with our brand name could seriously harm our business.

***As we develop new services, clients and practices, enter new lines of business, and focus more of our business on providing a full range of client solutions, the demands on our business and our operating risks may increase.***

As part of our corporate strategy, we are attempting to leverage our research and advisory services to sell a full range of services across the life cycle of a policy, program, project or initiative, and we are regularly searching for ways to provide new services to clients. This strategy, even if effectively executed, may prove insufficient in light of changes in market conditions, technology, competitive pressures or other external factors. In addition, we plan to extend our services to new clients, into new lines of business, and into new geographic locations. As we focus on developing new services, clients, practice areas and lines of business; open new offices; and engage in business in new geographic locations, our operations may be exposed to additional as well as enhanced risks.

In particular, our growth efforts place substantial additional demands on our management and staff, as well as on our information, financial, administrative and operational systems. We may not be able to manage these demands successfully. Growth may require increased recruiting efforts, opening new offices, increased business development, selling, marketing and other actions that are expensive and entail increased risk. We may need to invest more in our people and systems, controls, compliance efforts, policies and procedures than we anticipate. Therefore, even if we do grow, the demands on our people and systems, controls, compliance efforts, policies and procedures may exceed the benefits of such growth, and our operating results may suffer, at least in the short-term, and perhaps in the long-term.

Efforts involving a different focus, new services, new clients, new practice areas, new lines of business, new offices and new geographic locations entail inherent risks associated with our inexperience and competition from mature participants in those areas. Our inexperience may result in costly decisions that could harm our profit and operating results. In particular, new or improved services often relate to the development, implementation and improvement of critical infrastructure or operating systems that our clients may view as "mission critical," and if we fail to satisfy the needs of our clients in providing these services, our clients could incur significant costs and losses for which they could seek compensation from us. As our business continues to evolve and we provide a wider range of services, we will become increasingly dependent upon our employees, particularly those operating in business environments less familiar to us. Failure to identify, hire, train and retain talented employees who share our values could have a negative effect on our reputation and our business. Finally, even if effectively executed, our strategy may prove insufficient in light of changes in market conditions, technology competitive pressures or other external factors.

***Our rebranding plan may take a significant amount of time, involve substantial costs and may not be favorably received by our clients.***

On June 12, 2018, the Company's Board of Directors approved a rebranding Plan for the Company. This Plan includes going to market under a single, master brand architecture, solely as Korn Ferry, and sunsetting of all the Company's sub-brands, including Futurestep, Hay Group and Lominger, among others. The Company is harmonizing under one brand to help accelerate the firm's positioning as the preeminent organizational consultancy and bring more client awareness to its broad range of talent management solutions

We may incur substantial costs as a result of rebranding our products and services and may not be able to achieve or maintain brand name recognition or status that is comparable to the recognition and status previously enjoyed by certain of our sub-brands. The failure of our rebranding initiatives could adversely affect our ability to attract and retain clients, which could cause us not to realize some or all of the anticipated benefits contemplated by the rebranding.



***We are subject to potential legal liability from clients, employees, candidates for employment, stockholders and others. Insurance coverage may not be available to cover all of our potential liability and available coverage may not be sufficient to cover all claims that we may incur.***

We are exposed to potential claims with respect to the executive search process and the consulting services performed by Advisory. For example, a client could assert a claim for matters such as breach of an off-limit agreement or recommending a candidate who subsequently proves to be unsuitable for the position filled. Further, the current employer of a candidate whom we placed could file a claim against us alleging interference with an employment contract; a candidate could assert an action against us for failure to maintain the confidentiality of the candidate's employment search; and a candidate or employee could assert an action against us for alleged discrimination, violations of labor and employment law or other matters. Also, in various countries, we are subject to data protection laws impacting the processing of candidate information and other regulatory requirements that could give rise to liabilities/claims. Client dissatisfaction with the consulting services provided by our Advisory consultants may also lead to claims against us.

Additionally, as part of our Advisory services, we often send a team of leadership consultants to our clients' workplaces. Such consultants generally have access to client information systems and confidential information. An inherent risk of such activity includes possible claims of misuse or misappropriation of client IP, confidential information, funds or other property, as well as harassment, criminal activity, torts, or other claims. Such claims may result in negative publicity, injunctive relief, criminal investigations and/or charges, payment by us of monetary damages or fines, or other material adverse effects on our business.

From time to time, we may also be subject to legal actions or claims brought by our stockholders, including securities, derivative and class actions, for a variety of matters related to our operations, such as significant business transactions, cybersecurity incidents, volatility in our stock, and our responses to stockholder activism, among others. Such actions or claims and their resolution may result in defense costs, as well as settlements, fines or judgments against us, some of which are not, or cannot be, covered by insurance. The payment of any such costs, settlements, fines or judgments that are not insured could have a material adverse effect on our business. In addition, such matters may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and expose us to increased risks that would be uninsured.

We cannot ensure that our insurance will cover all claims or that insurance coverage will be available at economically acceptable rates. Our ability to obtain insurance, its coverage levels, deductibles and premiums, are all dependent on market factors, our loss history and insurers' perception of our overall risk profile. Our insurance may also require us to meet a deductible. Significant uninsured liabilities could have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to align our cost structure with our revenue level, which in turn may require additional financing in the future that may not be available at all or may be available only on unfavorable terms.***

We continuously evaluate our cost base in relation to projected near to mid-term demand for our services in an effort to align our cost structure with the current realities of our markets. If actual or projected fee revenues are negatively impacted by weakening customer demand, we may find it necessary to take cost cutting measures so that we can minimize the impact on our profitability. There is, however, no guarantee that if we do take such measures that such measures will properly align our cost structure to our revenue level. Any failure to maintain a balance between our cost structure and our revenue could adversely affect our business, financial condition, and results of operations and lead to negative cash flows, which in turn might require us to obtain additional financing to meet our capital needs. If we are unable to secure such additional financing on favorable terms, or at all, our ability to fund our operations could be impaired, which could have a material adverse effect on our results of operations.

***Our financial results could suffer if we are unable to achieve or maintain adequate utilization and suitable billing rates for our consultants.***

Our profitability depends, to a large extent, on the utilization and billing rates of our professionals. Utilization of our professionals is affected by a number of factors, including:

- the number and size of client engagements;
- the timing of the commencement, completion and termination of engagements (for example, the commencement or termination of multiple RPO engagements could have a significant impact on our business, including significant fluctuations in our fee revenue, since these types of engagements are generally larger, in terms of both staffing and fee revenue generated, than our other engagements);
- our ability to transition our consultants efficiently from completed engagements to new engagements;



- the hiring of additional consultants because there is generally a transition period for new consultants that results in a temporary drop in our utilization rate;
- unanticipated changes in the scope of client engagements;
- our ability to forecast demand for our services and thereby maintain an appropriate level of consultants; and
- conditions affecting the industries in which we practice as well as general economic conditions.

The billing rates of our consultants that we are able to charge are also affected by a number of factors, including:

- our clients' perception of our ability to add value through our services;
- the market demand for the services we provide;
- an increase in the number of clients in the government sector in the industries we serve;
- the introduction of new services by us or our competitors;
- our competition and the pricing policies of our competitors; and
- current economic conditions.

If we are unable to achieve and maintain adequate overall utilization, as well as maintain or increase the billing rates for our consultants, our financial results could materially suffer. In addition, our consultants oftentimes perform services at the physical locations of our clients. If there are natural disasters, disruptions to travel and transportation or problems with communications systems, our ability to perform services for, and interact with, our clients at their physical locations may be negatively impacted, which could have an adverse effect on our business and results of operations.

***The profitability of our fixed-fee engagements with clients may not meet our expectations if we underestimate the cost of these engagements when pricing them.***

When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and consultants as we plan to deploy them on engagements. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-fee engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin. For the years ended April 30, 2019, 2018, and 2017, fixed-fee engagements represented 27%, 28%, and 29% of our revenues, respectively.

***Changes in our accounting estimates and assumptions could negatively affect our financial position and results of operations.***

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions including those relating to revenue recognition, restructuring, deferred compensation, goodwill and other intangible assets, contingent consideration, annual performance-related bonuses, allowance for doubtful accounts, share-based payments and deferred income taxes. Actual results could differ from the estimates we make based on historical experience and various assumptions believed to be reasonable based on specific circumstances and changes in accounting standards could have an adverse impact on our future financial position and results of operations.

***Foreign currency exchange rate risks may adversely affect our results of operations.***

A material portion of our revenue and expenses are generated by our operations in foreign countries, and we expect that our foreign operations will account for a material portion of our revenue and expenses in the future. Most of our international expenses and revenue are denominated in foreign currencies. As a result, our financial results could be affected by changes in foreign currency exchange rates or weak economic conditions in foreign markets in which we have operations, among other factors. Fluctuations in the value of those currencies in relation to the U.S. dollar have caused and will continue to cause dollar-translated amounts to vary from one period to another. Given the volatility of exchange rates, we may not be able to manage effectively our currency translation or transaction risks, which may adversely affect our financial condition and results of operations.





***Unfavorable tax laws, tax law changes and tax authority rulings may adversely affect results.***

We are subject to income taxes in the U.S. and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates or changes in tax laws. The amount of income taxes and other taxes are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. authorities. If these audits result in assessments different from estimated amounts recorded, future financial results may include unfavorable tax adjustments.

Future changes in tax laws, treaties or regulations, and their interpretations or enforcement, may be unpredictable, particularly as taxing jurisdictions face an increasing number of political, budgetary and other fiscal challenges. Tax rates in the jurisdictions in which we operate may change as a result of macroeconomic and other factors outside of our control, making it increasingly difficult for multinational corporations like ourselves to operate with certainty about taxation in many jurisdictions. As a result, we could be materially adversely affected by future changes in tax law or policy (or in their interpretation or enforcement) in the jurisdictions where we operate, including the United States, which could have a material adverse effect on our business, cash flow, results of operations, financial condition, as well as our effective income tax rate.

***Technical guidance on a broad range of topics related to the Tax Cuts and Jobs Act could have a material impact on our business and our company.***

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law, making significant changes to the taxation of U.S. business entities. The most significant impacts of the Tax Act on the Company include (1) a reduction in the U.S. corporate federal statutory income tax rate from 35.0% to 21.0% effective January 1, 2018, and (2) a one-time tax on accumulated foreign earnings (the "Transition Tax"), which is applicable at a rate of 15.5% on cash and other specified assets and 8% on other residual earnings. We finalized our computation of the Transition Tax and remeasurement of deferred tax balances in accordance with our current understanding of the Tax Act and currently available guidance. For additional information regarding the Tax Act and the tax amounts recorded in our consolidated financial statements, see Note 8 —Income Taxes. While our financial statements as of and for the year ended April 30, 2019 reflect the impact due to the Tax Act, further technical guidance on a broad range of topics related to the Tax Act is expected and may have a material adverse effect on our business, cash flow, results from operations, financial condition, as well as our effective income tax rate.

***We have deferred tax assets that we may not be able to use under certain circumstances.***

If we are unable to generate sufficient future taxable income in certain jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. This would result in an increase in our effective tax rate, and an adverse effect on our future operating results. In addition, changes in statutory tax rates may also change our deferred tax assets or liability balances, with either a favorable or unfavorable impact on our effective tax rate. Our deferred tax assets may also be impacted by new legislation or regulation.

***Our indebtedness could impair our financial condition and reduce funds available to us for other purposes and our failure to comply with the covenants contained in our debt instruments could result in an event of default that could adversely affect our operations and financial condition.***

On December 19, 2018, the Company entered into a senior secured \$650.0 million Amended and Restated Credit Agreement with a syndicate of banks. As of April 30, 2019, \$226.9 million was outstanding under the revolving loan.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans. We cannot ensure that we will be able to refinance our debt or enter into alternative financing plans in adequate amounts on commercially reasonable terms, terms acceptable to us or at all, or that such plans guarantee that we would be able to meet our debt obligations.

Our existing debt agreements contain financial and restrictive covenants that limit the total amount of debt that we may incur and may limit our ability to engage in other activities that we may believe are in our long-term best interests, including the disposition or acquisition of assets or other companies or the payment of dividends to our stockholders. Our failure to comply with these covenants may result in an event of default, which, if not cured or waived, could accelerate the maturity of our indebtedness or prevent us from accessing additional funds under our revolving credit facility. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations, and we may not be able to continue our operations as planned.

***The expansion of social media platforms presents new risks and challenges that can cause damage to our brand and reputation.***

There has been a marked increase in the use of social media platforms, including weblogs (or blogs), social media websites and other forms of Internet-based communications, which allow individuals access to a broad audience of



consumers and other interested persons. The inappropriate and/or unauthorized use of such media vehicles by our clients or employees could increase our costs, cause damage to our brand, lead to litigation or result in information leakage, including the improper collection and/or dissemination of personally identifiable information of candidates and clients. In addition, negative or inaccurate posts or comments about us on any social networking platforms could damage our reputation, brand image and goodwill.

***Technological advances may significantly disrupt the labor market and weaken demand for human capital at a rapid rate.***

Our success is directly dependent on our customers' demands for talent. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, robotics, machine learning, artificial intelligence and other technological advances outside of our control. The human resource industry has been and continues to be impacted by significant technological changes, enabling companies to offer services competitive with ours. Many of those technological changes may (i) reduce demand for our services, (ii) enable the development of competitive products or services, or (iii) enable our current customers to reduce or bypass the use of our services, particularly in lower-skill job categories. Additionally, rapid changes in artificial intelligence and block chain-based technology are increasing the competitiveness landscape. We may not be successful in anticipating or responding to these changes and demand for our services could be further reduced by advanced technologies being deployed by our competitors. The effort to gain technological expertise and develop new technologies in our business may require us to incur significant expenses. In some cases, we depend on key vendors and partners to provide technology and other support. If these third parties fail to perform their obligations or cease to work with us, our ability to execute on our strategic initiatives could be adversely affected.

***Limited protection of our intellectual property could harm our business, and we face the risk that our services or products may infringe upon the intellectual property rights of others.***

We cannot guarantee that trade secrets, trademark and copyright law protections are adequate to deter misappropriation of our IP (which has become an important part of our business). Existing laws of some countries in which we provide services or products may offer only limited protection of our IP rights. Redressing infringements may consume significant management time and financial resources. Also, we may be unable to detect the unauthorized use of our IP and take the necessary steps to enforce our rights, which may have a material adverse impact on our business, financial condition or results of operations. We cannot be sure that our services and products, or the products of others that we offer to our clients, do not infringe on the IP rights of third parties, and we may have infringement claims asserted against us or our clients. These claims may harm our reputation, result in financial liability and prevent us from offering some services or products.

***We have invested in specialized technology and other intellectual property for which we may fail to fully recover our investment, or which may become obsolete.***

We have invested in developing specialized technology and IP, including proprietary systems, processes and methodologies, such as Searcher Express and KF Insight, that we believe provide us a competitive advantage in serving our current clients and winning new engagements. Many of our service and product offerings rely on specialized technology or IP that is subject to rapid change, and to the extent that this technology and IP is rendered obsolete and of no further use to us or our clients, our ability to continue offering these services, and grow our revenues, could be adversely affected. There is no assurance that we will be able to develop new, innovative or improved technology or IP or that our technology and IP will effectively compete with the IP developed by our competitors. If we are unable to develop new technology and IP or if our competitors develop better technology or IP, our revenues and results of operations could be adversely affected.

***We rely heavily on our information systems and if we lose that technology, or fail to further develop our technology, our business could be harmed.***

Our success depends in large part upon our ability to store, retrieve, process, manage and protect substantial amounts of information. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development of new proprietary software, either internally or through independent consultants. If we are unable to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, or for any reason any interruption or loss of our information processing capabilities occurs, this could harm our business, results of operations and financial condition. We cannot be sure that our insurance against the effects of a disaster regarding our information technology or our disaster recovery procedures currently in place will continue to be available at reasonable prices, cover all our losses or compensate us for the possible loss of clients occurring during any period that we are unable to provide business services.

***We are subject to risk as it relates to software that we license from third parties.***

We license software from third parties, much of which is integral to our systems and our business. The licenses are generally terminable if we breach our obligations under the license agreements. If any of these relationships were terminated or if any of these parties were to cease doing business or cease to support the applications we currently



utilize, we may be forced to spend significant time and money to replace the licensed software. However, we cannot assure you that the necessary replacements will be available on reasonable terms, if at all.

***We are increasingly dependent on third parties for the execution of critical functions.***

We do not maintain all of our technology infrastructure, and we have outsourced certain other critical applications or business processes to external providers, including cloud-based services. The failure or inability to perform on the part of one or more of these critical suppliers or partners could cause significant disruptions and increased costs. We are also dependent on security measures that some of our third-party vendors and customers are taking to protect their own systems and infrastructures. If our third-party vendors do not maintain adequate security measures, do not require their sub-contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber-attacks, we may experience operational difficulties and increased costs, which could materially and adversely affect our business.

***Cyber security vulnerabilities and incidents could lead to the improper disclosure of information obtained from our clients, candidates and employees that could result in liability and harm to our reputation.***

We use information technology and other computer resources to carry out operational and marketing activities and to maintain our business records. We rely on information technology systems to process, transmit, and store electronic information and to communicate among our locations around the world and with our clients, partners, and employees. The breadth and complexity of this infrastructure increases the potential risk of security breaches which could lead to potential unauthorized disclosure of confidential information.

Our systems and networks are vulnerable to computer viruses, malware, worms, hackers and other security issues, including physical and electronic break-ins, router disruption, sabotage or espionage, disruptions from unauthorized access and tampering (including through social engineering such as phishing attacks), impersonation of authorized users and coordinated denial-of-service attacks. For example, in the past we have experienced cyber security incidents resulting from unauthorized access to our systems, which to date have not had a material impact on our business or results of operations; however, there is no assurance that such impacts will not be material in the future.

The continued occurrence of high-profile data breaches against various entities and organizations provides evidence of an external environment that is increasingly hostile to information security. This environment demands that we continuously improve our design and coordination of security controls across our business groups and geographies in order to protect information that we develop or that is obtained from our clients, candidates and employees. Despite these efforts, given the ongoing and increasingly sophisticated attempts to access the information of entities, our security controls over this information, our training of employees, and other practices we follow may not prevent the improper disclosure of such information. Our efforts and the costs incurred to bolster our security against attacks cannot provide absolute assurance that future data breaches will not occur. We depend on our overall reputation and brand name recognition to secure new engagements. Perceptions that we do not adequately protect the privacy of information could inhibit attaining new engagements, qualified consultants and could potentially damage currently existing client relationships.

***Data security, data privacy and data protection laws, such as the European Union General Data Protection Regulation ("GDPR"), and other evolving regulations and cross-border data transfer restrictions, may limit the use of our services, increase our costs and adversely affect our business.***

We are subject to numerous U.S. and foreign jurisdiction laws and regulations designed to protect client, colleague, supplier and company data, such as the GDPR, which became effective in May 2018, and requires companies to meet stringent requirements regarding the handling of personal data, including its use, protection and transfer and the ability of persons whose data is stored to correct or delete such data about themselves. Complying with the enhanced obligations imposed by the GDPR has resulted and may continue to result in additional costs to our business and has required and may further require us to amend certain of our business practices. Failure to meet the GDPR requirements could result in significant penalties, including fines up to 4% of annual worldwide revenue. The GDPR also confers a private right of action on certain individuals and associations.

Laws and regulations in this area are evolving and generally becoming more stringent. For example, the New York State Department of Financial Services has issued cybersecurity regulations that outline a variety of required security measures for protection of data. Other U.S. states, including California and South Carolina, have also recently enacted cybersecurity laws requiring certain security measures of regulated entities that are broadly similar to GDPR requirements, and we expect that other states will continue to do so. As these laws continue to evolve, we may be required to make changes to our services, solutions and/or products so as to enable the Company and/or our clients to meet the new legal requirements, including by taking on more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, limiting our service and/or solution offerings in certain locations. Changes in these laws, or the interpretation and application thereof, may also increase our potential exposure through significantly higher potential penalties for non-compliance. The costs of compliance with, and other burdens imposed by, such laws and regulations and client demand in this area may limit the use of, or demand for, our services, solutions and/or products, make it more difficult and costly to meet client expectations, or lead to significant fines, penalties or liabilities for noncompliance, any of which could adversely affect our business, financial condition, and results of operations.



In addition, due to the uncertainty and potentially conflicting interpretations of these laws, it is possible that such laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with applicable laws or satisfactorily protect personal information could result in governmental enforcement actions, litigation, or negative publicity, any of which could inhibit sales of our services, solutions and/or products.

Further, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. It is possible that future enactment of more restrictive laws, rules or regulations and/or future enforcement actions or investigations could have an adverse impact on us through increased costs or restrictions on our businesses and noncompliance could result in regulatory penalties and significant legal liability.

***Acquisitions, or our inability to effect acquisitions, may have an adverse effect on our business.***

We have completed several strategic acquisitions of businesses in the last several years, including our acquisition of Hay Group in fiscal 2016. Targeted acquisitions have been part of our growth strategy, and we may in the future selectively acquire businesses that are complementary to our existing service offerings. However, we cannot be certain that we will be able to continue to identify appropriate acquisition candidates or acquire them on satisfactory terms. Our ability to consummate such acquisitions on satisfactory terms will depend on:

- the extent to which acquisition opportunities become available;
- our success in bidding for the opportunities that do become available;
- negotiating terms that we believe are reasonable; and
- regulatory approval, if required.

Our ability to make strategic acquisitions may also be conditioned on our ability to fund such acquisitions through the incurrence of debt or the issuance of equity. Our credit agreement dated as of December 19, 2018 limits us from consummating acquisitions unless we are in pro forma compliance with our financial covenants, and our pro forma domestic liquidity after giving effect to the acquisition is at least \$50.0 million, and certain other conditions are met. If we are required to incur substantial indebtedness in connection with an acquisition, and the results of the acquisition are not favorable, the increased indebtedness could decrease the value of our equity. In addition, if we need to issue additional equity to consummate an acquisition, doing so would cause dilution to existing stockholders.

If we are unable to make strategic acquisitions, or the acquisitions we do make are not on terms favorable to us or not effected in a timely manner, it may impede the growth of our business, which could adversely impact our profitability and our stock price.

***We have provisions that make an acquisition of us more difficult and expensive.***

Anti-takeover provisions in our Certificate of Incorporation, our Bylaws and under Delaware law make it more difficult and expensive for us to be acquired in a transaction that is not approved by our Board of Directors. Some of the provisions in our Certificate of Incorporation and Bylaws include:

- limitations on stockholder actions;
- advance notification requirements for director nominations and actions to be taken at stockholder meetings; and
- the ability to issue one or more series of preferred stock by action of our Board of Directors.

These provisions could discourage an acquisition attempt or other transaction in which stockholders could receive a premium over the current market price for the common stock.

***We may not be able to successfully integrate or realize the expected benefits from our acquisitions.***

Our future success may depend in part on our ability to complete the integration of acquisition targets successfully into our operations. The process of integrating an acquired business may subject us to a number of risks, including:

- diversion of management attention;
- amortization of intangible assets, adversely affecting our reported results of operations;
- inability to retain and/or integrate the management, key personnel and other employees of the acquired business;



- inability to properly integrate businesses resulting in operating inefficiencies;
- inability to establish uniform standards, disclosure controls and procedures, internal control over financial reporting and other systems, procedures and policies in a timely manner;
- inability to retain the acquired company's clients;
- exposure to legal claims for activities of the acquired business prior to acquisition; and
- incurrence of additional expenses in connection with the integration process.

If our acquisitions are not successfully integrated, our business, financial condition and results of operations, as well as our professional reputation, could be materially adversely affected.

Further, we cannot assure that acquisitions will result in the financial, operational or other benefits that we anticipate. Some acquisitions may not be immediately accretive to earnings and some expansion may result in significant expenditures.

***Businesses we acquire may have liabilities or adverse operating issues which could harm our operating results.***

Businesses we acquire may have liabilities or adverse operating issues, or both, that we either fail to discover through due diligence or underestimate prior to the consummation of the acquisition. These liabilities and/or issues may include the acquired business' failure to comply with, or other violations of, applicable laws, rules or regulations or contractual or other obligations or liabilities. As the successor owner, we may be financially responsible for, and may suffer harm to our reputation or otherwise be adversely affected by, such liabilities and/or issues. An acquired business also may have problems with internal controls over financial reporting, which could in turn cause us to have significant deficiencies or material weaknesses in our own internal controls over financial reporting. These and any other costs, liabilities, issues, and/or disruptions associated with any past or future acquisitions, and the related integration, could harm our operating results.

***As a result of our acquisitions, we have substantial amounts of goodwill and intangible assets, and changes in business conditions could cause these assets to become impaired, requiring write-downs that would adversely affect our operating results.***

All of our acquisitions have been accounted for as purchases and involved purchase prices well in excess of tangible asset values, resulting in the creation of a significant amount of goodwill and other intangible assets. As of April 30, 2019, goodwill and purchased intangibles accounted for approximately 25% and 4%, respectively, of our total assets. Under U.S. GAAP, we do not amortize goodwill and intangible assets acquired in a purchase business combination that are determined to have indefinite useful lives, but instead review them annually (or more frequently if impairment indicators arise) for impairment. As discussed above, in connection with the Plan, the Company now offers substantially all of the Company's current products and services using the "Korn Ferry" name, branding and trademarks, and has sunset substantially all sub-brands, including Futurestep, Hay Group and Lominger, among others. The Hay Group and Lominger brands came to the Company through acquisitions and, in connection with the accounting for those acquisitions, \$106.6 million of the purchase price was allocated to indefinite lived tradename intangible assets. On June 12, 2018, the Company concluded that as a result of the decision to discontinue the use of such sub-brands in the near term, the Company was required under U.S. generally accepted accounting principles to record in the first quarter of fiscal 2019 a one-time, non-cash intangible asset impairment charge of \$106.6 million. The discontinuation of such brands could adversely affect our business. Further, although we have to date determined that none of our other assets have been impaired, future events or changes in circumstances that result in an impairment of goodwill or other intangible assets would have a negative impact on our profitability and operating results.

***An impairment in the carrying value of goodwill and other intangible assets could negatively impact our consolidated results of operations and net worth.***

Goodwill is initially recorded as the excess of amounts paid over the fair value of net assets acquired. While goodwill is not amortized, it is reviewed for impairment at least annually or more frequently if impairment indicators are present. In assessing the carrying value of goodwill, we make qualitative and quantitative assumptions and estimates about revenues, operating margins, growth rates and discount rates based on our business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors. Goodwill valuations have been calculated using an income approach based on the present value of future cash flows of each reporting unit and a market approach. We could be required to evaluate the carrying value of goodwill prior to the annual assessment if we experience



unexpected, significant declines in operating results or sustained market capitalization declines. These types of events and the resulting analyses could result in goodwill impairment charges in the future. Impairment charges, such as the impairment charge that we recorded in the first quarter of fiscal 2019 related to the discontinuation of the Hay Group and Lominger brands, could substantially affect our results of operations and net worth in the periods of such charges.

***We are a cyclical Company whose performance is tied to local and global economic conditions.***

Demand for our services is affected by global economic conditions and the general level of economic activity in the geographic regions and industries in which we operate. When conditions in the global economy, including the credit markets deteriorate, or economic activity slows, many companies hire fewer permanent employees and some companies, as a cost-saving measure, choose to rely on their own human resources departments rather than third-party search firms to find talent, and under these conditions, companies may cut back on human resource initiatives, all of which negatively affects our financial condition and results of operations. We may also experience more competitive pricing pressure during periods of economic decline. If the geopolitical uncertainties result in a reduction in business confidence, if the national or global economy or credit market conditions in general deteriorate, the unemployment rate increases or any changes occur in U.S. trade policy (including any increases in tariffs that result in a trade war), such uncertainty or changes could put negative pressure on demand for our services and our pricing, resulting in lower cash flows and a negative effect on our business, financial condition and results of operations. In addition, some of our clients may experience reduced access to credit and lower revenues resulting in their inability to meet their payment obligations to us.

***We face risks associated with social and political instability, legal requirements and economic conditions in our international operations.***

We operate in 52 countries and, during the year ended April 30, 2019, generated 55% of our fee revenue from operations outside of the U.S. We are exposed to the risk of changes in social, political, legal and economic conditions inherent in international operations. Examples of risks inherent in transacting business worldwide that we are exposed to include:

- uncertainties and instability in economic and market conditions caused by the United Kingdom's (the "U.K.") vote to exit the E.U. ("Brexit");
- uncertainty regarding how the U.K.'s access to the E.U. Single Market and the wider trading, legal, regulatory and labor environments, especially in the U.K. and E.U., will be impacted by Brexit, including the resulting impact on our business and that of our clients;
- changes in and compliance with applicable laws and regulatory requirements, including U.S. laws affecting the activities of U.S. companies abroad, including the Foreign Corrupt Practices Act of 1977 and sanctions programs administered by the U.S. Department of the Treasury Office of Foreign Assets Control, and similar foreign laws such as the U.K. Bribery Act, as well as the fact that many countries have legal systems, local laws and trade practices that are unsettled and evolving, and/or commercial laws that are vague and/or inconsistently applied;
- difficulties in staffing and managing global operations, which could impact our ability to maintain an effective system of internal control;
- difficulties in building and maintaining a competitive presence in existing and new markets;
- social, economic and political instability;
- differences in cultures and business practices;
- statutory equity requirements;
- differences in accounting and reporting requirements;
- repatriation controls;
- differences in labor and market conditions;



- potential adverse tax consequences;
- multiple regulations concerning pay rates, benefits, vacation, statutory holiday pay, workers' compensation, union membership, termination pay, the termination of employment, and other employment laws; and
- the introduction of greater uncertainty with respect to trade policies, tariffs, disputes or disruptions, the termination or suspension of treaties, boycotts and government regulation affecting trade between the U.S. and other countries.

We cannot ensure that one or more of these factors will not harm our business, financial condition or results of operations.

***The United Kingdom's withdrawal from the E.U. may adversely impact our operations in the United Kingdom and elsewhere.***

In fiscal 2019, 10.5% of our fee revenue was recorded in the U.K. The British government and the E.U. continue to negotiate the terms of the U.K.'s future relationship with the E.U. While many separation issues have been resolved, significant uncertainty remains. The uncertainties surrounding the timing and terms of the U.K.'s exit and its consequences could adversely impact customer and investor confidence, result in additional market volatility and adversely affect our businesses and results of operations. Completion of a so-called "hard/no-deal Brexit," whereby the U.K. exits the E.U. with no negotiated market access or agreements on issues such as customs and citizen mobility, would likely cause economic, logistical, and legal disruptions. These impacts, and others that we cannot currently anticipate, could result in delays or reductions in contract awards, canceled contracts, changes in exchange rates, difficulty in recruiting or in gaining permission to employ existing staff, or less favorable payment terms. At this time, we cannot predict the impact that an actual exit from the E.U. will have on our business generally and our UK and European operations more specifically, and no assurance can be given that our operating results, financial condition and prospects would not be adversely impacted by the result.

***The interest rates under our Credit Agreement and related interest rate swap may be impacted by the phase-out of the London Interbank Offered Rate ("LIBOR").***

LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rates on loans globally. We generally use LIBOR as a reference rate to calculate interest rates under our credit facility. In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index, the Secured Overnight Financing Rate ("SOFR"), calculated using short-term repurchase agreements backed by Treasury securities. Whether or not SOFR, or another alternative reference rate, attains market traction as a LIBOR replacement tool remains in question. If LIBOR ceases to exist, we may need to amend our Credit Agreement and related interest rate swap to replace LIBOR with an agreed upon replacement index, and certain of the interest rates under our Credit Agreement may change. The new rates may not be as favorable to us as those in effect prior to any LIBOR phase-out.

***You may not receive the level of dividends provided for in the dividend policy our Board of Directors has adopted or any dividends at all.***

We are not obligated to pay dividends on our common stock. Our Board of Directors adopted a dividend policy on December 8, 2014, that reflects an intention to distribute to our stockholders a regular quarterly cash dividend of \$0.10 per share of common stock. Although the Company paid our first dividend under this program on April 9, 2015 and has declared a quarterly dividend every quarter since the adoption of the dividend policy, the declaration and payment of all future dividends to holders of our common stock are subject to the discretion of our Board of Directors, which may amend, revoke or suspend our dividend policy at any time and for any reason, including earnings, capital requirements, financial conditions and other factors our Board of Directors may deem relevant. The terms of our indebtedness may also restrict us from paying cash dividends on our common stock under certain circumstances. See below "—Our ability to pay dividends will be restricted by agreements governing our debt, including our credit agreement, and by Delaware law."

Over time, our capital and other cash needs may change significantly from our current needs, which could affect whether we pay dividends and the level of any dividends we may pay in the future. If we were to use borrowings under our credit facility to fund our payment of dividends, we would have less cash and/or borrowing capacity available for future dividends and other purposes, which could negatively affect our financial condition, our results of operations, our liquidity and our ability to maintain and expand our business. Accordingly, you may not receive dividends in the intended amounts, or at all. Any reduction or elimination of dividends may negatively affect the market price of our common stock.



***Our ability to pay dividends will be restricted by agreements governing our debt, including our credit agreement, and by Delaware law.***

Our credit agreement restricts our ability to pay dividends. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” where we describe the terms of our indebtedness, including provisions limiting our ability to declare and pay dividends. As a result of such restrictions, we may be limited in our ability to pay dividends unless we amend our credit agreement or otherwise obtain a waiver from our lenders. In addition, as a result of general economic conditions, conditions in the lending markets, the results of our business or for any other reason, we may elect or be required to amend or refinance our senior credit facility, at or prior to maturity, or enter into additional agreements for indebtedness. Any such amendment, refinancing or additional agreement may contain covenants which could limit in a significant manner or entirely our ability to pay dividends to you.

Additionally, under the Delaware General Corporation Law (“DGCL”), our Board of Directors may not authorize payment of a dividend unless it is either paid out of surplus, as calculated in accordance with the DGCL, or if we do not have a surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

If, as a result of these restrictions, we are required to reduce or eliminate the payment of dividends, a decline in the market price or liquidity, or both, of our common stock could result. This may in turn result in losses by you.

***Our dividend policy may limit our ability to pursue growth opportunities.***

If we pay dividends at the level currently anticipated under our dividend policy, we may not retain a sufficient amount of cash to finance growth opportunities, meet any large unanticipated liquidity requirements or fund our operations in the event of a significant business downturn. In addition, because a portion of cash available will be distributed to holders of our common stock under our dividend policy, our ability to pursue any material expansion of our business, including through acquisitions, increased capital spending or other increases of our expenditures, will depend more than it otherwise would on our ability to obtain third party financing. We cannot assure you that such financing will be available to us at all, or at an acceptable cost. If we are unable to take timely advantage of growth opportunities, our future financial condition and competitive position may be harmed, which in turn may adversely affect the market price of our common stock.

***We may be subject to the actions of activist shareholders.***

Our Board of Directors and management team are committed to acting in the best interest of all of our shareholders. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Activist shareholders who disagree with the composition of the Board of Directors, our strategy or the way the Company is managed may seek to effect change through various strategies and channels. Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership and may result in the loss of potential business opportunities, harm our ability to attract new employees, investors, and customers, and cause our stock price to experience periods of volatility or stagnation.

***Our business could be disrupted as a result of actions of certain stockholders.***

If any of our stockholders commence a proxy contest, advocate for change, make public statements critical of our performance or business, or engage in other similar activities, then our business could be adversely affected because we may have difficulty attracting and retaining clients due to perceived uncertainties as to our future direction and negative public statements about our business; responding to proxy contests and other similar actions by stockholders is likely to result in us incurring substantial additional costs and significantly divert the attention of management and our employees; and, if individuals are elected to our Board with a specific agenda, the execution of our strategic plan may be disrupted or a new strategic plan altogether may be implemented, which could have a material adverse impact on our business, financial condition or results of operations. Further, any of these matters or any such actions by stockholders may impact and result in volatility of the price of our common stock.

***Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.***

Should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience near-term operational challenges with regard to particular areas of our operations. In particular, our





ability to recover from any disaster or other business continuity problem will depend on our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

#### Item 1B. Unresolved Staff Comments

Not applicable.

#### Item 2. Properties

Our corporate office is located in Los Angeles, California. We lease our corporate office and all 104 of our Executive Search, Advisory, and RPO & Professional Search offices located in North America, EMEA, Asia Pacific and Latin America. As of April 30, 2019, we leased an aggregate of approximately 1.4 million square feet of office space. The leases generally have remaining terms of one to 11 years and contain customary terms and conditions. We believe that our facilities are adequate for our current needs, and we do not anticipate any difficulty replacing such facilities or locating additional facilities to accommodate any future growth.

#### Item 3. Legal Proceedings

From time to time, we are involved in litigation both as a plaintiff and a defendant, relating to claims arising out of our operations. As of the date of this report, we are not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition or results of operations.

#### Item 4. Mine Safety Disclosures

Not applicable.

#### Information about our Executive Officers

Name	Age as of April 30, 2019	Position
Gary D. Burnison	58	President and Chief Executive Officer
Robert P. Rozek	58	Executive Vice President, Chief Financial Officer and Chief Corporate Officer
Mark Arian	58	Chief Executive Officer, Advisory
Byrne Mulrooney	58	Chief Executive Officer, RPO Professional Search & Products

Our executive officers serve at the discretion of our Board of Directors. There is no family relationship between any executive officer or director. The following information sets forth the business experience for at least the past five years for each of our executive officers.

*Gary D. Burnison* has been President and Chief Executive Officer since July 2007. He was Executive Vice President and Chief Financial Officer from March 2002 until June 30, 2007, and Chief Operating Officer from November 2003 until June 30, 2007. Prior to joining Korn Ferry, Mr. Burnison was Principal and Chief Financial Officer of Guidance Solutions, a privately held consulting firm, from 1999 to 2001. Prior to that, he served as an executive officer and a member of the Board of Directors of Jefferies and Company, Inc., the principal operating subsidiary of Jefferies Group, Inc. from 1995 to 1999. Earlier, Mr. Burnison was a Partner at KPMG Peat Marwick. Mr. Burnison earned a bachelor's degree in business administration from the University of Southern California.

*Robert P. Rozek* joined the Company in February 2012 as our Executive Vice President and Chief Financial Officer and, in December 2015, also became our Chief Corporate Officer. Prior to joining Korn Ferry, he served as Executive Vice President and Chief Financial Officer of Cushman & Wakefield, Inc., a privately held commercial real estate services firm, from June 2008 to February 2012. Prior to joining Cushman & Wakefield, Inc., Mr. Rozek served as Senior Vice President and Chief Financial Officer of Las Vegas Sands Corp., a leading global developer of destination properties (integrated resorts) that feature premium accommodations, world-class gaming and entertainment, convention and exhibition facilities and many other amenities, from 2006 to 2008. Prior to that, Mr. Rozek held senior leadership positions at Eastman Kodak, and spent five years as a Partner with PricewaterhouseCoopers LLP. Mr. Rozek is a graduate of Canisius College in New York with a bachelor's degree in accounting.



*Mark Arian* joined the Company as Chief Executive Officer of Korn Ferry's Advisory segment in April 2017. Prior to Korn Ferry, Mr. Arian served as a Managing Principal at Ernst and Young LLP, a multinational professional services firm that provides audit, tax, business risk, technology and security risk services, and human capital services worldwide, from March 2014 until March of 2017. In that capacity, he led the People Advisory Services—Financial Services Sector, and his responsibilities included commercial, people and key account leadership. Between 2008 and 2014, Mr. Arian held various leadership positions at AON and AON Hewitt, a provider of insurance, reinsurance, human capital and management consulting services, serving as an Executive Vice President and leading its strategic Mergers and Acquisitions ("M&A") and business transformation offering globally. Mr. Arian has also held various leadership positions at Towers Perrin (now Wills Towers Watson) including serving as the Global M&A and Global Change Management leader, and Hewitt Associates, where Mr. Arian built and led the Corporate Restructuring and Change Practice. Mr. Arian is a graduate of Duke University and holds a juris doctorate from Columbia University.

*Byrne Mulrooney* joined the Company in April 2010 as Chief Executive Officer of RPO & Professional Search. Prior to joining Korn Ferry, he was President and Chief Operating Officer of Flynn Transportation Services, a third-party logistics company, from 2007 to 2010. Prior to that, he led Spherion's workforce solutions business in North America, which provides workforce solutions in professional services and general staffing, including recruitment process outsourcing and managed services, from 2003 to 2007. Mr. Mulrooney held executive positions for almost 20 years at EDS and IBM in client services, sales, marketing and operations. Mr. Mulrooney is a graduate of Villanova University in Pennsylvania. He holds a master's degree in management from Northwestern University's J.L. Kellogg Graduate School of Management.



## PART II.

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol 'KFY'. On June 21, 2019, the last reported sales price on the New York Stock Exchange for the Company's common stock, was \$40.05 per share and there were approximately 24,047 beneficial stockholders of the Company's common stock.

#### Performance Graph

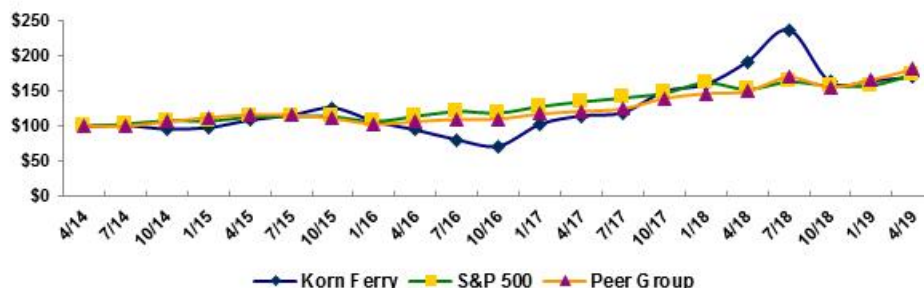
We have presented below a graph comparing the cumulative total stockholder return on the Company's shares with the cumulative total stockholder return on (1) the Standard & Poor's 500 Stock Index and (2) a company-established peer group. Cumulative total return for each of the periods shown in the performance graph is measured assuming an initial investment of \$100 on April 30, 2014 and the reinvestment of any dividends paid by the Company and any company in the peer group on the date the dividends were paid.

Our peer group is comprised of a broad number of publicly traded companies, which are principally or in significant part involved in either professional staffing or consulting. The peer group is comprised of the following 13 companies: CBIZ, Inc. (CBZ), FTI Consulting, Inc. (FCN), Heidrick & Struggles International, Inc. (HSII), Huron Consulting Group Inc. (HURN), ICF International, Inc. (ICFI), Insperity, Inc. (NSP), Kelly Services, Inc. (KELYA), Kforce Inc. (KFRC), Navigant Consulting, Inc. (NCI), Resources Connection, Inc. (RECN), Robert Half International, Inc. (RHI), Willis Towers Watson (WLTW) and TrueBlue, Inc. (TBI). We believe this group of professional services firms is reflective of similar sized companies in terms of our market capitalization, revenue or profitability, and therefore provides a more meaningful comparison of stock performance. The returns of each company have been weighted according to their respective stock market capitalization at the beginning of each measurement period for purposes of arriving at a peer group average.

The stock price performance depicted in this graph is not necessarily indicative of future price performance. This graph will not be deemed to be incorporated by reference by any general statement incorporating this Annual Report on Form 10-K into any filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this information by reference and shall not otherwise be deemed soliciting material or deemed filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

#### COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN<sup>(\*)</sup>

Among Korn Ferry, the S&P 500 Index, and a Peer Group



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(\*) \$100 invested on April 30, 2014 in stock or index, including reinvestment of dividends. Fiscal year ended April 30, 2019.



## Capital Allocation Approach

The Company and its Board of Directors endorse a balanced approach to capital allocation. The Company's first priority is to invest in growth initiatives, such as the hiring of consultants, the continued development of IP and derivative products and services, and the investment in synergistic accretive M&A transactions that earn a return superior to the Company's cost of capital. Next, the Company's capital allocation approach contemplates the planned return of a portion of excess capital to stockholders, in the form of a regular quarterly dividend, subject to the factors discussed below under "Dividends" and in more detail in the "Risk Factors" section of this Annual Report on Form 10-K. Additionally, the Company considers share repurchases on an opportunistic basis and subject to the terms of our Credit Agreement. See Note 10— *Long Term Debt* for a description of the Credit Agreement.

## Dividends

On December 8, 2014, the Board of Directors adopted a dividend policy, reflecting an intention to distribute to our stockholders a regular quarterly cash dividend of \$0.10 per share.

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 of Directors may amend, revoke or suspend the dividend policy at any time and for any reason.

## Stock Repurchase Program

On March 6, 2019, the Board of Directors approved an increase in the Company's stock repurchase program of approximately \$200 million, which brings our available capacity to repurchase shares in the open market or privately negotiated transactions to approximately \$250 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. During the second quarter of fiscal 2017, the Company began to repurchase shares through this program. The Company repurchased approximately \$37.4 million, \$33.1 million and \$28.8 million of the Company's common stock during fiscal 2019, 2018 and 2017, respectively. Any decision to execute on our stock repurchase program will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our Board of Directors. Our credit agreement permits us to pay dividends to our stockholders and make share repurchases so long as our pro forma leverage ratio is no greater than 3.25 to 1.00, and our pro forma domestic liquidity is at least \$50.0 million, including the revolving credit commitment minus amounts outstanding on the revolver, issued letters of credit and swing loans.

## Issuer Purchases of Equity Securities

The following table summarizes common stock repurchased by us during the fourth quarter of fiscal 2019:

	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)
February 1, 2019 — February 28, 2019	—	\$ —	—	\$50.7 million
March 1, 2019 — March 31, 2019	3,245	\$ 48.66	—	\$250.7 million
April 1, 2019 — April 30, 2019	904	\$ 46.50	—	\$250.7 million
Total	4,149	\$ 48.19	—	

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

(2) On March 6, 2019, our Board of Directors approved an increase to the share repurchase program to an aggregate of \$250 million. The shares can be repurchased in open market transactions or privately negotiated transactions at the Company's discretion. The share repurchase program has no expiration date.



## Item 6. Selected Financial Data

The following selected financial data are qualified by reference to, and should be read together with, our “Audited Consolidated Financial Statements and Notes to Consolidated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing elsewhere in this Annual Report on Form 10-K. The selected statements of income data set forth below for the fiscal years ended April 30, 2019, 2018 and 2017 and the selected balance sheets data as of April 30, 2019 and 2018 are derived from our audited consolidated financial statements, appearing elsewhere in this Annual Report on Form 10-K. The selected balance sheets data as of April 30, 2017, 2016 and 2015 and the selected statement of income data set forth below for the fiscal years ended April 30, 2016 and 2015 are derived from audited consolidated financial statements and notes thereto which are not included in this Annual Report on Form 10-K.

	Year Ended April 30,				
	2019	2018	2017	2016 (1)	2015
	(in thousands, except per share data and other operating data)				
Selected Consolidated Statements of Income Data:					
Fee revenue	\$ 1,926,033	\$ 1,767,217	\$ 1,565,521	\$ 1,292,112	\$ 1,028,152
Reimbursed out-of-pocket engagement expenses	47,829	52,302	56,148	54,602	37,914
Total revenue	1,973,862	1,819,519	1,621,669	1,346,714	1,066,066
Compensation and benefits	1,311,240	1,199,057	1,065,659	891,472	685,411
General and administrative expenses	351,991	237,390	226,232	213,018	145,917
Reimbursed expenses	47,829	52,302	56,148	54,602	37,914
Cost of services	75,487	73,658	71,482	59,824	39,692
Depreciation and amortization	46,489	48,588	47,260	36,220	27,597
Restructuring charges, net (2)	—	78	34,600	33,013	9,468
Total operating expenses	1,833,036	1,611,073	1,501,381	1,288,149	945,999
Operating income	140,826	208,446	120,288	58,565	120,067
Other income (loss), net	10,094	11,119	10,328	(6,409)	4,408
Interest expense, net	(16,891)	(13,832)	(14,607)	(3,394)	(4,773)
Equity in earnings of unconsolidated subsidiaries, net	311	297	333	1,631	2,181
Income tax provision	29,544	70,133	29,104	18,960	33,526
Net income	104,796	135,897	87,238	31,433	88,357
Net income attributable to noncontrolling interest	(2,145)	(2,118)	(3,057)	(520)	—
Net income attributable to Korn Ferry	\$ 102,651	\$ 133,779	\$ 84,181	\$ 30,913	\$ 88,357
Basic earnings per share	\$ 1.84	\$ 2.39	\$ 1.48	\$ 0.58	\$ 1.78
Diluted earnings per share	\$ 1.81	\$ 2.35	\$ 1.47	\$ 0.58	\$ 1.76
Basic weighted average common shares outstanding	55,311	55,426	56,205	52,372	49,052
Diluted weighted average common shares outstanding	56,096	56,254	56,900	52,929	49,766
Cash dividends declared per common share	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.10
Other Operating Data:					
Fee revenue by segment:					
Executive search:					
North America	\$ 455,826	\$ 408,098	\$ 356,625	\$ 371,345	\$ 330,634
EMEA	182,829	173,725	146,506	144,319	153,465
Asia Pacific	104,291	96,595	80,169	80,506	84,148
Latin America	31,896	30,624	34,376	26,744	29,160
Total executive search	774,842	709,042	617,676	622,914	597,407
Advisory	821,048	785,013	724,186	471,145	267,018
RPO & Professional Search	330,143	273,162	223,659	198,053	163,727
Total fee revenue	\$ 1,926,033	\$ 1,767,217	\$ 1,565,521	\$ 1,292,112	\$ 1,028,152
Number of offices (at period end) (3)	104	106	114	150	78
Number of consultants (at period end)	1,448	1,392	1,330	1,164	694
Number of new engagements opened	9,725	9,149	8,126	7,430	6,755
Number of full-time employees:					
Executive search	1,960	1,865	1,791	1,682	1,562
Advisory	3,603	3,454	3,598	3,626	894
RPO & Professional Search	2,942	2,188	1,710	1,530	1,147
Corporate	173	136	133	109	84
Total full-time employees	8,678	7,643	7,232	6,947	3,687
Selected Consolidated Balance Sheets Data as of April 30:					
Cash and cash equivalents	\$ 626,360	\$ 520,848	\$ 410,882	\$ 273,252	\$ 380,838
Marketable securities (4)	140,751	137,085	119,937	141,430	144,576
Working capital	585,852	455,799	385,095	188,010	331,148
Total assets	2,334,852	2,287,914	2,062,898	1,898,600	1,317,801
Long-term obligations	540,507	509,839	517,271	375,035	196,542
Total stockholders' equity	1,243,387	1,219,615	1,087,048	1,047,301	815,249

(1) Due to the acquisition of Hay Group on December 1, 2015, which accounted for \$186.8 million and \$740.2 million of fee revenue and total assets, respectively, during fiscal 2016, financial data trends for fiscal 2016 are not comparable to the prior period.



- (2) During fiscal 2018 and 2017, the Company continued to implement the fiscal 2016 restructuring plan in order to integrate the Advisory entities that were acquired in fiscal 2016 by eliminating redundant positions and operational, general and administrative expenses and consolidating office space. This resulted in restructuring charges of \$0.1 million and \$34.6 million in fiscal 2018 and 2017, respectively. Of the amount recorded in restructuring charges in fiscal 2017, \$16.0 million related to severance and \$18.6 million related to consolidation of office spaces. In fiscal 2016, the Company implemented the restructuring plan and as a result, we recorded \$33.0 million in restructuring charges, of which \$32.1 million related to severance and \$0.9 million related to consolidation and abandonment of premises. In fiscal 2015, the Company took actions to rationalize its cost structure as a result of efficiencies obtained from prior year technology investments that enabled further integration of the legacy business and the acquisitions (PDI and Global Novations), as well as other cost saving initiatives. As a result, we recorded \$9.2 million of severance and \$0.3 million relating to the consolidation/abandonment of premises.
- (3) The number of offices decreased by eight as of April 30, 2018 compared to April 30, 2017 and 36 as of April 30, 2017 compared to April 30, 2016, due to the continued implementation of the 2016 restructuring plan.
- (4) As of April 30, 2019, 2018, 2017, 2016, and 2015, the Company's marketable securities included \$140.8 million, \$137.1 million, \$119.9 million, \$141.4 million, and \$131.4 million, respectively, held in trust for settlement of the Company's obligations under certain of its deferred compensation plans. See Note 5—*Financial Instruments* in the Notes to the Consolidated Financial Statements in this Annual Report on Form 10-K.



## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-looking Statements

This Annual Report on Form 10-K 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, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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, changes in demand for our services as a result of automation, dependence on attracting and retaining qualified and experienced consultants, maintaining our relationships with customers and suppliers and retaining key employees, maintaining our brand name and professional reputation, the expected timing of the consummation of the Plan, the impact of the rebranding on the Company's products and services, the costs of the Plan, 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, consolidation in industries, reliance on information processing systems, cyber security vulnerabilities, changes to data security, data privacy, and data protection laws, limited protection of our intellectual property ("IP"), 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, the effects of the Tax Cuts and Jobs Act (the "Tax Act") and other future changes in tax laws, treaties, or regulations on our business and our company, deferred tax assets that we may not be able to use, our ability to develop new products and services, the impact of the withdrawal of the United Kingdom from the European Union, changes in our accounting estimates and assumptions, alignment of our cost structure, the utilization and billing rates of our consultants, seasonality, the phase-out of LIBOR, and the matters disclosed under the heading "Risk Factors" in the Company's Exchange Act reports, including Item 1A included in this Annual Report on Form 10-K. Readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included in this Annual Report on Form 10-K are made only as of the date of this Annual Report on Form 10-K 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 Annual Report on Form 10-K.

### Executive Summary

Korn Ferry (referred to herein as the "Company" or in the first person notations "we," "our," and "us") is a global organizational consulting firm. We currently operate through three global segments: Executive Search, Korn Ferry Advisory (Advisory) and Korn Ferry RPO and Professional Search ("RPO & Professional Search"). Executive Search focuses on recruiting board level, chief executive and other senior executive and general management positions, in addition to research-based interviewing and assessment solutions, for clients predominantly in the consumer goods, financial services, industrial, life sciences/healthcare and technology industries. Our Advisory segment assists clients to synchronize strategy and talent by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership Development, and Rewards and Benefits, all underpinned by a comprehensive array of world-leading intellectual property, products and tools. RPO & Professional Search uses data-backed insight and IP, matched with strategic collaboration and innovative technology, to meet people challenges head-on—and succeed. Solutions span all aspects of Recruitment Process Outsourcing ("RPO"), Professional Search and Project Recruitment. We also operate a Corporate segment to record global expenses of the Company.

- Approximately 71% of the executive searches we performed in fiscal 2019 were for board level, chief executive and other senior executive and general management positions. Our 3,993 search engagement clients in fiscal 2019 included many of the world's largest and most prestigious public and private companies.
- We have built strong client loyalty, with 90% of the assignments performed during fiscal 2019 having been on behalf of clients for whom we had conducted assignments in the previous three fiscal years.
- Approximately 70% of our revenues were generated from clients that utilize multiple lines of our business.



- A pillar of our growth strategy is the Products business. In fiscal 2019, product sales comprised 31% of our Advisory revenue. Our subscription services delivered online help us generate long-term relationships with our clients through large scale and technology-based human resources programs. We continue to seek ways to further scale these highly profitable products to our global clients.
- In fiscal 2019, Korn Ferry was recognized as a top five RPO provider in the Baker's Dozen list, marking our 12th consecutive year on the list. Through decades of experience, we have enhanced our RPO solution to deliver quality candidates that drive our clients' business strategies. We leverage proprietary IP and data sets to guide clients on the critical skills and competencies to look for, compensation information to align with market demand, and assessment tools to ensure candidate fit.

While most organizations can develop a sound strategy, they often struggle with how to make it stick. That is where we come in: synchronizing an organization's strategy with its talent to drive superior performance. We help companies design their organization—the structure, roles and responsibilities—to seize these opportunities. In addition, we help organizations select and hire the talent they need to execute their strategy—and show them the best way to compensate, develop and motivate their people.

We do this through our five core solution sets:

<b>Organizational Strategy</b>	We map talent strategy to business strategy by designing operating models and organizational structures that align to them, helping organizations put their plans into action. We make sure they have the right people, in the right roles, engaged and enabled to do the right things.
<b>Assessment and Succession</b>	We provide actionable, research-backed insights that allow organizations to understand the true capabilities of their people so they can make decisions that ensure the right leaders are ready—when and where they are needed—in the future.
<b>Talent Acquisition</b>	From executive search to recruitment process outsourcing ("RPO"), we integrate scientific research with our practical experience and industry-specific expertise to recruit professionals of all levels and functions for client organizations.
<b>Leadership Development</b>	We help leaders at all levels of an organization achieve their vision, purpose and strategy. We combine expertise, science and proven techniques with forward thinking and creativity to build leadership experiences that help entry- to senior-level leaders grow and deliver superior results.
<b>Rewards and Benefits</b>	We help organizations design rewards to achieve their strategic objectives. We help them pay their people fairly for doing the right things—with rewards they value—at a cost the organization can afford.

On June 12, 2018, the Company's Board of Directors approved the One Korn Ferry rebranding plan for the Company (the "Plan"). This Plan includes going to market under a single, master brand architecture, solely as Korn Ferry and sunseting all the Company's sub-brands, including Futurestep, Hay Group and Lominger, among others. This integrated go-to-market approach was a key driver in our fee revenue growth in fiscal year 2018, which led to the decision to further integrate our go-to-market activities under one master brand — Korn Ferry. As a result, the Company discontinued the use of all sub-brands and changed its name, effective January 1, 2019, to "Korn Ferry." Two of the Company's sub-brands, Hay Group and Lominger came to Korn Ferry through acquisitions. In connection with the accounting for these acquisitions, \$106.6 million of the purchase price was allocated to indefinite-lived tradename intangible assets. As a result of the decision to discontinue their use, the Company took a one-time, non-cash write-off of tradenames of \$106.6 million in fiscal 2019.

The Company currently operates through three global segments. See Note 11—*Segments*, in the Notes to our Consolidated Financial Statements in this Annual Report on Form 10-K, for additional discussion of the Company's global 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/acquisition costs, certain separation costs and certain non-cash charges (goodwill, intangible asset and other than temporary impairment). For fiscal 2017, Adjusted EBITDA included a deferred revenue adjustment related to a previous acquisition, reflecting revenue that Advisory would have realized if not for business combination accounting that required a company to record the acquisition balance sheet at fair value and write-off deferred revenue where no future services are required to be performed to earn that revenue. For fiscal 2019 and 2018, management no longer had adjusted fee revenue.





EBITDA, Adjusted EBITDA, and Adjusted EBITDA margin are non-GAAP financial measures. They have limitations as analytical tools, should not be viewed as a substitute for financial information determined in accordance with United States ("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, they may not necessarily be comparable to non-GAAP performance measures that may be presented by other companies.

Management believes the presentation of these non-GAAP financial measures provides meaningful supplemental information regarding Korn Ferry's performance by excluding certain charges, items of income and other items that may not be indicative of Korn Ferry's ongoing operating results. The use of these non-GAAP financial measures facilitates comparisons to Korn Ferry's historical performance and the identification of operating trends that may otherwise be distorted by the factors discussed above. Korn Ferry includes these non-GAAP financial measures 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. Management further believes that EBITDA is useful to investors because it is frequently used by investors and other interested parties to measure operating performance among companies with different capital structures, effective tax rates and tax attributes and capitalized asset values, all of which can vary substantially from company to company.

Similarly, adjusted fee revenue, which includes revenue that Advisory would have realized over the ensuing year after the acquisition if not for business combination accounting that requires a company to record the acquisition balance sheet at fair value and write-off deferred revenue where no future services are required to be performed to earn that revenue, is a non-GAAP financial measure. Adjusted fee revenue is not a measure that substitutes an individually tailored revenue recognition or measurement method for those of GAAP; rather, it is an adjustment for a short period of time provides better comparability between fiscal 2017 and subsequent periods. Management believes the presentation of adjusted fee revenue assists management in its evaluation of ongoing operations and provides useful information to investors because it allows investors to make more meaningful period-to-period comparisons of the Company's operating results, to better identify operating trends that may otherwise be distorted by write-offs required under business combination accounting and to perform related trend analysis and provides a higher degree of transparency of information used by management in its evaluation of Korn Ferry's ongoing operations and financial and operational decision-making.

Fee revenue was \$1,926.0 million during fiscal 2019, an increase of \$158.8 million, or 9%, compared to \$1,767.2 million in fiscal 2018, with increases in fee revenue in all segments. During fiscal 2019, we recorded operating income of \$140.8 million with the Executive Search, Advisory and RPO & Professional Search segments contributing \$179.1 million, \$5.6 million (net of \$106.6 million impairment charge previously discussed) and \$50.9 million, respectively, offset by Corporate expenses of \$94.8 million. Net income attributable to Korn Ferry decreased by \$31.1 million during fiscal 2019 to \$102.7 million from \$133.8 million in fiscal 2018. Adjusted EBITDA was \$311.0 million, an increase of \$33 million during fiscal 2019, from Adjusted EBITDA of \$278.0 million in the year-ago period. During fiscal 2019, the Executive Search, Advisory and RPO & Professional Search segments contributed \$193.8 million, \$151.0 million and \$54.4 million, respectively, offset by Corporate expenses net of other income of \$88.2 million.

Our cash, cash equivalents and marketable securities increased by \$109.2 million to \$767.1 million at April 30, 2019, compared to \$657.9 million at April 30, 2018. This increase was mainly due to proceeds from our Revolver of \$226.9 million and cash provided by operating activities, offset by annual bonuses earned in fiscal 2018 and paid during fiscal 2019, sign-on and retention payments, \$238.9 million in principal payments on our term loan, \$46.7 million in payments for the purchase of property and equipment, \$37.4 million in stock repurchases in the open market, \$20.7 million paid in tax withholding on restricted stock vestings and \$23.5 million in dividends paid during fiscal 2019. As of April 30, 2019, we held marketable securities to settle obligations under our Executive Capital Accumulation Plan ("ECAP") with a cost value of \$135.4 million and a fair value of \$140.8 million. Our vested obligations for which these assets were held in trust totaled \$122.3 million as of April 30, 2019 and our unvested obligations totaled \$24.6 million.

Our working capital increased by \$130.1 million to \$585.9 million in fiscal 2019. We believe that cash on hand and funds from operations and other forms of liquidity will be sufficient to meet our anticipated working capital, capital expenditures, general corporate requirements, repayment of our debt obligations and dividend payments under our dividend policy in the next twelve months. We had \$420.2 million available for borrowing under our Revolver at April 30, 2019. As of April 30, 2018, we had no borrowings under our previous revolver. As of April 30, 2018, we had a total of \$122.1 million available under the previous revolver after issued letters of credit. As of April 30, 2019 and 2018, there was \$2.9 million of standby letters of credit issued under our long-term debt arrangements. We had a total of \$8.5 million and \$7.4 million of standby letters of credits with other financial institutions as of April 30, 2019 and 2018, respectively.

#### **Critical Accounting Policies**

The following discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. Preparation of our periodic filings requires us to make estimates and assumptions that affect the reported amount of assets and liabilities and 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 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 discussed below as critical to an understanding of our 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 the following paragraphs. Senior management has discussed the development, selection and key assumptions of the critical accounting estimates with the Audit Committee of the Board of Directors.

**Revenue Recognition.** Substantially all fee revenue is derived from fees for professional services related to executive and professional recruitment performed on a retained basis, recruitment process outsourcing, talent and organizational advisory services and the sale of product services, either stand-alone or as part of a solution.

Revenue is recognized when control of the goods and services are transferred to the customer, in an amount that reflects the consideration that we expect to be entitled to in exchange for those goods and services. Revenue contracts with customers are evaluated based on the five-step model outlined in Accounting Standard Codification 606 ("ASC 606"): 1) identify the contract with a customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the separate performance obligation(s); and 5) recognize revenue when (or as) each performance obligation is satisfied.

Fee revenue from executive and non-executive professional search activities is generally one-third of the estimated first year compensation of the placed candidate plus a percentage of the fee to cover indirect engagement related expenses. In addition to the search retainer, an uptick fee is billed when the actual compensation awarded by the client for a placement is higher than the estimated compensation. In the aggregate, upticks have been a relatively consistent percentage of the original estimated fee; therefore, we estimate upticks using the expected value method based on historical data on a portfolio basis. In a standard search engagement, there is one performance obligation which is the promise to undertake a search. We generally recognize such revenue over the course of a search and when it is legally entitled to payment as outlined in the billing terms of the contract. Any revenues associated with services that are provided on a contingent basis are recognized once the contingency is resolved as this is when control is transferred to the customer. These assumptions determine the timing of revenue recognition for the reported period.

RPO fee revenue is generated through two distinct phases: 1) the implementation phase and 2) the post-implementation recruitment phase. The fees associated with the implementation phase are recognized over the period that the related implementation services are provided. The post-implementation recruitment phase represents end-to-end recruiting services to clients for which there are both fixed and variable fees, which are recognized over the period that the related recruiting services are performed.

Consulting fee revenue, primarily generated from Advisory, is recognized as services are rendered, measured by total hours incurred to the total estimated hours at completion. It is possible that updated estimates for consulting engagements may vary from initial estimates with such updates being recognized in the period of determination. Depending on the timing of billings and services rendered, we accrue or defer revenue as appropriate.

Product revenue is generated from a range of online tools designed to support human resource processes for pay, talent and engagement, and assessments, as well as licenses to proprietary intellectual property ("IP") and tangible/digital products. IP subscriptions grant access to proprietary compensation and job evaluation databases. IP subscriptions are considered symbolic IP due to the dynamic nature of the content and, as a result, revenue is recognized over the term of the contract. Functional IP licenses grant customers the right to use IP content via delivery of a flat file. Because the IP content license has significant stand-alone functionality, revenue is recognized upon delivery and when an enforceable right to payment exists. Online assessments are delivered in the form of online questionnaires. A bundle of assessments represents one performance obligation, and revenue is recognized as assessment services are delivered and we have a legally enforceable right to payment. Tangible/digital products sold by us mainly consist of books and digital files covering a variety of topics including performance management, team effectiveness, and coaching and development. We recognize revenue for our products when sold or shipped, as is the case for books.

**Annual Performance-Related Bonuses.** 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/profitability metrics for Advisory and RPO & Professional Search consultants), the level of engagements referred by a consultant in one line of business to a different line of business, our performance including profitability, competitive forces and future economic conditions and their impact on our results. At the end of each fiscal year, annual performance related bonuses take into account final individual consultant productivity (including referred work), Company/line of business results including profitability, the achievement of strategic



objectives and the results of individual performance appraisals, and the current economic landscape. Accordingly, each quarter we reevaluate the assumptions used to estimate annual performance related bonus liability and adjust the carrying amount of the liability recorded on the consolidated balance sheets and report any changes in the estimate in current operations. Because annual performance-based bonuses are communicated and paid only after we report our 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.

*Deferred Compensation.* Estimating deferred compensation requires assumptions regarding the timing and probability of payments of benefits to participants and the discount rate. Changes in these assumptions could significantly impact the liability and related cost on our consolidated balance sheets and statements of income, respectively. For certain deferred compensation plans, management engages an independent actuary to periodically review these assumptions in order to confirm that they reflect the population and economics of our deferred compensation plans in all material respects and to assist us in estimating our deferred compensation liability and the related cost. The actuarial assumptions we use may differ from actual results due to changing market conditions or changes in the participant population. These differences could have a significant impact on our deferred compensation liability and the related cost.

*Carrying Values.* Valuations are required under GAAP to determine the carrying value of various assets. Our most significant assets for which management is required to prepare valuations are carrying value of receivables, goodwill, intangible assets and recoverability of deferred income taxes. Management must identify whether events have occurred that may impact the carrying value of these assets and make assumptions regarding future events, such as cash flows and profitability. Differences between the assumptions used to prepare these valuations and actual results could materially impact the carrying amount of these assets and our operating results.

Of the assets mentioned above, goodwill is the largest asset requiring a valuation. Fair value of goodwill for purposes of the goodwill impairment test is determined utilizing (1) a discounted cash flow analysis based on forecasted cash flows (including estimated underlying revenue and operating income growth rates) discounted using an estimated weighted-average cost of capital for market participants and (2) a market approach, utilizing 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). We also reconcile the results of these analyses to its market capitalization. If the carrying amount of a reporting unit exceeds its estimated fair value, goodwill is considered potentially impaired and further tests are performed to measure the amount of impairment loss, if any. We recorded no goodwill impairment in conjunction with our annual goodwill impairment assessment performed as of January 31, 2019. While historical performance and current expectations have resulted in fair values of goodwill in excess of carrying values, if our assumptions are not realized, it is possible that in the future an impairment charge may need to be recorded. However, it is not possible at this time to determine if an impairment charge would result or if such a charge would be material. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be accurate predictions of the future. As of our testing date, 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 was also no indication of potential impairment during the fourth quarter of fiscal 2019 that would have required further testing.

Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the reporting units may include such items as follows:

- A prolonged downturn in the business environment in which the reporting units operate;
- An economic climate that significantly differs from our future profitability assumptions in timing or degree;
- The deterioration of the labor markets;
- Volatility in equity and debt markets; and
- Competition and disruption in our core business.



## Results of Operations

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

	Year Ended April 30,		
	2019	2018	2017
Fee revenue	100.0 %	100.0 %	100.0 %
Reimbursed out-of-pocket engagement expenses	2.5	3.0	3.6
Total revenue	102.5	103.0	103.6
Compensation and benefits	68.1	67.9	68.0
General and administrative expenses (1)	18.3	13.4	14.5
Reimbursed expenses	2.5	3.0	3.6
Cost of services	3.9	4.2	4.6
Depreciation and amortization	2.4	2.7	3.0
Restructuring charges, net	—	—	2.2
Operating income	7.3	11.8	7.7
Net income	5.4 %	7.7 %	5.6 %
Net income attributable to Korn Ferry	5.3 %	7.6 %	5.4 %

(1) General and administrative expenses for fiscal 2019 includes write-off of tradenames of \$106.6 million.

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

(Numbers may not total exactly due to rounding)

	Year Ended April 30,					
	2019		2018		2017	
	Dollars	%	Dollars	%	Dollars	%
	(dollars in thousands)					
<b>Fee revenue</b>						
<b>Executive Search:</b>						
North America	\$ 455,826	23.7 %	\$ 408,098	23.1 %	\$ 356,625	22.8 %
EMEA	182,829	9.5	173,725	9.8	146,506	9.4
Asia Pacific	104,291	5.4	96,595	5.5	80,169	5.1
Latin America	31,896	1.7	30,624	1.7	34,376	2.2
<b>Total Executive Search</b>	<b>774,842</b>	<b>40.2</b>	<b>709,042</b>	<b>40.1</b>	<b>617,676</b>	<b>39.5</b>
<b>Advisory</b>	<b>821,048</b>	<b>42.6</b>	<b>785,013</b>	<b>44.4</b>	<b>724,186</b>	<b>46.3</b>
<b>RPO &amp; Professional Search</b>	<b>330,143</b>	<b>17.1</b>	<b>273,162</b>	<b>15.5</b>	<b>223,659</b>	<b>14.3</b>
<b>Total fee revenue</b>	<b>1,926,033</b>	<b>100.0 %</b>	<b>1,767,217</b>	<b>100.0 %</b>	<b>1,565,521</b>	<b>100.0 %</b>
Reimbursed out-of-pocket engagement expense	47,829		52,302		56,148	
<b>Total revenue</b>	<b>\$ 1,973,862</b>		<b>\$ 1,819,519</b>		<b>\$ 1,621,669</b>	

	Year Ended April 30,					
	2019		2018		2017	
	Dollars	Margin(1)	Dollars	Margin(1)	Dollars	Margin(1)
	(dollars in thousands)					
<b>Operating income (loss)</b>						
<b>Executive Search:</b>						
North America	\$ 120,754	26.5 %	\$ 100,397	24.6 %	\$ 81,621	22.9 %
EMEA	29,974	16.4	26,768	15.4	27,854	19.0
Asia Pacific	24,364	23.4	18,425	19.1	8,580	10.7
Latin America	3,998	12.5	4,022	13.1	6,268	18.2
<b>Total Executive Search</b>	<b>179,090</b>	<b>23.1</b>	<b>149,612</b>	<b>21.1</b>	<b>124,323</b>	<b>20.1</b>
<b>Advisory</b>	<b>5,617</b>	<b>0.7</b>	<b>100,535</b>	<b>12.8</b>	<b>47,429</b>	<b>6.5</b>
<b>RPO &amp; Professional Search</b>	<b>50,884</b>	<b>15.4</b>	<b>39,396</b>	<b>14.4</b>	<b>29,995</b>	<b>13.4</b>
<b>Corporate</b>	<b>(94,765)</b>		<b>(81,097)</b>		<b>(81,459)</b>	
<b>Total operating income</b>	<b>\$ 140,826</b>	<b>7.3 %</b>	<b>\$ 208,446</b>	<b>11.8 %</b>	<b>\$ 120,288</b>	<b>7.7 %</b>

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



Year Ended April 30, 2019									
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated
	North America	EMEA	Asia Pacific	Latin America	Subtotal				
	(in thousands)								
Fee revenue	\$ 455,826	\$ 182,829	\$ 104,291	\$ 31,896	\$ 774,842	\$ 821,048	\$ 330,143	\$ —	\$ 1,926,033
Total revenue	\$ 469,743	\$ 186,131	\$ 105,543	\$ 31,960	\$ 793,377	\$ 838,620	\$ 341,865	\$ —	\$ 1,973,862
Net income attributable to Korn Ferry									\$ 102,651
Net income attributable to noncontrolling interest									2,145
Other income, net									(10,094)
Interest expense, net									16,891
Equity in earnings of unconsolidated subsidiaries, net									(311)
Income tax provision									29,544
Operating income (loss)	\$ 120,754	\$ 29,974	\$ 24,364	\$ 3,998	\$ 179,090	\$ 5,617	\$ 50,884	\$ (94,765)	\$ 140,826
Depreciation and amortization	3,890	1,254	1,428	410	6,982	29,057	3,255	7,195	46,489
Other income (loss), net	6,388	432	281	322	7,423	3,198	268	(795)	10,094
Equity in earnings of unconsolidated subsidiaries, net	311	—	—	—	311	—	—	—	311
EBITDA	131,343	31,660	26,073	4,730	193,806	37,872	54,407	(88,365)	197,720
Integration/acquisition costs	—	—	—	—	—	6,559	—	187	6,746
Tradenam e write-offs	—	—	—	—	—	106,555	—	—	106,555
Adjusted EBITDA	\$ 131,343	\$ 31,660	\$ 26,073	\$ 4,730	\$ 193,806	\$ 150,986	\$ 54,407	\$ (88,178)	\$ 311,021
Operating margin	26.5 %	16.4 %	23.4 %	12.5 %	23.1 %	0.7 %	15.4 %	—	7.3 %
Adjusted EBITDA margin	28.8 %	17.3 %	25.0 %	14.8 %	25.0 %	18.4 %	16.5 %	—	16.1 %

Year Ended April 30, 2018									
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated
	North America	EMEA	Asia Pacific	Latin America	Subtotal				
	(in thousands)								
Fee revenue	\$ 408,098	\$ 173,725	\$ 96,595	\$ 30,624	\$ 709,042	\$ 785,013	\$ 273,162	\$ —	\$ 1,767,217
Total revenue	\$ 421,260	\$ 177,234	\$ 98,062	\$ 30,717	\$ 727,273	\$ 801,005	\$ 291,241	\$ —	\$ 1,819,519
Net income attributable to Korn Ferry									\$ 133,779
Net income attributable to noncontrolling interest									2,118
Other income, net									(11,119)
Interest expense, net									13,832
Equity in earnings of unconsolidated subsidiaries, net									(297)
Income tax provision									70,133
Operating income (loss)	\$ 100,397	\$ 26,768	\$ 18,425	\$ 4,022	\$ 149,612	\$ 100,535	\$ 39,396	\$ (81,097)	\$ 208,446
Depreciation and amortization	3,930	1,689	1,408	455	7,482	31,527	3,054	6,525	48,588
Other income, net	845	168	373	181	1,567	2,501	152	6,899	11,119
Equity in earnings of unconsolidated subsidiaries, net	297	—	—	—	297	—	—	—	297
EBITDA	105,469	28,625	20,206	4,658	158,958	134,563	42,602	(67,673)	268,450
Restructuring charges (recoveries), net	—	—	313	—	313	(241)	6	—	78
Integration/acquisition costs	—	—	—	—	—	9,151	—	279	9,430
Adjusted EBITDA	\$ 105,469	\$ 28,625	\$ 20,519	\$ 4,658	\$ 159,271	\$ 143,473	\$ 42,608	\$ (67,394)	\$ 277,958
Operating margin	24.6 %	15.4 %	19.1 %	13.1 %	21.1 %	12.8 %	14.4 %	—	11.8 %
Adjusted EBITDA margin	25.8 %	16.5 %	21.2 %	15.2 %	22.5 %	18.3 %	15.6 %	—	15.7 %



Year Ended April 30, 2017									
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated
	North America	EMEA	Asia Pacific	Latin America	Subtotal				
	(in thousands)								
Fee revenue	\$ 356,625	\$ 146,506	\$ 80,169	\$ 34,376	\$ 617,676	\$ 724,186	\$ 223,659	\$ —	\$ 1,565,521
Deferred revenue adjustment due to acquisition	—	—	—	—	—	3,535	—	—	3,535
Adjusted fee revenue	<u>\$ 356,625</u>	<u>\$ 146,506</u>	<u>\$ 80,169</u>	<u>\$ 34,376</u>	<u>\$ 617,676</u>	<u>\$ 727,721</u>	<u>\$ 223,659</u>	<u>\$ —</u>	<u>\$ 1,569,056</u>
Total revenue	\$ 369,803	\$ 150,113	\$ 81,744	\$ 34,533	\$ 636,193	\$ 741,533	\$ 243,943	\$ —	\$ 1,621,669
Net income attributable to Korn Ferry									\$ 84,181
Net income attributable to noncontrolling interest									3,057
Other income, net									(10,328)
Interest expense, net									14,607
Equity in earnings of unconsolidated subsidiaries, net									(333)
Income tax provision									29,104
Operating income (loss)	\$ 81,621	\$ 27,854	\$ 8,580	\$ 6,268	\$ 124,323	\$ 47,429	\$ 29,995	\$ (81,459)	\$ 120,288
Depreciation and amortization	3,812	1,030	1,060	483	6,385	32,262	2,818	5,795	47,260
Other income (loss), net	844	(15)	300	684	1,813	1,900	(91)	6,706	10,328
Equity in earnings of unconsolidated subsidiaries, net	333	—	—	—	333	—	—	—	333
EBITDA	86,610	28,869	9,940	7,435	132,854	81,591	32,722	(68,958)	178,209
Restructuring charges, net	1,719	629	1,495	773	4,616	29,663	101	220	34,600
Integration/acquisition costs	—	—	—	—	—	14,440	—	7,939	22,379
Deferred revenue adjustment due to acquisition	—	—	—	—	—	3,535	—	—	3,535
Separation costs	—	—	—	—	—	609	—	—	609
Adjusted EBITDA	<u>\$ 88,329</u>	<u>\$ 29,498</u>	<u>\$ 11,435</u>	<u>\$ 8,208</u>	<u>\$ 137,470</u>	<u>\$ 129,838</u>	<u>\$ 32,823</u>	<u>\$ (60,799)</u>	<u>\$ 239,332</u>
Operating margin	<u>22.9 %</u>	<u>19.0 %</u>	<u>10.7 %</u>	<u>18.2 %</u>	<u>20.1 %</u>	<u>6.5 %</u>	<u>13.4 %</u>		<u>7.7 %</u>
Adjusted EBITDA margin	<u>24.8 %</u>	<u>20.1 %</u>	<u>14.3 %</u>	<u>23.9 %</u>	<u>22.3 %</u>	<u>17.8 %</u>	<u>14.7 %</u>		<u>15.3 %</u>

## Fiscal 2019 Compared to Fiscal 2018

### Fee Revenue

**Fee Revenue.** Fee revenue increased by \$158.8 million, or 9%, to \$1,926.0 million in fiscal 2019 compared to \$1,767.2 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$48.3 million, or 3%, in fiscal 2019 compared to the year-ago period. The increase in fee revenue was attributable to organic growth in all solution areas.

**Executive Search.** Executive Search reported fee revenue of \$774.8 million, an increase of \$65.8 million, or 9%, in fiscal 2019 compared to \$709.0 million in the year-ago period. As detailed below, Executive Search fee revenue was higher in all regions in fiscal 2019 as compared to fiscal 2018. The higher fee revenue in Executive Search was mainly due to a 6% increase in the number of engagements billed and a 5% increase in the weighted-average fees billed per engagement (calculated using local currency) in fiscal 2019 compared to the year-ago period. Exchange rates unfavorably impacted fee revenue by \$14.8 million, or 2%, in fiscal 2019 as compared to the year-ago period.

North America reported fee revenue of \$455.8 million, an increase of \$47.7 million, or 12%, in fiscal 2019 compared to \$408.1 million in the year-ago period. North America's fee revenue was higher due to a 9% increase in the number of engagements billed and a 3% increase in the weighted-average fees billed per engagement (calculated using local currency) in fiscal 2019 compared to the year-ago period. Technology, industrial and financial services were the main sectors contributing to the increase in fee revenue in fiscal 2019 as compared to the year-ago period. The effect of exchange rates on fee revenue was minimal in fiscal 2019 as compared to the year-ago period.

EMEA reported fee revenue of \$182.8 million, an increase of \$9.1 million, or 5%, in fiscal 2019 compared to \$173.7 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$5.7 million, or 3%, in fiscal 2019, compared to the year-ago period. The increase in fee revenue was due to a 5% increase in the number of engagements billed and a 4% increase in the weighted-average fees billed per engagement (calculated using local



currency) in fiscal 2019 compared to the year-ago period. The performance in the United Kingdom, Germany, United Arab Emirates, and France were the primary contributors to the increase in fee revenue in fiscal 2019 compared to the year-ago period. In terms of business sectors, financial services, industrial and technology had the largest increase in fee revenue in fiscal 2019 compared to the year-ago period, partially offset by a decrease in fee revenue in the life sciences/healthcare and consumer goods sectors.

Asia Pacific reported fee revenue of \$104.3 million, an increase of \$7.7 million, or 8%, in fiscal 2019 compared to \$96.6 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$3.6 million, or 4%, in fiscal 2019, compared to the year-ago period. The increase in fee revenue was due to a 10% increase in the number of engagements billed and a 2% increase in the weighted-average fees billed per engagement (calculated using local currency) in fiscal 2019 compared to the year-ago period. The performance in Hong Kong, Australia, Singapore, and New Zealand were the primary contributors to the increase in fee revenue in fiscal 2019 compared to the year-ago period. Technology, education/non-profit, consumer goods, and financial services were the main sectors contributing to the increase in fee revenue in fiscal 2019 as compared to the year-ago period.

Latin America reported fee revenue of \$31.9 million, an increase of \$1.3 million, or 4%, in fiscal 2019 compared to \$30.6 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$4.6 million, or 15%, in fiscal 2019, compared to the year-ago period. The increase in fee revenue was due to higher fee revenue in Peru, Colombia and Brazil in fiscal 2019, compared to the year-ago period. Consumer goods and financial services were the main sectors contributing to the increase in fee revenue in fiscal 2019, compared to the year-ago period, partially offset by a decrease in life sciences/healthcare and industrial sectors.

*Advisory.* Advisory reported fee revenue of \$821.0 million, an increase of \$36.0 million, or 5%, in fiscal 2019 compared to \$785.0 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$24.8 million, or 3%, compared to the year-ago period. Fee revenue from consulting services was higher by \$27.8 million in fiscal 2019 compared to the year-ago period, with the remaining increase of \$8.2 million generated by our products business.

*RPO & Professional Search.* RPO & Professional Search reported fee revenue of \$330.1 million, an increase of \$56.9 million, or 21%, in fiscal 2019 compared to \$273.2 million in fiscal 2018. Exchange rates unfavorably impacted fee revenue by \$8.7 million, or 3%, compared to the year-ago period. Higher fee revenues in RPO and professional search of \$33.0 million and \$23.9 million, respectively, drove the increase in fee revenue.

#### **Compensation and Benefits**

Compensation and benefits expense increased \$112.1 million, or 9%, to \$1,311.2 million in fiscal 2019 from \$1,199.1 million in fiscal 2018. Exchange rates favorably impacted compensation and benefits by \$29.6 million, or 2%, in fiscal 2019 compared to the year-ago period. The increase in compensation and benefits was due to a 10% increase in average headcount, which contributed \$41.4 million in higher salaries and related payroll taxes and a \$13.5 million increase in amortization of long-term incentive awards. Also contributing to the increase was higher performance-related bonus expense of \$36.9 million, higher commission expense of \$5.5 million and an increase in the use of outside contractors of \$5.5 million all due to the need to service higher fee revenues from increased business. Compensation and benefits expense, as a percentage of fee revenue, was 68% in both fiscal 2019 and 2018.

Executive Search compensation and benefits expense increased by \$33.8 million, or 7%, to \$502.4 million in fiscal 2019 compared to \$468.6 million in fiscal 2018. Exchange rates favorably impacted compensation and benefits by \$9.4 million, or 2%, in fiscal 2019 compared to the year-ago period. The increase was due to higher performance-related bonus expense of \$17.7 million due to the increase in fee revenue. Also contributing to the increase was a 5% increase in average headcount, which contributed \$13.0 million in higher salaries and related payroll taxes, and a \$8.2 million increase in amortization of long-term incentive awards in fiscal 2019 compared to the year-ago period. Executive Search compensation and benefits expense, as a percentage of fee revenue, decreased to 65% in fiscal 2019 from 66% in fiscal 2018.

Advisory compensation and benefits expense increased by \$26.8 million, or 5%, to \$524.1 million in fiscal 2019 from \$497.3 million in fiscal 2018. Exchange rates favorably impacted compensation and benefits by \$14.2 million, or 3%, in fiscal 2019 compared to the year-ago period. The change was primarily due to \$6.4 million in higher performance-related bonus expense, an increase of \$5.4 million in commission expense and \$2.2 million in outside contractors due to the need to accommodate the growth in fee revenue. The rest of the increase in compensation and benefits expense was due to an increase in amortization of long-term incentive awards of \$4.1 million and \$2.4 million more in salaries and related payroll taxes resulting from a 2% increase in the average consultant headcount in fiscal 2019 compared to the year-ago period. Advisory compensation and benefits expense, as a percentage of fee revenue, increased to 64% in fiscal 2019 from 63% in the year-ago period.

RPO & Professional Search compensation and benefits expense increased by \$41.4 million, or 21%, to \$234.6 million in fiscal 2019 from \$193.2 million in fiscal 2018. Exchange rates favorably impacted compensation and benefits by \$5.9 million, or 3%, in fiscal 2019 compared to the year-ago period. The increase was due to higher



salaries and related payroll taxes of \$23.9 million resulting from a 32% increase in the average headcount in fiscal 2019 compared to fiscal 2018. The higher average headcount and the \$2.3 million increase in the use of outside contractors was primarily driven by the need to service an increase in fee revenue in the RPO business. Also contributing to the increase in compensation and benefits was a higher performance-related bonus expense of \$10.7 million. RPO & Professional Search compensation and benefits expense, as a percentage of fee revenue, was 71% in both fiscal 2019 and 2018.

Corporate compensation and benefits expense increased by \$10.1 million, or 25%, to \$50.1 million in fiscal 2019 from \$40.0 million in fiscal 2018. The increase was primarily due to higher performance-related bonus expense, higher salaries and related payroll taxes, an increase in the use of outside contractors, higher stock-based compensation expense and an increase in amortization of long-term incentive awards of \$2.0 million, \$2.2 million, \$1.1 million, \$0.9 million and \$0.6 million, respectively, in fiscal 2019 compared to the year-ago period. The rest of the increase was due to a change in the cash surrender value ("CSV") of COLI that increased compensation and benefits expense by \$1.6 million in fiscal 2019 compared to the year-ago period.

#### **General and Administrative Expenses**

General and administrative expenses increased \$114.6 million, or 48%, to \$352.0 million in fiscal 2019 compared to \$237.4 million in fiscal 2018. Exchange rates favorably impacted general and administrative expenses by \$8.3 million, or 3%, in fiscal 2019 compared to the year-ago period. The increase in general and administrative expenses was due to the write-off of tradenames of \$106.6 million related to the Plan, an increase of \$3.0 million in legal and other professional expenses, higher marketing and business development expenses of \$2.4 million and an increase in premise and office expense of \$1.2 million in fiscal 2019 as compared to the year-ago period. General and administrative expenses, as a percentage of fee revenue, was 18% in fiscal 2019 as compared to 13% in the year-ago period. Excluding the tradename write-offs, general and administrative expenses as a percentage of fee revenue was 13% in fiscal 2019.

Executive Search general and administrative expenses increased by \$4.4 million, or 6%, to \$82.1 million in fiscal 2019 from \$77.7 million in fiscal 2018. The increase in general and administrative expenses was mainly due to \$1.8 million more in premise and office expense and an increase of \$0.9 million in legal and other professional expenses. Also contributing to the increase were increases to travel-related expenses and marketing and business development expenses of \$1.3 million and \$0.7 million, respectively, in order to support the higher fee revenues generated in fiscal 2019 as compared to the year-ago period. Executive Search general and administrative expenses, as a percentage of fee revenue, was 11% in both fiscal 2019 and 2018.

Advisory general and administrative expenses increased by \$105.9 million, or 108%, to \$204.3 million in fiscal 2019 compared to \$98.4 million in the year-ago period. The increase in general and administrative expenses was mainly due to the write-off of tradenames of \$106.6 million in fiscal 2019 compared to the year-ago period. Advisory general and administrative expenses, as a percentage of fee revenue, was 25% in fiscal 2019 as compared to 13% in the year-ago period. Excluding the tradename write-offs, general and administrative expenses as a percentage of fee revenue was 12% in fiscal 2019.

RPO & Professional Search general and administrative expenses increased by \$1.4 million, or 5%, to \$28.1 million in fiscal 2019 from \$26.7 million in fiscal 2018. The increase was due primarily to increases in premise and office expense of \$1.1 million, in fiscal 2019 compared to the year-ago period. RPO & Professional Search general and administrative expenses, as a percentage of fee revenue, was 9% in fiscal 2019 compared to 10% in the year-ago period.

Corporate general and administrative expenses increased by \$2.9 million, or 8%, to \$37.5 million in fiscal 2019 compared to \$34.6 million in fiscal 2018. The increase was due primarily to increases in legal and other professional expenses and software licenses of \$2.2 million and \$1.7 million, respectively, in fiscal 2019 compared to the year-ago period. This was offset by a foreign exchange gain of \$1.0 million in fiscal 2019 compared to a foreign exchange loss of \$1.2 million in fiscal 2018.

#### **Cost of Services Expense**

Cost of services expense consists primarily of non-billable contractor and product costs related to the delivery of various services and products, primarily in RPO & Professional Search and Advisory. Cost of services expense was \$75.5 million in fiscal 2019 compared to \$73.7 million in fiscal 2018. Cost of services expense, as a percentage of fee revenue, was 4% in both fiscal 2019 and 2018.

#### **Depreciation and Amortization Expenses**

Depreciation and amortization expenses were \$46.5 million, a decrease of \$2.1 million, or 4%, in fiscal 2019 compared to \$48.6 million in fiscal 2018. The decrease was due to lower amortization expense associated with intangible assets as some of our intangible assets became fully amortized.





### **Operating Income**

Operating income was \$140.8 million, a decrease of \$67.6 million, in fiscal 2019 compared to \$208.4 million in fiscal 2018. The decrease in operating income was primarily driven by the write-off of tradenames of \$106.6 million, an increase of \$112.1 million in compensation and benefits expense, and \$8.0 million more in general and administrative expenses (excluding write-off of tradenames), offset by higher fee revenue of \$158.8 million.

Executive Search operating income increased by \$29.5 million, or 20%, to \$179.1 million in fiscal 2019 compared to \$149.6 million in fiscal 2018. The increase in Executive Search operating income was driven by an increase in fee revenue of \$65.8 million, offset by increases in compensation and benefits expense and general and administrative expenses of \$33.8 million and \$4.4 million, respectively. Executive Search operating income, as a percentage of fee revenue, was 23% and 21% in fiscal 2019 and 2018, respectively.

Advisory operating income was \$5.6 million, a decrease of \$94.9 million, or 94% in fiscal 2019 compared to \$100.5 million in fiscal 2018. The change was primarily due to the write-off of tradenames of \$106.6 million and an increase of \$26.8 million in compensation and benefits expense in fiscal 2019 compared to the year-ago period, offset by higher fee revenue of \$36.0 million and a decrease in depreciation and amortization expense of \$2.5 million. Advisory operating income, as a percentage of fee revenue was 1% in fiscal 2019 compared to 13% in the year-ago period. Excluding the tradename write-offs, operating income as a percentage of fee revenue was 14% in fiscal 2019.

RPO & Professional Search operating income was \$50.9 million, an increase of \$11.5 million, or 29%, in fiscal 2019 compared to \$39.4 million in fiscal 2018. The increase in operating income was driven by higher fee revenue of \$56.9 million, offset by increases in compensation and benefits expense, cost of services expense and general and administrative expenses of \$41.4 million, \$2.4 million and \$1.4 million, respectively. RPO & Professional Search operating income, as a percentage of fee revenue, was 15% in fiscal 2019 compared to 14% in the year-ago period.

### **Net Income Attributable to Korn Ferry**

Net income attributable to Korn Ferry decreased by \$31.1 million to \$102.7 million in fiscal 2019 compared to \$133.8 million in fiscal 2018. The decrease was primarily driven by higher operating expenses of \$221.9 million mainly due to the tradename write-off of \$106.6 million and higher compensation and benefits expense of \$112.1 million, partially offset by higher total revenue of \$154.4 million and a lower income tax provision of \$40.6 million compared to the year-ago period. Net income attributable to Korn Ferry, as a percentage of fee revenue, was 5% in fiscal 2019 compared to 8% in the year-ago period.

### **Adjusted EBITDA**

Adjusted EBITDA increased by \$33.0 million to \$311.0 million in fiscal 2019 compared to \$278.0 million in fiscal 2018. This increase was driven by higher fee revenue of \$158.8 million, offset by an increase of \$114.8 million in compensation and benefits expense (excluding integration costs), \$8.0 million in general and administrative expenses (excluding write-off on tradenames), \$1.8 million in cost of services and a decrease in other income, net of \$1.0 million, primarily due to changes in the fair value of our marketable securities in fiscal 2019 compared to the year-ago period. Adjusted EBITDA, as a percentage of fee revenue, was 16% in both fiscal 2019 and 2018.

Executive Search Adjusted EBITDA increased by \$34.5 million, or 22%, to \$193.8 million in fiscal 2019 compared to \$159.3 million in fiscal 2018. The increase was driven by higher fee revenue of \$65.8 million and an increase in other income, net of \$5.9 million, primarily due to changes in the fair value of our marketable securities in fiscal 2019 compared to the year-ago period, offset by increases of \$33.8 million in compensation and benefits expense, \$4.4 million in general and administrative expenses. Executive Search Adjusted EBITDA, as a percentage of fee revenue, was 25% in fiscal 2019 as compared to 22% in the year-ago period.

Advisory Adjusted EBITDA was \$151.0 million, an increase of \$7.5 million, or 5%, in fiscal 2019 compared to \$143.5 million in fiscal 2018. The increase was driven by higher fee revenue of \$36.0 million, offset by increases of \$29.4 million in compensation and benefits expense (excluding integration costs) in fiscal 2019 compared to the year-ago period. Advisory Adjusted EBITDA, as a percentage of fee revenue, was 18% in both fiscal 2019 and 2018.

RPO & Professional Search Adjusted EBITDA was \$54.4 million, an increase of \$11.8 million, or 28%, in fiscal 2019 compared to \$42.6 million in fiscal 2018. The increase was driven by higher fee revenue of \$56.9 million, offset by increases of \$41.4 million in compensation and benefits expense, \$2.4 million in cost of services and \$1.4 million in general and administrative expenses, in fiscal 2019 compared to the year-ago period. RPO & Professional Search Adjusted EBITDA, as a percentage of fee revenue, was 16% in both fiscal 2019 and 2018.



#### ***Other Income, Net***

Other income, net was \$10.1 million in the fiscal 2019 compared to \$11.1 million in the year-ago period. The decrease was primarily due to smaller gains in the fair value of our marketable securities in fiscal 2019 compared to the year-ago period.

#### ***Interest Expense, Net***

Interest expense, net primarily relates to our credit agreement and borrowings under our COLI policies, which was partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was \$16.9 million in the fiscal 2019 compared to \$13.8 million in the year-ago period.

#### ***Income Tax Provision***

The provision for income tax was \$29.5 million in the fiscal 2019 compared to \$70.1 million in the year-ago period. This reflects a 22% and 34% effective tax rate for fiscal 2019 and 2018, respectively. The difference in the effective tax rate is primarily due to the enactment of the Tax Act which reduced the U.S. corporate federal statutory income tax rate from 35% to 21%, as well as the excess tax benefit on stock-based awards that vested in fiscal 2019.

#### ***Net Income Attributable to Noncontrolling Interest***

Net income attributable to noncontrolling interest represents the portion of a subsidiary's net earnings that are attributable to shares of such subsidiary not held by Korn Ferry that are included in the consolidated results of operations. Net income attributable to noncontrolling interest was \$2.1 million in both fiscal 2019 and 2018.

#### ***Fiscal 2018 Compared to Fiscal 2017***

##### ***Fee Revenue***

**Fee Revenue.** Fee revenue went up by \$201.7 million, or 13%, to \$1,767.2 million in fiscal 2018 compared to \$1,565.5 million in fiscal 2017. Exchange rates favorably impacted fee revenue by \$35.3 million, or 2%, in fiscal 2018 compared to the year-ago period. The higher fee revenue was attributable to organic growth in all lines of business.

**Executive Search.** Executive Search reported fee revenue of \$709.0 million, an increase of \$91.3 million, or 15%, in fiscal 2018 compared to \$617.7 million in the year-ago period. As detailed below, Executive Search fee revenue was higher in North America, EMEA and Asia Pacific, partially offset by lower fee revenue in the Latin America region in fiscal 2018 as compared to fiscal 2017. The higher fee revenue in Executive Search was mainly due to a 9% increase in the number of engagements billed and a 3% increase in the weighted-average fees billed per engagement (calculated using local currency) during fiscal 2018 compared to the year-ago period. Exchange rates favorably impacted fee revenue by \$12.3 million, or 2%, in fiscal 2018, compared to the year-ago period.

North America reported fee revenue of \$408.1 million, an increase of \$51.5 million, or 14%, in fiscal 2018 compared to \$356.6 million in the year-ago period. North America's fee revenue was higher due to an 11% increase in the number of engagements billed and a 3% increase in the weighted-average fees billed per engagement (calculated using local currency) during fiscal 2018 compared to the year-ago period. All business sectors contributed to the growth in fee revenue in fiscal 2018 as compared to fiscal 2017, with industrial, technology and financial services contributing the most. The effect of exchange rates on fee revenue was minimal in fiscal 2018, compared to the year-ago period.

EMEA reported fee revenue of \$173.7 million, an increase of \$27.2 million, or 19%, in fiscal 2018 compared to \$146.5 million in fiscal 2017. The favorable effect of exchange rates on fee revenue was \$8.8 million, or 6%, in fiscal 2018, compared to the year-ago period. The increase in fee revenue was due to a 10% increase in the number of engagements billed, partially offset by a 2% decrease in the weighted-average fees billed per engagement (calculated using local currency) during fiscal 2018 compared to the year-ago period. The performance in the United Kingdom, Germany, and France were the primary contributors to the increase in fee revenue in fiscal 2018 compared to the year-ago period. All business sectors contributed to the growth in fee revenue in fiscal 2018 as compared to the year-ago period, with industrial, financial services and consumer goods contributing the most.

Asia Pacific reported fee revenue of \$96.6 million, an increase of \$16.4 million, or 20%, in fiscal 2018 compared to \$80.2 million in fiscal 2017. The increase in fee revenue was due to an 8% increase in the number of engagements billed and an 8% increase in the weighted-average fees billed per engagement (calculated using local currency) in fiscal 2018 compared to the year-ago period. The performance in China, Australia, Singapore, and Japan were the primary contributors to the increase in fee revenue in fiscal 2018 compared to the year-ago period, partially offset by a decrease in fee revenue in New Zealand. All business sectors contributed to the growth in fee revenue in fiscal 2018 as compared to the year-ago period, with financial services, life sciences/healthcare, and technology contributing the most. The favorable effect of exchange rates on fee revenue was \$2.3 million, or 3%, compared to the year-ago period.



Latin America reported fee revenue of \$30.6 million, a decrease of \$3.8 million, or 11%, in fiscal 2018 compared to \$34.4 million in fiscal 2017. The decrease in fee revenue was due to lower fee revenue in Mexico in fiscal 2018, compared to the year-ago period, partially offset by higher fee revenue in Argentina. Financial services and consumer goods were the main sectors contributing to the decline in fee revenue in fiscal 2018, compared to the year-ago period. The effect of exchange rates on fee revenue was minimal.

*Advisory.* Advisory reported fee revenue of \$785.0 million, an increase of \$60.8 million, or 8%, in fiscal 2018 compared to \$724.2 million in fiscal 2017. Exchange rates favorably impacted fee revenue by \$17.4 million, or 2%, compared to the year-ago period. Fee revenue from consulting services was higher by \$42.8 million in fiscal 2018 compared to the year-ago period, with the remaining increase of \$18.0 million generated by our products business.

*RPO & Professional Search.* RPO & Professional Search reported fee revenue of \$273.2 million, an increase of \$49.5 million, or 22%, in fiscal 2018 compared to \$223.7 million in fiscal 2017. Higher fee revenues in RPO and professional search of \$33.3 million and \$18.1 million, respectively, drove the increase in fee revenue. Exchange rates favorably impacted fee revenue by \$5.6 million, or 3%, compared to the year-ago period.

#### **Compensation and Benefits**

Compensation and benefits expense increased \$133.4 million, or 13%, to \$1,199.1 million in fiscal 2018 from \$1,065.7 million in fiscal 2017. Exchange rates unfavorably impacted compensation and benefits expenses by \$23.0 million, or 2%, in fiscal 2018 compared to the year-ago period. The increase in compensation and benefits was primarily due to a 9% increase in the average consultant headcount, which contributed \$80.4 million in higher salaries and related payroll taxes, \$9.4 million more in expenses associated with our deferred compensation and retirement plans (includes the increases in the fair value of participants' accounts) and an increase of \$5.8 million in employer insurance costs in fiscal 2018 compared to the year-ago period. The rest of the change was due to \$40.8 million increase in performance-related bonus expense mainly due to the increase in fee revenue and \$11.3 million increase in amortization of long term incentive awards, offset by a \$9.8 million decrease in integration costs and \$2.9 million from the change in the cash surrender value ("CSV") of company owned life insurance ("COLI") in fiscal 2018 compared to the year-ago period. The change in the CSV of COLI decreased compensation and benefits expense in fiscal 2018 compared to fiscal 2017 due to larger increases in the market value of 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). Compensation and benefits expense, as a percentage of fee revenue, was 68% in both fiscal 2018 and 2017.

Executive Search compensation and benefits expense increased by \$59.6 million, or 15%, to \$468.6 million in fiscal 2018 compared to \$409.0 million in fiscal 2017. The increase was primarily due to higher salary cost and related payroll taxes of \$24.8 million due to a 5% increase in average headcount reflecting our continued growth-related investment back into the business. Also contributing to the increase in compensation and benefits expense was a \$17.1 million increase in performance related bonus expense compared to the year-ago period, an \$8.4 million increase in amortization of long-term incentive awards, and an increase of \$4.6 million in expenses associated with our deferred compensation and retirement plans (includes the increases in the fair value of participants' accounts). The increase in performance related bonus expense was due to a 15% increase in fee revenue in fiscal 2018 compared to the year-ago period. Executive Search compensation and benefits expense, as a percentage of fee revenue, was 66% in both fiscal 2018 and 2017.

Advisory compensation and benefits expense increased \$35.3 million, or 8%, to \$497.3 million in fiscal 2018 from \$462.0 million in fiscal 2017. The change was primarily due to increases in salaries and related payroll taxes of \$25.3 million and \$4.6 million increase in expenses associated with our deferred compensation and retirement plans (includes the increases in the fair value of participants' accounts). Also contributing to the increase in compensation and benefits expense was an increase of \$10.5 million in performance related bonus expense and \$2.8 million more in employer insurance costs, offset by a decrease in integration costs of \$6.3 million compared to year-ago period. Advisory compensation and benefits expense, as a percentage of fee revenue, was 63% in fiscal 2018 compared to 64% in the year-ago period.

RPO & Professional Search compensation and benefits expense increased \$38.4 million, or 25%, to \$193.2 million in fiscal 2018 from \$154.8 million in fiscal 2017. The increase was due to higher salaries and related payroll taxes of \$26.8 million due to a 20% increase in the average headcount in fiscal 2018 compared to the year-ago period. The higher average headcount was primarily driven by the need to service an increase in fee revenue in both the professional search and RPO businesses. Also contributing to the increase in compensation and benefits expense was an increase of \$11.3 million in performance related bonus expense due to a 22% increase in fee revenue in fiscal 2018 compared to the year-ago period. RPO & Professional Search compensation and benefits expense, as a percentage of fee revenue, was 71% in fiscal 2018 compared to 69% in the year-ago period.

Corporate compensation and benefits expense was \$40.0 million in fiscal 2018 as compared to \$39.9 million in fiscal 2017.



### **General and Administrative Expenses**

General and administrative expenses increased \$11.2 million, or 5%, to \$237.4 million in fiscal 2018 compared to \$226.2 million in fiscal 2017. The increase in general and administrative expenses was due to increases of \$6.2 million and \$2.2 million in legal and other professional fees and premise and office expenses, respectively, offset by a decline of \$3.8 million in integration costs during fiscal 2018 compared to the year-ago period. The rest of the change was primarily due to generating foreign exchange loss of \$3.3 million during fiscal 2018 compared to a foreign exchange gain of \$0.3 million in fiscal 2017. General and administrative expenses, as a percentage of fee revenue, was 13% in fiscal 2018 compared to 14% in fiscal 2017. Exchange rates unfavorably impacted general and administrative expenses by \$3.7 million, or 2%, during fiscal 2018 compared to the year-ago period.

Executive Search general and administrative expenses increased \$8.0 million, or 11%, to \$77.7 million in fiscal 2018 from \$69.7 million in fiscal 2017. General and administrative expenses increased due to generating foreign exchange losses of \$1.2 million during fiscal 2018 compared to a foreign exchange gain of \$1.3 million during the year-ago period and an increase in legal and other professional fees of \$0.9 million. The rest of the change was due to an increase in \$0.8 million in marketing and business development expenses to support the higher fee revenues generated in fiscal 2018 compared to the year-ago period, \$0.7 million increase in premise and office expenses, and an increase in bad debt expense of \$0.6 million. Executive Search general and administrative expenses, as a percentage of fee revenue, was 11% in both fiscal 2018 and 2017.

Advisory general and administrative expenses increased \$1.3 million to \$98.4 million in fiscal 2018 compared to \$97.1 million in the year-ago period. General and administrative expenses increased due to a foreign exchange loss of \$1.1 million during fiscal 2018 compared to a foreign exchange gain of \$0.2 million in fiscal 2017. Advisory general and administrative expenses, as a percentage of fee revenue, was 13% in both fiscal 2018 and 2017.

RPO & Professional Search general and administrative expenses increased \$2.8 million, or 12%, to \$26.7 million in fiscal 2018 from \$23.9 million in fiscal 2017. The increase was due primarily to increases in premise and office expenses, bad debt expense and legal and other professional fees of \$1.2 million, \$1.0 million and \$0.4 million, respectively, in fiscal 2018 compared to the year-ago period. RPO & Professional Search general and administrative expenses, as a percentage of fee revenue, was 10% in fiscal 2018 compared to 11% in fiscal 2017.

Corporate general and administrative expenses decreased \$0.9 million, or 3%, to \$34.6 million in fiscal 2018 compared to \$35.5 million in fiscal 2017. The decrease in general and administrative expenses was due to a decrease of \$4.2 million in integration costs associated with the Legacy Hay acquisition and \$0.8 million in business development expenses, offset by an increase in legal and other professional fees of \$4.3 million during fiscal 2018 compared to fiscal 2017.

### **Cost of Services Expense**

Cost of services expense consists primarily of non-billable contractor and product costs related to the delivery of various services and products, primarily in RPO & Professional Search and Advisory. Cost of services expense was \$73.7 million in fiscal 2018 compared to \$71.5 million in fiscal 2017. Cost of services expense, as a percentage of fee revenue, was 4% in fiscal 2018 as compared to 5% in the year-ago period.

### **Depreciation and Amortization Expenses**

Depreciation and amortization expenses were \$48.6 million, an increase of \$1.3 million, in fiscal 2018 compared to \$47.3 million in fiscal 2017. The increase relates primarily to technology investments made in the current and prior year in software and computer equipment, in addition to increases in leasehold improvements and furniture and fixtures.

### **Restructuring Charges, Net**

The Company continued the implementation of the fiscal 2016 restructuring plan in fiscal 2017 in order to integrate the Advisory entities that were acquired in fiscal 2016 by eliminating redundant positions and operational, general and administrative expenses and consolidating premises. This resulted in restructuring charges of \$34.6 million in fiscal 2017, of which \$16.0 million related to severance and \$18.6 million related to consolidation of premises. Fiscal 2018 restructuring charges were minimal.

### **Operating Income**

Operating income was \$208.4 million, an increase of \$88.1 million, in fiscal 2018 as compared to \$120.3 million in fiscal 2017. This increase in operating income resulted from higher fee revenue of \$201.7 million and a decrease in restructuring charges, net of \$34.5 million, offset by increases of \$133.4 million in compensation and benefits expense, \$11.2 million in general and administrative expenses, \$2.2 million in cost of services expense, and \$1.3 million in depreciation and amortization expenses.



Executive Search operating income increased \$25.3 million, or 20%, to \$149.6 million in fiscal 2018 as compared to \$124.3 million in fiscal 2017. The increase in Executive Search operating income was driven by increases in higher fee revenue of \$91.3 million and a decrease in restructuring charges, net of \$4.3 million, offset by increases in compensation and benefits expense, general and administrative expenses, cost of services expense and depreciation and amortization expenses of \$59.6 million, \$8.0 million, \$1.6 million and \$1.1 million, respectively. Executive Search operating income, as a percentage of fee revenue, was 21% in fiscal 2018 as compared to 20% in the year-ago period.

Advisory operating income was \$100.5 million, an increase of \$53.1 million, or 112%, in fiscal 2018 as compared to operating income of \$47.4 million in fiscal 2017. The increase was primarily driven by an increase in fee revenue of \$60.8 million and a decrease in restructuring charges, net of \$29.9 million, offset by an increase of \$35.3 million in compensation and benefits expense, \$1.8 million in cost of services expense, and \$1.3 million in general and administrative expenses in fiscal 2018 compared to the year-ago period. Advisory operating income, as a percentage of fee revenue, was 13% in fiscal 2018 compared to 7% in the year-ago period.

RPO & Professional Search operating income was \$39.4 million, an increase of \$9.4 million, in fiscal 2018 as compared to \$30.0 million in fiscal 2017. The increase in operating income was driven by higher fee revenue of \$49.5 million, offset by an increase in compensation and benefits expense of \$38.4 million and general and administrative expenses of \$2.8 million. RPO & Professional Search operating income, as a percentage of fee revenue, was 14% in fiscal 2018 compared to 13% in the year-ago period.

#### ***Net Income Attributable to Korn Ferry***

Net income attributable to Korn Ferry increased by \$49.6 million to \$133.8 million in fiscal 2018 compared to \$84.2 million in fiscal 2017. The increase was due to higher total revenue of \$197.8 million, offset by higher operating expenses of \$109.6 million and an increase in income tax provision of \$41.0 million partially due to the enactment of the Tax Act compared to the year-ago period. Net income attributable to Korn Ferry, as a percentage of fee revenue, was 8% in fiscal 2018 as compared to 5% in the year-ago period.

#### ***Adjusted EBITDA***

Adjusted EBITDA increased by \$38.7 million, or 16% to \$278.0 million in fiscal 2018 as compared to \$239.3 million in fiscal 2017. This increase was driven by higher adjusted fee revenue of \$198.1 million, offset by increases of \$143.2 million in compensation and benefits expense (excluding integration costs), \$14.9 million in general and administrative expenses (excluding integration costs) and \$2.2 million in cost of services expense compared to the year-ago period. Adjusted EBITDA, as a percentage of adjusted fee revenue, was 16% in fiscal 2018 compared to 15% in the year-ago period.

Executive Search Adjusted EBITDA increased \$21.8 million, or 16%, to \$159.3 million in fiscal 2018 as compared to \$137.5 million in fiscal 2017. The increase was driven by higher fee revenue of \$91.3 million, offset by increases of \$59.6 million in compensation and benefits expense, \$8.0 million in general and administrative expenses, and an increase in cost of services expense of \$1.6 million during fiscal 2018 compared to the year-ago period. Executive Search Adjusted EBITDA, as a percentage of fee revenue, was 22% in both fiscal 2018 and 2017.

Advisory Adjusted EBITDA was \$143.5 million, an increase of \$13.7 million, or 11%, in fiscal 2018 as compared to \$129.8 million in fiscal 2017. The increase was driven by higher adjusted fee revenue of \$57.3 million, offset by increases of \$41.6 million in compensation and benefits expense (excluding integration costs), \$0.9 million in general and administrative expenses (excluding integration costs), and an increase in cost of services expense of \$1.8 million during fiscal 2018 compared to the year-ago period. Advisory Adjusted EBITDA, as a percentage of adjusted fee revenue, was 18% in both fiscal 2018 and 2017.

RPO & Professional Search Adjusted EBITDA was \$42.6 million in fiscal 2018, an increase of \$9.8 million, or 30%, as compared to \$32.8 million in fiscal 2017. The increase was driven by higher fee revenue of \$49.5 million, offset by increases of \$38.4 million in compensation and benefits expense and \$2.8 million in general and administrative expenses during fiscal 2018 compared to the year-ago period. RPO & Professional Search Adjusted EBITDA, as a percentage of fee revenue, was 16% in fiscal 2018 compared to 15% in the year-ago period.

#### ***Other Income (Loss), Net***

Other income, net was \$11.1 million in fiscal 2018 as compared to \$10.3 million in fiscal 2017. The increase was primarily due to a smaller amount of losses associated with our deferred compensation and retirement plans, offset by the change in the fair value of our marketable securities, where there was a smaller gain during fiscal 2018 compared to the year-ago period.



### ***Interest (Expense) Income, Net***

Interest (expense) income, net primarily relates to our term loan facility and borrowings under our COLI policies, which was partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was \$13.8 million in fiscal 2018 as compared to \$14.6 million in fiscal 2017.

### ***Income Tax Provision***

The provision for income tax was \$70.1 million in fiscal 2018 compared to \$29.1 million in the year-ago period. This reflects a 34% and 25% effective tax rate for fiscal 2018 and 2017, respectively. In fiscal 2018 the effective tax rate was significantly impacted by the December 22, 2017 enactment of the Tax Act as a result of which, Korn Ferry recorded a provisional tax charge of \$18.4 million as a one-time tax on accumulated foreign earnings (the "Transition Tax"), and a provisional tax benefit of \$5.9 million from the remeasurement of our U.S. federal deferred tax assets and liabilities.

### ***Net Income Attributable to Noncontrolling Interest***

Net income attributable to noncontrolling interest represents the portion of a subsidiary's net earnings that are attributable to shares of such subsidiary not held by Korn Ferry that are included in the consolidated results of operations. Net income attributable to noncontrolling interest for fiscal 2018 and 2017 was \$2.1 million compared to \$3.1 million, respectively.

### ***Liquidity and Capital Resources***

The Company and its Board of Directors endorse a balanced approach to capital allocation. The Company's priority is to invest in growth initiatives, such as the hiring of consultants, the continued development of IP and derivative products and services, and the investment in synergistic, accretive merger and acquisition transactions that earn a return that is superior to the Company's cost of capital. Next, the Company's capital allocation approach contemplates the return of a portion of excess capital to stockholders, in the form of a regular quarterly dividend, subject to the factors discussed below and in the "Risk Factors" section of this Annual Report on Form 10-K. Additionally, the Company considers share repurchases on an opportunistic basis and subject to the terms of our Credit Agreement (defined below).

On December 19, 2018, we entered into a senior secured \$650.0 million Amended and Restated Credit Agreement (the "Credit Agreement") with a syndicate of banks and Wells Fargo Bank, National Association as administrative agent to among other things, provide for enhanced financial flexibility. See Note 10—*Long-Term Debt* for a description of the Credit Agreement. We drew down \$226.9 million on the Revolver (defined below) and used the proceeds to pay-off the term loan that was outstanding as of December 19, 2018. We have \$420.2 million available under the Revolver after the draw down and after \$2.9 million of standby letters of credit were issued as of April 30, 2019. We had \$2.9 million in standby letters of credit issued under our long-term debt arrangements as of April 30, 2019 and 2018, respectively. We had a total of \$8.5 million and \$7.4 million of standby letters of credits with other financial institutions as of April 30, 2019 and 2018, respectively. The standby letters of credits were generally issued as a result of entering into office premise leases.

As part of a previous acquisition, the Company committed to a \$40 million retention pool for certain employees of the previous acquired company subject to certain circumstances. The balance was paid in full as of January 31, 2019.

The Board of Directors has adopted a dividend policy to distribute, to our stockholders, a regular quarterly cash dividend of \$0.10 per share. Every quarter since the adoption of the dividend policy, the Company has declared a quarterly dividend. 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 March 6, 2019, our Board of Directors approved an increase to the share repurchase program of approximately \$200 million, which brings our available capacity to repurchase shares in the open market or privately negotiated transactions to approximately \$250 million. The Company repurchased approximately \$37.4 million and \$33.1 million of the Company's stock during fiscal 2019 and 2018, respectively. Any decision to continue to execute our currently outstanding share repurchase program will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our Board of Directors. The Credit Agreement permits us to pay dividends to our stockholders and make share repurchases so long as our pro forma net leverage ratio, defined as the ratio of consolidated funded indebtedness minus up to \$50 million of unrestricted cash and cash equivalents of the Company and domestic subsidiaries to consolidated Adjusted EBITDA, is no greater than 3.25 to 1.00, and our pro forma domestic liquidity is at least \$50 million, including the revolving credit commitment minus amounts outstanding on the Revolver, issued letters of credit and swing loans.



Our performance is subject to the general level of economic activity in the geographic regions and the industries we service. We believe, based on current economic conditions, that our cash on hand and funds from operations and the Credit Agreement will be sufficient to meet anticipated working capital, capital expenditures, general corporate requirements, repayment of the debt, share repurchases 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 could put negative pressure on demand for 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 share repurchases and dividend policy.

Cash and cash equivalents and marketable securities were \$767.1 million and \$657.9 million as of April 30, 2019 and 2018, respectively. Net of amounts held in trust for deferred compensation plans and accrued bonuses, cash and marketable securities were \$382.1 million and \$312.4 million at April 30, 2019 and 2018, respectively. As of April 30, 2019 and 2018, we held \$267.0 million and \$207.6 million, respectively of cash and cash equivalents in foreign locations, net of amounts held in trust for deferred compensation plans and to pay fiscal 2019 annual bonuses. 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. The primary objective of our investment in mutual funds is to meet the obligations under certain of our deferred compensation plans.

As of April 30, 2019 and 2018, marketable securities of \$140.8 million (net of gross unrealized gains of \$6.3 million and gross unrealized losses of \$1.0 million) and \$137.1 million (net of gross unrealized gains of \$11.0 million and gross unrealized losses of \$1.0 million), respectively, were held in trust for settlement of our obligations under certain deferred compensation plans, of which \$132.5 million and \$122.8 million, respectively, are classified as non-current. These marketable securities were held to satisfy vested obligations totaling \$122.3 million and \$118.2 million as of April 30, 2019 and 2018, respectively. Unvested obligations under the deferred compensation plans totaled \$24.6 million and \$29.5 million as of April 30, 2019 and 2018, respectively.

The net increase in our working capital of \$130.1 million as of April 30, 2019 compared to April 30, 2018 is primarily attributable to increases in cash and cash equivalents and accounts receivable and a decrease in the current portion of our long-term debt, partially offset by an increase in compensation and benefits payable. The increase in cash and cash equivalents is due to cash provided by operations. Accounts receivable and compensation and benefits payable increased due to a \$158.8 million increase in fee revenue and higher average headcount. The decrease in the current portion of our long-term debt is a result of the amount withdrawn on the Revolver to pay off the prior term loan. Cash provided by operating activities was \$258.8 million in fiscal 2019, an increase of \$39.7 million, compared to \$219.1 million in fiscal 2018.

Cash used in investing activities was \$69.5 million in fiscal 2019 compared to \$44.8 million in fiscal 2018. An increase in cash used in investing activities was primarily due to an increase in premiums paid under our COLI contracts and higher cash used for the purchases of property and equipment, offset by an increase in the proceeds from sales/maturities of marketable securities, net of cash used to purchase marketable securities in fiscal 2019 compared to the year-ago period.

Cash used in financing activities was \$64.6 million in fiscal 2019 compared to \$77.3 million in fiscal 2018. The decrease was primarily due to \$226.9 million in proceeds received from the Credit Agreement and borrowings of \$31.9 million from our COLI contracts, partially offset by an increase in payments made on the term loan of \$218.3 million and increases in cash used to repurchase shares of common stock to satisfy tax withholding requirements upon the vesting of restricted stock of \$16.9 million, \$4.3 million in shares repurchased under the stock repurchase program and an increase in payments on life insurance policy loans of \$4.8 million in fiscal 2019 compared to the year-ago period.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements and have not entered into any transactions involving unconsolidated, special purpose entities.



## Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude contingent liabilities for which we cannot reasonably predict future payment. The following table represents our contractual obligations as of April 30, 2019:

	Note (1)	Payments Due in:				
		Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease commitments	14	\$ 300,737	\$ 55,351	\$ 98,032	\$ 72,590	\$ 74,764
Interest payments on COLI loans (2)	10	49,265	5,237	10,469	10,435	23,124
Long-term debt	10	226,875	—	—	226,875	—
Estimated interest on long-term debt (3)	—	39,854	8,611	17,174	14,069	—
Total		\$ 616,731	\$ 69,199	\$ 125,675	\$ 323,969	\$ 97,888

(1) See the corresponding Note in the accompanying consolidated financial statements in Item 15.

(2) Assumes COLI loans remain outstanding until receipt of death benefits on COLI policies and applies current interest rates on COLI loans ranging from 4.76% to 8.00% with total death benefits payable, net of loans under COLI contracts of \$223.6 million at April 30, 2019.

(3) Interest rate used is the variable rate per the credit agreement as of April 30, 2019 for outstanding balances on the long-term debt.

In addition to the contractual obligations above, we have liabilities related to certain employee benefit plans. These liabilities are recorded in our consolidated balance sheets. The obligations related to these employee benefit plans are described in Note 6—*Deferred Compensation and Retirement Plans*, in the Notes to our Consolidated Financial Statements in this Annual Report on Form 10-K.

Lastly, we have contingent commitments under certain employment agreements that are payable upon involuntary termination without cause, as described in Note 14—*Commitments and Contingencies*, in the Notes to our Consolidated Financial Statements in this Annual Report on Form 10-K.

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

We 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 April 30, 2019 and 2018, we held contracts with gross CSV of \$219.2 million and \$186.8 million, respectively. Total outstanding borrowings against the CSV of COLI contracts were \$93.2 million and \$66.7 million as of April 30, 2019 and 2018, respectively. Such borrowings do not require annual principal repayments, bear interest primarily at variable rates and are secured by the CSV of COLI contracts. At April 30, 2019 and 2018, the net cash value of these policies was \$126.0 million and \$120.1 million, respectively. Total death benefits payable, net of loans under COLI contracts, were \$223.6 million and \$226.0 million at April 30, 2019 and 2018, respectively.

### Long-Term Debt

On December 19, 2018, we entered into the Credit Agreement to among other things, provide for enhanced financial flexibility. The Credit Agreement provides for, among other things: (a) a \$650.0 million five-year senior secured revolving credit facility (the “Revolver”) and (b) certain customary affirmative and negative covenants, including a maximum consolidated total leverage ratio (as defined below) and a minimum interest coverage ratio. Our Credit Agreement permits payment of dividends to stockholders and share repurchases so long as the pro forma net leverage ratio is no greater than 3.25 to 1.00, and the pro forma domestic liquidity is at least \$50.0 million. We drew down \$226.9 million on the Revolver and used the proceeds to pay-off the term loan that was outstanding as of December 19, 2018. The pay-off of the old credit facility and drawn-down on the new Revolver is considered a debt modification and therefore the previously incurred unamortized and current debt issuance costs will be amortized over the life of the new issuance.

At our option, loans issued under the Credit Agreement will bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The interest rate applicable to loans outstanding under the Credit Agreement may fluctuate between LIBOR plus 1.25% per annum to LIBOR plus 2.00% per annum, in the case of LIBOR borrowings (or between the alternate base rate plus 0.25% per annum and the alternate base rate plus 1.00% per annum, in the alternative), based upon the Company’s total funded debt to Adjusted EBITDA ratio (as set forth in the Credit Agreement, the “consolidated leverage ratio”) at such time. In addition, the Company will be required to pay to the lenders a quarterly commitment fee ranging from 0.20% to 0.35% per annum on the average daily unused amount of the Revolver, based upon the Company’s consolidated leverage ratio at such time, and fees relating to the issuance of letters of credit. During fiscal 2019 and 2018, the average rate on our long-term debt arrangements was 3.50% and 2.60%, respectively.





The Revolver matures on December 19, 2023 and any unpaid principal balance is payable on this date. The Revolver may also be prepaid and terminated early by us at any time without premium or penalty (subject to customary LIBOR breakage fees). As of April 30, 2019, \$226.9 million was outstanding under the Revolver compared to \$238.9 million as of April 30, 2018, under the previous term loan. The unamortized debt issuance costs associated with the long-term debt, were \$4.0 million and \$2.7 million as of April 30, 2019 and 2018, respectively. The fair value of our Revolver is based on borrowing rates currently required of loans with similar terms, maturity and credit risk. The carrying amount of the Revolver approximates fair value because the base interest rate charged varies with market conditions and the credit spread is commensurate with current market spreads for issuers of similar risk. The fair value of the Revolver is classified as a Level 2 liability in the fair value hierarchy. As of April 30, 2019, we were in compliance with our debt covenants.

We had a total of \$420.2 million available under the Revolver after we drew down \$226.9 million and after \$2.9 million of standby letters of credit were issued as of April 30, 2019. As of April 30, 2018, we had no borrowings under the previous revolver. We had a total of \$122.1 million available under the previous revolver after \$2.9 million of standby letters of credit were issued as of April 30, 2018. We had a total of \$8.5 million and \$7.4 million of standby letters of credits with other financial institutions as of April 30, 2019 and 2018, respectively. The standby letters of credits were generally issued as a result of entering into office premise leases.

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

## Accounting Developments

### Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 606, which superseded revenue recognition requirements regarding contracts with customers to transfer goods or services or for the transfer of nonfinancial assets. Under this guidance, entities are required to recognize revenue that depicts 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 transfer is considered to occur when the customer obtains control of the goods or services delivered. The guidance provides a five-step analysis to be performed on transactions to determine when and how revenue is recognized. The new guidance became effective for fiscal years and interim periods within those annual years beginning after December 15, 2017. We adopted ASC 606 in fiscal year beginning May 1, 2018 using the modified retrospective transition method with respect to those contracts still outstanding and not completed as of May 1, 2018.

We recognized the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings. The comparative periods have not been restated and continue to be reported under the revenue accounting standards in effect for those periods. As a result of the adoption, we recorded an increase to retained earnings of \$6.7 million, net of tax as of May 1, 2018 due to the cumulative impact of adopting ASC 606. The change in total assets was recorded to unbilled receivables which is included in receivables due from clients; the changes in total liabilities was recorded to income taxes payable, deferred tax liabilities and deferred revenue, which is included in other accrued liabilities.

The following table summarizes the effect of changes made to our consolidated balance sheet at May 1, 2018:

	April 30, 2018	Adjustments due to ASC 606 (in thousands)	May 1, 2018
Total assets	\$ 2,287,914	\$ 3,496	\$ 2,291,410
Total liabilities	\$ 1,068,299	\$ (3,160 )	\$ 1,065,139
Total stockholders' equity	\$ 1,219,615	\$ 6,656	\$ 1,226,271

The adjustments primarily relate to uptick revenue (uptick revenue occurs when a placement's actual compensation is higher than the original estimated compensation) and certain Korn Ferry products that are now considered Functional IP. Under the new standard, uptick revenue is considered variable consideration and estimated at contract inception using the expected value method and recognized over the service period. Previously, we recognized uptick revenue as the amount became fixed or determinable. Under the new standard, certain products are now considered Functional IP as delivery of IP content fulfills the performance obligation, and revenue is recognized upon delivery and when an enforceable right to payment exists. Previously these products were considered term licenses and revenue was recognized ratably over the contract term.



In August 2016, the FASB issued guidance on the classification of certain cash receipts and cash payments in the statement of cash flows. The new guidance provides clarification on specific cash flow issues regarding presentation and classification in the statement of cash flows with the objective of reducing the existing diversity in practice. The amendments in this update are effective for reporting periods beginning after December 15, 2017 and were adopted by us effective May 1, 2018. The adoption of this guidance did not have an impact on our consolidated financial statements.

In January 2017, the FASB issued guidance that clarifies the definition of a business. The new guidance assists a company when evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The provisions of the guidance require that if the fair value of the gross assets acquired (or disposed of) is substantially concentrated in a single identifiable asset or a group of similar identifiable assets, then it is not a business. The provisions of the guidance are to be applied prospectively. The provisions of the guidance are effective for annual years beginning after December 15, 2017 and were adopted by us effective May 1, 2018. The adoption of this guidance did not have an impact on our consolidated financial statements.

In March 2017, the FASB issued guidance that changes the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new guidance will change the presentation of net periodic benefit cost related to employer-sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. This pronouncement is effective for annual reporting periods beginning after December 15, 2017 and was adopted by us effective May 1, 2018. The change to the consolidated statements of income has been reflected on a retrospective basis and had no effect on net income. Prior period amounts were revised, which resulted in a decrease in compensation expense and other income of \$4.6 million and \$0.4 million, respectively, and an increase in interest expense of \$4.2 million, in fiscal 2018. For fiscal 2017, this resulted in a decrease in compensation expense and other income of \$5.8 million and \$1.5 million, respectively, and an increase in interest expense of \$4.4 million.

In May 2017, the FASB issued guidance clarifying the scope of modification accounting for stock compensation. The new standard provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This pronouncement is effective for annual reporting periods beginning after December 15, 2017 and was adopted by us effective May 1, 2018. The adoption of this guidance did not have an impact on our consolidated financial statements. Any future impact of this guidance will be dependent on future modification including the number of awards modified.

In February 2018, the FASB issued guidance that provides companies the option to reclassify stranded tax effects from accumulated other comprehensive (loss) income to retained earnings. The new guidance requires companies to disclose whether they decided to reclassify the income tax effects of the Tax Act from accumulated other comprehensive income (loss) to retained earnings. The guidance is effective for annual reporting periods beginning after December 15, 2018, but early adoption is permitted. We early adopted effective May 1, 2018, upon the adoption of this guidance we recorded an increase of \$2.2 million to retained earnings due to the reclassification from accumulated other comprehensive (loss) income to retained earnings in the period of adoption.

In August 2018, the FASB issued guidance amending and modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement pension plans. The amendment removes disclosures to pension plans and other postretirement benefit plans that are no longer considered beneficial and adds disclosure requirements deemed relevant. The amendments of this standard are effective for fiscal years ending after December 15, 2020 with early adoption permitted. We early adopted this standard in the fourth quarter of fiscal 2019. The adoption of this guidance did not have an impact on our consolidated financial statements.

#### ***Recently Proposed Accounting Standards - Not Yet Adopted***

In February 2016, the FASB issued guidance on accounting for leases that generally requires all leases to be recognized on the consolidated balance sheet. The provisions of the guidance are effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. We plan to adopt this guidance in fiscal year beginning May 1, 2019. The provisions of the guidance are to be applied using a modified retrospective approach. On July 30, 2018, the FASB issued an amendment that allows entities to apply the provisions at the effective date without adjusting comparative periods. The FASB has also issued subsequent related ASUs, which detail amendments to the ASU, implementation considerations, narrow-scope improvements and practical expedients. We have elected to apply the group of practical expedients which allows us to carry forward its identification of contracts that are or contain leases, its historical lease classification and its initial direct costs for existing leases. We also elected to combine lease and non-lease components for all asset classes and to recognize leases with an initial term of 12 months on a straight-line basis without recognizing a right-to-use asset or operating lease liability. We are in the process of finalizing the data validation and associated internal controls for our selected global lease management system. We currently



estimate that the adoption of this standard will result in the recording of a material right-of-use asset and a material operating lease liability, as well as enhanced disclosures. We do not expect the adoption of this standard to have an impact on our consolidated statements of income, consolidated statements of stockholders' equity, or consolidated statements of cash flows.

In June 2016, the FASB issued guidance on accounting for measurement of credit losses on financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The standard is effective for fiscal years beginning after December 15, 2019. We will adopt this guidance in fiscal year beginning May 1, 2020. The adoption of this guidance is not anticipated to have a material impact on the consolidated financial statements.

In January 2017, the FASB issued guidance simplifying the test for goodwill impairment. The new guidance simplifies the test for goodwill impairment by removing Step 2 from the goodwill impairment test. Companies will now perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value not to exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendments of this standard are effective for goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for goodwill impairment tests performed after January 1, 2017. We are evaluating the adoption timeline and the effects that the standard will have on the consolidated financial statements.

In August 2017, the FASB issued guidance amending and simplifying accounting for hedging activities. The new guidance will refine and expand strategies that qualify for hedge accounting and simplify the application of hedge accounting in certain situations. The amendments of this standard are effective for fiscal years beginning after December 15, 2018. We will adopt this guidance in its fiscal year beginning May 1, 2019. We are currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued guidance amending the disclosure requirements for fair value measurements. The amendment removes and modifies disclosures that are currently required and adds additional disclosures that are deemed relevant. The amendments of this standard are effective for fiscal years beginning after December 15, 2019. We will adopt this guidance in its fiscal year beginning May 1, 2020. We are currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued guidance amending accounting for internal-use software. The new guidance will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with developing or obtaining internal-use software. The amendments of this standard are effective for fiscal years ending after December 15, 2019 with early adoption permitted. We will adopt this guidance in its fiscal year beginning May 1, 2020. We are currently evaluating the impact of adopting this guidance.

#### **Item 7A. 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.

##### **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 loss, net on our consolidated balance sheets.

Transactions denominated in a currency other than the reporting entity's functional currency may give rise to foreign currency gains or losses that impact our results of operations. Historically, we have not realized significant foreign currency gains or losses on such transactions. During fiscal 2019 and 2018, we recorded foreign currency losses of \$1.7 million and \$3.3 million, respectively, in general and administrative expenses in the consolidated statements of income. During fiscal 2017, we recorded foreign currency gains of \$0.3 million in general and administrative expenses in the consolidated statements of income.

Our exposure to foreign currency exchange rates is primarily driven by fluctuations involving the following currencies—U.S. Dollar, Canadian Dollar, Euro, Pound Sterling, Swiss Franc, Brazilian Real, Singapore Dollar and Mexican Peso. Based on balances exposed to fluctuation in exchange rates between these currencies as of April 30, 2019, a 10% increase or decrease equally in the value of these currencies could result in a foreign exchange gain or loss of \$11.3 million. We have a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. These foreign currency forward contracts are neither used for trading purposes nor are they designated as hedging instruments pursuant to ASC 815, *Derivatives and Hedging*.



## Interest Rate Risk

Our exposure to interest rate risk is limited to our Revolver and borrowings against the CSV of COLI contracts. As of April 30, 2019, there was \$226.9 million outstanding under the Revolver. At our option, loans issued under the Credit Agreement bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The interest rate applicable to loans outstanding under the Credit Agreement may fluctuate between LIBOR plus 1.25% per annum to LIBOR plus 2.00% per annum, in the case of LIBOR borrowings (or between the alternate base rate plus 0.25% per annum and the alternate base rate plus 1.00% per annum, in the alternative), based upon our total funded debt to Adjusted EBITDA ratio (as set forth in the Credit Agreement, the “consolidated net leverage ratio”) at such time. In addition, we are required to pay the lenders a quarterly commitment fee ranging from 0.20% to 0.35% per annum on the average daily unused amount of the Revolver, based upon our consolidated net leverage ratio at such time, and fees relating to the issuance of letters of credit. A 100-basis point increase in LIBOR rates would have increased our interest expense by approximately \$2.3 million for fiscal 2019. During fiscal 2019, the average interest rate on the revolver loan was 3.50%.

To mitigate this interest rate risk, we entered into an interest rate swap contract with an initial notional amount of \$129.8 million to hedge the variability to changes in cash flows attributable to interest rate risks caused by changes in interest rates related to our variable rate debt. We have designated the swap as a cash flow hedge. As of April 30, 2019 the notional amount was \$106.6 million. The interest rate swap agreement matures on June 15, 2021 and locks the interest rates on a portion of our outstanding debt at 1.919%, exclusive of the credit spread on the debt.

We had \$93.2 million and \$66.7 million of borrowings against the CSV of COLI contracts as of April 30, 2019 and 2018, 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 8. Financial Statements and Supplementary Data

See Consolidated Financial Statements beginning on page F-1 of this Annual Report on Form 10-K.

Supplemental Financial Information regarding quarterly results is contained in Note 15—*Quarterly Results*, in the Notes to our Consolidated Financial Statements in this Annual Report on Form 10-K.

## Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

### Item 9A. Controls and Procedures

#### a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this Annual Report on Form 10-K, management, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures and internal controls over financial reporting. Based on their evaluation of our disclosure controls and procedures conducted as of the end of the period covered by this Annual Report on Form 10-K, 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 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 fourth fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. See Management’s Report on Internal Control Over Financial Reporting and Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting on pages F-2 and F-3, respectively.

### Item 9B. Other Information

Not applicable.



## PART III.

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item will be included under the captions "The Board of Directors" and if applicable "Delinquent Section 16(a) Reports" and elsewhere in our 2019 Proxy Statement, and is incorporated herein by reference. The information under the heading "Information about our Executive Officers" in Part I of this Annual Report on Form 10-K is also incorporated by reference in this section.

We have adopted a "Code of Business Conduct and Ethics" that applies to all of our directors, officers and employees, including our principal executive officer (who is our Chief Executive Officer), principal financial officer, and principal accounting officer (who is our Chief Financial Officer) and senior financial officers, or persons performing similar functions. The Code of Business Conduct and Ethics is available on the Investor Relations portion of our website at <http://ir.kornferry.com>. We intend to disclose future amendments to certain provisions of the Code of Business Conduct and Ethics and waivers of the Code of Business Conduct and Ethics granted to executive officers and directors on our website within four business days following the date of the amendment or waiver.

### **Item 11. Executive Compensation**

The information required by this Item will be included under the captions "Compensation Discussion and Analysis" and "Compensation of Executive Officers and Directors" and elsewhere in our 2019 Proxy Statement, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item will be included under the caption "Security Ownership of Certain Beneficial Owners and Management" and elsewhere in our 2019 Proxy Statement, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item will be included under the caption "Certain Relationships and Related Transactions" and elsewhere in our 2019 Proxy Statement, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by this Item will be included under the captions "Fees Paid to Ernst & Young LLP," and "Audit Committee Pre-Approval Policies and Procedures," and elsewhere in our 2019 Proxy Statement, and is incorporated herein by reference.



## PART IV.

### Item 15. Exhibits and Financial Statement Schedules

#### Financial Statements.

- a) The following documents are filed as part of this report:

1. *Index to Financial Statements:*

See Consolidated Financial Statements included as part of this Annual Report on Form 10-K and Schedule II — Valuation and Qualifying Accounts. Pursuant to Rule 7-05 of Regulation S-X, the other schedules have been omitted as the information to be set forth therein is included in the notes of the audited consolidated financial statements.

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#### Exhibits:

Exhibit Number	Description
2.1+	<a href="#">Agreement and Plan of Merger, dated as of December 5, 2012, by and among Korn/Ferry International, Unity Sub. Inc., Personnel Decisions International Corporation, all of the stockholders of Personnel Decisions International Corporation, and PDI Stockholder Representative, LLC, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on December 6, 2012.</a>
2.2+	<a href="#">Stock Purchase Agreement by and between HG (Bermuda) Limited and Korn/Ferry International, dated as of September 23, 2015, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed September 24, 2015.</a>
2.3+	<a href="#">Letter Agreement dated November 30, 2015, by and between Korn/Ferry International and HG (Bermuda) Limited, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed December 2, 2015.</a>
2.4+	<a href="#">Letter Agreement dated April 19, 2018, by and between Korn/Ferry International and HG (Bermuda) Limited.</a>
3.1+	<a href="#">Restated Certificate of Incorporation of the Company, dated January 7, 2019, filed as Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q, filed March 11, 2019.</a>
3.2+	<a href="#">Seventh Amended and Restated Bylaws, effective January 1, 2019, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K, filed December 13, 2018.</a>
4.1	<a href="#">Form of Common Stock Certificate of the Company.</a>
4.2	<a href="#">Description of Securities.</a>
10.1*+	<a href="#">Form of Indemnification Agreement between the Company and some of its executive officers and directors, filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1/A (No. 333-61697), filed December 24, 1998.</a>
10.2*+	<a href="#">Form of U.S. and International Worldwide Executive Benefit Retirement Plan, filed as Exhibit 10.3 to the Company's Registration Statement on Form S-1/A (No. 333-61697), filed September 4, 1998.</a>
10.3*+	<a href="#">Form of U.S. and International Worldwide Executive Benefit Life Insurance Plan, filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.4*+	<a href="#">Worldwide Executive Benefit Disability Plan (in the form of Long-Term Disability Insurance Policy), filed as Exhibit 10.5 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.5*+	<a href="#">Form of U.S. and International Enhanced Executive Benefit and Wealth Accumulation Plan, filed as Exhibit 10.6 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.6*+	<a href="#">Form of U.S. and International Senior Executive Incentive Plan, filed as Exhibit 10.7 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.7*+	<a href="#">Executive Salary Continuation Plan, filed as Exhibit 10.8 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.8*+	<a href="#">Form of Amended and Restated Stock Repurchase Agreement, filed as Exhibit 10.10 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.9*+	<a href="#">Form of Standard Employment Agreement, filed as Exhibit 10.11 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>



Exhibit Number	Description
10.10*+	<a href="#">Form of U.S. and Foreign Executive Participation Program, filed as Exhibit 10.27 to the Company's Registration Statement on Form S-1 (No. 333-61697), filed September 4, 1998.</a>
10.11*+	<a href="#">Korn/Ferry International Second Amended and Restated Performance Award Plan, filed as Appendix A to the Company's Definitive Proxy Statement, filed August 12, 2004.</a>
10.12*+	<a href="#">Form of Indemnification Agreement between the Company and some of its executive officers and directors, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed March 12, 2004.</a>
10.13*+	<a href="#">Stock and Asset Purchase Agreement dated as of August 8, 2006, by and among Lominger Limited, Inc., Lominger Consulting, Inc., Michael M. Lombardo, Robert W. Eichinger, and the Company filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed September 8, 2006.</a>
10.14*+	<a href="#">Form of Restricted Stock Unit Award Agreement to Directors Under the Performance Award Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed December 10, 2007.</a>
10.15*+	<a href="#">Form of Stock Option Agreement to Employees and Non-Employee Directors Under the Korn/Ferry International 2008 Stock Incentive Plan, filed as Exhibit 10.3 to the Company's Current Report on Form 8-K, filed June 12, 2009.</a>
10.16*+	<a href="#">Korn/Ferry International Executive Capital Accumulation Plan, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (No. 333-111038), filed December 10, 2003.</a>
10.17*	<a href="#">Korn Ferry Amended and Restated Employee Stock Purchase Plan.</a>
10.18*+	<a href="#">Employment Agreement between the Company and Robert Rozek, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed February 21, 2012.</a>
10.19*+	<a href="#">Second Amended and Restated Korn/Ferry International 2008 Stock Incentive Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 2, 2012.</a>
10.20*+	<a href="#">Form of Restricted Stock Unit Award Agreement to Non-Employee Directors Under the 2008 Stock Incentive Plan, filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K, filed June 25, 2013.</a>
10.21*+	<a href="#">Form of Restricted Stock Unit Award Agreement to Employees Under the 2008 Stock Incentive Plan, filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K, filed June 25, 2013.</a>
10.22*+	<a href="#">Letter Agreement between the Company and Byrne Mulrooney dated June 26, 2014, filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K, filed June 27, 2014.</a>
10.23*	<a href="#">Amended and Restated Korn Ferry Executive Capital Accumulation Plan, as of January 1, 2019.</a>
10.24*+	<a href="#">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.</a>
10.25*+	<a href="#">Amendment to Employment Agreement dated December 28, 2015 between the Company and Robert Rozek, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed March 10, 2016.</a>
10.26*	<a href="#">Korn Ferry Long Term Performance Unit Plan.</a>
10.27*	<a href="#">Korn Ferry Long Term Performance Unit Plan Form of Unit Award Agreement.</a>
10.28*	<a href="#">Third Amendment and Restated Korn Ferry 2008 Stock Incentive Plan.</a>
10.29*+	<a href="#">Summary of Non-Employee Director Compensation Program Effective December 7, 2016, filed as Exhibit 10.1 to the Company's 10-Q, filed March 10, 2017.</a>
10.30*+	<a href="#">Letter Agreement between the Company and Mark Arian, dated March 17, 2017, filed as Exhibit 10.48 to the Company's Annual Report on Form 10-K, filed June 28, 2017.</a>
10.31*	<a href="#">Form of Restricted Stock Unit Award Agreement to Non-Employee Directors under the 2008 Stock Incentive Plan.</a>
10.32*	<a href="#">Form of Performance Restricted Stock Unit Award Agreement Under the 2008 Stock Incentive Plan.</a>
10.33*	<a href="#">Form of Restricted Stock Unit Award Agreement to Employees Under the 2008 Stock Incentive Plan.</a>
10.34*	<a href="#">Form of Restricted Stock Award Agreement to Employees Under the 2008 Stock Incentive Plan.</a>
10.35+	<a href="#">Amended and Restated Employment Agreement dated March 30, 2018 between the Company and Gary Burnison, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed April 4, 2018.</a>
10.36+	<a href="#">Amended and Restated Credit Agreement, dated December 19, 2018, by and among the Company and Wells Fargo, National Association, as administrative agent and other lender parties thereto, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed December 20, 2018.</a>
21.1	<a href="#">Subsidiaries of Korn Ferry.</a>
23.1	<a href="#">Consent of Ernst &amp; Young LLP, Independent Registered Public Accounting Firm.</a>
24.1	<a href="#">Power of Attorney (contained on signature page).</a>



Exhibit Number	Description
31.1	<a href="#">Chief Executive Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.</a>
31.2	<a href="#">Chief Financial Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.</a>
32.1	<a href="#">Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.</a>
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.

+ Incorporated herein by reference.

#### Item 16. Form 10-K Summary

None





## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ Robert P. Rozek  
**Robert P. Rozek**

**Executive Vice President, Chief Financial Officer and Chief Corporate Officer**

Date: June 28, 2019

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of the registrant hereby constitutes and appoints Jonathan M. Kuai and Gary D. Burnison, and each of them, as lawful attorney-in-fact and agent for each of the undersigned (with full power of substitution and resubstitution, for and in the name, place and stead of each of the undersigned officers and directors), to sign and file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, any and all amendments, supplements and exhibits to this report and any and all other documents in connection therewith, hereby granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in order to effectuate the same as fully and to all intents and purposes as each of the undersigned might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or any of their substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ CHRISTINA A. GOLD</u> <b>Christina A. Gold</b>	Chairman of the Board and Director	June 28, 2019
<u>/s/ GARY D. BURNISON</u> <b>Gary D. Burnison</b>	President & Chief Executive Officer (Principal Executive Officer) and Director	June 28, 2019
<u>/s/ ROBERT P. ROZEK</u> <b>Robert P. Rozek</b>	Executive Vice President, Chief Financial Officer and Chief Corporate Officer (Principal Financial Officer and Principal Accounting Officer)	June 28, 2019
<u>/s/ GEORGE T. SHAHEEN</u> <b>George T. Shaheen</b>	Director	June 28, 2019
<u>/s/ DOYLE N. BENEBY</u> <b>Doyle N. Beneby</b>	Director	June 28, 2019
<u>/s/ WILLIAM R. FLOYD</u> <b>William R. Floyd</b>	Director	June 28, 2019
<u>/s/ JERRY LEAMON</u> <b>Jerry Leamon</b>	Director	June 28, 2019
<u>/s/ ANGEL MARTINEZ</u> <b>Angel Martinez</b>	Director	June 28, 2019
<u>/s/ DEBRA J. PERRY</u> <b>Debra J. Perry</b>	Director	June 28, 2019



# KORN FERRY AND SUBSIDIARIES

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

### APRIL 30, 2019

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## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Korn Ferry (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or supervised by, the issuer's principal executive and principal financial officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting is supported by written policies and procedures, that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of the Company's annual financial statements, management of the Company has undertaken an assessment of the effectiveness of the Company's internal control over financial reporting as of April 30, 2019 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of the Company's internal control over financial reporting.

Based on this assessment, management did not identify any material weakness in the Company's internal control over financial reporting, and management has concluded that the Company's internal control over financial reporting was effective as of April 30, 2019.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's financial statements for the year ended April 30, 2019 included in this Annual Report on Form 10-K, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of April 30, 2019, a copy of which is included in this Annual Report on Form 10-K.

June 28, 2019



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders and Board of Directors of Korn Ferry:

### ***Opinion on Internal Control over Financial Reporting***

We have audited Korn Ferry and subsidiaries' internal control over financial reporting as of April 30, 2019, based on criteria established in Internal Control— Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Korn Ferry and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of April 30, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of April 30, 2019 and 2018, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended April 30, 2019 and the related notes and the financial statement schedule listed in the index at Item 15(a) and our report dated June 28, 2019 expressed an unqualified opinion thereon.

### ***Basis for Opinion***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### ***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Los Angeles, California

June 28, 2019



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Korn Ferry:

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Korn Ferry and subsidiaries (the "Company") as of April 30, 2019 and 2018, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended April 30, 2019 and the related notes and the financial statement schedule listed in the index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 30, 2019 and 2018, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 28, 2019 expressed an unqualified opinion thereon.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002

Los Angeles, California

June 28, 2019



## KORN FERRY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	April 30,	
	2019	2018
	(in thousands, except per share data)	
ASSETS		
Cash and cash equivalents	\$ 626,360	\$ 520,848
Marketable securities	8,288	14,293
Receivables due from clients, net of allowance for doubtful accounts of \$21,582 and \$17,845 at April 30, 2019 and 2018, respectively	404,857	384,996
Income taxes and other receivables	26,767	29,089
Unearned compensation	42,003	37,333
Prepaid expenses and other assets	28,535	27,700
Total current assets	1,136,810	1,014,259
Marketable securities, non-current	132,463	122,792
Property and equipment, net	131,505	119,901
Cash surrender value of company owned life insurance policies, net of loans	126,000	120,087
Deferred income taxes	43,220	25,520
Goodwill	578,298	584,222
Intangible assets, net	82,948	203,216
Unearned compensation, non-current	80,924	78,295
Investments and other assets	22,684	19,622
Total assets	\$ 2,334,852	\$ 2,287,914
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 39,156	\$ 35,196
Income taxes payable	21,145	23,034
Compensation and benefits payable	328,610	304,980
Current portion of long-term debt	—	24,911
Other accrued liabilities	162,047	170,339
Total current liabilities	550,958	558,460
Deferred compensation and other retirement plans	257,635	227,729
Long-term debt	222,878	211,311
Deferred tax liabilities	1,103	9,105
Other liabilities	58,891	61,694
Total liabilities	1,091,465	1,068,299
Commitments and contingencies		
Stockholders' equity		
Common stock: \$0.01 par value, 150,000 shares authorized, 72,442 and 71,631 shares issued and 56,431 and 56,517 shares outstanding at April 30, 2019 and 2018, respectively	656,463	683,942
Retained earnings	660,845	572,800
Accumulated other comprehensive loss, net	(76,652)	(40,135)
Total Korn Ferry stockholders' equity	1,240,656	1,216,607
Noncontrolling interest	2,731	3,008
Total stockholders' equity	1,243,387	1,219,615
Total liabilities and stockholders' equity	\$ 2,334,852	\$ 2,287,914

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



## KORN FERRY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

	Year Ended April 30,		
	2019	2018	2017
	(in thousands, except per share data)		
Fee revenue	\$ 1,926,033	\$ 1,767,217	\$ 1,565,521
Reimbursed out-of-pocket engagement expenses	47,829	52,302	56,148
Total revenue	<u>1,973,862</u>	<u>1,819,519</u>	<u>1,621,669</u>
Compensation and benefits	1,311,240	1,199,057	1,065,659
General and administrative expenses	351,991	237,390	226,232
Reimbursed expenses	47,829	52,302	56,148
Cost of services	75,487	73,658	71,482
Depreciation and amortization	46,489	48,588	47,260
Restructuring charges, net	—	78	34,600
Total operating expenses	<u>1,833,036</u>	<u>1,611,073</u>	<u>1,501,381</u>
Operating income	140,826	208,446	120,288
Other income, net	10,094	11,119	10,328
Interest expense, net	(16,891)	(13,832)	(14,607)
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	134,029	205,733	116,009
Equity in earnings of unconsolidated subsidiaries, net	311	297	333
Income tax provision	29,544	70,133	29,104
Net income	104,796	135,897	87,238
Net income attributable to noncontrolling interest	(2,145)	(2,118)	(3,057)
Net income attributable to Korn Ferry	<u>\$ 102,651</u>	<u>\$ 133,779</u>	<u>\$ 84,181</u>
Earnings per common share attributable to Korn Ferry:			
Basic	\$ 1.84	\$ 2.39	\$ 1.48
Diluted	<u>\$ 1.81</u>	<u>\$ 2.35</u>	<u>\$ 1.47</u>
Weighted-average common shares outstanding:			
Basic	55,311	55,426	56,205
Diluted	<u>56,096</u>	<u>56,254</u>	<u>56,900</u>
Cash dividends declared per share:	<u>\$ 0.40</u>	<u>\$ 0.40</u>	<u>\$ 0.40</u>

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



## KORN FERRY AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Net income	\$ 104,796	\$ 135,897	\$ 87,238
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(28,038)	22,900	(19,266)
Deferred compensation and pension plan adjustments, net of tax	(5,369)	6,054	6,445
Net unrealized (loss) gain on interest rate swap, net of tax	(1,080)	1,915	(578)
Comprehensive income	70,309	166,766	73,839
Less: comprehensive income attributable to noncontrolling interest	(1,978)	(2,058)	(2,811)
Comprehensive income attributable to Korn Ferry	<u>\$ 68,331</u>	<u>\$ 164,708</u>	<u>\$ 71,028</u>

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





## KORN FERRY AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Retained	Accumulated	Total	Noncontrolling	Total
	Shares	Amount	Earnings	Other Comprehensive (Loss) Income, Net	Korn Ferry Stockholders' Equity	Interest	Stockholder's Equity
	(in thousands)						
<b>Balance at May 1, 2016</b>	57,272	\$ 702,098	\$ 401,113	\$ (57,911)	\$ 1,045,300	\$ 2,001	\$ 1,047,301
Net income	—	—	84,181	—	84,181	3,057	87,238
Other comprehensive loss	—	—	—	(13,153)	(13,153)	(246)	(13,399)
Dividends paid to shareholders	—	—	(23,318)	—	(23,318)	—	(23,318)
Dividends paid to noncontrolling interest	—	—	—	—	—	(1,203)	(1,203)
Purchase of stock	(1,346)	(33,579)	—	—	(33,579)	—	(33,579)
Issuance of stock	1,012	5,886	—	—	5,886	—	5,886
Stock-based compensation	—	18,045	—	—	18,045	—	18,045
Tax benefit from exercise of stock options and vesting of restricted stock	—	77	—	—	77	—	77
<b>Balance at April 30, 2017</b>	56,938	692,527	461,976	(71,064)	1,083,439	3,609	1,087,048
Net income	—	—	133,779	—	133,779	2,118	135,897
Other comprehensive income (loss)	—	—	—	30,929	30,929	(60)	30,869
Dividends paid to shareholders	—	—	(22,955)	—	(22,955)	—	(22,955)
Dividends paid to noncontrolling interest	—	—	—	—	—	(2,659)	(2,659)
Purchase of stock	(1,092)	(36,865)	—	—	(36,865)	—	(36,865)
Issuance of stock	671	7,998	—	—	7,998	—	7,998
Stock-based compensation	—	20,282	—	—	20,282	—	20,282
<b>Balance at April 30, 2018</b>	56,517	683,942	572,800	(40,135)	1,216,607	3,008	1,219,615
Net income	—	—	102,651	—	102,651	2,145	104,796
Other comprehensive loss	—	—	—	(34,320)	(34,320)	(167)	(34,487)
Effect of adoption of accounting standards	—	—	8,853	(2,197)	6,656	—	6,656
Dividends paid to shareholders	—	—	(23,459)	—	(23,459)	—	(23,459)
Dividends paid to noncontrolling interest	—	—	—	—	—	(2,255)	(2,255)
Purchase of stock	(1,166)	(58,070)	—	—	(58,070)	—	(58,070)
Issuance of stock	1,080	8,528	—	—	8,528	—	8,528
Stock-based compensation	—	22,063	—	—	22,063	—	22,063
<b>Balance at April 30, 2019</b>	56,431	\$ 656,463	\$ 660,845	\$ (76,652)	\$ 1,240,656	\$ 2,731	\$ 1,243,387

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



## KORN FERRY AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
<b>Cash flows from operating activities:</b>			
Net income	\$ 104,796	\$ 135,897	\$ 87,238
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	46,489	48,588	47,260
Stock-based compensation expense	23,385	21,469	18,958
Impairment of tradenames	106,555	—	—
Provision for doubtful accounts	14,260	13,675	12,987
Gain on cash surrender value of life insurance policies	(6,160)	(7,776)	(4,918)
Gain on marketable securities	(8,134)	(10,278)	(10,842)
Deferred income taxes	(27,796)	(6,564)	6,589
Change in other assets and liabilities:			
Deferred compensation	18,478	27,660	6,868
Receivables due from clients	(30,625)	(53,357)	(42,326)
Income taxes and other receivables	1,409	2,093	(10,177)
Prepaid expenses and other assets	(148)	(2,118)	(1,796)
Unearned compensation	(7,299)	(42,742)	(17,465)
Investment in unconsolidated subsidiaries	(311)	(297)	(333)
Income taxes payable	213	32,439	205
Accounts payable and accrued liabilities	28,398	66,081	5,420
Other	(4,705)	(5,645)	8,473
Net cash provided by operating activities	258,805	219,125	106,141
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(46,682)	(42,000)	(50,088)
Purchase of marketable securities	(9,476)	(9,462)	(10,536)
Proceeds from sales/maturities of marketable securities	13,781	2,642	42,815
Cash paid for acquisitions, net of cash acquired	—	—	(2,880)
Premium on company-owned life insurance policies	(34,862)	(1,614)	(1,597)
Proceeds from life insurance policies	7,632	5,355	1,117
Dividends received from unconsolidated subsidiaries	140	240	564
Net cash used in investing activities	(69,467)	(44,839)	(20,605)
<b>Cash flows from financing activities:</b>			
Proceeds from long term debt	226,875	—	275,000
Principal payments on term loan	(238,906)	(20,625)	(155,469)
Payment of debt issuance costs	(2,181)	—	—
Repurchases of common stock	(37,372)	(33,071)	(28,821)
Payments of tax withholdings on restricted stock	(20,698)	(3,794)	(4,758)
Payment of contingent consideration from acquisitions	(455)	(485)	(1,070)
Proceeds from issuance of common stock upon exercise of employee stock options and in connection with an employee stock purchase plan	7,272	6,885	5,121
Dividends paid to shareholders	(23,459)	(22,955)	(23,318)
Dividends - noncontrolling interest	(2,255)	(2,659)	(1,203)
Borrowings under life insurance policies	31,870	—	—
Payments on life insurance policy loans	(5,316)	(554)	(1,117)
Net cash (used in) provided by financing activities	(64,625)	(77,258)	64,365
Effect of exchange rate changes on cash and cash equivalents	(19,201)	12,938	(12,271)
Net increase in cash and cash equivalents	105,512	109,966	137,630
Cash and cash equivalents at beginning of year	520,848	410,882	273,252
Cash and cash equivalents at end of the period	\$ 626,360	\$ 520,848	\$ 410,882
<b>Supplemental cash flow information:</b>			
Cash used to pay interest	\$ 14,188	\$ 11,946	\$ 10,882
Cash used to pay income taxes, net of refunds	\$ 58,408	\$ 37,486	\$ 32,458

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



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2019

#### 1. Organization and Summary of Significant Accounting Policies

##### ***Nature of Business***

On June 12, 2018, the Board of Directors of Korn Ferry, a Delaware corporation (the "Company") and its subsidiaries approved a plan (the "Plan") to go to market under a single, master brand architecture and to simplify the Company's organizational structure by eliminating and/or consolidating certain legal entities and implementing a rebranding of the Company to offer the Company's current products and services using the "Korn Ferry" name, branding and trademarks. In connection with the Plan, (i) the Company has sunset all sub-brands, including Futurestep, Hay Group and Lominger, among others and (ii) effective as of January 1, 2019, the Company has been renamed "Korn Ferry." The Company is harmonizing under one brand to help accelerate the firm's positioning as the preeminent organizational consultancy and bring more client awareness to its broad range of talent management solutions. While the rebranding did not impact the Company's segment financial reporting, the Company renamed its Hay Group segment as Korn Ferry Advisory ("Advisory") and its Futurestep segment as Korn Ferry RPO and Professional Search ("RPO & Professional Search"). The Company's Executive Search segment name remains unchanged.

The Company currently operates in three global businesses: Executive Search, Advisory and RPO & Professional Search. The Executive Search segment focuses on recruiting board level, chief executive and other senior executive and general management positions, in addition to research-based interviewing and onboarding solutions, for clients predominantly in the consumer goods, financial services, industrial, life sciences/healthcare and technology industries. Advisory assists clients to synchronize strategy and talent by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership Development, and Rewards and Benefits, all underpinned by a comprehensive array of world-leading intellectual property, products and tools. RPO & Professional Search is a global industry leader in high-impact talent acquisition solutions. Its portfolio of services includes global and regional Recruitment Process Outsourcing ("RPO"), project recruitment, individual professional search and consulting.

##### ***Basis of Consolidation and Presentation***

The consolidated financial statements include the accounts of 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.

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. Dividends received from our unconsolidated subsidiaries were approximately \$0.1 million, \$0.2 million and \$0.6 million during fiscal 2019, 2018 and 2017, respectively.

The Company has control of a Mexico subsidiary and consolidates the operations of this subsidiary. Noncontrolling interest, which represents the Mexico Partners 51% interest in the Mexico subsidiary, is reflected on the Company's consolidated financial statements.

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 or determinable. The most significant areas that require management's judgment are revenue recognition, deferred compensation, annual performance-related bonuses, evaluation of the carrying value of receivables, goodwill and other intangible assets, share-based payments and the recoverability of deferred income taxes.



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

##### **Revenue Recognition**

Substantially all fee revenue is derived from fees for professional services related to executive and professional recruitment performed on a retained basis, recruitment process outsourcing, talent and organizational advisory services and the sale of products, either stand-alone or as part of a solution.

Revenue is recognized when control of the goods and services are transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. Revenue contracts with customers are evaluated based on the five-step model outlined in Accounting Standard Codification 606 ("ASC 606"): 1) identify the contract with a customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the separate performance obligation(s); and 5) recognize revenue when (or as) each performance obligation is satisfied.

Fee revenue from executive and professional search activities is generally one-third of the estimated first-year compensation of the placed candidate, plus a percentage of the fee to cover indirect engagement-related expenses. In addition to the search retainer, an uptick fee is billed when the actual compensation awarded by the client for a placement is higher than the estimated compensation. In the aggregate, upticks have been a relatively consistent percentage of the original estimated fee; therefore, the Company estimates upticks using the expected value method based on historical data on a portfolio basis. In a standard search engagement, there is one performance obligation, which is the promise to undertake a search. The Company generally recognizes such revenue over the course of a search and when it is legally entitled to payment as outlined in the billing terms of the contract. Any revenues associated with services that are provided on a contingent basis are recognized once the contingency is resolved, as this is when control is transferred to the customer. These assumptions determine the timing of revenue recognition for the reported period.

RPO fee revenue is generated through two distinct phases: 1) the implementation phase and 2) the post-implementation recruitment phase. The fees associated with the implementation phase are recognized over the period that the related implementation services are provided. The post-implementation recruitment phase represents end-to-end recruiting services to clients for which there are both fixed and variable fees, which are recognized over the period that the related recruiting services are performed.

Consulting fee revenue, primarily generated from Advisory, is recognized as services are rendered, measured by total hours incurred to the total estimated hours at completion. It is possible that updated estimates for consulting engagements 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.

Product revenue is generated from a range of online tools designed to support human resource processes for pay, talent and engagement, and assessments, as well as licenses to proprietary intellectual property ("IP") and tangible/digital products. IP subscriptions grant access to proprietary compensation and job evaluation databases. IP subscriptions are considered symbolic IP due to the dynamic nature of the content and, as a result, revenue is recognized over the term of the contract. Functional IP licenses grant customers the right to use IP content via delivery of a flat file. Because the IP content license has significant stand-alone functionality, revenue is recognized upon delivery and when an enforceable right to payment exists. Online assessments are delivered in the form of online questionnaires. A bundle of assessments represents one performance obligation, and revenue is recognized as assessment services are delivered and the Company has a legally enforceable right to payment. Tangible/digital products sold by the Company mainly consist of books and digital files covering a variety of topics, including performance management, team effectiveness, and coaching and development. The Company recognizes revenue for its products when sold or shipped, as is the case for books.

##### **Reimbursements**

The Company incurs certain out-of-pocket expenses that are reimbursed by its clients, which are accounted for as revenue in the consolidated statements of income.

##### **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 and 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.



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

##### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. As of April 30, 2019 and 2018, the Company's investments in cash equivalents consisted of money market funds for which market prices are readily available.

##### **Marketable Securities**

The Company currently has investments 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. 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. These investments are recorded at fair value, with the change in value in the period being reflected in the consolidated statements of income 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, dividend income and the changes in fair value in marketable securities are recorded in the accompanying consolidated statements of income in other income, net.

##### **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 April 30, 2019 and 2018, 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, marketable securities, foreign currency forward contracts and an interest rate swap. The carrying amount of cash, cash equivalents and accounts receivable approximates fair value due to the short-term maturity of these instruments. The fair values of marketable securities are obtained from quoted market prices, and the fair values of foreign currency forward contracts and the interest rate swap are obtained from a third party, which are based on quoted prices or market prices for similar assets and financial instruments.

##### **Derivative Financial Instruments**

The Company has entered into an interest rate swap agreement to effectively convert its variable debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's long-term debt, thus reducing the impact of interest rate changes on future interest payment cash flows. The Company has determined that the interest rate swap qualifies as a cash flow hedge in accordance with Accounting Standards Codification 815, *Derivatives and Hedging* ("ASC 815"). Changes in the fair value of an interest rate swap agreement designated as a cash flow hedge are recorded as a component of accumulated other comprehensive (loss) income within stockholders' equity and are amortized to interest expense over the term of the related debt.

##### **Foreign Currency Forward Contracts Not Designated as Hedges**

The Company has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures primarily originating from intercompany balances due to cross border work performed in the ordinary course of business. These foreign currency forward contracts are



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

neither used for trading purposes nor are they designated as hedging instruments pursuant to ASC815. Accordingly, the fair value of these contracts is recorded as of the end of the reporting period in the accompanying consolidated balance sheets, while the change in fair value is recorded to the accompanying consolidated statements of income.

#### ***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 noncontrolling 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.

#### ***Property and Equipment, Net***

Property and equipment is carried at cost less accumulated depreciation. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the asset, or the lease term, whichever is shorter. Software development costs incurred for internal use projects are capitalized and, once placed in service, amortized using the straight-line method over the estimated useful life, generally three to seven years. All other property and equipment is depreciated or amortized on a straight-line basis over the estimated useful lives of three to ten years.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In fiscal 2019, 2018 and 2017, there were no such impairment charges recorded.

#### ***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 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, 2019, 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 was also no indication of potential impairment during the fourth quarter of fiscal 2019 that would have required further testing.

Intangible assets primarily consist of customer lists, non-compete agreements, proprietary databases and IP. Intangible assets 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. During fiscal 2018, intangible assets with indefinite lives were not amortized, but were reviewed annually for impairment or more frequently whenever events or changes in circumstances indicated that the fair value of the asset may be less than its carrying amount. As of April 30, 2019 and 2018, there were no further indicators of impairment with respect to the Company's intangible assets, with the exception of the intangible asset impairment charge discussed below.



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

As described above, on June 12, 2018, the Company's Board of Directors voted to approve the Plan. This integrated go-to-market approach was a key driver in our fee revenue growth in fiscal 2018, which led to the decision to further integrate our go-to-market activities under one master brand — Korn Ferry. As a result, the Company discontinued the use of all sub-brands. Two of the Company's sub-brands, Hay Group and Lominger, came to Korn Ferry through acquisitions. In connection with the accounting for these acquisitions, \$106.6 million of the purchase price was allocated to indefinite-lived tradename intangible assets. As a result of the decision to discontinue their use, the Company took a non-cash intangible asset impairment charge of \$106.6 million during fiscal 2019, recorded in general and administrative expenses.

#### **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/profitability metrics for Advisory and RPO & Professional Search consultants), the level of engagements referred by a consultant in one line of business to a different line of business, and 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/line of business results including profitability, the achievement of strategic objectives, 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 \$257.3 million, \$220.4 million and \$179.6 million for the years ended April 30, 2019, 2018 and 2017, 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. Unearned compensation on the consolidated balance sheets includes long-term retention awards that are generally amortized over four-to-five years.

#### **Deferred Compensation and Pension Plans**

For financial accounting purposes, the Company estimates the present value of the future benefits payable under the deferred compensation and pension plans as of the estimated payment commencement date. The Company also estimates the remaining number of years a participant will be employed by the Company. Then, each year during the period of estimated employment, the Company accrues a liability and recognizes expense for a portion of the future benefit using the unit credit cost method for the Senior Executive Incentive Plan ("SEIP"), Wealth Accumulation Plan ("WAP"), Enhanced Wealth Accumulation Plan ("EWAP") and Worldwide Executive Benefit Plan ("WEB") and the pension plan acquired under Legacy Hay, while the medical and life insurance plan and Long Term Performance Unit Plan ("LTPU Plan") uses the projected unit credit cost method. The amounts charged to operations are made up of service and interest costs and the expected return on plan assets. Actuarial gains and losses are initially recorded in accumulated other comprehensive income (loss). The actuarial gains/losses included in accumulated other



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

comprehensive income are amortized to the consolidated statements of income, if at the beginning of the year, the amount exceeds 10% of the greater of the projected benefit obligation and market-related plan assets. The amortization included in periodic benefit cost is divided by the average remaining service of inactive plan participants, or the period for which benefits will be paid, if shorter. The expected return on plan assets takes into account the current fair value of plan assets and reflects the Company's estimate for trust asset returns given the current asset allocation and any expected changes to the asset allocation and current and future market conditions.

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

#### ***Executive Capital Accumulation Plan***

The Company, under the ECAP, makes discretionary contributions and such contributions may be granted to key employees annually based on the employee's performance. Certain key management may also receive Company contributions upon commencement of employment. The Company amortizes these contributions on a straight-line basis as they vest, generally over a four to five-year period. The amounts that are expected to be paid to employees over the next 12 months are classified as a current liability included in compensation and benefits payable in the accompanying consolidated balance sheets.

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.

#### ***Cash Surrender Value of Life Insurance***

The Company purchased COLI policies or contracts insuring the lives of certain employees eligible to participate in certain of the deferred compensation and pension plans as a means of funding benefits under such plans. The Company purchased both fixed and variable life insurance contracts and does not purchase "split-dollar" life insurance policy contracts. The Company only holds contracts or policies that provide for a fixed or guaranteed rate of return. The CSV of these COLI contracts are carried at the amounts that would be realized if the contract were surrendered at the balance sheet date, net of the outstanding loans from the insurer. The Company has the intention and ability to continue to hold these COLI policies and contracts. Additionally, the loans secured by the policies do not have any scheduled payment terms and the Company also does not intend to repay the loans outstanding on these policies until death benefits under the policy have been realized. Accordingly, the investment in COLI is classified as long-term in the accompanying consolidated balance sheets.

The change in the CSV of COLI contracts, net of insurance premiums paid and gains realized, is reported net in compensation and benefits expense. As of April 30, 2019 and 2018, the Company held contracts with net CSV of \$126.0 million and \$120.1 million, respectively. If the issuing insurance companies were to become insolvent, the Company would be considered a general creditor; therefore, these assets are subject to credit risk. Management, together with its outside advisors, routinely monitors the claims paying abilities of these insurance companies.

#### ***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. Such charges include one-time employee termination benefits and the cost to terminate an office lease, including remaining lease payments. 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 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 purchases under the ESPP on a straight-line basis over the service period for the entire award.





## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

##### ***Translation of Foreign Currencies***

Generally, financial results of the Company's foreign subsidiaries are measured in their local currencies. Assets and liabilities are translated into U.S. dollars at exchange rates in effect at the balance sheet date, while revenue and expenses are translated at weighted-average exchange rates during the fiscal year. Resulting translation adjustments are recorded as a component of accumulated comprehensive income. Gains and losses from foreign currency transactions of the Company's foreign subsidiaries and the translation of the financial results of subsidiaries operating in highly inflationary economies are included in general and administrative expense in the period incurred. During fiscal 2019 and 2018, the Company recorded foreign currency losses of \$1.7 million and \$3.3 million, respectively, in general and administrative expenses in the consolidated statements of income. During fiscal 2017, we recorded foreign currency gains of \$0.3 million in general and administrative expenses in the consolidated statements of income.

##### ***Income Taxes***

There are two components of income tax expense: current and deferred. Current income tax expense (benefit) approximates taxes to be paid or refunded for the current period. Deferred income tax expense (benefit) results from changes in deferred tax assets and liabilities between periods. These gross deferred tax assets and liabilities represent decreases or increases in taxes expected to be paid in the future because of future reversals of temporary differences in the basis of assets and liabilities as measured by tax laws and their basis as reported in the consolidated financial statements. Deferred tax assets are also recognized for tax attributes such as net operating loss carryforwards and tax credit carryforwards. Deferred tax assets and deferred tax liabilities are presented net on the consolidated balance sheets by tax jurisdiction. Valuation allowances are then recorded to reduce deferred tax assets to the amounts management concludes are more likely than not to be realized.

Income tax benefits are recognized and measured based upon a two-step model: (1) a tax position must be more-likely-than-not to be sustained based solely on its technical merits in order to be recognized and (2) the benefit is measured as the largest dollar amount of that position that is more-likely-than-not to be sustained upon settlement. The difference between the benefit recognized for a position and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit. The Company records income tax-related interest and penalties within income tax expense.

##### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, investments, foreign currency forward contracts, interest rate swap, receivables due from clients and net CSV due from insurance companies, which are discussed above. Cash equivalents include investments in money market securities while investments include mutual funds. Investments are diversified throughout many industries and geographic regions. The Company conducts periodic reviews of its customers' financial condition and customer payment practices to minimize collection risk on accounts receivable. At April 30, 2019 and 2018, the Company had no other significant credit concentrations.

##### ***Reclassifications***

Certain reclassifications have been made to the amounts in prior periods in order to conform to the current period's presentation.

##### ***Recently Adopted Accounting Standards***

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASC 606, which superseded revenue recognition requirements regarding contracts with customers to transfer goods or services or for the transfer of nonfinancial assets. Under this guidance, entities are required to recognize revenue that depicts 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 transfer is considered to occur when the customer obtains control of the goods or services delivered. The guidance provides a five-step analysis to be performed on transactions to determine when and how revenue is recognized. The new guidance became effective for fiscal years and interim periods within those annual years beginning after December 15, 2017. The Company adopted ASC 606 in its fiscal year beginning May 1, 2018 using the modified retrospective transition method with respect to those contracts still outstanding and not completed as of May 1, 2018.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

The Company recognized the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings. The comparative periods have not been restated and continue to be reported under the revenue accounting standards in effect for those periods. As a result of the adoption, the Company recorded an increase to retained earnings of \$6.7 million, net of tax as of May 1, 2018 due to the cumulative impact of adopting ASC 606. The change in total assets was recorded to unbilled receivables which is included in receivables due from clients; the changes in total liabilities was recorded to income taxes payable, deferred tax liabilities and deferred revenue, which is included in other accrued liabilities.

The following table summarizes the effect of changes made to our consolidated balance sheet at May 1, 2018:

	April 30, 2018	Adjustments due to ASC 606 (in thousands)	May 1, 2018
Total assets	\$ 2,287,914	\$ 3,496	\$ 2,291,410
Total liabilities	\$ 1,068,299	\$ (3,160 )	\$ 1,065,139
Total stockholders' equity	\$ 1,219,615	\$ 6,656	\$ 1,226,271

The adjustments primarily relate to uptick revenue (uptick revenue occurs when a placement's actual compensation is higher than the original estimated compensation) and certain Korn Ferry products that are now considered Functional IP. Under the new standard, uptick revenue is considered variable consideration and estimated at contract inception using the expected value method and recognized over the service period. Previously, the Company recognized uptick revenue as the amount became fixed or determinable. Under the new standard, certain products are now considered Functional IP as delivery of IP content fulfills the performance obligation, and revenue is recognized upon delivery and when an enforceable right to payment exists. Previously these products were considered term licenses and revenue was recognized ratably over the contract term.

In August 2016, the FASB issued guidance on the classification of certain cash receipts and cash payments in the statement of cash flows. The new guidance provides clarification on specific cash flow issues regarding presentation and classification in the statement of cash flows with the objective of reducing the existing diversity in practice. The amendments in this update are effective for reporting periods beginning after December 15, 2017 and were adopted by the Company effective May 1, 2018. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In January 2017, the FASB issued guidance that clarifies the definition of a business. The new guidance assists a company when evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The provisions of the guidance require that if the fair value of the gross assets acquired (or disposed of) is substantially concentrated in a single identifiable asset or a group of similar identifiable assets, then it is not a business. The provisions of the guidance are to be applied prospectively. The provisions of the guidance are effective for annual years beginning after December 15, 2017 and were adopted by the Company effective May 1, 2018. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

In March 2017, the FASB issued guidance that changes the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new guidance will change the presentation of net periodic benefit cost related to employer-sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. This pronouncement is effective for annual reporting periods beginning after December 15, 2017 and was adopted by the Company effective May 1, 2018. The change to the consolidated statements of income has been reflected on a retrospective basis and had no effect on net income. Prior period amounts were revised, which resulted in a decrease in compensation expense and other income of \$4.6 million and \$0.4 million, respectively, and an increase in interest expense of \$4.2 million, in fiscal 2018. For fiscal 2017, this resulted in a decrease in compensation expense and other income of \$5.8 million and \$1.5 million, respectively, and an increase in interest expense of \$4.4 million (see Note 6—*Deferred Compensation and Retirement Plans*).



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

In May 2017, the FASB issued guidance clarifying the scope of modification accounting for stock compensation. The new standard provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This pronouncement is effective for annual reporting periods beginning after December 15, 2017 and was adopted by the Company effective May 1, 2018. The adoption of this guidance did not have an impact on the Company's consolidated financial statements. Any future impact of this guidance will be dependent on future modification including the number of awards modified.

In February 2018, the FASB issued guidance that provides companies the option to reclassify stranded tax effects from accumulated other comprehensive (loss) income to retained earnings. The new guidance requires companies to disclose whether they decided to reclassify the income tax effects of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") from accumulated other comprehensive income (loss) to retained earnings. The guidance is effective for annual reporting periods beginning after December 15, 2018, but early adoption is permitted. The Company early adopted effective May 1, 2018, upon the adoption of this guidance we recorded an increase of \$2.2 million to retained earnings due to the reclassification from accumulated other comprehensive (loss) income to retained earnings in the period of adoption.

In August 2018, the FASB issued guidance amending and modifying the disclosure requirements for employers that sponsor defined benefit pension or other postretirement pension plans. The amendment removes disclosures to pension plans and other postretirement benefit plans that are no longer considered beneficial and adds disclosure requirements deemed relevant. The amendments of this standard are effective for fiscal years ending after December 15, 2020 with early adoption permitted. The Company early adopted the standard in the fourth quarter of fiscal 2019. The adoption of this guidance did not have an impact on the Company's consolidated financial statements (see Note 6—*Deferred Compensation and Retirement Plans*).

#### ***Recently Proposed Accounting Standards - Not Yet Adopted***

In February 2016, the FASB issued guidance on accounting for leases that generally requires all leases to be recognized on the consolidated balance sheet. The provisions of the guidance are effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Company plans to adopt this guidance in fiscal year beginning May 1, 2019. The provisions of the guidance are to be applied using a modified retrospective approach. On July 30, 2018, the FASB issued an amendment that allows entities to apply the provisions at the effective date without adjusting comparative periods. The FASB has also issued subsequent related ASUs, which detail amendments to the ASU, implementation considerations, narrow-scope improvements and practical expedients. The Company has elected to apply the group of practical expedients which allows the Company to carry forward its identification of contracts that are or contain leases, its historical lease classification and its initial direct costs for existing leases. The Company has also elected to combine lease and non-lease components for all asset classes and recognize leases with an initial term of 12 months on a straight-line basis without recognizing a right-to-use asset or operating lease liability. The Company is in the process of finalizing the data validation and associated internal controls for its selected global lease management system. We currently estimate that the adoption of this standard will result in the recording of a material right-of-use asset and a material operating lease liability, as well as enhanced disclosures. We do not expect the adoption of this standard to have an impact on the Company's consolidated statements of income, consolidated statements of stockholders' equity, or consolidated statements of cash flows.

In June 2016, the FASB issued guidance on accounting for measurement of credit losses on financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The standard is effective for fiscal years beginning after December 15, 2019. The Company will adopt this guidance in its fiscal year beginning May 1, 2020. The adoption of this guidance is not anticipated to have a material impact on the consolidated financial statements.



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

In January 2017, the FASB issued guidance simplifying the test for goodwill impairment. The new guidance simplifies the test for goodwill impairment by removing Step 2 from the goodwill impairment test. Companies will now perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value not to exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendments of this standard are effective for goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for goodwill impairment tests performed after January 1, 2017. The Company is evaluating the adoption timeline and the effects that the standard will have on the consolidated financial statements.

In August 2017, the FASB issued guidance amending and simplifying accounting for hedging activities. The new guidance will refine and expand strategies that qualify for hedge accounting and simplify the application of hedge accounting in certain situations. The amendments of this standard are effective for fiscal years beginning after December 15, 2018. The Company will adopt this guidance in its fiscal year beginning May 1, 2019. The Company is currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued guidance amending the disclosure requirements for fair value measurements. The amendment removes and modifies disclosures that are currently required and adds additional disclosures that are deemed relevant. The amendments of this standard are effective for fiscal years beginning after December 15, 2019. The Company will adopt this guidance in its fiscal year beginning May 1, 2020. The Company is currently evaluating the impact of adopting this guidance.

In August 2018, the FASB issued guidance amending accounting for internal-use software. The new guidance will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with developing or obtaining internal-use software. The amendments of this standard are effective for fiscal years ending after December 15, 2019 with early adoption permitted. The Company will adopt this guidance in its fiscal year beginning May 1, 2020. The Company is currently evaluating the impact of adopting this guidance.

#### 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. The Company has granted and expects to continue to grant to certain employees under its restricted stock agreements, grants that contain non-forfeitable rights to dividends. Such grants are considered participating securities. Therefore, the Company is 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. Financial instruments that are not in the form of common stock, but when converted into common stock increase earnings per share, are anti-dilutive and are not included in the computation of diluted earnings per share.

During fiscal 2019, 2018 and 2017, restricted stock awards of 0.6 million shares, 0.6 million shares and 0.5 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because they were anti-dilutive.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

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

	Year Ended April 30,		
	2019	2018	2017
	(in thousands, except per share data)		
<b>Net income attributable to Korn Ferry</b>	\$ 102,651	\$ 133,779	\$ 84,181
Less: distributed and undistributed earnings to nonvested restricted stockholders	1,066	1,426	765
<b>Basic net earnings attributable to common stockholders</b>	101,585	132,353	83,416
Add: undistributed earnings to nonvested restricted stockholders	831	1,187	560
Less: reallocation of undistributed earnings to nonvested restricted stockholders	820	1,169	553
<b>Diluted net earnings attributable to common stockholders</b>	<u>\$ 101,596</u>	<u>\$ 132,371</u>	<u>\$ 83,423</u>
<b>Weighted-average common shares outstanding:</b>			
Basic weighted-average number of common shares outstanding	55,311	55,426	56,205
Effect of dilutive securities:			
Restricted stock	750	822	646
ESPP	34	5	24
Stock options	1	1	25
Diluted weighted-average number of common shares outstanding	<u>56,096</u>	<u>56,254</u>	<u>56,900</u>
<b>Net earnings per common share:</b>			
Basic earnings per share	\$ 1.84	\$ 2.39	\$ 1.48
Diluted earnings per share	<u>\$ 1.81</u>	<u>\$ 2.35</u>	<u>\$ 1.47</u>

### 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 income (loss), net of taxes, is recorded as a component of stockholders' equity.

The components of accumulated other comprehensive (loss) income were as follows:

	April 30,	
	2019	2018
	(in thousands)	
Foreign currency translation adjustments	\$ (60,270 )	\$ (32,399 )
Deferred compensation and pension plan adjustments, net of taxes	(16,838 )	(9,073 )
Interest rate swap unrealized gain, net of taxes	456	1,337
Accumulated other comprehensive loss, net	<u>\$ (76,652 )</u>	<u>\$ (40,135 )</u>



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

The following table summarizes the changes in each component of accumulated other comprehensive (loss) income:

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized (Losses) Gains on Interest Rate Swap (2)	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of May 1, 2016	\$ (36,339)	\$ (21,572)	\$ —	\$ (57,911)
Unrealized (losses) gains arising during the period	(19,020)	4,584	(635)	(15,071)
Reclassification of realized net losses to net income	—	1,861	57	1,918
Balance as of April 30, 2017	(55,359)	(15,127)	(578)	(71,064)
Unrealized gains arising during the period	22,960	4,813	1,465	29,238
Reclassification of realized net losses to net income	—	1,241	450	1,691
Balance as of April 30, 2018	(32,399)	(9,073)	1,337	(40,135)
Unrealized losses arising during the period	(27,871)	(6,461)	(800)	(35,132)
Reclassification of realized losses (gains) to net income	—	1,092	(280)	812
Effect of adoption of accounting standard	—	(2,396)	199	(2,197)
Balance as of April 30, 2019	<u>\$ (60,270)</u>	<u>\$ (16,838)</u>	<u>\$ 456</u>	<u>\$ (76,652)</u>

- (1) The tax effects on unrealized (losses) gains were \$(2.3) million, \$2.5 million and \$1.9 million as of April 30, 2019, 2018 and 2017, respectively. The tax effects on reclassifications of realized net losses were \$0.4 million, \$0.8 million and \$1.2 million as of April 30, 2019, 2018 and 2017, respectively.
- (2) The tax effects on unrealized (losses) gains were \$(0.3) million, \$0.8 million and \$(0.4) million as of April 30, 2019, 2018 and 2017, respectively. The tax effect on the reclassification of realized net gains (losses) to net income was \$0.1 million and \$(0.3) million as of April 30, 2019 and 2018, respectively.

#### 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:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Restricted stock	\$ 22,063	\$ 20,282	\$ 18,045
ESPP	1,322	1,187	913
Total stock-based compensation expense, pre-tax	23,385	21,469	18,958
Tax benefit from stock-based compensation expense	(5,155)	(7,319)	(4,756)
Total stock-based compensation expense, net of tax	<u>\$ 18,230</u>	<u>\$ 14,150</u>	<u>\$ 14,202</u>

##### Stock Incentive Plan

At the Company's 2016 Annual Meeting of Stockholders, held on October 6, 2016, the Company's stockholders approved an amendment and restatement to the Korn Ferry Amended and Restated 2008 Stock Incentive Plan (the 2016 amendment and restatement being "The Third A&R 2008 Plan"), which among other things, increased the number of shares under the plan by 5,500,000, increasing the current maximum number of shares that may be issued under the plan to 11,200,000 shares, subject to certain changes in the Company's capital structure and other extraordinary events. The Third 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 stock or a combination thereof. Under the Third A&R 2008 Plan, the ability to issue full-value awards is limited by requiring full-value stock awards to count 2.3 times as much as stock options.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

#### Restricted Stock

The Company grants time-based restricted stock awards to executive officers and other senior employees generally vesting over a 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 using extensive market data that is 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 fair value, which is determined based on the closing price of the Company's common stock on the grant date. 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 the Company takes into account these estimates when calculating the expense for the period. As of April 30, 2019, no performance-based shares were outstanding.

Restricted stock activity is summarized below:

	April 30,					
	2019		2018		2017	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share data)					
Non-vested, beginning of year	1,730	\$ 33.45	1,581	\$ 29.74	1,506	\$ 34.12
Granted	671	\$ 40.93	650	\$ 37.60	852	\$ 17.43
Vested	(904)	\$ 36.41	(431)	\$ 26.13	(751)	\$ 24.15
Forfeited	(37)	\$ 32.26	(70)	\$ 33.26	(26)	\$ 26.80
Non-vested, end of year	1,460	\$ 38.42	1,730	\$ 33.45	1,581	\$ 29.74

As of April 30, 2019, there were 0.6 million shares outstanding relating to market-based restricted stock units with total unrecognized compensation totaling \$11.0 million.

As of April 30, 2019, there was \$35.0 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 2.4 years. During fiscal 2019 and 2018, 356,879 shares and 108,089 shares of restricted stock totaling \$20.7 million and \$3.8 million, respectively, were repurchased by the Company, at the option of the employee, to pay for taxes related to the 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. During fiscal 2019, 2018, and 2017, employees purchased 169,299 shares at \$42.05 per share, 198,749 shares at \$31.77 per share and 207,141 shares at \$20.93 per share, respectively. As of April 30, 2019, the ESPP had approximately 1.0 million shares remaining available for future issuance.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

#### Common Stock

During fiscal 2019, 2018 and 2017, the Company issued 6,720 shares, 41,075 shares and 53,955 shares of common stock, respectively, because of the exercise of stock options, with cash proceeds from the exercise of \$0.2 million, \$0.6 million and \$0.8 million, respectively.

During fiscal 2019, 2018 and 2017, the Company repurchased (on the open market or privately negotiated transactions) 809,074 shares, 984,079 shares and 1,140,576 shares, respectively, of the Company's common stock for \$37.4 million \$33.1 million and \$28.8 million, respectively.

#### 5. Financial Instruments

The following tables show the Company's financial instruments and balance sheet classification as of April 30, 2019 and 2018:

	April 30, 2019							
	Fair Value Measurement				Balance Sheet Classification			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities, Current	Marketable Securities, Non-current	Income Taxes & Other Receivables
	(in thousands)							
Level 1:								
Cash	\$ 579,998	\$ —	\$ —	\$ 579,998	\$ 579,998	\$ —	\$ —	\$ —
Money market funds	46,362	—	—	46,362	46,362	—	—	—
Mutual funds (1)	135,439	6,301	(989)	140,751	—	8,288	132,463	—
Total	<u>\$ 761,799</u>	<u>\$ 6,301</u>	<u>\$ (989)</u>	<u>\$ 767,111</u>	<u>\$ 626,360</u>	<u>\$ 8,288</u>	<u>\$ 132,463</u>	<u>\$ —</u>
Level 2:								
Foreign currency forward contracts	\$ —	\$ 821	\$ (722)	\$ 99	\$ —	\$ —	\$ —	\$ 99
Interest rate swap	\$ —	\$ 619	\$ —	\$ 619	\$ —	\$ —	\$ —	\$ 619

	April 30, 2018							
	Fair Value Measurement				Balance Sheet Classification			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities, Current	Marketable Securities, Non-current	Income Taxes & Other Receivables
	(in thousands)							
Level 1:								
Cash	\$ 519,818	\$ —	\$ —	\$ 519,818	\$ 519,818	\$ —	\$ —	\$ —
Money market funds	1,030	—	—	1,030	1,030	—	—	—
Mutual funds (1)	127,077	11,040	(1,032)	137,085	—	14,293	122,792	—
Total	<u>\$ 647,925</u>	<u>\$ 11,040</u>	<u>\$ (1,032)</u>	<u>\$ 657,933</u>	<u>\$ 520,848</u>	<u>\$ 14,293</u>	<u>\$ 122,792</u>	<u>\$ —</u>
Level 2:								
Foreign currency forward contracts	\$ —	\$ 1,778	\$ (1,025)	\$ 753	\$ —	\$ —	\$ —	\$ 753
Interest rate swap	\$ —	\$ 2,076	\$ —	\$ 2,076	\$ —	\$ —	\$ —	\$ 2,076

- (1) These investments are held in trust for settlement of the Company's vested obligations of \$122.3 million and \$118.2 million as of April 30, 2019 and 2018, respectively, under the ECAP (see Note 6 — *Deferred Compensation and Retirement Plans*). Unvested obligations under the deferred compensation plans totaled \$24.6 million and \$29.5 million as of April 30, 2019 and 2018, respectively. During fiscal 2019, 2018, and 2017, the fair value of the investments increased; therefore, the Company recognized income of \$8.1 million, \$10.3 million, and \$10.8 million, respectively, which was recorded in other income, net.





# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Investments in marketable securities 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 April 30, 2019 and 2018, the Company's investments in marketable securities consist of mutual funds for which market prices are readily available.

#### **Designated Derivatives - Interest Rate Swap Agreement**

In March 2017, the Company entered into an interest rate swap contract with a notional amount of \$129.8 million to hedge the variability to changes in cash flows attributable to interest rate risks caused by changes in interest rates related to its variable rate debt. The Company has designated the swap as a cash flow hedge. As of April 30, 2019 the notional amount was \$106.6 million. The interest rate swap agreement matures on June 15, 2021 and locks the interest rates on a portion of the debt outstanding at 1.919%, exclusive of the credit spread on the debt.

The fair value of the derivative designated as a cash flow hedge instrument is as follows:

	April 30,	
	2019	2018
	(in thousands)	
Derivative asset:		
Interest rate swap contract	\$ 619	\$ 2,076

During fiscal 2019, 2018 and 2017, the Company recognized the following gains and losses on the interest rate swap:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
(Losses) gains recognized in other comprehensive income (net of tax effects of (\$281), \$828, and (\$406), respectively)	\$ (800)	\$ 1,465	\$ (635)
Gains (losses) reclassified from accumulated other comprehensive income into interest (expense) income, net	\$ 376	\$ (730)	\$ (94)

As the critical terms of the hedging instrument and the hedged forecasted transaction are the same, the Company has concluded the changes in the fair value or cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis.

We estimate that \$0.4 million of derivative gains included in accumulated other comprehensive income as of April 30, 2019 will be reclassified into interest expense, net within the following 12 months. The cash flows related to interest rate swap contracts are included in net cash provided by operating activities.

#### **Foreign Currency Forward Contracts Not Designated as Hedges**

The fair value of derivatives not designated as hedge instruments are as follows:

	April 30,	
	2019	2018
	(in thousands)	
Derivative assets:		
Foreign currency forward contracts	\$ 821	\$ 1,778
Derivative liabilities:		
Foreign currency forward contracts	\$ 722	\$ 1,025



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

As of April 30, 2019, the total notional amounts of the forward contracts purchased and sold were \$51.4 million and \$40.0 million, respectively. As of April 30, 2018, the total notional amounts of the forward contracts purchased and sold were \$80.8 million and \$78.5 million, respectively. The Company recognizes forward contracts as a net asset or net liability on the consolidated balance sheets as such contracts are covered by master netting agreements. During fiscal 2019 and 2017, the Company incurred gains of \$1.2 million and \$0.6 million, respectively, related to forward contracts which is recorded in general and administrative expenses in the accompanying consolidated statements of income. These foreign currency gains offset foreign currency losses that result from transactions denominated in a currency other than the Company's functional currency. During fiscal 2018, the Company incurred losses of \$3.7 million related to forward contracts which is recorded in general and administrative expenses in the accompanying consolidated statements of income. These foreign currency losses offset foreign currency gains that result from transactions denominated in a currency other than the Company's functional currency. The cash flows related to foreign currency forward contracts are included in cash flows from operating activities.

#### 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.

The total benefit obligations for these plans were as follows:

	Year Ended April 30,	
	2019	2018
	(in thousands)	
Deferred compensation and pension plans	\$ 123,238	\$ 100,404
Medical and Life Insurance plan	7,310	7,157
International retirement plans	14,744	13,729
Executive Capital Accumulation Plan	130,161	128,430
Total benefit obligation	275,453	249,720
Less: current portion of benefit obligation	(17,818)	(21,991)
Non-current benefit obligation	\$ 257,635	\$ 227,729

#### Deferred Compensation and Pension Plans

The EWAP was established in fiscal 1994, which replaced the WAP. Certain vice presidents elected to participate in a "deferral unit" that required the participant to contribute a portion of their compensation for an eight year period, or in some cases, make an after-tax contribution, in return for defined benefit payments from the Company over a fifteen year period at retirement age of 65 or later. Participants were able to acquire additional "deferral units" every five years. Vice presidents who did not choose to roll over their WAP units into the EWAP continue to be covered under the earlier version in which participants generally vest and commence receipt of benefit payments at retirement age of 65. In June 2003, the Company amended the EWAP and WAP, so as not to allow new participants or the purchase of additional deferral units by existing participants.

The Company also maintains a SEIP for participants approved by the Board. Generally, to be eligible, the vice president must be participating in the EWAP. Participation in the SEIP required the participant to contribute a portion of their compensation during a four-year period, or in some cases make an after-tax contribution, in return for a defined benefit paid by the Company generally over a fifteen year period after ten years of participation in the plan or such later date as elected by the participant. In June 2003, the Company amended the SEIP, so as not to allow new participants or the purchase of additional deferral units by existing participants.

The Company has a defined benefit pension plan, referred to as the WEB, covering certain executives in the U.S. and foreign countries. The WEB is designed to integrate with government sponsored and local benefits and provide a monthly benefit to vice presidents upon retirement from the Company. Each year a plan participant accrued and was fully vested in one-twentieth of the targeted benefits expressed as a percentage set by the Company for that year. Upon retirement, a participant receives a monthly benefit payment equal to the sum of the percentages accrued over such participant's term of employment, up to a maximum of 20 years, multiplied by the participant's highest average monthly salary during the 36 consecutive months in the final 72 months of active full-time employment through June 2003. In June 2003, the Company froze the WEB, so as to not allow new participants, future accruals and future salary increases.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

In conjunction with the acquisition of Hay Group, the Company acquired multiple pension and savings plans covering certain of its employees worldwide. Among these plans is a defined benefit pension plan for certain employees in the U.S. The assets of this plan are held separately from the assets of the sponsors in self-administered funds. The plan is funded consistent with local statutory requirements.

On July 8, 2016, the Company established the LTPI Plan in order to promote the success of the Company by providing a select group of management and highly compensated employees with nonqualified supplemental retirement benefits as an additional means to attract, motivate and retain such employees. A unit award has a base value of \$50,000 for the purpose of determining the payment that would be made upon early termination for a partially vested unit awards. The units vest 25% on each anniversary date with the unit becoming fully vested on the fourth anniversary of the grant date, subject to the participant's continued service as of each anniversary date. Each vested unit award will pay out an annual benefit of \$25,000 for each of five years commencing on the seventh anniversary of the grant date.

#### Deferred Compensation and Pension Plans

The following tables reconcile the benefit obligation for the deferred compensation plans:

	Year Ended April 30,	
	2019	2018
	(in thousands)	
<b>Change in benefit obligation:</b>		
Benefit obligation, beginning of year	\$ 126,494	\$ 121,042
Service cost	17,281	11,373
Interest cost	5,044	3,787
Actuarial loss (gain)	7,803	(1,574 )
Administrative expenses paid	(272 )	(166 )
Benefits paid from plan assets	(1,877 )	(1,833 )
Benefits paid from cash	(6,104 )	(6,135 )
Benefit obligation, end of year	<u>148,369</u>	<u>126,494</u>
<b>Change in fair value of plan assets:</b>		
Fair value of plan assets, beginning of year	26,090	25,446
Actual return on plan assets	1,160	2,425
Benefits paid from plan assets	(1,877 )	(1,833 )
Administrative expenses paid	(272 )	(166 )
Employer contributions	30	218
Fair value of plan assets, end of year	<u>25,131</u>	<u>26,090</u>
Funded status and balance, end of year (1)	<u>\$ (123,238)</u>	<u>\$ (100,404)</u>
Current liability	\$ 8,331	\$ 6,496
Non-current liability	114,907	93,908
Total liability	<u>\$ 123,238</u>	<u>\$ 100,404</u>
<b>Plan Assets - weighted-average asset allocation:</b>		
Debt securities	54 %	55 %
Equity securities	45 %	44 %
Other	1 %	1 %
Total	<u>100 %</u>	<u>100 %</u>

- (1) 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. As of April 30, 2019 and 2018, the Company held contracts with gross CSV of \$219.2 million and \$186.8 million, offset by outstanding policy loans of \$93.2 million and \$66.7 million, respectively.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Significant changes affecting pension benefit obligations in 2019 compared to 2018 primarily included actuarial loss in 2019 due to a change in discount rate, update of census data and change in the mortality assumption that affect the assumptions used to value liabilities. The mortality assumption reflects a change from the use of the MP-2017 improvement scale to MP-2018 improvement scale, and from the use of no collar base tables to "top quartile" and white-collar base tables for some of our plans. The fair value measurements of the defined benefit plan assets fall within the following levels of the fair value hierarchy as of April 30, 2019 and 2018:

	Level 1	Level 2	Level 3	Total
	(in thousands)			
April 30, 2019:				
Mutual funds	\$ —	\$ 24,931	\$ —	\$ 24,931
Money market funds	200	—	—	200
Total	<u>\$ 200</u>	<u>\$ 24,931</u>	<u>\$ —</u>	<u>\$ 25,131</u>
April 30, 2018:				
Mutual funds	\$ —	\$ 25,899	\$ —	\$ 25,899
Money market funds	191	—	—	191
Total	<u>\$ 191</u>	<u>\$ 25,899</u>	<u>\$ —</u>	<u>\$ 26,090</u>

Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long term. The investment goal is a return on assets that is at least equal to the assumed actuarial rate of return over the long term within reasonable and prudent levels of risk. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk including quality and diversification standards. Asset allocation targets are reviewed periodically with investment advisors to determine the appropriate investment strategies for acceptable risk levels. Our target allocation ranges are as follows: equity securities 40% to 50%, debt securities 45% to 55% and other assets of 0% to 10%. We establish our estimated long-term return on plan assets considering various factors, including the targeted asset allocation percentages, historic returns and expected future returns.

The components of net periodic benefits costs are as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Service cost	\$ 17,281	\$ 11,373	\$ 5,402
Interest cost	5,044	3,787	3,925
Amortization of actuarial loss	1,798	2,308	3,051
Expected return on plan assets	(1,568)	(1,594)	(1,559)
Net periodic benefit cost (1)	<u>\$ 22,555</u>	<u>\$ 15,874</u>	<u>\$ 10,819</u>

(1) The service cost, interest cost and other components of net periodic benefit costs are included in compensation and benefits expense, interest expense, net and other income, net, respectively, on the consolidated statements of income.

The weighted-average assumptions used in calculating the benefit obligations were as follows:

	Year Ended April 30,		
	2019	2018	2017
Discount rate, beginning of year	3.93 %	3.57 %	3.18 %
Discount rate, end of year	3.57 %	3.93 %	3.57 %
Rate of compensation increase	0.00 %	0.00 %	0.00 %
Expected long-term rates of return on plan assets	6.00 %	6.25 %	6.50 %



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten years as follows:

Year Ending April 30,	Deferred Retirement Plans	
	(in thousands)	
2020	\$	10,595
2021		10,507
2022		10,068
2023		9,305
2024		19,150
2025-2029		165,527

#### Medical and Life Insurance Plan

In conjunction with the acquisition of Hay Group, the Company inherited a benefit plan which offers medical and life insurance coverage to 126 participants. In fiscal 2018, the Company amended the plan and required any active participants that were not yet eligible for benefits to retire within a short time frame in order to receive any benefits from the plan. As a result of the amendment, participants eligible to the plan declined and the Company reduced the benefit obligation by \$4.0 million against other comprehensive income (loss) during fiscal 2018. The medical and life insurance benefit plan is unfunded.

The following table reconciles the benefit obligation for the medical and life insurance plan:

	Year End April 30,	
	2019	2018
	(in thousands)	
<b>Change in benefit obligation:</b>		
Benefit obligation, beginning of year	\$ 7,157	\$ 12,147
Plan amendment	—	(4,008 )
Service cost	—	91
Interest cost	243	369
Actuarial loss (gain)	520	(875 )
Benefits paid	(610 )	(567 )
Benefit obligation, end of year	\$ 7,310	\$ 7,157
Current liability	\$ 643	\$ 668
Non-current liability	6,667	6,489
Total liability	\$ 7,310	\$ 7,157

The components of net periodic benefits costs are as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Service cost	\$ —	\$ 91	\$ 150
Interest cost	243	369	431
Net periodic service credit amortization	(308 )	(308 )	—
Amortization of actuarial gain	(14 )	—	—
Net periodic benefit cost (1)	\$ (79 )	\$ 152	\$ 581

- (1) The service cost, interest cost and the other components of net periodic benefit costs are included in compensation and benefits expense, interest expense, net and other income, net, respectively, on the consolidated statements of income.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

The weighted-average assumptions used in calculating the medical and life insurance plan were as follows:

	Year Ended April 30,		
	2019	2018	2017
Discount rate, beginning of year	3.94 %	3.75 %	3.36 %
Discount rate, end of year	3.67 %	3.94 %	3.75 %
Healthcare care cost trend rate	6.50 %	7.00 %	7.00 %

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten years as follows:

Year Ending April 30,	Medical and Life Insurance	
	(in thousands)	
2020	\$	651
2021		646
2022		632
2023		616
2024		597
2025-2029		2,542

#### **International Retirement Plans**

The Company also maintains various retirement plans and other miscellaneous deferred compensation arrangements in 23 foreign jurisdictions. The aggregate of the long-term benefit obligation accrued at April 30, 2019 and 2018 is \$14.7 million for 2,777 participants and \$13.7 million for 2,423 participants, respectively. The Company's contribution to these plans was \$13.3 million and \$11.8 million in fiscal 2019 and 2018, respectively.

#### **Executive Capital Accumulation Plan**

The Company's ECAP is intended to provide certain employees an opportunity to defer salary and/or bonus on a pre-tax basis. 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 on the employee's performance. Certain key management may also receive Company ECAP contributions upon commencement of employment. The Company amortizes these contributions on a straight-line basis over the service period, generally a four to five year period. Participants have the ability to allocate their deferrals among a number of investment options and may receive their benefits at termination, retirement or 'in service' either in a lump sum or in quarterly installments over one to 15 years. The ECAP amounts that are expected to be paid to employees over the next 12 months are classified as a current liability included in compensation and benefits payable on the accompanying consolidated balance sheets.

The Company issued ECAP awards during fiscal 2019, 2018 and 2017 of \$8.5 million, \$6.2 million and \$6.2 million, respectively.

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 fiscal 2019, 2018, and 2017, the deferred compensation liability increased; therefore, the Company recognized compensation expense of \$8.7 million, \$11.1 million, and \$10.6 million, respectively. Offsetting the increases in compensation and benefits liability was an increase in the fair value of marketable securities classified as trading (held in trust to satisfy obligations of the ECAP liabilities) of \$8.1 million, \$10.3 million, and \$10.8 million in fiscal 2019, 2018, and 2017, respectively, recorded in other income, net on the consolidated statements of income.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Changes in the ECAP liability were as follows:

	Year Ended April 30,	
	2019	2018
	(in thousands)	
Balance, beginning of year	\$ 128,430	\$ 111,584
Employee contributions	4,852	5,036
Amortization of employer contributions	9,573	12,175
Gain on investment	8,697	11,095
Employee distributions	(20,891)	(11,923)
Exchange rate fluctuations	(500)	463
Balance, end of year	130,161	128,430
Less: current portion	(8,844)	(14,827)
Non-current portion	\$ 121,317	\$ 113,603

As of April 30, 2019 and 2018, the unamortized portion of the Company contributions to the ECAP was \$16.8 million and \$19.2 million, respectively.

#### **Defined Contribution Plan**

The Company has a defined contribution plan ("401(k) plan") for eligible employees. Participants may contribute up to 50% of their base compensation as defined in the plan agreement. In addition, the Company has the option to make matching contributions. The Company intends to make matching contributions related to fiscal 2019 in fiscal 2020. The Company made a \$2.7 million matching contribution in fiscal 2019 related to contributions made by employees in fiscal 2018 and a \$2.3 million matching contribution in fiscal 2018 related to contributions made by employees in fiscal 2017.

#### **Company Owned Life Insurance**

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 \$219.2 million and \$186.8 million as of April 30, 2019 and 2018, respectively, is offset by outstanding policy loans of \$93.2 million and \$66.7 million in the accompanying consolidated balance sheets as of April 30, 2019 and 2018, respectively. Total death benefits payable, net of loans under COLI contracts, were \$223.6 million and \$226.0 million at April 30, 2019 and 2018, respectively. Management intends to use the future death benefits from these insurance contracts to fund the deferred compensation and pension arrangements; however, there may not be a direct correlation between the timing of the future cash receipts and disbursements under these arrangements. The CSV value of the underlying COLI investments increased by \$6.2 million, \$7.8 million and \$4.9 million during fiscal 2019, 2018 and 2017, respectively, recorded as a decrease in compensation and benefits expense. In addition, certain policies are held in trusts to provide additional benefit security for the deferred compensation and pension plans. As of April 30, 2019, COLI contracts with a net CSV of \$115.7 million and death benefits, net of loans, of \$178.7 million were held in trust for these purposes.

#### **7. Fee Revenue**

Substantially all fee revenue is derived from fees for professional services related to executive and professional recruitment performed on a retained basis, recruitment process outsourcing, talent and organizational advisory services and the sale of products, standalone or as part of a solution. The Company adopted ASC 606 in its fiscal year beginning May 1, 2018 using the modified retrospective transition method applied to those contracts still outstanding and not completed as of May 1, 2018. The impact of the adoption of ASC 606 to the balance sheet was immaterial.

#### **Contract Balances**

A contract asset (unbilled receivables) is recorded when the Company transfers control of products or services before there is an unconditional right to payment. A contract liability (deferred revenue) is recorded when cash is received in advance of performance of the obligation. Deferred revenue represents the future performance obligations to transfer control of products or services for which we have already received consideration. Deferred revenue is presented in other accrued liabilities on the consolidated balance sheet.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

The following table outlines our contract asset and liability balances as of April 30, 2019 and May 1, 2018:

	April 30, 2019	May 1, 2018
	(in thousands)	
Contract assets (unbilled receivables)	\$ 60,595	\$ 65,164
Contract liabilities (deferred revenue)	\$ 112,999	\$ 114,695

During the year ended April 30, 2019, we recognized revenue of \$97.0 million that was included in the contract liabilities balance at the beginning of the period.

#### Performance Obligations

The Company has elected to apply the practical expedient to exclude the value of unsatisfied performance obligations for contracts with a duration of one year or less, which applies to all executive search and professional search fee revenue. As of April 30, 2019, the aggregate transaction price allocated to the performance obligations that are unsatisfied for contracts with an expected duration of greater than one year at inception was \$539.5 million. Of the \$539.5 million of remaining performance obligations, we expect to recognize approximately \$307.7 million as fee revenue in fiscal 2020, \$132.2 million in fiscal 2021, \$77.4 million in fiscal 2022 and the remaining \$22.2 million in fiscal 2023 and thereafter. However, this amount should not be considered an indication of the Company's future revenue as contracts with an initial term of one year or less are not included. Further, our contract terms and conditions allow for clients to increase or decrease the scope of services and such changes do not increase or decrease a performance obligation until the Company has an enforceable right to payment.

#### Disaggregation of Revenue

The Company disaggregates its revenue by line of business and further by region for Executive Search. This information is presented in Note 11—Segments.

The following table provides further disaggregation of fee revenue by industry:

	Year Ended April 30,					
	2019		2018		2017	
	Dollars	%	Dollars	%	Dollars	%
	(dollars in thousands)					
Industrial	\$ 561,029	29.1 %	\$ 530,547	30.0 %	\$ 459,732	29.4 %
Financial Services	349,968	18.2	305,047	17.3	257,671	16.4
Life Sciences/Healthcare	323,091	16.8	294,999	16.7	273,493	17.5
Consumer Goods	297,676	15.5	276,979	15.7	263,671	16.8
Technology	260,918	13.5	226,142	12.8	198,867	12.7
Education/Non-Profit	122,524	6.3	120,809	6.8	99,978	6.4
General	10,827	0.6	12,694	0.7	12,109	0.8
Fee Revenue	<u>\$ 1,926,033</u>	<u>100.0 %</u>	<u>\$ 1,767,217</u>	<u>100.0 %</u>	<u>\$ 1,565,521</u>	<u>100.0 %</u>

#### 8. Income Taxes

Income from continuing operations before provision for income taxes and equity in earnings of unconsolidated subsidiaries was as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Domestic	\$ (22,350)	\$ 46,867	\$ 5,539
Foreign	156,379	158,866	110,470
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	<u>\$ 134,029</u>	<u>\$ 205,733</u>	<u>\$ 116,009</u>





# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

The provision (benefit) for domestic and foreign income taxes was as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
<b>Current income taxes:</b>			
Federal	\$ 6,152	\$ 29,400	\$ (2,026)
State	9,097	2,863	1,207
Foreign	42,091	44,434	23,334
Current provision for income taxes	57,340	76,697	22,515
<b>Deferred income taxes:</b>			
Federal	(16,211)	(3,530)	3,341
State	(7,682)	(317)	341
Foreign	(3,903)	(2,717)	2,907
Deferred (benefit) provision for income taxes	(27,796)	(6,564)	6,589
Total provision for income taxes	\$ 29,544	\$ 70,133	\$ 29,104

The reconciliation of the statutory federal income tax rate to the effective consolidated tax rate is as follows:

	Year Ended April 30,		
	2019	2018	2017
U.S. federal statutory income tax rate	21.0 %	30.4 %	35.0 %
Foreign tax rates differential	5.0	(2.3)	(9.1)
Transition tax	—	9.0	—
Deferred tax remeasurement	—	(2.4)	—
Non-deductible officers compensation	1.1	—	—
Excess tax benefit on stock-based compensation	(3.1)	—	—
Change in valuation allowance	(2.0)	(2.3)	(3.1)
Other	—	1.7	2.3
Effective income tax rate	22.0 %	34.1 %	25.1 %

The 21% corporate income tax rate enacted as part of the 2017 Tax Act went fully into effect in our fiscal 2019. In fiscal 2018, the Company was subject to a federal blended rate of 30.4% (35% in the eight months prior to enactment and 21% in the four months after). Our lower effective tax rate in fiscal 2019 is partially attributable to the reduced U.S. federal income tax rate as well as a tax benefit recorded in connection with stock-based compensation. In the last three fiscal years, the Company recorded an income tax benefit from the reversal of valuation allowances previously recorded against deferred tax assets, including net operating losses, of certain foreign subsidiaries that have returned to profitability and are now more-likely-than-not to realize those deferred tax assets.

In fiscal 2018, the Company recorded a provisional tax charge of \$18.4 million for the one-time tax on accumulated foreign earnings (the "Transition Tax") and a provisional tax benefit of \$5.9 million from the remeasurement of our U.S. federal deferred tax assets and liabilities at the rate at which we expected these deferred tax balances to be realized. In accordance with Staff Accounting Bulletin No. 118 ("SAB 118"), we finalized our computation of the Transition Tax and remeasurement of deferred tax balances in fiscal 2019 and determined that the provisional estimates recorded in the fiscal 2018 do not require adjustment. Although the SAB 118 measurement period has closed, and the Company did not make any adjustments to its provisional estimates recorded in prior periods, further technical guidance on a broad range of topics related to the Tax Act is expected. When applicable, we will recognize the effects of such guidance in the period in which it is issued.

The Tax Act also introduced a tax on Global Intangible Low-Taxed Income ("GILTI") which first became effective in fiscal 2019. The Company has elected to treat taxes due on future U.S. inclusions in taxable income related to GILTI as an expense when incurred (the "period cost method") as opposed to factoring such amounts in the Company's measurement of its deferred taxes (the "deferred method").



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Components of deferred tax assets and liabilities were as follows:

	April 30,	
	2019	2018
	(in thousands)	
<b>Deferred tax assets:</b>		
Deferred compensation	\$ 75,521	\$ 67,852
Loss carryforwards	22,467	22,297
Reserves and accruals	12,954	13,945
Deferred rent	7,652	6,827
Deferred revenue	1,090	1,793
Allowance for doubtful accounts	3,217	2,296
Other	—	982
Gross deferred tax assets	<u>122,901</u>	<u>115,992</u>
<b>Deferred tax liabilities:</b>		
Intangibles	(28,958 )	(57,046 )
Property and equipment	(15,883 )	(5,000 )
Prepaid expenses	(20,152 )	(19,123 )
Other	(1,759 )	(2,726 )
Gross deferred tax liabilities	<u>(66,752 )</u>	<u>(83,895 )</u>
Valuation allowances	(14,032 )	(15,682 )
Net deferred tax asset	<u>\$ 42,117</u>	<u>\$ 16,415</u>

Deferred tax assets are reduced by a valuation allowance if it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. Management believes uncertainty exists regarding the realizability of certain operating losses and has, therefore, established a valuation allowance for this portion of the deferred tax asset. Realization of the deferred tax asset is dependent on the Company generating sufficient taxable income of the appropriate nature in future years. Although realization is not assured, management believes that it is more likely than-not that the net deferred tax assets will be realized. Deferred tax assets and deferred tax liabilities are presented net on the consolidated balance sheets by tax jurisdiction.

As of April 30, 2019, the Company had U.S. federal net operating loss carryforwards of \$2.9 million, which the Company anticipates will be fully utilized by fiscal 2028. The Company has state net operating loss carryforwards of \$39.8 million, which, if unutilized, will begin to expire in fiscal 2020. The Company also has foreign net operating loss carryforwards of \$79.9 million, which, if unutilized, will begin to expire in fiscal 2020.

We continue to consider approximately \$555.4 million of undistributed earnings of our foreign subsidiaries to be indefinitely reinvested, and, accordingly, have provided no taxes on such earnings other than the Transition Tax. While we do not anticipate a need to repatriate funds to the U.S. to satisfy domestic liquidity needs, we review our cash positions regularly and, to the extent we determine that all or a portion of our foreign earnings are not indefinitely reinvested, we provide additional taxes, if applicable, including foreign withholding taxes and U.S. state income taxes.

The Company and its subsidiaries file federal and state income tax returns in the U.S. as well as in foreign jurisdictions. These income tax returns are subject to audit by the Internal Revenue Service (the "IRS") and various state and foreign tax authorities. The IRS has concluded its audit of our fiscal year 2016 federal tax return. The State of New York and the City of New York are currently auditing the Company's state income tax returns for various fiscal years. Outside the U.S., income tax returns of the Company's subsidiaries are under audit in India. The Company's income tax returns are not otherwise under examination in any material jurisdictions. The statute of limitations varies by jurisdiction in which the Company operates. With few exceptions, however, the Company's tax returns for years prior to fiscal 2013 are no longer open to examination by tax authorities (including U.S. federal, state and foreign).



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Unrecognized tax benefits are the differences between the amount of benefits of tax positions taken, or expected to be taken, on a tax return and the amount of benefits recognized for financial reporting purposes. As of April 30, 2019, the Company had a liability of \$7.8 million for unrecognized tax benefits. A reconciliation of the beginning and ending balances of the unrecognized tax benefits is as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
Unrecognized tax benefits, beginning of year	\$ 3,674	\$ 2,478	\$ 2,095
Settlement with tax authority	(1,771)	(708)	—
Additions based on tax positions related to the current year	1,775	1,116	383
Additions based on tax positions related to prior years	4,116	788	—
Unrecognized tax benefits, end of year	<u>\$ 7,794</u>	<u>\$ 3,674</u>	<u>\$ 2,478</u>

The full amount of unrecognized tax benefits would impact the effective tax rate if recognized. In the next 12 months, it is reasonably possible that the Company's unrecognized tax benefits could change due to the resolution of certain tax matters either because the tax positions are sustained on audit or the Company agrees to their disallowance. These resolutions could reduce the Company's liability for unrecognized tax benefits by approximately \$3.7 million. The Company does not expect a change in the amount of unrecognized tax benefits to have a material financial statement impact.

The Company classifies interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes. The Company had accruals of \$0.4 million and \$0.3 million for interest related to unrecognized tax benefits as of April 30, 2019 and 2018, respectively. The Company had no accrual for penalties related to unrecognized tax benefits as of April 30, 2019 and 2018. The Company recognized interest expense of \$0.1 million, \$0.3 million and \$0.1 million during the years ended April 30, 2019, 2018 and 2017, respectively.

#### 9. Property and Equipment, Net

Property and equipment include the following:

	April 30,	
	2019	2018
	(in thousands)	
Computer equipment and software (1)	\$ 220,894	\$ 191,437
Leasehold improvements	84,368	82,467
Furniture and fixtures	42,318	42,889
Automobiles	1,022	1,305
	<u>348,602</u>	<u>318,098</u>
Less: accumulated depreciation and amortization	<u>(217,097)</u>	<u>(198,197)</u>
Property and equipment, net	<u>\$ 131,505</u>	<u>\$ 119,901</u>

(1) Depreciation expense for capitalized software was \$14.6 million, \$12.8 million and \$12.6 million during fiscal 2019, 2018 and 2017, respectively. The net book value of the Company's computer software costs included in property and equipment, net was \$65.8 million and \$46.4 million as of April 30, 2019 and 2018, respectively.

Depreciation expense for property and equipment was \$33.0 million, \$33.8 million and \$31.9 million during fiscal 2019, 2018 and 2017, respectively.

#### 10. Long-Term Debt

On December 19, 2018, the Company entered into an Amended and Restated Credit Agreement (the "Credit Agreement") with a syndicate of banks and Wells Fargo Bank, National Association as administrative agent to among other things, provide for enhanced financial flexibility. The Credit Agreement provides for, among other things: (a) a \$650.0 million five-year senior secured revolving credit facility (the "Revolver") and (b) certain customary affirmative and negative covenants, including a maximum consolidated total leverage ratio (as defined below) and a minimum interest coverage ratio. The Credit Agreement permits the payment of dividends to stockholders and Company share repurchases so long as pro forma leverage ratio is no greater than 3.25 to 1.00, and the pro forma domestic liquidity is at least \$50.0 million. The Company drew down \$226.9 million on the Revolver and used the proceeds to pay-off



## KORN FERRY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### April 30, 2019 (continued)

the term loan that was outstanding as of December 19, 2018. The payoff of the old credit facility and draw down on the new Revolver are considered a debt modification and therefore, the previously incurred unamortized and current debt issuance costs will be amortized over the life of the new issuance. The principal balance of the revolver is due on the date of its termination. The Revolver matures on December 19, 2023 and any unpaid principal balance is payable on this date. The Revolver may also be prepaid and terminated early by the Company at any time without premium or penalty (subject to customary LIBOR breakage fees).

At the Company's option, loans issued under the Credit Agreement will bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The interest rate applicable to loans outstanding under the Credit Agreement may fluctuate between LIBOR plus 1.25% per annum to LIBOR plus 2.00% per annum, in the case of LIBOR borrowings (or between the alternate base rate plus 0.25% per annum and the alternate base rate plus 1.00% per annum, in the alternative), based upon the Company's total funded debt to Adjusted EBITDA ratio (as set forth in the Credit Agreement, the "consolidated leverage ratio") at such time. In addition, the Company will be required to pay to the lenders a quarterly commitment fee ranging from 0.20% to 0.35% per annum on the average daily unused amount of the Revolver, based upon the Company's consolidated leverage ratio at such time, and fees relating to the issuance of letters of credit. During fiscal 2019 the average interest rate on our long-term debt arrangements was 3.50%. During fiscal 2018 the average interest rate on our previous term loan was 2.60%.

As of April 30, 2019, \$226.9 million was outstanding under the Revolver compared to \$238.9 million as of April 30, 2018, under the previous term loan. The unamortized debt issuance costs associated with the long-term debt were \$4.0 million and \$2.7 million as of April 30, 2019 and April 30, 2018, respectively. The fair value of the Company's Revolver is based on borrowing rates currently required of loans with similar terms, maturity and credit risk. The carrying amount of the Revolver approximates fair value because the base interest rate charged varies with market conditions and the credit spread is commensurate with current market spreads for issuers of similar risk. The fair value of the Revolver is classified as a Level 2 liability in the fair value hierarchy. As of April 30, 2019, the Company was in compliance with its debt covenants.

The Company had a total of \$420.2 million available under the Revolver after the Company drew down \$226.9 million and after \$2.9 million of standby letters of credit were issued as of April 30, 2019. As of April 30, 2018, the Company had no borrowings under its previous revolver. The Company had a total of \$122.1 million available under the previous revolver after \$2.9 million of standby letters of credit were issued as of April 30, 2018. The Company had a total of \$8.5 million and \$7.4 million of standby letters with other financial institutions as of April 30, 2019 and 2018, respectively. The standby letters of credits were generally issued as a result of entering into office premise leases.

The Company has outstanding borrowings against the CSV of COLI contracts of \$93.2 million and \$66.7 million at April 30, 2019 and 2018, respectively. CSV reflected in the accompanying consolidated balance sheets is net of the outstanding borrowings, which are secured by the CSV of the life insurance policies. Principal payments are not scheduled and interest is payable at least annually at various fixed and variable rates ranging from 4.76% to 8.00%.

#### 11. Segments

The Company currently operates through three global segments: Executive Search, Advisory and RPO & Professional Search. The Executive Search segment focuses on recruiting board level, chief executive and other senior executive and general management positions, in addition to research-based interviewing and onboarding solutions, for clients predominantly in the consumer goods, financial services, industrial, life sciences/healthcare and technology industries. Advisory assists clients to synchronize strategy and talent by addressing four fundamental needs: Organizational Strategy, Assessment and Succession, Leadership Development and Rewards and Benefits, all underpinned by a comprehensive array of world-leading IP, products and tools. RPO & Professional Search 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 Search segment is managed by geographic regional leaders and Advisory and RPO & Professional Search worldwide operations are managed by their Chief Executive Officers. The Executive Search geographic regional leaders and the Chief Executive Officers of Advisory and RPO & Professional Search report directly to the Chief Executive Officer of the Company. The Company also operates a Corporate segment to record global expenses of the Company.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

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/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. For fiscal 2017, Adjusted EBITDA included deferred revenue adjustment related to the Hay Group acquisition, reflecting revenue that Advisory would have realized if not for business combination accounting that requires a company to record the acquisition balance sheet at fair value and write-off deferred revenue where no future services are required to be performed to earn that revenue. For fiscal 2019 and 2018, management no longer had adjusted fee revenue. 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.

Financial highlights by operating segment are as follows:

	Year Ended April 30, 2019								
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated
	North America	EMEA	Asia Pacific	Latin America	Subtotal				
	(in thousands)								
Fee revenue	\$ 455,826	\$ 182,829	\$ 104,291	\$ 31,896	\$ 774,842	\$ 821,048	\$ 330,143	\$ —	\$ 1,926,033
Total revenue	\$ 469,743	\$ 186,131	\$ 105,543	\$ 31,960	\$ 793,377	\$ 838,620	\$ 341,865	\$ —	\$ 1,973,862
Net income attributable to Korn Ferry									\$ 102,651
Net income attributable to noncontrolling interest									2,145
Other income, net									(10,094)
Interest expense, net									16,891
Equity in earnings of unconsolidated subsidiaries, net									(311)
Income tax provision									29,544
Operating income (loss)	\$ 120,754	\$ 29,974	\$ 24,364	\$ 3,998	\$ 179,090	\$ 5,617	\$ 50,884	\$ (94,765)	\$ 140,826
Depreciation and amortization	3,890	1,254	1,428	410	6,982	29,057	3,255	7,195	46,489
Other income (loss), net	6,388	432	281	322	7,423	3,198	268	(795)	10,094
Equity in earnings of unconsolidated subsidiaries, net	311	—	—	—	311	—	—	—	311
EBITDA	131,343	31,660	26,073	4,730	193,806	37,872	54,407	(88,365)	197,720
Integration/acquisition costs	—	—	—	—	—	6,559	—	187	6,746
Tradename write-offs	—	—	—	—	—	106,555	—	—	106,555
Adjusted EBITDA	\$ 131,343	\$ 31,660	\$ 26,073	\$ 4,730	\$ 193,806	\$ 150,986	\$ 54,407	\$ (88,178)	\$ 311,021
Identifiable assets (1)	\$ 427,089	\$ 171,120	\$ 116,006	\$ 24,600	\$ 738,815	\$ 1,045,432	\$ 166,492	\$ 384,113	\$ 2,334,852
Long-lived assets (1)	\$ 19,864	\$ 9,266	\$ 9,255	\$ 2,711	\$ 41,096	\$ 46,689	\$ 8,980	\$ 34,740	\$ 131,505
Goodwill (1)	\$ 46,571	\$ 45,480	\$ 972	\$ —	\$ 93,023	\$ 457,361	\$ 27,914	\$ —	\$ 578,298

(1) As of the end of the fiscal year.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

	Year Ended April 30, 2018									
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated	
	North America	EMEA	Asia Pacific	Latin America	Subtotal					
	(in thousands)									
Fee revenue	\$ 408,098	\$ 173,725	\$ 96,595	\$ 30,624	\$ 709,042	\$ 785,013	\$ 273,162	\$ —	\$ 1,767,217	
Total revenue	\$ 421,260	\$ 177,234	\$ 98,062	\$ 30,717	\$ 727,273	\$ 801,005	\$ 291,241	\$ —	\$ 1,819,519	
Net income attributable to Korn Ferry									\$ 133,779	
Net income attributable to noncontrolling interest									2,118	
Other income, net									(11,119)	
Interest expense, net									13,832	
Equity in earnings of unconsolidated subsidiaries, net									(297 )	
Income tax provision									70,133	
Operating income (loss)	\$ 100,397	\$ 26,768	\$ 18,425	\$ 4,022	\$ 149,612	\$ 100,535	\$ 39,396	\$ (81,097)	\$ 208,446	
Depreciation and amortization	3,930	1,689	1,408	455	7,482	31,527	3,054	6,525	48,588	
Other income, net	845	168	373	181	1,567	2,501	152	6,899	11,119	
Equity in earnings of unconsolidated subsidiaries, net	297	—	—	—	297	—	—	—	297	
EBITDA	105,469	28,625	20,206	4,658	158,958	134,563	42,602	(67,673)	268,450	
Restructuring charges (recoveries), net	—	—	313	—	313	(241 )	6	—	78	
Integration/acquisition costs	—	—	—	—	—	9,151	—	279	9,430	
Adjusted EBITDA	\$ 105,469	\$ 28,625	\$ 20,519	\$ 4,658	\$ 159,271	\$ 143,473	\$ 42,608	\$ (67,394)	\$ 277,958	
Identifiable assets (1)	\$ 411,347	\$ 198,815	\$ 98,599	\$ 23,832	\$ 732,593	\$ 1,092,474	\$ 144,160	\$ 318,687	\$ 2,287,914	
Long-lived assets (1)	\$ 22,813	\$ 11,018	\$ 10,834	\$ 3,203	\$ 47,868	\$ 42,605	\$ 6,390	\$ 23,038	\$ 119,901	
Goodwill (1)	\$ 47,757	\$ 47,501	\$ 972	\$ —	\$ 96,230	\$ 458,169	\$ 29,823	\$ —	\$ 584,222	

(1) As of the end of the fiscal year.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

	Year Ended April 30, 2017								
	Executive Search					Advisory	RPO & Professional Search	Corporate	Consolidated
	North America	EMEA	Asia Pacific	Latin America	Subtotal				
	(in thousands)								
Fee revenue	\$ 356,625	\$ 146,506	\$ 80,169	\$ 34,376	\$ 617,676	\$ 724,186	\$ 223,659	\$ —	\$ 1,565,521
Deferred revenue adjustment due to acquisition	—	—	—	—	—	3,535	—	—	3,535
Adjusted fee revenue	<u>\$ 356,625</u>	<u>\$ 146,506</u>	<u>\$ 80,169</u>	<u>\$ 34,376</u>	<u>\$ 617,676</u>	<u>\$ 727,721</u>	<u>\$ 223,659</u>	<u>\$ —</u>	<u>\$ 1,569,056</u>
Total revenue	\$ 369,803	\$ 150,113	\$ 81,744	\$ 34,533	\$ 636,193	\$ 741,533	\$ 243,943	\$ —	\$ 1,621,669
Net income attributable to Korn Ferry									\$ 84,181
Net income attributable to noncontrolling interest									3,057
Other income, net									(10,328)
Interest expense, net									14,607
Equity in earnings of unconsolidated subsidiaries, net									(333)
Income tax provision									29,104
Operating income (loss)	\$ 81,621	\$ 27,854	\$ 8,580	\$ 6,268	\$ 124,323	\$ 47,429	\$ 29,995	\$ (81,459)	\$ 120,288
Depreciation and amortization	3,812	1,030	1,060	483	6,385	32,262	2,818	5,795	47,260
Other income (loss), net	844	(15)	300	684	1,813	1,900	(91)	6,706	10,328
Equity in earnings of unconsolidated subsidiaries, net	333	—	—	—	333	—	—	—	333
EBITDA	86,610	28,869	9,940	7,435	132,854	81,591	32,722	(68,958)	178,209
Restructuring charges, net	1,719	629	1,495	773	4,616	29,663	101	220	34,600
Integration/acquisition costs	—	—	—	—	—	14,440	—	7,939	22,379
Deferred revenue adjustment due to acquisition	—	—	—	—	—	3,535	—	—	3,535
Separation costs	—	—	—	—	—	609	—	—	609
Adjusted EBITDA	<u>\$ 88,329</u>	<u>\$ 29,498</u>	<u>\$ 11,435</u>	<u>\$ 8,208</u>	<u>\$ 137,470</u>	<u>\$ 129,838</u>	<u>\$ 32,823</u>	<u>\$ (60,799)</u>	<u>\$ 239,332</u>
Identifiable assets (1)	\$ 340,069	\$ 158,927	\$ 87,845	\$ 26,897	\$ 613,738	\$ 1,057,611	\$ 116,717	\$ 274,832	\$ 2,062,898
Long-lived assets (1)	\$ 23,746	\$ 11,089	\$ 8,371	\$ 3,262	\$ 46,468	\$ 37,846	\$ 6,693	\$ 18,560	\$ 109,567
Goodwill (1)	\$ 46,201	\$ 44,976	\$ 972	\$ —	\$ 92,149	\$ 457,241	\$ 27,475	\$ —	\$ 576,865

(1) As of the end of the fiscal year.

Fee revenue attributed to an individual customer or country, other than the U.S. and United Kingdom, did not account for more than 10% of the total fee revenue in fiscal 2019, 2018 or 2017. Fee revenue classified by country in which the Company derives revenues are as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
U.S.	\$ 859,969	\$ 778,470	\$ 728,871
United Kingdom	202,055	176,091	145,551
Other countries	864,009	812,656	691,099
Total fee revenue	<u>\$ 1,926,033</u>	<u>\$ 1,767,217</u>	<u>\$ 1,565,521</u>



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

Other than the U.S., no single country controlled over 10% of the total long-lived assets, excluding financial instruments and tax assets. Long-lived assets, excluding financial instruments and tax assets, classified by controlling country are as follows:

	Year Ended April 30,		
	2019	2018	2017
	(in thousands)		
U.S. (1)	\$ 98,455	\$ 80,424	\$ 70,949
Other countries	33,050	39,477	38,618
Total long-lived assets	<u>\$ 131,505</u>	<u>\$ 119,901</u>	<u>\$ 109,567</u>

(1) Includes Corporate long-lived assets

#### 12. Restructuring Charges, Net

During fiscal 2016, the Company implemented a restructuring plan in order to rationalize its cost structure by eliminating redundant positions and consolidating office space due to the acquisition of Hay Group on December 1, 2015. The Company continued the implementation of the fiscal 2016 restructuring plan in fiscal 2017 and 2018. This resulted in restructuring charges of \$0.1 million in fiscal 2018 related to the consolidation of premises and restructuring charges of \$34.6 million in fiscal 2017, of which \$16.0 million related to severance and \$18.6 million related to the consolidation of premises. No restructuring charges, net were incurred in fiscal 2019.

#### 13. Goodwill and Intangible Assets

Changes in the carrying value of goodwill by reportable segment were as follows:

	Executive Search				Advisory	RPO & Professional Search	Consolidated
	North America	EMEA	Asia Pacific	Subtotal			
	(in thousands)						
Balance as of May 1, 2017	\$ 46,201	\$ 44,976	\$ 972	\$ 92,149	\$ 457,241	\$ 27,475	\$ 576,865
Exchange rate fluctuations	1,556	2,525	—	4,081	928	2,348	7,357
Balance as of April 30, 2018	47,757	47,501	972	96,230	458,169	29,823	584,222
Exchange rate fluctuations	(1,186)	(2,021)	—	(3,207)	(808)	(1,909)	(5,924)
Balance as of April 30, 2019	<u>\$ 46,571</u>	<u>\$ 45,480</u>	<u>\$ 972</u>	<u>\$ 93,023</u>	<u>\$ 457,361</u>	<u>\$ 27,914</u>	<u>\$ 578,298</u>

Tax deductible goodwill from the PIVOT Leadership acquisition was \$7.1 million and \$7.0 million as of April 30, 2019 and 2018, respectively.

Intangible assets include the following:

	April 30, 2019			April 30, 2018		
	(in thousands)					
Amortized intangible assets:	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer lists	\$ 125,099	\$ (53,352)	\$ 71,747	\$ 125,099	\$ (42,248)	\$ 82,851
Intellectual property	33,100	(22,045)	11,055	33,100	(20,112)	12,988
Proprietary databases	4,256	(4,053)	203	4,256	(3,628)	628
Non-compete agreements	910	(893)	17	910	(873)	37
Trademarks	3,986	(3,986)	—	3,986	(3,986)	—
Total	<u>\$ 167,351</u>	<u>\$ (84,329)</u>	<u>83,022</u>	<u>\$ 167,351</u>	<u>\$ (70,847)</u>	<u>96,504</u>
Unamortized intangible assets:						
Trademarks			—			106,000
Exchange rate fluctuations			(74)			712
Total Intangible assets			<u>\$ 82,948</u>			<u>\$ 203,216</u>





# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

During fiscal 2019, the Company decided to further integrate our go-to-market activities under one master brand —Korn Ferry, and discontinued the use of all sub-brands. Two of the Company's sub-brands, Hay Group and Lominger, came to Korn Ferry through acquisitions. As a result of the decision to discontinue their use, the Company took a non-cash intangible asset impairment charge of \$106.6 million during the year ended April 30, 2019, recorded in general and administrative expenses.

Amortization expense for amortized intangible assets was \$13.5 million, \$14.7 million and \$15.4 million during fiscal 2019, 2018 and 2017, respectively. Estimated annual amortization expense related to amortizing intangible assets is as follows:

<u>Year Ending April 30,</u>	<u>Estimated Annual Amortization Expense</u>
	<u>(in thousands)</u>
2020	\$ 13,204
2021	13,071
2022	13,060
2023	11,208
2024	8,731
Thereafter	23,748
	<u>\$ 83,022</u>

All amortizable intangible assets will be fully amortized by the end of fiscal 2032.

#### 14. Commitments and Contingencies

##### *Lease Commitments*

The Company leases office premises and certain office equipment under leases expiring at various dates through 2030. Total rental expense during fiscal 2019, 2018 and 2017 amounted to \$58.2 million, \$57.6 million and \$56.8 million, respectively.

Future minimum commitments under non-cancelable operating leases with lease terms in excess of one year excluding commitments accrued in the restructuring liability are as follows:

<u>Year Ending April 30,</u>	<u>Lease Commitments</u>
	<u>(in thousands)</u>
2020	\$ 55,351
2021	52,567
2022	45,465
2023	38,582
2024	34,008
Thereafter	74,764
	<u>\$ 300,737</u>

##### *Employment Agreements*

The Company has a policy of entering into offer letters of employment or letters of promotion with vice presidents, which provide for an annual base salary and discretionary and incentive bonus payments. Certain key vice presidents who typically have been employed by the Company for several years may also have a standard form employment agreement. Upon termination without cause, the Company is required to pay the amount of severance due under the employment agreement, if any. The Company also requires its vice presidents to agree in their employment letters and their employment agreement, if applicable, not to compete with the Company during the term of their employment and for a certain period after their employment ends.



# KORN FERRY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### April 30, 2019 (continued)

#### Litigation

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

#### 15. Quarterly Results (Unaudited)

The following table sets forth certain unaudited consolidated statements of income data for the quarters in fiscal 2019 and 2018. The unaudited quarterly information has been prepared on the same basis as the annual financial statements and, in management's opinion, includes all adjustments necessary to present fairly the information for the quarters presented.

	Quarters Ended							
	Fiscal 2019				Fiscal 2018			
	April 30	January 31	October 31	July 31	April 30	January 31	October 31	July 31
	(in thousands, except per share data)							
Fee revenue	\$ 490,756	\$ 474,504	\$ 495,205	\$ 465,568	\$ 475,364	\$ 447,581	\$ 443,018	\$ 401,254
Operating income (loss)	\$ 62,275	\$ 62,683	\$ 70,987	\$ (55,119)	\$ 64,197	\$ 49,846	\$ 52,468	\$ 41,935
Net income (loss)	\$ 50,627	\$ 45,444	\$ 47,317	\$ (38,592)	\$ 42,309	\$ 27,427	\$ 36,732	\$ 29,429
Net income (loss) attributable to Korn Ferry	\$ 50,264	\$ 44,964	\$ 46,034	\$ (38,611)	\$ 41,160	\$ 27,247	\$ 36,331	\$ 29,041
Net earnings (loss) per common share:								
Basic	\$ 0.90	\$ 0.81	\$ 0.82	\$ (0.70)	\$ 0.74	\$ 0.49	\$ 0.65	\$ 0.52
Diluted	\$ 0.89	\$ 0.80	\$ 0.81	\$ (0.70)	\$ 0.73	\$ 0.48	\$ 0.64	\$ 0.51

#### 16. Subsequent Event

##### Quarterly Dividend Declaration

On June 20, 2019, the Board of Directors of the Company declared a cash dividend of \$0.10 per share with a payment date of July 31, 2019 to holders of the Company's common stock of record at the close of business on July 2, 2019. 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.

**KORN FERRY AND SUBSIDIARIES**  
**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**  
**April 30, 2019**

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions		Deductions (2)	Balance at End of Period
		Charges to Cost and Expenses	Recoveries (Charges) to Other Accounts (1)		
			(in thousands)		
Allowance for doubtful accounts:					
Year Ended April 30, 2019	\$ 17,845	\$ 14,260	\$ (826)	\$ (9,697)	\$ 21,582
Year Ended April 30, 2018	\$ 15,455	\$ 13,675	\$ 551	\$ (11,836)	\$ 17,845
Year Ended April 30, 2017	\$ 11,292	\$ 12,987	\$ (415)	\$ (8,409)	\$ 15,455
Deferred tax asset valuation allowance:					
Year Ended April 30, 2019	\$ 15,682	\$ 5,170	\$ —	\$ (6,820)	\$ 14,032
Year Ended April 30, 2018	\$ 21,278	\$ 3,421	\$ —	\$ (9,017)	\$ 15,682
Year Ended April 30, 2017	\$ 22,030	\$ 7,931	\$ —	\$ (8,683)	\$ 21,278

(1) Exchange rate fluctuations.

(2) Allowance for doubtful accounts represents accounts written-off, net of recoveries and deferred tax asset valuation represents release of prior valuation allowances.



CUSIP IDENTIFIER	XXXXXX XX
HOLDER ID	XXXXXXXXXX
Insurance Value	1,000,000.00
Number of Shares	123456
DTC	12345678 12345678912345
Certificate Numbers	
12345678901234567890	1
12345678901234567890	1
12345678901234567890	2
12345678901234567890	2
12345678901234567890	3
12345678901234567890	3
Total Transaction	4 4 4 4

COMMON STOCK  
PAR VALUE \$0.01

Certificate  
Number  
**ZQ00000000**

**KORN FERRY**  
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &  
MR. SAMPLE & MRS. SAMPLE

is the owner of

**\*\*\*ZERO HUNDRED THOUSAND  
ZERO HUNDRED AND ZERO\*\*\***

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

Korn Ferry transferable in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned by the transfer agent and registered by the registrar.  
Witness the seal of the corporation and the facsimile signatures of its duly authorized officers.

Executive Vice President, Chief Financial Officer  
and Chief Corporate Officer

General Counsel

**KORN FERRY  
CORPORATION  
SEAL  
DELAWARE**

DATED 00-MMM-YYYY  
COUNTERSIGNED AND REGISTERED:  
COMPUTERSHARE TRUST COMPANY, N.A.  
TRANSFER AGENT AND REGISTRAR.

By \_\_\_\_\_  
AUTHORIZED SIGNATURE

Shares

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 500643 20 0

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT [www.computershare.com](http://www.computershare.com)

SECURITY INSTRUCTIONS ON REVERSE

# KORN FERRY

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS, A COPY OF THE DESIGNATIONS, POWERS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THERE OF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUESTS MAY BE ADDRESSED TO THE SECRETARY OF THE CORPORATION.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - ..... Custodian.....

under uniform Gifts to Minors Act.....

UNIF TRF MIN ACT - ..... Custodian (until age..... )

under Uniform Transfers to Minors Act.....

Additional abbreviations may also be used though not in the above list.

For value received, ..... hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

..... Shares  
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

..... Attorney  
to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: ..... 20.....

Signature: .....

Signature: .....

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp  
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

## SECURITY INSTRUCTIONS

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis. If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

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**KORN FERRY  
DESCRIPTION OF SECURITIES**

**DESCRIPTION OF COMMON STOCK**

Our authorized capital stock consists of 200,000,000 shares, each with a par value of \$0.01 per share, of which:

- 150,000,000 shares are designated as common stock, of which 56,436,120 shares were outstanding as of June 21, 2019; and
- 50,000,000 shares are designated as preferred stock, none of which were outstanding as of June 21, 2019.

The following description of the terms of our common stock is not complete and is qualified in its entirety by reference to our certificate of incorporation and our bylaws, both of which are exhibits to our Annual Report on Form 10-K for the year ended April 30, 2019.

**Common Stock**

*Voting*

Each holder of common stock is entitled to one vote for each share held of record on the applicable record date on all matters presented to a vote of stockholders. Under our bylaws, each nominee for election as a director in an uncontested election shall be elected if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. In all director elections other than uncontested elections, the nominees for election as a director shall be elected by a plurality of the votes cast. All other matters, unless otherwise provided by our certificate, bylaws, the rules or regulations of any stock exchange applicable to us, or as otherwise provided by law or pursuant to any regulation applicable to us, shall be decided by the affirmative vote of the holders of a majority in voting power of our outstanding shares which are present in person or by proxy and entitled to vote thereon.

*Dividends*

Subject to the rights of the holders of any preferred stock which may be outstanding, each holder of common stock on the applicable record date is entitled to receive such dividends as may be declared by our board of directors out of funds legally available therefor, and, in the event of liquidation, to share pro rata in any distribution of our assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding preferred stock. On December 8, 2014, our board of directors adopted a dividend policy reflecting an intention to distribute to each holder of common stock a regular quarterly cash dividend of \$0.10 per share. The declaration and payment of future dividends under the quarterly dividend policy will be at the discretion of our board of directors, will depend upon many factors, and may be amended, revoked or suspended by our board of directors at any time and for any reason.

*Other Rights*

Holders of common stock have no preemptive rights to purchase or subscribe for any stock or other securities and there are no conversion rights or redemption or sinking fund provisions with

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respect to common stock. All outstanding shares of common stock are fully paid and non-assessable.

### **Section 203 of the Delaware General Corporation Law**

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes a merger, asset sale or a transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” is a person who, individually or together with that person’s affiliates and associates, owns (or, in certain cases, within the preceding three years, did own) 15% or more of the corporation’s outstanding voting stock. Under Section 203, a business combination between an interested stockholder and us is prohibited unless it satisfies one of the following conditions:

- prior to the time the stockholder became an interested stockholder, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced (excluding, for purposes of determining the number of shares outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or
- at or subsequent to such time the business combination is approved by our board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

### **Certain Anti-Takeover Effects**

Certain provisions of our certificate of incorporation and bylaws summarized below may be deemed to have anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in the stockholder’s best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

### **Advance Notice Requirements**

Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be given in writing in a timely manner to our secretary prior to the meeting at which the

action is to be taken. Generally, to be timely, notice must be received at our principal executive offices of not less than 90 days prior to the anniversary of the prior year's annual meeting, nor more than 120 days prior to the anniversary of the prior year's annual meeting. The notice must contain certain information specified in our bylaws.

#### **Blank Check Preferred Stock**

Our charter provides for 50,000,000 authorized shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in our best interests, our board of directors could issue preferred stock without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquiror or insurgent stockholder or stockholder group. In this regard, our charter grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock and nonvoting common stock. The issuance may also adversely affect the rights and powers, including voting rights, of such holders and may have the effect of delaying, deterring or preventing a change in control of us.

#### **No Cumulative Voting**

Our certificate does not grant stockholders the right to vote cumulatively.

#### **No Written Consent of Stockholders**

Our charter does not permit our stockholders to act by written consent without a meeting, unless the action to be taken by written consent of stockholders and the taking of such action by written consent shall have been expressly approved by our board of directors in advance of the taking of such consent.

#### **Special Meetings of Stockholders**

Special meetings of stockholders (i) may be called by our board of directors, the chair of the board, the Chief Executive Officer, or the President, and (ii) shall be called by the chair of the board or the Secretary of the Company upon the written request of one or more persons that own shares representing at least twenty-five percent (25%) of the outstanding shares of common stock and who comply with all of the requirements and procedures set forth in our bylaws to require us to call a special meeting.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for the common stock is Computershare Trust Company, N.A.



## **Listing**

Our common stock is listed on the NYSE under the symbol “KFY.”

**KORN FERRY  
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

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**KORN FERRY**  
**AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

The following constitute the provisions of the Korn Ferry Amended and Restated Employee Stock Purchase Plan (the “**Plan**”).

**1. PURPOSE**

The purpose of this Plan is to assist Eligible Employees in acquiring a stock ownership interest in the Corporation, at a favorable price and upon favorable terms, pursuant to a plan which is intended to qualify as an “employee stock purchase plan” under Section 423 of the Code. This Plan is also intended to encourage Eligible Employees to remain in the employ of the Corporation (or a Subsidiary which may be designated by the Committee as “Participating Subsidiary”) and to provide them with an additional incentive to advance the best interests of the Corporation.

**2. DEFINITIONS**

Capitalized terms used herein which are not otherwise defined shall have the following meanings.

“**Account**” means the bookkeeping account maintained by the Corporation, or by a recordkeeper on behalf of the Corporation, for a Participant pursuant to Section 7(a).

“**Board**” means the Board of Directors of the Corporation.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” means the committee appointed by the Board to administer this Plan pursuant to Section 12.

“**Common Stock**” means the Common Stock, par value \$0.01 per share, of the Corporation, and such other securities or property as may become the subject of Options pursuant to an adjustment made under Section 17.

“**Company**” means, collectively, the Corporation, its Parent and its Subsidiaries (if any).

“**Compensation**” means an Eligible Employee’s regular gross pay. Compensation includes any amounts contributed as salary reduction contributions to a plan qualifying under Section 401(k), 125 or 129 of the Code. Any other form of remuneration is excluded from Compensation, including (but not limited to) the following: bonuses (including sign-on and continuation bonuses), overtime payments, commissions, prizes, awards, relocation or housing allowances, stock option exercises, stock appreciation rights, restricted stock

exercises, performance awards, auto allowances, tuition reimbursement and other forms of imputed income, incentive compensation, special payments, fees and allowances. Notwithstanding the foregoing, Compensation shall not include any amounts deferred under or paid from any nonqualified deferred compensation plan maintained by the Company.

**“Contributions”** means all bookkeeping amounts credited to the Account of a Participant pursuant to Section 7(a).

**“Corporation”** means Korn Ferry, a Delaware corporation, and its successors.

**“Effective Date”** means October 1, 2003, the date designated by the Board upon its adoption of this Plan.

**“Eligible Employee”** means any employee of the Corporation, or of any Subsidiary which has been designated in writing by the Committee as a “Participating Subsidiary” (including any Subsidiaries which have become such after the date that this Plan is approved by the stockholders of the Corporation). Notwithstanding the foregoing, “Eligible Employee” shall not include any employee:

- (a) who has been employed by the Corporation or a Subsidiary for less than six months; or
- (b) whose customary employment is for 20 hours or less per week.

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

**“Exercise Date”** means, with respect to an Offering Period, the last day of that Offering Period.

**“Fair Market Value”** on any date means:

- (a) if the Common Stock is listed or admitted to trade on the New York Stock Exchange or on another national securities exchange, the closing price of a Share on the New York Stock Exchange or such other exchange on such date, or, if there is no trading of the Common Stock as quoted on the New York Stock Exchange or such other exchange on such date, then the closing price of a Share as quoted on the New York Stock Exchange or such other exchange on the next preceding date on which there was trading in the Shares;
- (b) if the Common Stock is not listed or admitted to trade on a national securities exchange, the value as established by the Committee at such time for purposes of this Plan.

**“Grant Date”** means the first day of each Offering Period, as determined by the Committee and announced to potential Eligible Employees.

**“Offering Period”** means the six-consecutive month period commencing on each Grant Date; provided, however, that the Committee may declare, as it deems appropriate and in advance of the applicable Offering Period, a shorter (not to be less than three months) Offering Period or a longer (not to exceed 27 months) Offering Period; provided further that the Grant Date for an Offering Period may not occur on or before the Exercise Date for the immediately preceding Offering Period.

**“Option”** means the stock option to acquire Shares granted to a Participant pursuant to Section 8.

**“Option Price”** means the per share exercise price of an Option as determined in accordance with Section 8(b).

**“Parent”** means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation in which each corporation (other than the Corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

**“Participant”** means an Eligible Employee who has elected to participate in this Plan and who has filed a valid and effective Subscription Agreement to make Contributions pursuant to Section 6.

**“Plan”** means this Korn Ferry Amended and Restated Employee Stock Purchase Plan, as amended from time to time.

**“Rule 16b-3”** means Rule 16b-3 as promulgated by the Securities Exchange Commission under Section 16, as amended from time to time.

**“Share”** means a share of Common Stock.

**“Subscription Agreement”** means the written agreement filed by an Eligible Employee with the Corporation pursuant to Section 6 to participate in this Plan.

**“Subsidiary”** means any corporation (other than the Corporation) in an unbroken chain of corporations (beginning with the Corporation) in which each corporation (other than the last corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

### 3. ELIGIBILITY

Any person employed as an Eligible Employee as of a Grant Date shall be eligible to participate in this Plan during the Offering Period in which such Grant Date occurs, subject to the Eligible Employee satisfying the requirements of Section 6.

### 4. STOCK SUBJECT TO THIS PLAN; SHARE LIMITATIONS

- (a) Subject to the provisions of Section 17, the capital stock that may be delivered under this Plan will be shares of the Corporation's authorized but unissued Common Stock and any of its shares of Common Stock held as treasury shares. The maximum number of Shares that may be delivered pursuant to Options granted under this Plan is 3,000,000 Shares, subject to adjustments pursuant to Section 17 (the "**Plan Limit**"). For the avoidance of doubt, any Shares that are subject to Options that are not for whatever reason actually delivered pursuant to a purchase of such Shares shall remain available for delivery under this Plan and shall not count against the Plan Limit.

In the event that all of the Shares made available under this Plan are subscribed prior to the expiration of this Plan, this Plan shall terminate at the end of that Offering Period and the Shares available shall be allocated for purchase by Participants in that Offering Period on a pro-rata basis determined with respect to Participants' Account balances.

- (b) The maximum number of Shares that any one individual may acquire upon exercise of his or her Option with respect to any one Offering Period is 12,500, subject to adjustments pursuant to Section 17 (the "**Individual Limit**"); provided, however, that the Committee may amend such Individual Limit, effective no earlier than the first Offering Period commencing after the adoption of such amendment, without stockholder approval. The Individual Limit shall be proportionately adjusted for any Offering Period of less than six months, and may, at the discretion of the Committee, be proportionately increased for any Offering Period of greater than six months.

### 5. OFFERING PERIODS

During the term of this Plan, the Corporation will grant Options to purchase Shares in each Offering Period to all Participants in that Offering Period. Unless otherwise specified by the Committee in advance of the Offering Period, an Offering Period that commences on or about July 1 will end the following December 31 and an Offering Period that commences on or about January 1 will end the following June 30. Each Option shall become effective on the Grant Date. The term of each Option shall be the duration of the related Offering Period and shall end on the Exercise Date. The first Offering Period shall commence as of a date determined by the Board or Committee, but no earlier than the Effective Date. Offering Periods shall continue until this Plan is terminated in accordance with Section 18 or 19, or, if earlier, until no Shares remain available for Options pursuant to Section 4.

## 6. PARTICIPATION

- (a) An Eligible Employee may become a participant in this Plan by completing a Subscription Agreement on a form approved by and in a manner prescribed by the Committee (or its delegate). To become effective, a Subscription Agreement must be signed by the Eligible Employee and filed with the Corporation at the time specified by the Committee, but in all cases prior to the start of the Offering Period with respect to which it is to become effective, and must set forth a whole percentage (or, if the Committee so provides, a stated amount) of the Eligible Employee's Compensation to be credited to the Participant's Account as Contributions each pay period.
- (b) Notwithstanding the foregoing, a Participant's Contribution election shall be subject to the following limitations:
  - (i) the 5% ownership and the \$25,000 annual purchase limitations set forth in Section 8(c);
  - (ii) a Participant may not elect to contribute more than fifteen percent (15%) of his or her Compensation each pay period as Plan Contributions, provided, however, that the Committee shall have discretion to establish a higher contribution percentage limit for any Offering Period that is less than six (6) months; and
  - (iii) such other limits, rules, or procedures as the Committee may prescribe.
- (c) Subscription Agreements shall contain the Eligible Employee's authorization and consent to the Corporation's withholding from his or her Compensation the amount of his or her Contributions. An Eligible Employee must execute and file with the Corporation a new Subscription Agreement, and his or her participation election and withholding consent thereon, for each Offering Period as a condition for participation in that Offering Period, unless the Committee expressly adopts a policy allowing Subscription Agreements to remain in effect for subsequent Offering Periods. If the Committee adopts such a policy, Subscription Agreements will remain in effect for subsequent Offering Periods until (i) the Eligible Employee's participation terminates pursuant to the terms hereof, (ii) the Eligible Employee files a new Subscription Agreement that becomes effective, or (iii) the Committee requires that a new Subscription Agreement be executed and filed with the Corporation.

## 7. METHOD OF PAYMENT OF CONTRIBUTIONS

- (a) The Corporation shall maintain on its books, or cause to be maintained by a recordkeeper, an Account in the name of each Participant. The Compensation elected to be applied as Contributions by a Participant shall be deducted from such Participant's Compensation on each payday during the period for payroll deductions set forth below and such payroll deductions shall be credited to that



Participant's Account as soon as administratively practicable after such date. A Participant may not make any additional payments to his or her Account. A Participant's Account shall be reduced by any amounts used to pay the Option Price of Shares acquired, or by any other amounts distributed pursuant to the terms hereof.

- (b) Subject to such other rules as the Committee may adopt, payroll deductions with respect to an Offering Period shall commence as of the first pay date which coincides with or immediately follows the applicable Grant Date and shall end on the last pay date which coincides with or immediately precedes the applicable Exercise Date, unless sooner terminated by the Participant as provided in this Section 7 or until his or her participation terminates pursuant to Section 11.
- (c) A Participant may terminate his or her Contributions during an Offering Period (and receive a distribution of the balance of his or her Account in accordance with Section 11) by completing and filing with the Corporation, in such form and on such terms as the Committee (or its delegate) may prescribe, a written withdrawal form which shall be signed by the Participant. Such termination shall be effective as soon as administratively practicable after its receipt by the Corporation. A withdrawal election pursuant to this Section 7(c) with respect to an Offering Period shall only be effective, however, if it is received by the Corporation prior to the Exercise Date of that Offering Period (or such earlier deadline that the Committee may reasonably require to process the withdrawal prior to the applicable Exercise Date). Partial withdrawals of Accounts, and other modifications or suspensions of Subscription Agreements, except as provided in Section 7(e) or 7(f), are not permitted.
- (d) During leaves of absence approved by the Corporation or a Participating Subsidiary and meeting the requirements of Regulation Section 1.421-7(h)(2) under the Code, a Participant may continue participation in this Plan by cash payments to the Corporation on his normal paydays equal to the reduction in his Plan Contributions caused by his leave.
- (e) A Participant may increase or decrease the level of his or her Contributions (within Plan limits) by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. Subject to any other timing requirements that the Committee may impose, an election pursuant to this Section 7(e) shall be effective with the first Offering Period that commences after the Corporation's receipt of such election.
- (f) A Participant may discontinue (but not increase or otherwise decrease the level of) his or her Contributions during an Offering Period, by filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement that indicates such election. Unless otherwise provided by the Committee, an election pursuant to this Section 7(f) shall be

effective no earlier than the first payroll period that starts after the Corporation's receipt of such election.

## 8. GRANT OF OPTION

- (a) On each Grant Date, each Eligible Employee who is a participant during that Offering Period shall be granted an Option to purchase a number of Shares. The Option shall be exercised on the Exercise Date. The number of Shares to be purchased upon exercise of the Option shall be determined by dividing the Participant's Account balance as of the applicable Exercise Date by the Option Price, subject to the maximum determined pursuant to Section 4(b).
- (b) The Option Price per Share of the Shares subject to an Option for an Offering Period shall be 85% of the Fair Market Value of a Share on the applicable Exercise Date. Notwithstanding anything to the contrary in the preceding provisions of this Section 8(b), in no event shall the Option Price per share be less than the par value of a Share.
- (c) Notwithstanding anything else contained herein, a person who is otherwise an Eligible Employee shall not be granted any Option (or any Option granted shall be subject to compliance with the following limitations) or other right to purchase Shares under this Plan to the extent:
  - (i) it would, if exercised, cause the person to own "stock" (as such term is defined for purposes of Section 423(b)(3) of the Code) possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation, or of any Parent, or of any Subsidiary; or
  - (ii) such Option causes such individual to have rights to purchase stock under this Plan and any other plan of the Corporation, any Parent, or any Subsidiary which is qualified under Section 423 of the Code which accrue at a rate which exceeds \$25,000 of the fair market value of the stock of the Corporation, of any Parent, or of any Subsidiary (determined at the time the right to purchase such Stock is granted, before giving effect to any discounted purchase price under any such plan) for each calendar year in which such right is outstanding at any time.

For purposes of the foregoing, a right to purchase stock accrues when it first become exercisable during the calendar year. In determining whether the stock ownership of an Eligible Employee equals or exceeds the 5% limit set forth above, the rules of Section 424(d) of the Code (relating to attribution of stock ownership) shall apply, and stock which the Eligible Employee may purchase under outstanding options shall be treated as stock owned by the Eligible Employee.

## **9. EXERCISE OF OPTION**

Unless a Participant withdraws pursuant to Section 7(c) or the Participant's Plan participation is terminated as provided in Section 11, his or her Option for the purchase of Shares shall be exercised automatically on the Exercise Date for that Offering Period, without any further action on the Participant's part, and the maximum number of whole Shares subject to such Option (subject to the Individual Limit set forth in Section 4(b) and the limitations contained in Section 8(c)) shall be purchased at the Option Price with the balance of such Participant's Account.

If any amount which is not sufficient to purchase a whole Share remains in a Participant's Account after the exercise of his or her Option on the Exercise Date: (i) such amount shall be credited to such Participant's Account for the next Offering Period, if he or she is then a Participant; or (ii) if such Participant is not a Participant in the next Offering Period, or if the Committee so elects, such amount shall be refunded to such Participant as soon as administratively practicable after such date. If the Share limit of Section 4(a) is reached, any amount that remains in a Participant's Account after the exercise of his or her Option on the Exercise Date to purchase the number of Shares that he or she is allocated shall be refunded to the Participant as soon as administratively practicable after such date.

If any amount which exceeds the Individual Limit set forth in Section 4(b) or one of the limitations set forth in Section 8(c) remains in a Participant's Account after the exercise of his or her Option on the Exercise Date, such amount shall be refunded to the Participant as soon as administratively practicable after such date.

## **10. DELIVERY**

As soon as administratively practicable after the Exercise Date, the Corporation shall deliver to each Participant or to a registered broker dealer a certificate representing the Shares purchased upon exercise of his or her Option or may otherwise provide for the transfer of the Shares to the Participant in book-entry form. The Corporation may make available an alternative arrangement for delivery of Shares to a recordkeeping service. The Committee (or its delegate), in its discretion, may either require or permit Participants to elect that such certificates representing the Shares purchased or to be purchased under the Plan be delivered to such recordkeeping service. In the event the Corporation is required to obtain from any commission or agency authority to issue any such certificate or otherwise deliver such Shares, the Corporation will seek to obtain such authority. If the Corporation is unable to obtain from any such commission or agency authority which counsel for the Corporation deems necessary for the lawful issuance of any such certificate or delivery of such Shares, or if for any other reason the Corporation can not issue or deliver Shares and satisfy Section 21, the Corporation shall be relieved from liability to any Participant except that the Corporation shall return to each Participant the amount of the balance credited to his or her Account.

## **11. TERMINATION OF EMPLOYMENT; CHANGE IN ELIGIBLE STATUS**

- (a) Except as provided in the next paragraph, if a Participant ceases to be an Eligible Employee for any reason, or if the Participant elects to terminate and withdraw Contributions pursuant to Section 7(c), at any time prior to the last day of an Offering Period in which he or she participates, such Participant's Account shall be paid to him or her in cash (or, in the event of the Participant's death, to the person or persons entitled thereto under Section 13 in cash) as soon as administratively practicable but in no event more than sixty (60) days following such cessation or such election, and such Participant's Option and participation in the Plan shall be automatically terminated.

If a Participant (i) ceases to be an Eligible Employee during an Offering Period but remains an employee of the Company through the Exercise Date, (ii) discontinues Contributions pursuant to Section 7(f), or (iii) during an Offering Period commences a sick leave, military leave, or other leave of absence approved by the Company, and the leave meets the requirements of Treasury Regulation Section 1.421-7(h)(2) and the Participant is an employee of the Company or on such leave as of the applicable Exercise Date, such Participant's Contributions shall cease (subject to Section 7(d)), and the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Exercise Date in accordance with Section 9 (unless the Participant makes a timely election to terminate and withdraw Contributions in accordance with Section 7(c), in which case such Participant's Account shall be paid to him or her in cash in accordance with the foregoing paragraph).

- (b) A Participant's termination from Plan participation precludes the Participant from again participating in this Plan during that Offering Period. However, such termination shall not have any effect upon his or her ability to participate in any succeeding Offering Period, provided that the applicable eligibility and participation requirements are again then met. A Participant's termination from Plan participation shall be deemed to be a revocation of that Participant's Subscription Agreement and such Participant must file a new Subscription Agreement to resume Plan participation in any succeeding Offering Period.
- (c) For purposes of this Plan, if a Participating Subsidiary ceases to be a Subsidiary, each person employed by that Subsidiary will be deemed to have terminated employment for purposes of this Plan and will no longer be an Eligible Employee, unless the person continues as an Eligible Employee in respect of another Company entity.

## **12. ADMINISTRATION**

- (a) The Board shall appoint the Committee, which shall be composed of not less than two members of the Board. The Board may, at any time, increase or decrease the number of members of the Committee, may remove from membership on the

Committee all or any portion of its members, and may appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation, or otherwise. The Board may also, at any time, assume the administration of this Plan, in which case references to the “Committee” shall be deemed to be references to the Board.

- (b) The Committee shall supervise and administer this Plan and shall have full power and discretion to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of this Plan and not inconsistent with the terms of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee shall act by majority vote or by unanimous written consent. No member of the Committee shall be entitled to act on or decide any matter relating solely to himself or herself or solely to any of his or her rights or benefits under this Plan. The Committee shall have full power and discretionary authority to construe and interpret the terms and conditions of this Plan, which construction or interpretation shall be final and binding on all parties including the Company, Participants and beneficiaries. The Committee may delegate ministerial non-discretionary functions to third parties, including individuals who are officers or employees of the Corporation.
- (c) Subject only to compliance with the express provisions hereof, the Board and Committee may act in their absolute discretion in matters within their authority related to this Plan. Any action taken by, or inaction of, the Corporation, any Participating Subsidiary, the Board or the Committee relating or pursuant to this Plan shall be within the absolute discretion of that entity or body and will be conclusive and binding upon all persons. In making any determination or in taking or not taking any action under this Plan, the Board or Committee, as the case may be, may obtain and may rely on the advice of experts, including professional advisors to the Corporation. No member of the Board or Committee, or officer or agent of the Company, will be liable for any action, omission or decision under the Plan taken, made or omitted in good faith.
- (d) The Committee may adopt sub-plans applicable to particular Subsidiaries or locations. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 4, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. The Committee shall not be required to obtain the approval of stockholders prior to the adoption, amendment or termination of any sub-plan unless required by the laws of the foreign jurisdiction in which Eligible Employees participating in the sub-plan are located.
- (e) To the full extent permissible under the Corporation’s governing documents and applicable laws, the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Corporation to whom any duty or power relating to the administration or interpretation of this Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising

out of any act or omission to act in connection with this Plan unless arising out of such person's own fraud or willful bad faith. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's governing documents, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

### **13. DESIGNATION OF BENEFICIARY**

- (a) A Participant shall file, on a form and in a manner prescribed by the Committee (or its delegate), a written designation of a beneficiary who is to receive any Shares or cash from such Participant's Account under this Plan in the event of such Participant's death. If a Participant's death occurs subsequent to the end of an Offering Period but prior to the delivery to him or her of any Shares deliverable under the terms of this Plan, such Shares and any remaining balance of such Participant's Account shall be paid to such beneficiary (or such other person as set forth in Section 13(b)) as soon as administratively practicable after the Corporation receives notice (in a form acceptable to the Committee) of such Participant's death and any outstanding unexercised Option shall terminate. If a Participant's death occurs at any other time, the balance of such Participant's Account shall be paid to such beneficiary (or such other person as set forth in Section 13(b)) in cash as soon as administratively practicable after the Corporation receives notice of such Participant's death and such Participant's Option shall terminate. If a Participant is married and the designated beneficiary is not solely his or her spouse, spousal consent shall be required for such designation to be effective unless it is established (to the satisfaction of the Committee or its delegate) that there is no spouse or that the spouse cannot be located. The Committee may rely on the last designation of a beneficiary filed by a Participant in accordance with this Plan.
- (b) Beneficiary designations may be changed by the Participant (and his or her spouse, if required) at any time on forms provided and in the manner prescribed by the Committee (or its delegate). If a Participant dies with no validly designated beneficiary under this Plan who is living at the time of such Participant's death, the Corporation shall deliver all Shares and/or cash payable pursuant to the terms hereof to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed, the Corporation, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Corporation, then to such other person as the Corporation may designate.

### **14. TRANSFERABILITY**

Neither Contributions credited to a Participant's Account nor any Options or rights with respect to the exercise of Options or right to receive Shares under this Plan may be anticipated, alienated, encumbered, assigned, transferred, pledged or otherwise disposed

of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13) by the Participant. Any such attempt at anticipation, alienation, encumbrance, assignment, transfer, pledge or other disposition shall be without effect and all amounts shall be paid and all Shares shall be delivered in accordance with the provisions of this Plan. Amounts payable or Shares deliverable pursuant to this Plan shall be paid or delivered only to the Participant or, in the event of the Participant's death, to the Participant's beneficiary pursuant to Section 13.

**15. USE OF FUNDS; INTEREST**

All Contributions received or held by the Corporation under this Plan will be included in the general assets of the Corporation and may be used for any corporate purpose. Notwithstanding anything else contained herein to the contrary, no interest will be paid to any Participant or credited to his or her Account under this Plan (in respect of Account balances, refunds of Account balances, or otherwise). Amounts payable under this Plan shall be payable in shares of Common Stock or from the general assets of the Corporation and, except for any Shares that may be reserved on the books of the Corporation for issuance with respect to this Plan, no special or separate reserve, fund or deposit shall be made to assure payment of amounts that may be due with respect to this Plan.

**16. REPORTS**

Statements shall be provided (either electronically or in written form, as the Committee may provide from time to time) to Participants as soon as administratively practicable following each Exercise Date. Each Participant's statement shall set forth, as of such Exercise Date, that Participant's Account balance immediately prior to the exercise of his or her Option, the Option Price, the number of whole Shares purchased and his or her remaining Account balance, if any.

**17. ADJUSTMENTS OF AND CHANGES IN THE STOCK**

Upon or in contemplation of any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), or reverse stock split; any merger, combination, consolidation, or other reorganization; split-up, spin-off, or any similar extraordinary dividend distribution in respect of the Common Stock (whether in the form of securities or property); any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; or a sale of substantially all the assets of the Corporation as an entirety occurs; then the Committee shall, in such manner as it deems equitable in the circumstances:

- (a) proportionately adjust any or all of (i) the number and type of Shares or the number and type of other securities that thereafter may be made the subject of Options (including the specific maxima and numbers of Shares set forth elsewhere in this Plan), (ii) the number, amount and type of Shares (or other securities or property) subject to any or all outstanding Options, (iii) the Option

Price of any or all outstanding Options, or (iv) the securities, cash or other property deliverable upon exercise of any outstanding Options; or

- (b) make provision for a cash payment or for the substitution or exchange of any or all outstanding Options for cash, securities or property to be delivered to the holders of any or all outstanding Options based upon the distribution or consideration payable to holders of the Common Stock upon or in respect of such event.

The Committee may adopt such valuation methodologies for outstanding Options as it deems reasonable in the event of a cash or property settlement and, without limitation on other methodologies, may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise or strike price of the Option.

In any of such events, the Committee may take such action sufficiently prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to stockholders generally.

## **18. POSSIBLE EARLY TERMINATION OF PLAN AND OPTIONS**

Upon a dissolution of the Corporation, or any other event described in Section 17 that the Corporation does not survive, the Plan shall terminate, and if such event occurs prior to the last day of an Offering Period, any outstanding Option granted with respect to that Offering Period shall also terminate. However, termination of the Plan or of any Option under this Section 18 shall be subject to any provision that has been expressly made by the Board for the survival, substitution, assumption, exchange or other settlement of the Plan and Options. In the event a Participant's Option is terminated pursuant to this Section 18 without a provision having been made by the Board for a substitution, exchange or other settlement of the Option, such Participant's Account shall be paid to him or her in cash without interest. Notwithstanding the foregoing, upon a dissolution of the Corporation, or any other event described in Section 17 that the Corporation does not survive, and if such event occurs prior to the last day of an Offering Period, the Committee may determine, in its sole discretion, to shorten such Offering Period and establish a "Special Exercise Date" upon which the accrued payroll deductions of each Participant who does not elect to withdraw his or her payroll deductions will be used to purchase whole Shares with any remaining cash balance in a Participant's Account being returned to such Participant as soon as administratively practicable following the Special Exercise Date. The price at which each Share may be purchased on such Special Exercise Date shall be calculated in accordance with Section 8 above as if "Exercise Date" were replaced by "Special Exercise Date."



**19. TERM OF PLAN; AMENDMENT OR TERMINATION**

- (a) This Plan originally became effective as of the Effective Date. This amendment and restatement of the Plan was adopted by the Board of Directors of the Company effective January 1, 2019.
- (b) The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part, without notice (including, without limitation, the limits of Sections 4(b), 6(b)(ii), and 6(b)(iii)). Stockholder approval for any amendment or modification shall not be required, except to the extent required by applicable law or required under Section 423 of the Code in order to preserve the intended tax consequences of this Plan, or otherwise deemed necessary or advisable by the Board. No Options may be granted during any suspension of this Plan or after the termination of this Plan, but the Committee will retain jurisdiction as to Options then outstanding in accordance with the terms of this Plan. No amendment, modification, or termination pursuant to this Section 19(b) shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of such Participant or obligations of the Corporation under any Option granted under this Plan prior to the effective date of such change. Changes contemplated by Section 17 or Section 18 shall not be deemed to constitute changes or amendments requiring Participant consent. Notwithstanding the foregoing, the Committee shall have the right to designate from time to time the Subsidiaries whose employees may be eligible to participate in this Plan and such designation shall not constitute any amendment to this Plan requiring stockholder approval.

**20. NOTICES**

All notices or other communications by a Participant to the Corporation contemplated by this Plan shall be deemed to have been duly given when received in the form and manner specified by the Committee (or its delegate) at the location, or by the person, designated by the Committee (or its delegate) for that purpose.

**21. CONDITIONS UPON ISSUANCE OF SHARES**

This Plan, the granting of Options under this Plan and the offer, issuance and delivery of Shares are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation and as a condition precedent to the exercise of his or her Option, provide such assurances and representations to the Corporation as the Committee may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

## **22. PLAN CONSTRUCTION**

- (a) It is the intent of the Corporation that transactions involving Options under this Plan in the case of Participants who are or may be subject to the prohibitions of Section 16 of the Exchange Act satisfy the requirements for applicable exemptions under Rule 16 promulgated by the Securities Exchange Commission under Section 16 of the Exchange Act so that such persons (unless they otherwise agree) will be entitled to the exemptive relief of Rule 16b-3 or other exemptive rules under Section 16 of the Exchange Act in respect of those transactions and will not be subject to avoidable liability thereunder.
- (b) Except as the Committee may expressly provide in the case of one or more sub-plans adopted pursuant to Section 12(d), this Plan and Options are intended to qualify under Section 423 of the Code.
- (c) If any provision of this Plan or of any Option would otherwise frustrate or conflict with the intents expressed above, that provision to the extent possible shall be interpreted so as to avoid such conflict. If the conflict remains irreconcilable, the Committee may disregard the provision if it concludes that to do so furthers the interest of the Corporation and is consistent with the purposes of this Plan as to such persons in the circumstances.

## **23. EMPLOYEES' RIGHTS**

- (a) Nothing in this Plan (or in any other documents related to this Plan) will confer upon any Eligible Employee or Participant any right to continue in the employ or other service of the Company, constitute any contract or agreement of employment or other service or effect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company to change such person's compensation or other benefits or to terminate his or her employment or other service with or without cause. Nothing contained in this Section 23(a), however, is intended to adversely affect any express independent right of any such person under a separate employment or service contract other than a Subscription Agreement.
- (b) No Participant or other person will have any right, title or interest in any fund or in any specific asset (including Shares) of the Company by reason of any Option hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant or other person. To the extent that a Participant or other person acquires a right to receive payment pursuant to this Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation. No special or separate reserve, fund or deposit will be made to assure any such payment.

- (c) A Participant will not be entitled to any privilege of stock ownership as to any Shares not actually delivered to and held of record by the Participant. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

## **24. MISCELLANEOUS**

- (a) This Plan, the Options, and related documents shall be governed by, and construed in accordance with, the laws of the State of Delaware. If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.
- (b) Captions and headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction of interpretation of this Plan or any provision hereof.
- (c) The adoption of this Plan shall not affect any other Company compensation or incentive plans in effect. Nothing in this Plan will limit or be deemed to limit the authority of the Board or Committee (i) to establish any other forms of incentives or compensation for employees of the Company (with or without reference to the Common Stock), or (ii) to grant or assume options (outside the scope of and in addition to those contemplated by this Plan) in connection with any proper corporate purpose; to the extent consistent with any other plan or authority.
- (d) Benefits received by a Participant under an Option granted pursuant to this Plan shall not be deemed a part of the Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company, except where the Committee or the Board expressly otherwise provides or authorizes in writing.

## **25. EFFECTIVE DATE**

Notwithstanding anything else contained herein to the contrary, the effectiveness of this Plan is subject to the approval of this Plan by the stockholders of the Corporation within twelve months of the Effective Date. Notwithstanding anything else contained herein to the contrary, no Shares shall be issued or delivered under this Plan until such stockholder approval is obtained and, if such stockholder approval is not obtained within such twelve-month period of time, all Contributions credited to a Participant's Account hereunder shall be refunded to such Participant (without interest) as soon as practicable after the end of such twelve-month period.

## **26. TAX WITHHOLDING**

Notwithstanding anything else contained in this Plan herein to the contrary, the Company may deduct from a Participant's Account balance as of an Exercise Date, before the exercise of the Participant's Option is given effect on such date, the amount of any taxes which the Company reasonably determines it may be required to withhold with respect to

such exercise. In such event, the maximum number of whole Shares subject to such Option (subject to the other limits set forth in this Plan) shall be purchased at the Option Price with the balance of the Participant's Account (after reduction for the tax withholding amount).

Should the Company for any reason be unable, or elect not to, satisfy its tax withholding obligations in the manner described in the preceding paragraph with respect to a Participant's exercise of an Option, or should the Company reasonably determine that it has a tax withholding obligation with respect to a disposition of Shares acquired pursuant to the exercise of an Option prior to satisfaction of the holding period requirements of Section 423 of the Code, the Company shall have the right at its option to (i) require the Participant to pay or provide for payment of the amount of any taxes which the Company reasonably determines that it is required to withhold with respect to such event or (ii) deduct from any amount otherwise payable to or for the account of the Participant the amount of any taxes which the Company reasonably determines that it is required to withhold with respect to such event.

## **27. NOTICE OF SALE**

Any person who has acquired Shares under this Plan shall give prompt written notice to the Corporation of any sale or other transfer of the Shares if such sale or transfer occurs (i) within the two-year period after the Grant Date of the Offering Period with respect to which such Shares were acquired, or (ii) within the twelve-month period after the Exercise Date of the Offering Period with respect to which such Shares were acquired.

## **28. ARBITRATION**

Any controversy arising out of or relating to this Plan, and/or the Subscription Agreement, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy arising out of or related to the Option, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Los Angeles County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., Los Angeles County, California, or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, and shall be conducted in accordance with the provisions of California Code of Civil Procedure §§ 1280 et seq. as the exclusive forum for the resolution of such dispute; provided, however, that provisional injunctive relief may, but need not, be sought by any interested party to this Plan and/or the Subscription Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the arbitrator hereunder shall be final and binding on the parties hereto and

may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence above. The parties agree that Corporation shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee. The parties further agree that in any proceeding with respect to such matters, each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him or her in connection with the resolution of the dispute.

**KORN FERRY  
EXECUTIVE CAPITAL ACCUMULATION PLAN**

**(as amended and restated effective January 1, 2019)**

**1. PURPOSE OF PLAN**

The purpose of this Plan is to promote the success of the Company by providing a select group of management and highly compensated employees an opportunity to defer salary and bonuses as an additional means to attract, motivate and retain such employees. Only Eligible Employees (as defined herein) are eligible to participate in this Plan.

**2. DEFINITIONS**

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

“401(k) Plan” shall mean the Korn Ferry Employee Tax Deferred Savings Plan.

“Account” or “Accounts” shall mean a Participant’s Deferral Account and/or Company Contributions Account.

“Annual Company Contribution Subaccount” shall mean a subaccount of a Participant’s Company Contributions Account to which Company Contributions made on behalf of such Participant pursuant to Section 5 with respect to a particular Fiscal Year are allocated.

“Beneficiary” or “Beneficiaries” shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant’s death. No beneficiary designation shall become effective until it is filed with the Committee, and no beneficiary designation of someone other than the Participant’s spouse shall be effective unless such designation is consented to by the Participant’s spouse on a form provided by and in accordance with the procedures established by the Committee. If there is no Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant’s surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant’s estate (which shall include either the Participant’s probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant’s estate duly appointed and acting in that capacity within 90 days after the Participant’s death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant’s death), then “Beneficiary” shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under this Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person’s living parent(s) to act as custodian, (b) if that person’s parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

“Board of Directors” or “Board” shall mean the Board of Directors of the Company.

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“Bonus” shall mean any annual cash incentive compensation payable to a Participant by a Participating Affiliate in addition to the Participant’s Salary.

“Change in Control Event” 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 in (either comprising “ownership of”) more than 30% of the Common Stock or voting securities entitled to then vote generally in the election of directors of the Company (“Voting Stock”), after giving effect to any new issue in the case of an acquisition from the Company; or
- (b) Consummation of a 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 hold or receive directly or indirectly 70% or more 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 amount of Voting Stock immediately before the Business Combination, and (3) after which one or more Excluded Persons own an aggregate number of shares of the voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded Person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 30% of the voting stock; or
- (c) Approval by the Board and (if required by law) by shareholders of the Company of a plan to consummate the dissolution or complete liquidation of the Company; or
- (d) During any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company 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, cease for any reason to constitute a majority of the Board.

For purposes of determining whether a Change in Control Event has occurred, a transaction includes all transactions in a series of related transactions.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean the Compensation Committee of the Board, which shall administer this Plan in accordance with Section 9.

“Company” shall mean Korn Ferry, a Delaware corporation, and any successor corporation.

“Company Contributions” shall mean contributions made by the Company pursuant to Section 5.

“Company Contributions Account” shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with Company Contributions and investment gains or losses thereon.

“Company Matching Contribution” shall mean a Company Contribution made with respect to a Participant’s deferrals of Salary or Bonus under this Plan.

“Company Performance Contribution” shall mean a Company Contribution other than a Company Matching Contribution, which may be made on the basis of performance (whether as measured against pre-established criteria or otherwise), or on any other basis whatever.

“Compensation” shall mean the Salary and Bonus that the Participant is entitled to for services rendered to a Participating Affiliate.

“Deferral Account” shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Participant’s Salary that he or she elects to defer and invest in the manner described in Section 4, (2) the portion of the Participant’s Bonus that he or she elects to defer and invest in the manner described in Section 4, and (3) investment gains or losses thereon.

“Detrimental Activity” with respect to a Participant shall mean that such Participant:

(a) has directly or indirectly engaged in any business for his or her own account that competes with the business of any entity within the Company Group (“Company Group” means the Company, the Subsidiaries, and any affiliate of the Company or a Subsidiary) (a business in competition with any entity within the Company Group includes, without limitation, any business in an industry which any business in the Company Group may conduct business from time to time and any business in an industry which any entity within the Company Group has specific plans to enter in the future and as to which the Participant is aware of such planning); or

(b) has committed or engaged in an unauthorized disclosure or use of inside information, trade secrets or other confidential information, or an unauthorized use of trade names, trademarks, or other proprietary business designations owned or used in connection with the business of any entity within the Company Group; has failed to timely return to the Company in accordance with Company policy all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of any entity within the Company Group; or

(c) has entered the employ of, renders services to, or has acquired a financial interest in any person engaged in any business that competes with the business of any entity within the Company Group; has acted intentionally in a manner injurious to the reputation, business or assets of, any entity within the Company Group; has interfered with business relationships (whether formed before or after the date hereof) between the Company, any Subsidiary, any of their respective affiliates, and any customers, suppliers, officers, employees, partners, members or investors; has influenced or attempted to influence a vendor or customer of any entity within the Company Group, either directly or indirectly, to divert their business away from the Company Group, induced a principal for whom an entity within the Company Group acts as agent to terminate such agency relationship, or induced an employee of any entity within the Company Group who earned \$25,000 or more on an annualized basis during the last six months of his or her employment to work for any business, individual, partnership, firm, corporation, or other entity then in competition with the business of any entity within the Company Group.

“Disability” shall mean with respect to a Participant any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, by reason of which impairment the Participant is either unable to engage in any substantial gainful activity or is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant’s employer.

“Effective Date” shall mean January 1, 2004. This Plan was amended and restated in 2008 to include provisions required under Code Section 409A. The provisions required by Section 409A are effective January 1, 2005; provided, however, that that certain transition rules that may have affected Participants, Beneficiaries and the Company before 2009 are not necessarily reflected in this document.

“Eligible Employee” shall mean any Officer or any employee of a Participating Affiliate who is in the position category of vice president or above and who customarily performs services for 30 or more hours per week for such Participating Affiliate.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

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

“Excluded Person” means

(a) the Company or any Subsidiary;

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



- (c) any employee benefit plan of the Company or a Subsidiary;
- (d) 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 (b) of this definition.

“Fiscal Year” shall mean the fiscal year of the Company.

“Investment Fund” shall mean one or more of the investment funds or portfolios selected by the Committee pursuant to Section 6.1.

“Officer” shall mean the Chief Executive Officer, Chief Financial Officer, any Executive Vice President and any Vice President of the Company.

“Participant” shall mean any Eligible Employee who is selected for participation in the Plan.

“Participating Affiliate” shall mean the Company and any Subsidiary, which by resolution of its board of directors and with the approval of the Committee, elects to participate in this Plan. By electing to participate in this Plan, a Participating Affiliate agrees to be bound by any Plan amendment adopted by resolution of the Board of Directors or by the written instrument of any person to whom the Board of Directors has delegated its authority to adopt the amendment. If a Participating Affiliate ceases to be a Subsidiary, except by merger with its parent, the employment of each Eligible Employee of the Participating Affiliate shall be deemed to have terminated for purposes of this Plan, except to any extent any such Eligible Employee is required by law to continue to be treated under the Plan as an employee of the Company.

“Plan” shall mean this Korn Ferry Executive Capital Accumulation Plan set forth herein, now in effect, or as amended from time to time.

“Plan Year” shall mean the Fiscal Year.

“Salary” shall mean all cash salary and similar payments (other than Bonuses) paid to a Participant for services rendered to a Participating Affiliate before reduction on account of: (1) any withholding such as income taxes (but excluding social security and health insurance taxes) or such other withholding as may be required by the jurisdiction of the Participating Affiliate, and (2) any deferrals under this Plan.

“Subsidiary” shall mean (a) each corporation which is (directly or indirectly) 50% or more owned by the Company, and (b) each entity which is partially owned by the Company and is organized under the laws of a nation other than the United States of America.

“Termination Date” shall mean the date that the Participant’s has a “separation from service,” as defined in Section 409A of the Code, from the Company and its Subsidiaries for any reason.

“Termination For Cause” means a termination of service, based upon a finding by the Company, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) is or has been dishonest, incompetent, or negligent in the discharge of his or her duties to the Company; or has refused to perform stated or assigned duties; or
- (b) has committed a theft or embezzlement, or a breach of confidentiality or unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information, or a breach of fiduciary duty involving personal profit, or a willful or negligent violation of any law, rule or regulation or of Company rules or policy, in any material respect; or has been convicted (including a plea of guilty or nolo contendere) of a felony or misdemeanor (other than minor traffic violations or similar offenses); or
- (c) has materially breached any of the provisions of any agreement with the Company or a parent corporation; or
- (d) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Company; or has induced a customer to break or terminate any contract with the Company or an affiliate; or has induced any principal for whom the Company (or an affiliate) acts as agent to terminate such agency relationship; or

(e) has made a misrepresentation or false statement in any application for employment, employment history, resume or other document submitted to the Company (whether before, during or after employment); or

(f) has engaged in Detrimental Activity.

A Termination For Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Board or Committee) on the date when the Company first delivers notice to the Participant of a finding of Termination For Cause and shall be final in all respects on the date following the opportunity to be heard and written notice to the Participant that his or her service is terminated.

### 3. PARTICIPATION

The Committee shall select from the class of Eligible Employees those particular Eligible Employees who will be eligible to defer all or a portion of their Compensation in accordance with Section 4. Notwithstanding anything else contained herein to the contrary, the Committee shall limit the class of persons selected to participate in this Plan to a select group of management or highly compensated employees, as set forth in Sections 201, 301 and 401 of ERISA. In order to accomplish the foregoing, the Committee may, at any time and in its sole discretion, terminate the ability of an Eligible Employee or a Participant to defer Compensation (or to defer additional Compensation) under Section 4; provided that such a termination shall not affect deferrals pursuant to any deferral election theretofore made under this Plan.

### 4. ELECTIONS TO DEFER COMPENSATION

**4.1 General Rule.** Subject to the minimum deferral provisions in Section 4.2 below, the amount of Compensation a Participant may elect to defer is as follows:

(a) Any percentage of Salary up to 90%; and/or

(b) Any percentage of Bonus up to 100%;

provided, however, that no election shall be effective to reduce the Compensation payable to a Participant for a calendar year to an amount which is less than the amount that a Participating Affiliate is required to withhold from such Participant's Compensation for such calendar year for purposes of federal, state and local (if any) income tax, employment tax (including without limitation Federal Insurance Contributions Act (FICA) tax), other tax withholdings and such other withholdings as may be required by the jurisdiction of such Participating Affiliate, and the Participant's contributions to other benefit programs (including but not limited to the 401(k) Plan and any Code Section 125 plan).

**4.2 Minimum Deferrals.** For each Plan Year during which a Participant is eligible to participate in this Plan, the minimum amount that may be elected for deferral under Section 4.1 is \$10,000; provided, however, that the Committee may establish a lower minimum with respect to any Salary Deferral Election or Bonus Deferral Election that covers less than a 12-month period.

**4.3 Initial Salary Deferral Election.** An individual who is a Participant as of the Effective Date may elect to defer his or her Salary (a "Salary Deferral Election") by filing an initial election with the Committee, on a form and in a manner prescribed by the Committee, on or before the last business day prior to the Effective Date. Such election shall be effective with respect to Salary paid on or after the first day of the first payroll period commencing on or after the Effective Date. Except as otherwise provided pursuant to Section 4.6, such election shall continue in effect with respect to Salary payable through the end of the calendar year for which the election is made, and except as otherwise provided pursuant to Section 4.6, deferral of Salary for any subsequent calendar year shall require a new Salary Deferral Election pursuant to Section 4.4.

**4.4 Subsequent Salary Deferral Elections.** An Eligible Employee selected in accordance with Section 3 may defer (or may again defer) Salary (provided that he or she is then still eligible to participate in this Plan in accordance with Section 3) by filing an election, on a form and in a manner prescribed by the Committee. Such election must be received by the Committee on or before the date designated by the Committee, which shall not be later than the December 31 preceding the year for which such Salary is to be deferred. Such Salary Deferral Election shall be effective with respect to Salary paid on or after the first day of the first payroll period commencing on or after the following January 1. Except as otherwise provided pursuant to Section 4.6, such election shall continue in effect with respect to Salary payable through the end of the calendar year for which the election is made, and deferral of Salary for any subsequent calendar year shall require a new Salary Deferral Election pursuant to this Section 4.4.

**4.5 Bonus Deferral Election.** An individual who is or will be a Participant as of the beginning of any Fiscal Year commencing on or after May 1, 2004, may make a Bonus Deferral Election with respect to his or her Bonus for such Fiscal Year by filing an election with the Committee, on a form and in a manner prescribed by the Committee. Such election must be received by the Committee on or before the date designated by the Committee, which shall not be later than the last business day prior to the beginning of such Fiscal Year; provided, however, that with respect to any portion of such Bonus that is “performance-based compensation” within the meaning of Section 409A of the Code and regulations promulgated thereunder, such election must be received by the Committee no later than the date that is six (6) months before the end of the applicable performance period, provided that in no event may an election to defer such performance-based compensation be made after such compensation has become both substantially certain to be paid and readily ascertainable. Except as otherwise provided pursuant to Section 4.6, any such Bonus Deferral Election shall apply only to the Bonus payable with respect to the Fiscal Year for which the election is made, and deferral of Bonus for any subsequent Fiscal Year shall require a new Bonus Deferral Election pursuant to this Section 4.5.

**4.6 Duration of Salary and Bonus Deferral Elections.** Unless otherwise determined by the Committee and announced in writing to the Participants, any Salary Deferral Election or Bonus Deferral Election shall remain in force only through the applicable periods set forth in Sections 4.3, 4.4 and 4.5. However, at its discretion, the Committee may provide for “evergreen” elections, as described in this Section 4.6. Any such determination to provide evergreen elections shall be announced in writing to Participants. If the Committee provides for evergreen elections as set forth in this Section 4.6, then notwithstanding Sections 4.3, 4.4 and 4.5, any Salary Deferral Election or Bonus Deferral Election made under this Section 4 shall remain in effect, notwithstanding any change in the Participant’s Salary or Bonus, as applicable, until changed or terminated in accordance with the terms of this Section 4.6. Subject to the limitations of Section 4.1 and the minimum deferral requirements of Section 4.2, a Participant may increase, decrease or terminate his or her Salary Deferral Election, effective with respect to Salary paid on or after the first day of the first payroll period commencing on or after January 1, by filing a new election, in accordance with the terms of this Section 4 and on a form and in a manner prescribed by the Committee. Such election must be received by the Committee on or before the date designated by the Committee, which shall not be later than the December 31 preceding the year for which such Salary is to be deferred. Subject to the limitations of Section 4.1 and the minimum deferral requirements of Section 4.2, a Participant may increase, decrease or terminate his or her Bonus Deferral Election, effective for any Bonus paid with respect to a Fiscal Year, by filing a new election, in accordance with the terms of this Section 4 and on a form and in a manner prescribed by the Committee. Such election must be received by the Committee on or before the date designated by the Committee, which shall not be later than the last business day prior to the beginning of such Fiscal Year.

**4.7 Newly Eligible Employees.**

- (a) An employee of the Company or a Participating Affiliate who becomes an Eligible Employee at any time after April 1, 2004 and who is selected to participate in this Plan in accordance with Section 3 may elect, on a form and in a manner prescribed by the Committee and no later than thirty (30) days after the date such employee became an Eligible Employee, to make (a) a Salary Deferral Election, which shall be effective with respect to Salary for services rendered on or after the first day of the first payroll period commencing after such election is received by the Committee, and/or (b) a Bonus Deferral Election, which shall be effective with respect to a prorated portion of any Bonus earned for services rendered during the Plan Year in which such election is made, the maximum amount of such prorated portion to be determined by the Company and which shall not exceed the amount determined by multiplying (i) the total Bonus earned for such Plan Year, by (ii) a fraction, the numerator of which shall be the number of whole months remaining in the Plan Year after the date the election is filed with the Committee, and the denominator of which shall be 12; provided, however, that the entire amount of such Bonus may be deferred (subject to Section 4.1) if such Bonus is “performance-based compensation” within the meaning of Section 409A of the Code and regulations promulgated thereunder and such Bonus Deferral Election otherwise satisfies the applicable requirements set forth in Section 4.5.

- (b) Except as otherwise provided in Section 4.6, any Salary Deferral Election filed pursuant to this Section 4.7 shall continue in effect with respect to Salary payable through the end of the calendar year for which the election is made, and except as otherwise provided pursuant to Section 4.6, deferral of Salary for any subsequent calendar year shall require a new Salary Deferral Election pursuant to Section 4.4. Except as otherwise provided pursuant to Section 4.6, any Bonus Deferral Election filed pursuant to this Section 4.7 shall apply only to the Bonus payable with respect to the Fiscal Year for which the election is made, and except as otherwise provided pursuant to Section 4.6, deferral of Bonus for any subsequent Fiscal Year shall require a new Bonus Deferral Election pursuant to Section 4.5.

## 5. COMPANY CONTRIBUTIONS

**5.1 *Company Contributions.*** At the conclusion of each Fiscal Year, the Committee may determine, in its sole and complete discretion, to credit additional amounts to one or more Participants' Company Contributions Accounts under this Plan. Any amounts credited under this Section 5.1 need not be made to all Participants' Accounts, and such additional amounts as are credited, if any, need not be credited in equal amounts or percentages. The Committee shall have sole and complete discretion in determining the basis for the crediting of additional amounts under this Section 5.1, including, without limitation, the authority to award such amounts on an individual or group basis and/or as a Company Matching Contribution or a Company Performance Contribution. Any amount credited pursuant to this Section 5.1 with respect to a Fiscal Year shall be credited to the Participant's Company Contributions Account as of the date or dates determined by the Committee. Nothing contained in this Section 5.1 shall be deemed to impose or constitute any obligation on the Committee, the Company or any Subsidiary to make any credit hereunder.

Notwithstanding the foregoing provisions, in connection with an express written agreement between the Company and a Participant, the Committee may credit such Participant's Company Contributions Account with the amount of a contribution made by the Company pursuant to this Section 5.1 as of any date selected by the Company. For all purposes under this Plan, any such contribution shall be deemed to relate to the Fiscal Year in which the date selected by the Company occurs.

**5.2 *Annual Company Contribution Subaccounts.*** Company Contributions made to a Participant's Account pursuant to Section 5.1 with respect to a Fiscal Year shall be allocated to a separate Annual Company Contribution Subaccount. Such subaccounts shall be maintained for purposes of determining the Participant's vested interest in such contributions as provided under Section 7.

**5.3 *Forfeiture; Detrimental Activity.*** A Participant's rights with respect to any Company Contribution and any investment return credited thereto, whether vested or unvested, shall terminate, become null and void, and be immediately forfeited if (i) the Participant's employment ends as a result of a Termination for Cause, or (ii) the Participant engages in any Detrimental Activity, whether before or within the one-year period after his or her employment or services with the Company (or a Subsidiary) terminates. In the event that the Committee determines that a Participant has engaged in Detrimental Activity at any time during his or her employment by the Company or a Subsidiary or within the one-year period following his or her Termination Date, any amounts distributed at any time to such Participant with respect to any Company Contribution (and any investment return credited thereto) shall be immediately refunded to the Company (or Subsidiary) by the Participant or the Participant's Beneficiary. Determinations of whether (i) a Participant's employment has ended as a result of a Termination for Cause, and (ii) a Participant has engaged in Detrimental Activity shall be made by the Committee in its sole discretion.

## 6. INVESTMENT OF ACCOUNTS

**6.1 *Investment Funds.*** Effective as of the date established by the Committee, separate Investment Funds shall be established under this Plan. The Committee may, in its discretion, terminate any Investment Fund. The Committee shall determine the number of Investment Funds, and the Committee or its delegate shall determine the investments to be made under the Investment Funds.

**6.2 Investment Elections.** Pursuant to rules established by the Committee, each Participant shall have the right and obligation to designate in which of the Investment Funds his or her Accounts will be deemed to be invested for purposes of determining the investment gain (or loss) to be credited to his or her Accounts. A Participant may change the designation made under this Section 6.2 and/or transfer an amount deemed to be invested in one Investment Fund to another Investment Fund (subject to such rules as the Committee may adopt) on any business day pursuant to procedures established by the Committee. The Committee may restrict the frequency by which Participants are permitted to make changes to their designations of Investment Funds and may establish rules regarding the timing and effectiveness of such elections. If a Participant does not make an election with respect to the investment of his or her Account, the Participant shall be deemed to have elected the short term interest fund or the fund closest thereto. The Committee may establish other rules, regulations and procedures regarding the Investment Funds as it deems appropriate in its sole discretion.

## 7. VESTING.

**7.1 Deferral Account.** A Participant's Deferral Account shall be 100% vested and nonforfeitable at all times.

**7.2 Company Contributions Account.** The interest of each Participant in amounts credited to his or her Company Contributions Account shall vest and become nonforfeitable as follows:

- (a) If a Participant's employment with the Company and all Subsidiaries terminates due to the Participant's death or Disability, such Participant shall become 100% vested in all amounts in his or her Company Contributions Account as of the date of such termination.
- (b) Except as otherwise provided in this Section 7.2, for Company Contributions approved on or after July 1, 2013, a Participant shall become vested in each Annual Company Contribution Subaccount in accordance with the schedule determined by the Committee; it is expected that such schedule shall provide:
  - 25% as of approximately one month following the first anniversary of the date on which the Committee approves the applicable Company Contribution;
  - 50% as of approximately the second anniversary of the date on which the Committee approves the applicable Company Contribution;
  - 75% as of approximately the third anniversary of the date on which the Committee approves the applicable Company Contribution; and
  - 100% as of approximately the fourth anniversary of the date on which the Committee approves the applicable Company Contribution.

For Company Contributions approved prior to January 1, 2014, a Participant shall become vested in each Annual Company Contribution Subaccount in accordance with the schedule determined by the Company upon approval of such contribution.

- (c) If a Participant retires with a Termination Date on or after attaining age 65, the Company may, in its discretion, enter into an agreement under which such Participant may, by refraining from engaging any Detrimental Activity, continue to vest in any portion of the Participant's Annual Company Contribution Subaccount(s) that was not vested as of such

Termination Date. Notwithstanding the foregoing, such vesting following a Termination Date shall not apply to any Participant with a Termination Date before January 1, 2009, and shall not apply to the extent a vesting schedule under Section 7.2(e) provides that such vesting shall not apply. Any amount that becomes vested under this Section 7.2(c) following a Participant's Termination Date (i) shall be distributed as soon as administratively feasible following vesting if the Participant had elected the lump sum distribution option, or (ii) shall be added on a pro-rata basis to each remaining installment payment if the Participant had elected installment payments. If a Participant referred to in this Section 7.2(c) engages in Detrimental Activity at any time, any unpaid portion of the Participant's Annual Company Contribution Subaccount(s) that had not been paid as of the first instance of engaging in such Detrimental Activity shall be forfeited, regardless of whether such portion had previously become vested.

- (d) The Board or the Committee may, in its sole discretion, accelerate vesting for a Participant who terminates employment for reasons other than death or Disability prior to attaining age 65.
- (e) The Board or the Committee may, in its sole discretion, for any Participant or group of Participants, establish a vesting schedule different from that set forth in Section 7.2(b) above with respect to any Company Contributions; provided, however, that any such alternative vesting schedule shall be set forth in writing.

Unless otherwise expressly provided in this Section 7.2, the Participant shall forfeit any amounts credited to his or her Company Contributions Account upon the termination of his or her employment with the Company and all Subsidiaries to the extent that such amounts have not vested as of the date of such termination of employment.

## 8. DISTRIBUTION OF BENEFITS

**8.1 Commencement of Distributions.** At the time of making a Salary and/or Bonus Deferral Election pursuant to Section 4, the Participant shall designate, on a form and in a manner prescribed by the Committee, the time at which the Salary and/or Bonus deferred by the Participant with respect to such deferrals (adjusted for earnings and losses thereon) shall be paid. Any Company Matching Contribution made with respect to such deferrals shall be paid at the same time and in the same form as such deferrals are paid in accordance with this Section 8; provided, however, that any portion of such Company Matching Contribution that has not vested as of the date such deferrals are paid shall be paid on or as soon as practicable after the date (if any) such portion becomes vested pursuant to Section 7.2.

With respect to deferrals of Salary, the Participant may choose either one of the following payment dates (or, if installments are elected, payment commencement dates):

- (a) On or as soon as administratively practicable after the Participant's Termination Date, or
- (b) On or as soon as administratively practicable after the earlier of (i) the Participant's Termination Date or (ii) the date selected by the Participant which is at least three (3) years following the end of the calendar year during which the Salary was earned (an "in-service distribution date").

With respect to deferrals of Bonuses, the Participant may choose either one of the following payment dates (or, if installments are elected, payment commencement dates):

- (c) On or as soon as administratively practicable after the Participant's Termination Date, or
- (d) On or as soon as administratively practicable after the earlier of (i) the Participant's Termination Date or (ii) the date selected by the Participant which is at least three (3) years following the end of the Fiscal Year with respect to which the Bonus was awarded (an "in-service distribution date").

If the Participant does not make such an election, the Participant shall be deemed to have elected payment on or as soon as administratively practicable after the Participant's Termination Date. A Participant may make only one payment election for all Compensation deferred pursuant to any Salary or Bonus Deferral Election.

A Participant may elect as many different in-service distribution dates as desired for his or her Salary and Bonus deferrals under the Plan. A Participant who elects one or more in-service distribution dates may elect the same in-service distribution date or dates for subsequent Salary and Bonus deferrals. If the in-service distribution date selected by a Participant with respect to any Compensation deferred does not satisfy the requirements of subsections (b)(ii) or (d)(ii) above, then the Participant will be deemed to have elected the next in-service distribution date that satisfies such requirements. The Committee, in its discretion, may limit the available in-service distribution dates to a specific date or specific dates (such as the first day of a month or quarter); such discretion may be exercised (among other means) by limiting the available in-service distribution dates on the election forms to be used by Participants.

A Participant may change his or her in-service distribution date elected under Section 8.1(b)(ii) or 8.1(d)(ii) to a later date (but not an earlier date) or the Participant may change his or her election to a Termination Date distribution; provided (1) that such a change election must be filed with the Committee at least one year prior to the original in-service distribution date, (2) that such a change election will not be effective until at least one year after the date on which the election is made, (3) that, except in the case of elections related to distributions on account of death, Disability or Unforeseeable Emergency, such a change election shall defer the payment date (or payment commencement date) to a date that is not less than five years from the date such payment would otherwise have been made (or commenced), (4) that such a change election must be made on a form and in a manner prescribed by the Committee, and (5) that a Participant may make only one such change with respect to Compensation deferred pursuant to any Salary or Bonus Deferral Election.

Notwithstanding any other provision of this Plan, a Participant who is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code) shall not receive any distribution made pursuant to a termination of such Participant's employment or services with the Company and its Subsidiaries before the date that is six months after such Participant's Termination Date (or, if earlier, the date of the Participant's death).

**8.2 Form of Distributions.** At the time of making a Salary and/or Bonus Deferral Election pursuant to Section 4, each Participant shall designate, on a form and in a manner prescribed by the Committee, the manner in which such benefits shall be paid.

If the Participant elects a payment date under Sections 8.1(a) or (c) above, the Participant may elect one of the following payment forms:

- (a) A lump sum payment;
- (b) Substantially equal quarterly installments over five years;
- (c) Substantially equal quarterly installments over a period of ten years; or
- (d) Substantially equal quarterly installments over a period of fifteen years;

provided, however, that the Participant may not elect more than two of the foregoing payment forms with respect to all of his or her distributions under the Plan pursuant to such payment date election(s).

If the Participant elects a payment date under Sections 8.1(b) or (d) above, the Participant may elect one of the following payment forms:

- (e) A lump sum payment; or
- (f) Substantially equal quarterly installments over five years;

provided, however, that the Participant may not elect more than one of the foregoing payment forms with respect to all of his or her distributions under the Plan pursuant to each such payment date election.

The Committee, in its discretion, may permit an election of monthly installment payments, if a Participant's monthly payments would be at least \$1,000, and may permit elections of other payout periods, provided that no payout period shall be more than fifteen years. If the Participant fails to specify a payment form as provided in this Section 8.2, the Participant shall be deemed to have elected payment in substantially equal quarterly installments over five years unless the Committee otherwise provides. The initial installment of any series of installments shall be made as soon as administratively practicable following the Participant's Termination Date or in-service distribution date, as applicable. The Committee, in its discretion, may limit the available quarterly distribution dates to a specific date or specific dates (such as the first day of a month or quarter); such discretion may be exercised (among other means) by limiting the available quarterly distribution dates on the election forms to be used by Participants.

Subject to the following provisions in this paragraph and Section 8.3, no changes may be made to a payment election under this Section 8.2 after such election is filed. A Participant may change his or her form of payment election (for example, from a lump sum to installments), provided (1) that such a change election must be filed with the Committee at least one year prior to the date distributions would commence (i.e. the Participant's Termination Date or in-service distribution date, as applicable), (2) that such a change election will not be effective until at least one year after the date on which the election is made, (3) that,

except in the case of elections related to distributions on account of death, Disability or Unforeseeable Emergency, such a change election shall include a deferral of the payment date (or payment commencement date) to a date that is not less than five years from the date such payment would otherwise have been made (or commenced), (4) that such a change election must be made on a form and in a manner prescribed by the Committee, and (5) that a Participant may make only one such change with respect to Compensation deferred pursuant to any Salary or Bonus Deferral Election.

**8.3 Company Performance Contributions.** No later than (i) thirty (30) days after the crediting of a Company Performance Contribution to a Participant's Account pursuant to Section 5 is approved by the Committee and (ii) twelve (12) months prior to the date that any portion of such Company Performance Contribution becomes vested, the Participant shall designate, on a form and in a manner prescribed by the Committee, the time or times at which such Company Contributions and any related earnings thereon will be paid and the form of any such payment. Such election shall be made in accordance with and subject to the requirements set forth in Sections 8.1 and 8.2. For Company Performance Contributions approved before January 1, 2014, if the Participant elects an in-service distribution date, such date shall be the first business day selected by the Participant which occurs after the date such Company Performance Contribution becomes fully vested pursuant to Section 7.2. For Company Performance Contributions approved on or after January 1, 2014, the Participant may elect separate in-service distribution dates for each installment of such Company Performance Contribution as such installment becomes vested; each such date shall be the first business day selected by the Participant which occurs after the date such installment becomes vested. If a Participant is credited with a Company Performance Contribution and does not timely make a distribution election under this Section 8.3, the Participant shall be deemed to have elected payment in a lump sum commencing on the first business day of a fiscal quarter as soon as administratively practicable following the Participant's Termination Date.

**8.4 Withdrawals for Unforeseeable Emergencies.** A Participant (or former Participant) may request a distribution from his or her Deferral Account for an Unforeseeable Emergency (as defined below) without penalty. Such distribution for an Unforeseeable Emergency shall be subject to approval by the Committee and may be made only to the extent necessary to satisfy the emergency need (which may include amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution) and only from amounts credited to the Participant's Deferral Account. A distribution for an Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved (1) through reimbursement or compensation by insurance or otherwise, (2) by liquidation of the Participant's (or Beneficiary's) assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (3) by cessation of deferrals under this Plan.

The Committee may require that the Participant (or Beneficiary) provide a written representation that any such distribution satisfies the requirements set forth in this Section 8.4. Notwithstanding the foregoing, a Participant may receive a distribution for an Unforeseeable Emergency under this Plan prior to a hardship withdrawal under any plan described in Section 401(k) of the Code.

For purposes of this Section 8.4, an "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in Section 152(a) of the Code), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. (For purposes of this definition, the term "Participant" shall include the Participant's Beneficiary in the event of the Participant's death.) The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case. The purchase of a home and the payment of college tuition would typically not be considered to be Unforeseeable Emergencies.

**8.5 Section 162(m).** Notwithstanding anything in this Section 8 to the contrary, if the Committee determines in good faith that there is a reasonable likelihood that any benefits paid to a Participant for a taxable year of the Company would not be deductible by the Company solely by reason of the limitation under Section 162(m) of the Code, then, to the extent reasonably deemed necessary by the Committee to ensure that the entire amount of any distribution to the Participant pursuant to this Plan is deductible, the Committee may defer all or any portion of a distribution under this Plan. The amounts so deferred shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date, as determined by the Committee in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Company during which the distribution is made will not be limited by Section 162(m) of the Code.



**8.6 Inability to Locate Participant.** In the event that the Committee is unable to locate a Participant or Beneficiary within two years following the Participant's Termination Date, or if later, within two years following the date on which benefits hereunder are to commence, the amount allocated to the Participant's Accounts shall be forfeited. If, within the six-year period following the date of such forfeiture, the Participant or Beneficiary later claims such benefits, such benefits shall be reinstated without interest. Benefits forfeited pursuant to this Section 8.6 shall not be reinstated under any circumstances if the Committee does not receive a claim to such benefits within the six-year period following the date of forfeiture.

**8.7 Distributions on Death.** In the event of a termination of the Participant's employment or services with the Company and its Affiliates due to the Participant's death, the Participant's Account shall be paid to the Participant's Beneficiary in a lump sum during the calendar quarter following the quarter in which the Committee receives notice satisfactory to it of the Participant's death. In the event that a Participant or former Participant dies after his or her Termination Date and before his or her entire Account balance has been paid out, the balance of the Participant's Account shall be paid to the Participant's Beneficiary, in the form of a lump sum payment, as soon as administratively practicable.

**8.8 Liability for Payment.** Notwithstanding anything else in this Plan to the contrary: (1) a Participant's benefits with respect to this Plan shall be paid by the Participating Affiliate to whose employment of the Participant such benefits relate, and (2) a Participant shall have no right or claim to Plan benefits from any other Participating Affiliate other than the employer referenced in the foregoing clause.

**8.9 Legislation or Regulations.** Any provision of this Section 8 with respect to distributions to a Participant shall become null and void in the event that any legislation or regulations applicable to benefits under this Plan is adopted that would require such Participant to be immediately subject to federal income tax for amounts of Compensation deferred under Section 4.1 above. The remaining provisions of this Plan shall continue in effect.

## **9. PLAN ADMINISTRATION**

**9.1 Committee.** The Committee shall be appointed as set forth in the Company's governing documents.

**9.2 Committee Action.** The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by a majority of the members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as an Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.

**9.3 Powers and Duties of the Committee.** The Committee, on behalf of the Participants and their Beneficiaries, shall enforce this Plan in accordance with its terms, shall be charged with the general administration of this Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

- (a) To construe and interpret the terms and provisions of this Plan and to make factual determinations hereunder;
- (b) To compute and certify the amount and kind of benefits payable to Participants and their Beneficiaries, and to determine the time and manner in which such benefits are paid;
- (c) To maintain all records that may be necessary for the administration of this Plan;
- (d) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

- (e) To make and publish such rules for the regulation of this Plan and procedures for the administration of this Plan as are not inconsistent with the terms hereof;
- (f) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of this Plan as the Committee may from time to time prescribe (including but not limited to the power to approve the designation of Subsidiaries as Participating Affiliates under this Plan); and
- (g) To require or permit Participant (or Beneficiary, as the context may require) elections and/or consents under this Plan to be made by means of such electronic media as the Committee may prescribe.

**9.4 Construction and Interpretation.** Prior to a Change in Control Event, the Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. Any interpretation, construction or determination made after a Change in Control Event shall be subject to judicial review on a *de novo* basis. The Committee shall administer the terms and provisions of this Plan in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to this Plan.

**9.5 Compensation, Expenses and Indemnity.** The members of the Committee shall serve without compensation for their services hereunder. Expenses and fees in connection with the administration of this Plan shall be paid by the Company. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of a Participating Affiliate against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to this Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Participating Affiliate or provided by the Participating Affiliate under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

**9.6 Quarterly Statements.** Under procedures established by the Committee, a Participant shall receive a statement with respect to such Participant's Accounts on a quarterly basis as of each January 31, April 30, July 31 and October 31.

## 10. MISCELLANEOUS

**10.1 Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of any Participating Affiliate. No assets of any Participating Affiliate shall be held under any trust or held in any way as collateral security for the fulfilling of the obligations of any Participating Affiliate. Any and all of each Participating Affiliate's assets shall be, and remain, the general unpledged, unrestricted assets of the Participating Affiliate. Each Participating Affiliate's obligations under this Plan shall be merely that of an unfunded and unsecured promise of the Participating Affiliate to pay money in the future to those persons to whom the Participating Affiliate has a benefit obligation under this Plan (as determined in accordance with the terms hereof including, without limitation, Section 8.8), and the respective rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

**10.2 Restriction Against Assignment.** The respective Participating Affiliate shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

**10.3 Tax Withholding.** The Company (or the Subsidiary by which the Participant is employed) may satisfy any state or federal employment tax withholding obligation, or such other withholding obligation as required by the Company's (or Subsidiary's) jurisdiction, with respect to Compensation deferred under this Plan by deducting such amounts from any compensation payable by the Company (or a Subsidiary) to the Participant. There shall be deducted from each payment or distribution made under this Plan, or any other compensation payable to the Participant (or Beneficiary), all taxes which are required to be withheld by the Company (or a Subsidiary) in respect to such payment or distribution or this Plan. If the Company, for any reason, elects not to (or cannot) satisfy the withholding obligation from the amounts otherwise payable under this Plan, the Participant shall pay or provide for payment in cash of the amount of any taxes which the Company (or a Subsidiary) may be required to withhold with respect to the benefits hereunder.

**10.4 Amendment, Modification, Suspension or Termination.** The Board or the Committee may amend, modify, suspend or terminate this Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any amounts allocated to a Participant's Accounts or accelerate or defer the timing of any distributions under this Plan as provided in Section 8. A Participating Affiliate may elect to terminate its status as such at any time and, in such event, such termination shall not affect the Participating Affiliate's obligations under this Plan with respect to amounts previously credited and/or deferred under this Plan (including earnings thereon) for which the Participating Affiliate is liable.

**10.5 Governing Law; Severability.** This Plan shall be construed, governed and administered in accordance with the laws of the State of Delaware. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective. To the extent that the Plan is subject to Section 409A of the Code, the Plan shall be construed and interpreted to the maximum extent reasonably possible to avoid the imputation of any tax, penalty or interest pursuant to Section 409A. The Company reserves the right to amend the Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of deferrals made under the Plan in light of Section 409A and any regulations or other guidance promulgated thereunder.

**10.6 Receipt or Release.** Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee, the Company and the Subsidiaries. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

**10.7 Payment on Behalf of Persons Under Incapacity.** In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee, the Company and the Subsidiaries.

**10.8 No Right to Employment.** Participation in this Plan shall not give any person the right to continued employment or service or any rights or interests other than as expressly provided herein. No Participant shall have any right to any payment or benefit hereunder except to the extent provided in this Plan.

**10.9 Titles and Headings.** Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

**10.10 Claims Procedure.** A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's then principal executive offices.

Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional ninety (90) days for special circumstances. If the claim is denied in whole or in part, the Committee shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial, (ii) the specific reference to pertinent provisions of this Plan on which such denial is based, (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary, (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, and (v) the time limits for requesting a review set forth below.

Within sixty (60) days after the receipt by the Claimant of the written reply described above, the Claimant may request in writing that the Committee review its determination. Such request must be addressed to the Committee at the Company's then principal executive offices. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review within such sixty (60) day period, he or she shall be barred and estopped from challenging the Committee's determination.

Within sixty (60) days after the Committee's receipt of a request for review, after considering all materials presented by the Claimant, the Committee will inform the Claimant in writing, in manner calculated to be understood by the Claimant, of its decision setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Committee will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

**10.11 Arbitration.** Any dispute regarding the Plan shall be submitted to mandatory, binding arbitration. A Claimant must exhaust the claims procedure set forth in Section 10.10 as a condition of commencing arbitration. If a civil action concerning the Plan has been brought, the Company and the Claimant shall take such actions as are necessary or appropriate, including dismissal of the civil action, so that the arbitration can be timely heard. Once arbitration is commenced, it may not be discontinued without the unanimous consent of all parties to the arbitration.

Any claim for arbitration may be submitted as follows: if the Claimant disagrees with an interpretation of this Plan by the Company or any fiduciary of this Plan, or disagrees with the calculation of his or her benefit under this Plan, such claim may, after exhaustion of the claims procedure set forth in Section 10.10, be filed in writing with an arbitrator of the Claimant's choice who is selected by the method described in the next four sentences. The first step of the selection shall consist of the Claimant submitting in writing a list of five potential arbitrators to the Company. Each of the five potential arbitrators must be either (i) a member of the National Academy of Arbitrators located in the state of California or, if the Claimant is a resident of the United States, the state of the Claimant's residence or (ii) a retired California Superior Court or Appellate Court judge. Within ten business days after receipt of the list, the Company shall select one of the five arbitrators as the arbitrator of the dispute in question. If the Company fails to select an arbitrator in a timely manner, the Claimant then shall designate one of the five arbitrators as the arbitrator of the dispute in question.

The arbitration hearing shall be held within thirty days (or as soon thereafter as possible) after the selection of the arbitrator. No continuance of said hearing shall be allowed without the mutual consent of the Claimant and the Company. Absence from or non-participation at the hearing by any party shall not prevent the issuance of an award. Hearing procedures that will expedite the hearing may be ordered at the arbitrator's discretion, and the arbitrator may close the hearing in his sole discretion when he or she decides he or she has heard sufficient evidence to justify issuance of an award. The arbitrator shall apply the same standard of review referred to in Section 9.4 as would be applied by a court of proper jurisdiction. Accordingly, with respect to any interpretation, construction or determination by the Committee prior to a Change in Control Event, the arbitrator shall not apply a de novo standard of review in reviewing the decision rendered through the claims procedure but rather shall review the Committee's interpretation, construction or determination under an abuse of discretion standard, and with respect to any interpretation, construction or determination by the Committee upon and after a Change in Control Event, the arbitrator shall apply a de novo standard of review.

The arbitrator's award shall be rendered as expeditiously as possible and in no event later than one week after the close of the hearing. In the event the arbitrator finds that the Claimant is entitled to the benefits he or she claimed, the arbitrator shall order the Company to pay or deliver such benefits, in the amounts and at such time as the arbitrator determines. The award of the arbitrator shall be final and binding on the parties. The Company shall thereupon pay or deliver to the Claimant immediately the amount that the arbitrator orders to be paid or delivered in the manner described in the award. The award may be enforced in any appropriate court as soon as possible after its rendition. If any action is brought to confirm the award, no appeal shall be taken by any party from any decision rendered in such action.

If a Change in Control Event has occurred and the arbitrator determines that the Claimant is entitled to the claimed benefits, the arbitrator shall direct the Company to pay to the Claimant, and the Company shall pay to the Claimant in accordance with such order, an amount equal to the Claimant's expenses in pursuing the claim, including attorneys' fees.

2019. IN WITNESS WHEREOF, the Company has caused this amended and restated document to be executed by its duly authorized officer effective as of January 1,

**KORN FERRY**

By: /s/\_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

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**KORN FERRY**  
**EXECUTIVE CAPITAL ACCUMULATION PLAN**

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**KORN FERRY LONG TERM PERFORMANCE UNIT PLAN****1. PURPOSE OF PLAN**

The purpose of this Plan is to promote the success of the Company by providing a select group of management and highly compensated employees with nonqualified supplemental retirement benefits as an additional means to attract, motivate and retain such employees. Only Eligible Employees (as defined herein) are eligible to participate in this Plan.

**2. DEFINITIONS**

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

“Annual Benefit” with respect to any Unit Award shall mean \$25,000 (or the lesser amount determined under Section 4.1.2 for a Participant who elects that the Annual Benefit be paid over a longer period than five years). However, if expressly provided in a Unit Award Agreement, the Annual Benefit shall be subject to the positive or negative adjustment, if any, as set forth in Section 6.2.

“Annual Benefit Commencement Date” shall mean the date determined under Section 4.1. “Beneficiary” or “Beneficiaries” shall mean the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant, in accordance with procedures established by the Committee, to receive the benefits specified hereunder in the event of the Participant’s death. No beneficiary designation shall become effective until it is filed with the Committee, and no beneficiary designation of someone other than the Participant’s spouse shall be effective unless such designation is consented to by the Participant’s spouse on a form provided by and in accordance with the procedures established by the Committee. If there is no Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant’s surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant’s estate (which shall include either the Participant’s probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant’s estate duly appointed and acting in that capacity within 90 days after the Participant’s death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant’s death), then “Beneficiary” shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under this Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person’s living parent(s) to act as custodian, (b) if that person’s parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.



“Board of Directors” or “Board” shall mean the Board of Directors of the Company.

“Change in Control Event” 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 in (either comprising “ownership of”) more than 30% of the Common Stock or voting securities entitled to then vote generally in the election of directors of the Company (“Voting Stock”), after giving effect to any new issue in the case of an acquisition from the Company; or
- (b) Consummation of a 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 hold or receive directly or indirectly 70% or more 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 amount of Voting Stock immediately before the Business Combination, and (3) after which one or more Excluded Persons own an aggregate number of shares of the voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded Person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 30% of the voting stock; or
- (c) Approval by the Board and (if required by law) by shareholders of the Company of a plan to consummate the dissolution or complete liquidation of the Company; or
- (d) During any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company 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, cease for any reason to constitute a majority of the Board.

For purposes of determining whether a Change in Control Event has occurred, a transaction includes all transactions in a series of related transactions.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean the Compensation Committee of the Board, which shall administer this Plan in accordance with Section 9.

“Company” shall mean Korn Ferry, a Delaware corporation, and any successor corporation.

“Detrimental Activity” with respect to a Participant shall mean that such Participant:

- (a) has directly or indirectly engaged in any business for his or her own account that competes with the business of any entity within the Company Group (“Company Group” means the Company, the Subsidiaries, and any affiliate of the Company or a Subsidiary) (a business in competition with any entity within the Company Group includes, without limitation, any business in an industry which any business in the Company Group may conduct business from time to time and any business in an industry which any entity within the Company Group has specific plans to enter in the future and as to which the Participant is aware of such planning); or
- (b) has committed or engaged in an unauthorized disclosure or use of inside information, trade secrets or other confidential information, or an unauthorized use of trade names, trademarks, or other proprietary business designations owned or used in connection with the business of any entity within the Company Group; has failed to timely return to the Company in accordance with Company policy all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of any entity within the Company Group; or
- (c) has entered the employ of, renders services to, or has acquired a financial interest in any person engaged in any business that competes with the business of any entity within the Company Group; has acted intentionally in a manner injurious to the reputation, business or assets of, any entity within the Company Group; has interfered with business relationships (whether formed before or after the date hereof) between the Company, any Subsidiary, any of their respective affiliates, and any customers, suppliers, officers, employees, partners, members or investors; has influenced or attempted to influence a vendor or customer of any entity within the Company Group, either directly or indirectly, to divert their business away from the Company Group, induced a principal for whom an entity within the Company Group acts as agent to terminate such agency relationship, or induced an employee of any entity within the Company Group who earned \$25,000 or more on an annualized basis during the last six months of his or her employment to work for any business, individual, partnership, firm, corporation, or other entity then in competition with the business of any entity within the Company Group.

“Disability” shall mean with respect to a Participant any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, by reason of which impairment the Participant is either unable to engage in any substantial gainful activity or is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant’s employer.

“Early Termination Date” shall have the meaning set forth in Section 5.1.

“Eligible Employee” shall mean any Officer or any employee of a Participating Affiliate who is in the position category of vice president or above and who customarily performs services for 30 or more hours per week for such Participating Affiliate.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended. “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time.

“Excluded Person” means

- (a) the Company or any Subsidiary;
- (b) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act);
- (c) any employee benefit plan of the Company or a Subsidiary;
- (d) 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 (b) of this definition.

“Grant Date” shall mean, for each Unit Award, the date the Committee makes the Unit Award to the Participant, as set forth in the Participant’s Unit Award Agreement.

“Officer” shall mean the Chief Executive Officer, Chief Financial Officer, any Executive Vice President and any Vice President of the Company.

“Participant” shall mean any Eligible Employee who is selected for participation in the Plan.

“Participating Affiliate” shall mean the Company and any Subsidiary, which by resolution of its board of directors and with the approval of the Committee, elects to participate in this Plan. By electing to participate in this Plan, a Participating Affiliate agrees to be bound by any Plan amendment adopted by resolution of the Board of Directors or by the written instrument of any person to whom the Board of Directors has delegated its authority to adopt the amendment. If a Participating Affiliate ceases to be a Subsidiary, except by merger with its parent, the employment of each Eligible Employee of the Participating Affiliate shall be deemed to have terminated for purposes of this Plan, except to any extent any such Eligible Employee is required by law to continue to be treated under the Plan as an employee of the Company. “Plan” shall mean this Korn Ferry Long Term Performance Unit Plan set forth herein, now in effect, or as amended from time to time.

“Separation from Service” shall have the meaning defined in Section 409A of the Code and Treasury Regulations Section 1.409A-1(h).

“Subsidiary” shall mean (a) each corporation which is (directly or indirectly) 50% or more owned by the Company, and (b) each entity which is partially owned by the Company and is organized under the laws of a nation other than the United States of America.

“Termination Date” shall mean the date that the Participant’s has a “separation from service,” as defined in Section 409A of the Code, from the Company and its Subsidiaries for any reason.

“Termination For Cause” shall mean a termination of service, based upon a finding by the Company, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) is or has been dishonest, incompetent, or negligent in the discharge of his or her duties to the Company; or has refused to perform stated or assigned duties; or
- (b) has committed a theft or embezzlement, or a breach of confidentiality or unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information, or a breach of fiduciary duty involving personal profit, or a willful or negligent violation of any law, rule or regulation or of Company rules or policy, in any material respect; or has been convicted (including a plea of guilty or nolo contendere) of a felony or misdemeanor (other than minor traffic violations or similar offenses); or
- (c) has materially breached any of the provisions of any agreement with the Company or a parent corporation; or
- (d) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Company; or has induced a customer to break or terminate any contract with the Company or an affiliate; or has induced any principal for whom the Company (or an affiliate) acts as agent to terminate such agency relationship; or
- (e) has made a misrepresentation or false statement in any application for employment, employment history, resume or other document submitted to the Company (whether before, during or after employment); or
- (f) has engaged in Detrimental Activity.

A Termination For Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Board or Committee) on the date when the Company first delivers notice to the Participant of a finding of Termination For Cause and shall be final in all respects on the date following the opportunity to be heard and written notice to the Participant that his or her service is terminated.

“Unit Award” shall mean an award granted under this Plan. A Unit Award has a base value of \$50,000 for purposes of determining the payment made for a partially-vested Unit Award upon an Early Termination Date. A Unit Award has a full value of \$125,000, which is the aggregate amount payable with respect to a fully-vested Unit Award (subject to the adjustment, if any, as set forth in Section 6.2).

“Unit Award Agreement” shall mean the written agreement evidencing an individual’s Unit Award granted under the Plan. The Unit Award Agreement may contain additional terms and conditions as agreed upon by the Company and the Participant.

### 3. PARTICIPATION AND UNIT AWARD GRANT

**3.1 *Participation.*** The Committee shall from time to time select from the class of Eligible Employees those particular Eligible Employees who will participate in this Plan. Notwithstanding anything else contained herein to the contrary, the Committee shall limit the class of persons selected to participate in this Plan to a select group of management or highly compensated employees, as set forth in Sections 201, 301 and 401 of ERISA. Participation shall commence upon the Committee making a Unit Award to a Participant.

**3.2 *Unit Awards.*** The Committee shall have discretion to grant Unit Awards to Eligible Employees selected to participate in the Plan, and shall have discretion to determine the amount and terms of each such Unit Award. The Committee may grant more than one Unit Award to a Participant under this Plan. Each grant of a Unit Award shall be evidenced by a Unit Award Agreement.

### 4. ELECTION OF ANNUAL BENEFIT COMMENCEMENT DATE AND PAYMENT PERIOD

**4.1 *Initial Elections.*** Unless the Participant (i) dies while an employee of the Company and its Subsidiaries, or (ii) makes an election as provided in Sections 4.1.1 or 4.2, the Annual Benefit Commencement Date with respect to a Unit Award shall be the seventh anniversary of the Grant Date of the Unit Award. Unless the Participant makes an election as provided in Section 4.1.2, the Annual Benefit shall be five equal installments each in the amount of one-fifth of the full Unit Award value (thus, in the absence of an adjustment under Section 6.2, the Annual Benefit is \$25,000).

**4.1.1** Within thirty days of the Grant Date of each Unit Award, the Participant may elect, on a form and in the manner prescribed by the Committee, a later, but not earlier, Annual Benefit Commencement Date, provided that the date specified by the Participant shall not be a date after the Participant reaches age 70. In no case shall the Participant's Annual Benefit Commencement Date occur after the later of age 70 or the seventh anniversary of the Grant Date of the Unit Award.

**4.1.2** Within thirty days of the Grant Date of each Unit Award, the Participant may elect, on a form and in the manner prescribed by the Committee, a longer, but not shorter, number of full years over which the Annual Benefit shall be paid. If the Participant elects a longer number of full years over which the Annual Benefit shall be paid, the amount of the Annual Benefit shall be the Unit Award value divided by the number of full years so elected by the Participant.

**4.2 *Annual Benefit Commencement Date Election Changes.*** The Participant may change the Annual Benefit Commencement Date applicable under Section 4.1 to the extent permitted by this Section 4.2. Any change must be made by providing notice to the Committee no less than twelve months prior to the previously applicable Annual Benefit Commencement Date. The new Annual Benefit Commencement Date must be at least 5 years after the previously applicable Annual Benefit Commencement Date, and the new Annual Benefit Commencement Date must be a date permitted under Section 4.1.1.

**4.3**      ***No Right to Interest.*** No interest or other increase in benefits is payable (i) to any Participant who elects a later Annual Benefit Commencement Date under Sections 4.1.1 or 4.2, or (ii) to any Participant who elects a longer number of full years over which the Annual Benefit shall be paid under Section 4.1.2. However, the Committee, in its sole discretion, may increase the amount payable to a Participant described in clause (i) or (ii) in an amount determined by the Committee in its sole discretion. No Participant shall have any contractual right to such an increase at any time prior to actual payment.

## **5. VESTING**

**5.1**      ***Entitlement to Annual Benefit.*** The Annual Benefit shall be payable with respect to a Unit Award under any of the following circumstances:

**5.1.1**      The Participant continues to be employed by the Company through the fourth anniversary of the Grant Date for such Unit Award;

**5.1.2**      The Participant continues to be employed by the Company through the later of (i) the Participant's 65th birthday or (ii) the second anniversary of the Grant Date for such Unit Award;

**5.1.3**      The Participant dies while an employee of the Company and its Subsidiaries or incurs a Disability while an employee of the Company and its Subsidiaries; or

**5.1.4**      A Change in Control Event occurs while the Participant is employed by the Company.

If the Participant's Termination Date occurs before the Participant satisfies the requirements for payment of the Annual Benefit as provided in Sections 5.1.1 through 5.1.4, the Participant is deemed to have had an "Early Termination Date" with respect to such Unit Award. If the Participant has an Early Termination Date, (i) the Annual Benefit shall not be payable with respect to the Unit Award, and (ii) the payment (if any) with respect to the Unit Award shall be the amount (if any) determined under Section 5.2.

**5.2**      ***Forfeiture or Lump Sum Payment.*** If a Participant's Early Termination Date occurs before the date that is 13 months after the Grant Date with respect to a Unit Award, the Unit Award is forfeited and no payment shall be made to the Participant with respect to the Unit Award. If a Participant's Early Termination Date occurs on or after the date that is 13 months after the Grant Date with respect to a Unit Award, the Participant shall be entitled to a lump sum payment equal to the lesser of (x) \$50,000 or (y) the product of \$12,500 times the number of full years of service completed between the Grant Date and the Termination Date. Such payment shall be made on the first day of the seventh month following the Participant's Termination Date.

**5.2.1**      The following hypothetical example illustrates the calculation of the lump sum payment. For purposes of the hypothetical, assume the Participant has a Termination Date before reaching age 65 and after completing three full years of service after the Grant Date. Since the Termination Date was before the Participant satisfied the requirements for payment of the Annual Benefit, it was an Early Termination Date. Therefore, the Annual Benefit is not payable, and the Participant is entitled to a lump sum benefit of \$37,500.

## 6. DISTRIBUTION OF BENEFITS

**6.1      *Annual Distributions.*** With respect to each Unit Award for which the Annual Benefit becomes payable, during the calendar year that includes the Annual Benefit Commencement Date and once per year during each of the next four calendar years thereafter (or such longer period as elected by the Participant pursuant to Section 4.1.2), the Company shall pay the Participant an amount equal to the Annual Benefit.

**6.1.1**      Except as provided in Sections 6.1.2, the Annual Benefit Commencement Date is the date determined in Sections 4.1 and 4.2.

**6.1.2**      If the Participant's Separation from Service is on account of the Participant's death, the Annual Benefit Commencement Date shall be sixty days following the Participant's Separation from Service.

The payment date within any calendar year shall be determined by the Company. Notwithstanding any provision of the Plan to the contrary, any payments commencing due to a Participant's Separation from Service (other than his or her death) shall not be made prior to the date that is six months following the date of such Separation from Service.

**6.2      *Adjustment to Annual Benefit.*** The Committee may, in its sole discretion, provide in a Unit Award Agreement that the Annual Benefit is subject to the adjustment provided in this Section 6.2. Unless expressly provided in a Unit Award Agreement, the adjustment described in this Section 6.2 does not apply.

**6.2.1**      If the adjustment in this Section 6.2 applies, then the Unit Award value shall be increased (or decreased) according to a formula determined by the Committee at the time a Unit Award is granted, and such formula shall be specified in the Unit Award Agreement. By way of example and not limitation, such formula may be based on changes to the trading price of the Company's Common Stock during a period after the Unit Award is granted.

**6.3      *Liability for Payment.*** Notwithstanding anything else in this Plan to the contrary:

(1) a Participant's benefits with respect to this Plan shall be paid by the Participating Affiliate to whose employment of the Participant such benefits relate, and (2) a Participant shall have no right or claim to Plan benefits from any other Participating Affiliate other than the employer referenced in the foregoing clause.

**6.4      *Lump Sum Payment Following Disability.*** If a Participant incurs a Disability while an employee of the Company and its Subsidiaries but before the Annual Benefit Commencement Date with respect to a Unit Award, then the payment under the Unit Award shall be a lump sum equal to five times the Annual Benefit. Such lump sum payment shall be in lieu of any other payments (including installment payments) with respect to a Unit Award. The lump sum payment shall be made during the calendar year in which the Participant incurred a Disability. The payment date within the calendar year shall be determined by the Company.

## **7. FORFEITURE; DETRIMENTAL ACTIVITY.**

A Participant's rights with respect to the Unit Award, whether vested or unvested, shall terminate, become null and void, and be immediately forfeited if (i) the Participant's employment ends as a result of a Termination for Cause, or (ii) the Participant engages in any Detrimental Activity at any time prior to the date the last Annual Benefit payment is made under the Unit Award. In the event that the Committee determines that a Participant has engaged in Detrimental Activity at any time prior to the date the last Annual Benefit payment is made under the Unit Award, the Committee shall cease to make payments under the Plan to the Participant and the Participant will forfeit any remaining Unit Award or Annual Benefit. Determinations of whether (i) a Participant's employment has ended as a result of a Termination for Cause, and (ii) a Participant has engaged in Detrimental Activity shall be made by the Committee in its sole discretion. For avoidance of doubt, if a Unit Award is forfeited under this Section 7, the Participant and Beneficiary forfeit all rights to any payments under such Unit Award, even if such Unit Award had previously become fully or partially vested under Section 5.1 or Section 5.2. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide that some or all of the benefit described in Section 5.2 (i.e., the vested portion of \$50,000) shall be payable to a Participant whose benefit is otherwise subject to forfeiture under this Section 7. No Participant shall have any contractual right to a payment described in the preceding sentence at any time prior to actual payment.

## **8. FUNDING**

**8.1      *Type of Plan.*** The Plan is a defined benefit, unfunded, non-qualified deferred compensation plan. The benefits provided under this Plan are not based on any salary reduction by the Participants. Participants do not have the option of receiving any current payment or bonus in lieu of the benefits provided under this Plan.

**8.2      *Rabbi Trust.*** The Company may establish a "rabbi trust" to which contributions may be made to provide the Company with a source of funds for purposes of satisfying the obligations of the Company under the Plan. Any such trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan. The Participant and his Beneficiaries shall have no beneficial ownership interest in any assets held in the trust.

## **9. PLAN ADMINISTRATION**

**9.1      *Committee.*** The Committee shall be appointed as set forth in the Company's governing documents.

**9.2      *Committee Action.*** The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by a majority of the members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as an Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.



**9.3 Powers and Duties of the Committee.** The Committee, on behalf of the Participants and their Beneficiaries, shall enforce this Plan in accordance with its terms, shall be charged with the general administration of this Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

- (a) To construe and interpret the terms and provisions of this Plan and to make factual determinations hereunder;
- (b) To compute and certify the amount and kind of benefits payable to Participants and their Beneficiaries, and to determine the time and manner in which such benefits are paid;
- (c) To maintain all records that may be necessary for the administration of this Plan;
- (d) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;
- (e) To make and publish such rules for the regulation of this Plan and procedures for the administration of this Plan as are not inconsistent with the terms hereof;
- (f) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of this Plan as the Committee may from time to time prescribe (including but not limited to the power to approve the designation of Subsidiaries as Participating Affiliates under this Plan); and
- (g) To require or permit Participant (or Beneficiary, as the context may require) elections and/or consents under this Plan to be made by means of such electronic media as the Committee may prescribe.

**9.4 Construction and Interpretation.** Prior to a Change in Control Event, the Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. Any interpretation, construction or determination made after a Change in Control Event shall be subject to judicial review on a *de novo* basis. The Committee shall administer the terms and provisions of this Plan in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to this Plan.

**9.5 Compensation, Expenses and Indemnity.** The members of the Committee shall serve without compensation for their services hereunder. Expenses and fees in connection with the administration of this Plan shall be paid by the Company. The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of a Participating Affiliate against any and all expenses, liabilities and claims,

including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to this Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Participating Affiliate or provided by the Participating Affiliate under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

## **10. MISCELLANEOUS**

**10.1      *Unsecured General Creditor.*** Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of any Participating Affiliate. No assets of any Participating Affiliate shall be held under any trust or held in any way as collateral security for the fulfilling of the obligations of any Participating Affiliate. Any and all of each Participating Affiliate's assets shall be, and remain, the general unpledged, unrestricted assets of the Participating Affiliate. Each Participating Affiliate's obligations under this Plan shall be merely that of an unfunded and unsecured promise of the Participating Affiliate to pay money in the future to those persons to whom the Participating Affiliate has a benefit obligation under this Plan, and the respective rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

**10.2      *Restriction Against Assignment.*** The respective Participating Affiliate shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of the Unit Award or Annual Benefit shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Unit Award or Annual Benefit be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

**10.3      *Tax Withholding.*** The Company (or the Subsidiary by which the Participant is employed) may satisfy any state or federal employment tax withholding obligation, or such other withholding obligation as required by the Company's (or Subsidiary's) jurisdiction, with respect to the Unit Award under this Plan by deducting such amounts from any compensation payable by the Company (or a Subsidiary) to the Participant. There shall be deducted from each payment or distribution made under this Plan, or any other compensation payable to the Participant (or Beneficiary), all taxes which are required to be withheld by the Company (or a Subsidiary) in respect to such payment or distribution or this Plan. If the Company, for any reason, elects not to (or cannot) satisfy the withholding obligation from the amounts otherwise payable under this Plan, the Participant shall pay or provide for payment in cash of the amount of any taxes which the Company (or a Subsidiary) may be required to withhold with respect to the benefits hereunder.

**10.4**        ***Amendment, Modification, Suspension or Termination.*** The Board or the Committee may amend, modify, suspend or terminate this Plan in whole or in part, except that no amendment, modification, suspension or termination shall have any retroactive effect to reduce any outstanding Unit Awards or accelerate or defer the timing of any distributions under this Plan as provided in Sections 5 or 6. A Participating Affiliate may elect to terminate its status as such at any time and, in such event, such termination shall not affect the Participating Affiliate's obligations under this Plan with respect to amounts previously awarded under this Plan for which the Participating Affiliate is liable.

**10.5**        ***Governing Law; Severability.*** This Plan shall be construed, governed and administered in accordance with the laws of the State of Delaware. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective. To the extent that the Plan is subject to Section 409A of the Code, the Plan shall be construed and interpreted to the maximum extent reasonably possible to avoid the imputation of any tax, penalty or interest pursuant to Section 409A. The Company reserves the right to amend the Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of deferrals made under the Plan in light of Section 409A and any regulations or other guidance promulgated thereunder.

**10.6**        ***Receipt or Release.*** Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee, the Company and the Subsidiaries. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

**10.7**        ***Payment on Behalf of Persons Under Incapacity.*** In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee, the Company and the Subsidiaries.

**10.8**        ***No Right to Employment.*** Participation in this Plan shall not give any person the right to continued employment or service or any rights or interests other than as expressly provided herein. No Participant shall have any right to any payment or benefit hereunder except to the extent provided in this Plan.

**10.9**        ***Titles and Headings.*** Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

**10.10**       ***Claims Procedure.*** A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's then principal executive offices.

Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within ninety days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional ninety days for special circumstances. If the claim is denied in whole or in part, the Committee shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (i) the specified reason or reasons for such denial, (ii) the specific reference to pertinent provisions of this Plan on which such denial is based, (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary, (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, and (v) the time limits for requesting a review set forth below.

Within sixty days after the receipt by the Claimant of the written reply described above, the Claimant may request in writing that the Committee review its determination. Such request must be addressed to the Committee at the Company's then principal executive offices. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review within such sixty day period, he or she shall be barred and estopped from challenging the Committee's determination.

Within sixty days after the Committee's receipt of a request for review, after considering all materials presented by the Claimant, the Committee will inform the Claimant in writing, in manner calculated to be understood by the Claimant, of its decision setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty day time period be extended, the Committee will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty days after receipt of the request for review.

**10.11 Arbitration.** Any dispute regarding the Plan shall be submitted to mandatory, binding arbitration. A Claimant must exhaust the claims procedure set forth in Section 10.10 as a condition of commencing arbitration. If a civil action concerning the Plan has been brought, the Company and the Claimant shall take such actions as are necessary or appropriate, including dismissal of the civil action, so that the arbitration can be timely heard. Once arbitration is commenced, it may not be discontinued without the unanimous consent of all parties to the arbitration.

Any claim for arbitration may be submitted as follows: if the Claimant disagrees with an interpretation of this Plan by the Company or any fiduciary of this Plan, or disagrees with the calculation of his or her benefit under this Plan, such claim may, after exhaustion of the claims procedure set forth in Section 10.10, be filed in writing with an arbitrator of the Claimant's choice who is selected by the method described in the next four sentences.

The first step of the selection shall consist of the Claimant submitting in writing a list of five potential arbitrators to the Company. Each of the five potential arbitrators must be either (i) a member of the National Academy of Arbitrators located in the state of California or, if the Claimant is a resident of the United States, the state of the Claimant's residence or (ii) a retired California Superior Court or Appellate Court judge. Within ten business days after receipt of the list, the Company shall select one of the five arbitrators as the arbitrator of the dispute in question. If the Company fails to select an arbitrator in a timely manner, the Claimant then shall designate one of the five arbitrators as the arbitrator of the dispute in question.

The arbitration hearing shall be held within thirty days (or as soon thereafter as possible) after the selection of the arbitrator. No continuance of said hearing shall be allowed without the mutual consent of the Claimant and the Company. Absence from or non-participation at the hearing by any party shall not prevent the issuance of an award.

Hearing procedures that will expedite the hearing may be ordered at the arbitrator's discretion, and the arbitrator may close the hearing in his sole discretion when he or she decides he or she has heard sufficient evidence to justify issuance of an award. The arbitrator shall apply the same standard of review referred to in Section 9.4 as would be applied by a court of proper jurisdiction. Accordingly, with respect to any interpretation, construction or determination by the Committee prior to a Change in Control Event, the arbitrator shall not apply a de novo standard of review in reviewing the decision rendered through the claims procedure but rather shall review the Committee's interpretation, construction or determination under an abuse of discretion standard, and with respect to any interpretation, construction or determination by the Committee upon and after a Change in Control Event, the arbitrator shall apply a de novo standard of review.

The arbitrator's award shall be rendered as expeditiously as possible and in no event later than one week after the close of the hearing. In the event the arbitrator finds that the Claimant is entitled to the benefits he or she claimed, the arbitrator shall order the Company to pay or deliver such benefits, in the amounts and at such time as the arbitrator determines. The award of the arbitrator shall be final and binding on the parties. The Company shall thereupon pay or deliver to the Claimant immediately the amount that the arbitrator orders to be paid or delivered in the manner described in the award. The award may be enforced in any appropriate court as soon as possible after its rendition. If any action is brought to confirm the award, no appeal shall be taken by any party from any decision rendered in such action.

If a Change in Control Event has occurred and the arbitrator determines that the Claimant is entitled to the claimed benefits, the arbitrator shall direct the Company to pay to the Claimant, and the Company shall pay to the Claimant in accordance with such order, an amount equal to the Claimant's expenses in pursuing the claim, including attorneys' fees.

EXHIBIT 10.27

**KORN FERRY  
LONG TERM PERFORMANCE UNIT PLAN  
UNIT AWARD AGREEMENT**

**THIS UNIT AWARD AGREEMENT** (this “Agreement”) by and between Korn Ferry, a Delaware corporation (the “Company”), and the Participant named below evidences the Unit Award granted by the Company to the Participant under the Korn Ferry Long Term Performance Unit Plan (the “Plan”). The capitalized terms used in this Agreement are defined in the Plan, if not defined herein.

**Participant:** «First\_Name» «Last\_Name»

The Committee hereby selects the above named individual for participation in the Plan, effective as of the Grant Date.

**Automatic Acceptance:** If the Participant wishes to decline the Unit Award, the Participant must decline this Unit Award within 30 days of the Grant Date set forth below. If the Participant does not provide such notice within 30 days of the Grant Date, the Participant will be deemed to have accepted the Unit Award on the terms and conditions set forth in this Agreement.

**Grant Date:** «Grant\_Date»

**Unit Award:** The Participant is hereby awarded «Number\_of\_Units» of Unit Awards as of the Grant Date, subject to the terms of the Plan and this Agreement. Each Unit Award has a base value of \$50,000 for purposes of determining the lump sum payment made for a partially-vested Unit Award. Each Unit Award has a full value of \$125,000, which is the aggregate amount payable in five equal annual installments of \$25,000 with respect to a fully-vested Unit Award.

**Vesting:** The base value of the Unit Award shall become 25% vested 13 months after the Grant Date, 50% vested on the second anniversary of the Grant Date and 75% vested on the third anniversary of the Grant Date. The full value of the Unit Award shall become fully vested on the fourth anniversary of the Grant Date. The full value of the Unit Award shall also become fully vested (i) on the later of the Participant’s 65<sup>th</sup> birthday or the second anniversary of the Grant Date, (ii) upon the death or Disability of the Participant, and (iii) upon a Change in Control Event. In all instances, full or partial vesting is subject to the Participant’s continued employment by the Company through the relevant vesting date, and the Unit Award is forfeited upon termination of employment to the extent not vested. Furthermore, at all times (even following full or partial vesting) the Unit Award is subject to forfeiture if the Participant is terminated for Cause or engages in Detrimental Activity, as set forth in the Plan. Should the Unit Award be forfeited, no payment shall be made under the Unit Award.

**Payment:** The vested portion of the base value of a Unit Award that is partially vested (but not fully vested) is payable as a lump sum on the first day of the seventh month following the Participant's Termination Date. Subject to the Participant's payout elections (described below), a fully-vested Unit Award is payable in five equal annual installments of \$25,000, with the first payment made during the calendar year that includes the seventh anniversary of the Grant Date, and with each subsequent payment made during each of the next four calendar years. If the Participant's employment with the Company terminates on account of Death prior to the seventh anniversary of the Grant Date, the annual installments commence 60 days following the date of death. If the Participant incurs a Disability while employed by the Company but before the Annual Benefit Commencement Date, the Unit Award is payable as a lump sum of \$125,000 in the year in which the Disability occurred. In all instances the payment date within any calendar year is determined by the Company; provided, however, that any payments commencing due to a Participant's Separation from Service (other than his or her death) shall not be made prior to the date that is six months following the date of such Separation from Service.

**Payout Elections:** Within 30 days of the Grant Date, the Participant may elect (i) that the annual installments for a fully-vested Unit Award commence later than (but not earlier than) the calendar year that includes the seventh anniversary of the Grant Date, or (ii) that the payment for a fully-vested Unit Award be made over a greater (but not lesser) number of annual installments (with the full value of such installments remaining \$125,000). Furthermore, at least 12 months prior to the date benefits would otherwise commence, the Participant may elect that the annual installments for a fully-vested Unit Award commence later than the calendar year that includes the seventh anniversary of the Grant Date, provided that any such election must defer the commencement of benefits at least five additional years. In no instance shall interest or other investment earnings shall be credited to a Participant who makes an election to receive payments at a later date or over a greater number of installments. Any Participant elections must be made in the form and manner specified by the Company.

**Plan Document Controls:** This Agreement is subject to the terms and conditions of the Plan document. The Company represents and warrants that a current copy of the Plan document has been provided to the Participant, and Participant hereby acknowledges receipt of such document.

The Company has executed this Agreement, and unless the Participant notifies the Company within 30 days of the Grant Date that the Participant wishes to decline the Unit Award, the Participant is deemed to accept the Unit Award and to agree that the Unit Award is to be governed by the terms and conditions of this Agreement and the Plan.

**KORN FERRY,**  
a Delaware corporation



By: Gary Burnison

Its: Chief Executive Officer

## KORN FERRY

LONG TERM PERFORMANCE UNIT PLAN  
PAYOUT ELECTION FORM

**NOTE -- THIS FORM IS OPTIONAL.** *This form is **only** used to defer payments under the LTPUP.*

**Participant:** «First\_Name» «Last\_Name»

**Grant Date for Unit Awards subject to this election:** «Grant\_Date»

**Purpose:** This **optional** form may be used by a Participant in the Korn Ferry Long Term Performance Unit Plan (the “Plan”) to defer payments under the Plan. Please be aware that ***no interest is payable on deferred payments.***

If you wish to make an **optional** election to defer payments, you may elect (i) that the annual installments for a fully-vested Unit Award commence later than the calendar year that includes the seventh anniversary of the Grant Date, or (ii) that the payment for a fully-vested Unit Award be made over a greater number of annual installments. If you elect either of these deferrals, interest is not payable -- the full value of the installments you receive will remain \$125,000.

**A Participant who does not wish to further defer receipt of benefits or to receive benefits over a longer period should not submit this form.**

**Units Awards Subject to this Election:** The Participant’s election applies to the Unit Award(s) granted to the Participant on the Grant Date shown above (the “Applicable Unit Awards”).

**Deadline:** In order to comply with certain tax rules governing the Plan, a Participant wishing to defer benefits must complete and deliver this election form to the Company no later than 30 days following the Grant Date. Any attempt to make the election following such deadline shall be disregarded.

**No Interest or Investment Earnings:** Under the elections below, the Participant will receive the payments for the Applicable Unit Award at a later date or over a longer period of time than in the absence of the election. The Participant understands and agrees that **no interest, investment earnings or other compensation will be paid** as a result of such election.

**Defer Annual Benefit Commencement Date (OPTIONAL):** The Participant hereby elects to receive any Annual Benefit that he/she may be entitled to receive pursuant to the Plan for the Applicable Unit Awards beginning during the following calendar year: ***(Select one if you wish to defer receipt of your benefits; otherwise leave blank)***

- ☐ The calendar year that is 6 months following the Participant’s Separation from Service with the Company. However, (i) distributions will not start earlier than the calendar year that includes the seventh anniversary of the Grant Date, (ii) distributions will not start later than the year in which the Participant reaches age 70, and (iii) any payments due to a Participant’s Separation from Service will not start prior to six months following such Separation from Service.



- ☐ The calendar year in which the Participant attains age \_\_\_\_\_ (*Insert an age not exceeding 70*). However, distributions will not start earlier than the calendar year that includes the seventh anniversary of the Grant Date.
- ☐ The calendar year that includes the \_\_\_\_\_ th anniversary of the Grant Date (*Insert a number of years higher than 7*). However, distributions will not start later than the calendar year in which the Participant reaches age 70).

**Spread Benefit Over Additional Installments (OPTIONAL):** The Participant hereby elects to receive any Annual Benefit that he/she may be entitled to receive pursuant to the Plan for the Applicable Unit Awards in the following number of installments: (***Indicate the number of annual installments if you wish to receive more than 5 installments; otherwise leave blank***)

- ☐ Pay my Annual Benefit in \_\_\_\_\_ installments (*Insert a number of installments not less than 6, but no longer than 15 years*).

**DO NOT COMPLETE OR RETURN THIS FORM UNLESS  
YOU WISH TO FURTHER DEFER YOUR PAYMENTS WITHOUT INTEREST.**

**“PARTICIPANT”**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Address*

\_\_\_\_\_  
*City, State, Zip Code*

**ACCEPTED BY:**

**KORN FERRY,**  
a Delaware corporation



By: Gary Burnison  
Its: Chief Executive Officer

**KORN FERRY**  
**THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN**

**1. Purpose**

The purpose of the Korn Ferry Third Amended and Restated 2008 Stock Incentive Plan (the “Plan”) is to advance the interests of Korn Ferry by stimulating the efforts of employees, officers, non-employee directors and other service providers, in each case who are selected to be participants, by heightening the desire of such persons to continue working toward and contributing to the success and progress of Korn Ferry. The Plan provides for the grant of Incentive and Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units, any of which may be performance-based, and for Incentive Bonuses, which may be paid in cash or stock or a combination thereof, as determined by the Administrator.

**2. Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

“*Administrator*” means the Administrator of the Plan in accordance with Section 19.

“*Award*” means an Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Incentive Bonus granted to a Participant pursuant to the provisions of the Plan, any of which the Administrator may structure to qualify in whole or in part as a Performance Award.

“*Award Agreement*” means a written or electronic agreement or other instrument as may be approved from time to time by the Administrator implementing the grant of each Award. An Award Agreement may be in the form of an agreement to be executed by both the Participant and the Company (or an authorized representative of the Company) or certificates, notices or similar instruments as approved by the Administrator.

“*Board*” means the board of directors of the Company.

“*Cause*” means (unless otherwise expressly provided in the Award Agreement or another contract, including an employment agreement) a termination of service, based upon a finding by the Company, acting in good faith and based on its reasonable belief at the time, that the Participant: (1) is or has been dishonest, incompetent, or negligent in the discharge of his or her duties to the Company; or has refused to perform stated or assigned duties; (2) has committed a theft or embezzlement, or a breach of confidentiality or unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information, or a breach of fiduciary duty involving personal profit, or a willful or negligent violation of any law, rule or regulation or of Company rules or policy, in any material respect; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses); (3) has materially breached any of the provisions of any agreement with the Company or a parent corporation; or (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Company; or has induced a customer to break or terminate any contract with the Company or an affiliate; or has induced any principal for whom the Company (or an affiliate) acts as agent to terminate such agency relationship. A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination

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by the Administrator) on the date when the Company first delivers notice to the Participant of a finding of termination for Cause and shall be final in all respects on the date following the opportunity to be heard and written notice to the Participant that his or her service is terminated.

*“Change in Control”* means any of the following:

(1) 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 in (either comprising “ownership of”) more than 50% of the Common Stock or voting securities entitled to then vote generally in the election of directors of the Company (“Voting Stock”), after giving effect to any new issue in the case of an acquisition from the Company; or

(2) Consummation of a 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 (A) in which all or substantially all of the holders of Voting Stock hold or receive directly or indirectly 50% or more of the voting stock of the entity resulting from the Business Combination (or a parent company), and (B) after which no Person (other than any one or more of the Excluded Persons) owns more than 50% of the voting stock of the resulting entity (or a parent company) who did not own directly or indirectly at least that amount of Voting Stock immediately before the Business Combination, and (C) after which one or more Excluded Persons own an aggregate number of shares of the voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded Person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 50% of the voting stock; or

(3) Consummation of the dissolution or complete liquidation of the Company; or

(4) During any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (1) or (2) 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, cease for any reason to constitute a majority of the Board.

For purposes of determining whether a Change in Control has occurred, a transaction includes all transactions in a series of related transactions.

*“Code”* means the Internal Revenue Code of 1986, as amended from time to time, and the rulings and regulations issued thereunder.

*“Common Stock”* means the Company’s common stock, par value \$0.01, subject to adjustment as provided in Section 12.

*“Company”* means Korn Ferry, a Delaware corporation, and any successor thereto.

*“Detrimental Activity”* with respect to a Participant means that such Participant:

(1) has directly or indirectly engaged in any business for his or her own account that competes with the business of any entity within the Company Group (“Company Group” means the Company, the Subsidiaries, and any affiliate of the Company or a Subsidiary) (a business in competition with any entity within the Company Group includes, without limitation, any business in an industry which any business in the Company Group may conduct business from time to time and any business in an industry which any entity within the Company Group has specific plans to enter in the future and as to which the Participant is aware of such planning); or

(2) has committed or engaged in an unauthorized disclosure or use of inside information, trade secrets or other confidential information, or an unauthorized use of trade names, trademarks, or other proprietary business designations owned or used in connection with the business of any entity within the Company Group; has failed to timely return to the Company in accordance with Company policy all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of any entity within the Company Group; or

(3) has entered the employ of, renders services to, or has acquired a financial interest in any person engaged in any business that competes with the business of any entity within the Company Group; has acted intentionally in a manner injurious to the reputation, business or assets of, any entity within the Company Group; has interfered with business relationships (whether formed before or after the date hereof) between the Company, any Subsidiary, any of their respective affiliates, and any customers, suppliers, officers, employees, partners, members or investors; has influenced or attempted to influence a vendor or customer of any entity within the Company Group, either directly or indirectly, to divert their business away from the Company Group, induced a principal for whom an entity within the Company Group acts as agent to terminate such agency relationship, or induced an employee of any entity within the Company Group who earned \$25,000 or more on an annualized basis during the last six months of his or her employment to work for any business, individual, partnership, firm, corporation, or other entity then in competition with the business of any entity within the Company Group.

“Disability” shall mean a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months by reason of which the Participant is unable to engage in any substantial gainful activity.

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

“Excluded Person” means (1) the Company or any Subsidiary; (2) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act; (3) any employee benefit plan of the Company; or (4) 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 (2) of this definition.

“Fair Market Value” means, as of any date, the closing price per share at which the Shares are sold in the regular way on the New York Stock Exchange or, if no Shares are traded on the New York Stock Exchange on the date in question, then for the next preceding date for which Shares are traded on the New York Stock Exchange.

“First Restatement Effective Date” has the meaning set forth in Section 4.

*“Incentive Bonus”* means a bonus opportunity awarded under Section 9 pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria as are specified in the Award Agreement.

*“Incentive Stock Option”* means a stock option that satisfies the requirements for an “incentive stock option” within the meaning of Section 422 of the Code and does not provide that it will not be treated as an “incentive stock option”.

*“Nonemployee Director”* means each person who is, or is elected to be, a member of the Board and who is not an employee of the Company or any Subsidiary.

*“Nonqualified Stock Option”* means a stock option that is not an “incentive stock option” within the meaning of Section 422 of the Code.

*“Option”* means an Incentive Stock Option and/or a Nonqualified Stock Option granted pursuant to Section 6 of the Plan.

*“Participant”* means any individual described in Section 3 to whom Awards have been granted from time to time by the Administrator and any authorized transferee of such individual.

*“Performance Award”* means an Award, the grant, issuance, retention, vesting or settlement of which is subject to satisfaction of one or more Qualifying Performance Criteria established pursuant to Section 13.

*“Person”* means an association, 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.

*“Plan”* means the Third Amended and Restated Korn Ferry 2008 Stock Incentive Plan as set forth herein and as amended from time to time.

*“Prior Plan”* means the Company’s Performance Award Plan.

*“Qualifying Performance Criteria”* has the meaning set forth in Section 13(b).

*“Restricted Stock”* means Shares granted pursuant to Section 8 of the Plan.

*“Restricted Stock Unit”* means an Award granted to a Participant pursuant to Section 8 pursuant to which Shares or cash in lieu thereof may be issued in the future.

*“Second Restatement Effective Date”* has the meaning set forth in Section 4.

*“Share”* means a share of the Common Stock, subject to adjustment as provided in Section 12.

*“Stock Appreciation Right”* means a right granted pursuant to Section 7 of the Plan that entitles the Participant to receive, in cash or Shares or a combination thereof, as determined by the Administrator, value equal to or otherwise based on the excess of (i) the market price of a specified number of Shares at the time of exercise over (ii) the exercise price of the right, as established by the Administrator on the date of grant.

“*Subsidiary*” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company where each of the corporations in the unbroken chain other than the last corporation owns stock possessing at least 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in the chain, and if specifically determined by the Administrator in the context other than with respect to Incentive Stock Options, may include an entity that is directly or indirectly controlled by the Company.

“*Termination of Employment*” means ceasing to serve as a full-time employee of the Company and its Subsidiaries or, with respect to a Nonemployee Director or other service provider who is not an employee, ceasing to serve as such for the Company, except that with respect to all or any Awards held by a Participant (i) the Administrator may determine, subject to Section 6(d), that an approved leave of absence or approved employment on a less than full-time basis is not considered a Termination of Employment, (ii) the Administrator may determine that a transition of employment to service with a partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the Company or a Subsidiary is a party is not considered a Termination of Employment, (iii) service as a member of the Board or other service provider shall constitute continued employment with respect to Awards granted to a Participant while he or she served as an employee, and (iv) service as an employee of the Company or a Subsidiary shall constitute continued employment with respect to Awards granted to a Participant while he or she served as a member of the Board or other service provider. The Administrator shall determine whether any corporate transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in a Termination of Employment with the Company and its Subsidiaries for purposes of any affected Participant’s Options, and the Administrator’s decision shall be final and binding.

“*Third Restatement Effective Date*” has the meaning set forth in Section 4.

### **3. Eligibility**

Any person who is a current or prospective officer or employee of the Company or of any Subsidiary shall be eligible for selection by the Administrator for the grant of Awards hereunder. In addition, Nonemployee Directors and any other service providers who have been retained to provide consulting, advisory or other services to the Company or to any Subsidiary shall be eligible for the grant of Awards hereunder as determined by the Administrator. Incentive Stock Options may only be granted to employees of the Company or any Subsidiary within the meaning of the Code, as selected by the Administrator. For purposes of this Plan, the Chairman of the Board’s status as an employee shall be determined by the Administrator.

### **4. Effective Date and Termination of Plan**

This Plan was originally adopted by the Board as of August 22, 2008, and became effective when it was approved by the Company’s stockholders on September 23, 2008. The Plan was amended and restated effective upon the approval of the Company’s stockholders on September 10, 2009 (the “First Restatement Effective Date”). The second amendment and restatement of the Plan was adopted by the Board of Directors of the Company on August 22, 2012 and it became effective when it was approved by the Company’s stockholders on September 27, 2012 (the “Second Restatement Effective Date”). This third amendment and restatement of the Plan was adopted by the Board of Directors of the Company on August 23, 2016 and it will become effective (the “Third Restatement Effective Date”), when it is approved by the Company’s stockholders. The Plan shall remain available for the grant of Awards until the tenth (10th) anniversary of the Third Restatement Effective Date; provided, however, that Incentive Stock Options may not be granted under the Plan after the tenth (10th) anniversary of the date of the Board’s approval of the third amendment and restatement of the Plan. Notwithstanding the foregoing, the

Plan may be terminated at such earlier time as the Board may determine. Termination of the Plan will not affect the rights and obligations of the Participants and the Company arising under Awards theretofore granted and then in effect. The Plan was further revised effective January 1, 2019 to reflect the Company's name change but stockholder approval was not required in connection with such revisions. The Plan as amended and restated hereunder shall apply to Awards granted on or after the Third Restatement Effective Date. Except as specifically provided for herein, the provisions of the Plan in existence prior to this third amendment and restatement shall continue to govern Awards granted prior to the Third Restatement Effective Date.

## **5. Shares Subject to the Plan and to Awards**

(a) *Aggregate Limits.* The aggregate number of Shares issuable pursuant to all Awards granted under this Plan on and after July 31, 2016 shall not exceed 7,425,258 plus any Shares (i) subject to outstanding awards under the Second Amended and Restated 2008 Stock Incentive Plan as of July 31, 2016 or (ii) subject to outstanding awards under the Prior Plan as of August 8, 2008 that, in each case, on or after July 31, 2016 cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares); *provided* that (i) any Shares issued under Options or Stock Appreciation Rights shall be counted against this limit on a one-for-one basis; and (ii) any Shares issued as or under Awards other than Options or Stock Appreciation Rights shall be counted against this limit as 2.3 Shares for every one (1) Share subject to such Award. The aggregate number of Shares available for grant under this Plan and the number of Shares subject to outstanding Awards shall be subject to adjustment as provided in Section 12. The Shares issued pursuant to Awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

(b) *Issuance of Shares.* For purposes of Section 5(a), the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award under this Plan. Shares subject to Awards that have been canceled, expired, forfeited or otherwise not issued under an Award and Shares subject to Awards settled in cash shall not count as Shares issued under this Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares that were subject to a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Stock Appreciation Right, (ii) Shares delivered to or withheld by the Company to pay the exercise price of an Option, (iii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iv) Shares repurchased on the open market with the proceeds of an Option exercise. Any Shares that again become available for grant pursuant to Section 5(a) or this Section 5(b) shall be added back as one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under this Plan, and as 2.3 Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under this Plan.

(c) *Tax Code Limits.* The aggregate number of Shares that may be granted pursuant to Awards during any calendar year to any one Participant shall not exceed 500,000, which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code but which number shall not count any tandem SARs (as defined in Section 7). The aggregate number of Shares that may be issued pursuant to the exercise of Incentive Stock Options granted under this Plan after the Third Restatement Effective Date shall not exceed 7,425,258, which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any option intended to qualify as an Incentive Stock Option under Section 422 of the Code. The maximum cash amount payable pursuant to all Incentive Bonus Awards granted in any calendar year to any Participant under this Plan that are intended to satisfy the

requirements for “performance-based compensation” under Section 162(m) of the Code shall not exceed \$5,000,000.

(d) *Director Awards.* The aggregate number of Shares subject to Options and Stock Appreciation Rights granted under this Plan during any calendar year to any one Nonemployee Director shall not exceed 50,000, and the aggregate number of Shares issued or issuable under all Awards granted under this Plan other than Options or Stock Appreciation Rights during any calendar year to any one Nonemployee Director shall not exceed 25,000; *provided, however*, that in the calendar year in which a Nonemployee Director first joins the Board of Directors or is first designated as Chairman of the Board of Directors or Lead Director, the maximum number of shares subject to Awards granted to the Participant may be up to two hundred percent (200%) of the number of shares set forth in the foregoing limits and the foregoing limits shall not count any tandem SARs (as defined in Section 7).

## **6. Options**

(a) *Option Awards.* Options may be granted at any time and from time to time prior to the termination of the Plan to Participants as determined by the Administrator. No Participant shall have any rights as a stockholder with respect to any Shares subject to Option hereunder until said Shares have been issued. Each Option shall be evidenced by an Award Agreement. Options granted pursuant to the Plan need not be identical but each Option must contain and be subject to the terms and conditions set forth below.

(b) *Price.* The Administrator will establish the exercise price per Share under each Option, which, in no event will be less than the Fair Market Value of the Shares on the date of grant; *provided, however*, that the exercise price per Share with respect to an Option that is granted in connection with a merger or other acquisition as a substitute or replacement award for options held by optionees of the acquired entity may be less than 100% of the Fair Market Value of the Shares on the date such Option is granted if such exercise price is based on a formula set forth in the terms of the options held by such optionees or in the terms of the agreement providing for such merger or other acquisition that satisfies the requirements of (i) Section 409A of the Code, if such options held by such optionees are not intended to qualify as Incentive Stock Option, and (ii) Section 424(a) of the Code, if such options held by such optionees are intended to qualify as Incentive Stock Options. The exercise price of any Option may be paid in Shares, cash or a combination thereof, as determined by the Administrator, including an irrevocable commitment by a broker to pay over such amount from a sale of the Shares issuable under an Option, the delivery of previously owned Shares and withholding of Shares otherwise deliverable upon exercise.

(c) *No Repricing without Stockholder Approval.* Other than in connection with a change in the Company’s capitalization (as described in Section 12), the Company shall not, without stockholder approval, (i) reduce the exercise price of an Option, (ii) exchange an Option for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of an Option is above the Fair Market Value of a Share, exchange such Option for cash or other property.

(d) *Provisions Applicable to Options.* Subject to the other provisions set forth in this Plan, the date on which Options become exercisable shall be determined at the sole discretion of the Administrator and set forth in an Award Agreement; *provided, however*, that Options granted to employees may not become exercisable, vest or be settled, in whole or in part, prior to the one (1) year anniversary of the date of grant except in connection with acceleration due to a Change in Control, death or Disability. Notwithstanding the foregoing, up to 5% of the aggregate number of Shares authorized for issuance under this Plan (as described in Section 5(a)) may be issued pursuant to Awards subject to any, or no, vesting conditions, as the Administrator determines appropriate. Unless provided otherwise in the



applicable Award Agreement, to the extent that the Administrator determines that an approved leave of absence is not a Termination of Employment, the vesting period and/or exercisability of an Option shall be adjusted by the Administrator during or to reflect the effects of any period during which the Participant is on an approved leave of absence or is employed on a less than full-time basis.

(e) *Term of Options and Termination of Employment*: The Administrator shall establish the term of each Option, which in no case shall exceed a period of ten (10) years from the date of grant; provided, however, the term of an Option (other than an Incentive Stock Option) shall be automatically extended if, at the time of its scheduled expiration, the Participant holding such Option is prohibited by law or the Company's insider trading policy from exercising the Option, which extension shall expire on the thirtieth (30th) day following the date such prohibition no longer applies. Unless an Option earlier expires upon the expiration date established pursuant to the foregoing sentence, upon the termination of the Participant's employment, his or her rights to exercise an Option then held shall be only as follows, unless the Administrator specifies otherwise:

(1) *Death*. Upon the death of a Participant while in the employ of the Company or any Subsidiary or while serving as a member of the Board, all of the Participant's Options then held shall be exercisable by his or her estate, heir or beneficiary at any time during the one (1) year period commencing on the date of death, but only to the extent that the Options are exercisable as of that date. Any and all of the deceased Participant's Options that are not exercised during the one (1) year period commencing on the date of death shall terminate as of the end of such one (1) year period. To the extent that any Option is not exercisable as of the date of death, such portion of the Option shall remain unexercisable and shall terminate as of such date.

If a Participant should die within thirty (30) days of his or her Termination of Employment with the Company and its Subsidiaries, an Option shall be exercisable by his or her estate, heir or beneficiary at any time during the one (1) year period commencing on the date of termination, but only to the extent of the number of Shares as to which such Option was exercisable as of the date of such termination. Any and all of the deceased Participant's Options that are not exercised during the one (1) year period commencing on the date of termination shall terminate as of the end of such one (1) year period. A Participant's estate shall mean his or her legal representative or other person who so acquires the right to exercise the Option by bequest or inheritance or by reason of the death of the Participant.

(2) *Disability*. Upon Termination of Employment as a result of a Participant's Disability, all of the Participant's Options then held shall be exercisable during the one (1) year period commencing on the date of termination, but only to the extent that the Options are exercisable as of that date. Any and all Options that are not exercised during the one (1) year period commencing on the date of termination shall terminate as of the end of such one (1) year period. To the extent that any Option is not exercisable as of the date of Disability, such portion of the Option shall remain unexercisable and shall terminate as of such date.

(3) *Other Reasons*. Upon the date of a termination of a Participant's employment for any reason other than those stated above in Sections 6(e)(1) and (e)(2) or as described in Section 15, (A) to the extent that any Option is not exercisable as of such termination date, such portion of the Option shall remain unexercisable and shall terminate as of such date, and (B) to the extent that any Option is exercisable as of such termination date, such portion of the Option shall expire on the earlier of (i) ninety (90) days following such date and (ii) the expiration date of such Option.

(f) *Incentive Stock Options.* Notwithstanding anything to the contrary in this Section 6, in the case of the grant of an Option intending to qualify as an Incentive Stock Option: (i) if the Participant owns stock possessing more than 10 percent of the combined voting power of all classes of stock of the Company (a “10% Shareholder”), the exercise price of such Option must be at least 110 percent of the Fair Market Value of the Shares on the date of grant and the Option must expire within a period of not more than five (5) years from the date of grant, and (ii) Termination of Employment will occur when the person to whom an Award was granted ceases to be an employee (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company and its Subsidiaries. Notwithstanding anything in this Section 6 to the contrary, options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Nonqualified Stock Options) to the extent that either (a) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (b) such Options otherwise remain exercisable but are not exercised within three (3) months of Termination of Employment (or such other period of time provided in Section 422 of the Code).

(g) *No Stockholder Rights.* Participants shall have no voting rights and will have no rights to receive dividends or dividend equivalents in respect of an Option or any Shares subject to an Option until the Participant has become the holder of record of such Shares.

## **7. Stock Appreciation Rights**

Stock Appreciation Rights may be granted to Participants from time to time either in tandem with or as a component of other Awards granted under the Plan (“tandem SARs”) or not in conjunction with other Awards (“freestanding SARs”) and may, but need not, relate to a specific Option granted under Section 6. The provisions of Stock Appreciation Rights need not be the same with respect to each grant or each recipient. Any Stock Appreciation Right granted in tandem with an Award may be granted at the same time such Award is granted or at any time thereafter before exercise or expiration of such Award. All freestanding SARs shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 6 (including the minimum vesting provisions in Section 6(d)) and all tandem SARs shall have the same exercise price, vesting, exercisability, forfeiture and termination provisions as the Award to which they relate. Subject to the provisions of Section 6 and the immediately preceding sentence, the Administrator may impose such other conditions or restrictions on any Stock Appreciation Right as it shall deem appropriate. Stock Appreciation Rights may be settled in Shares, cash or a combination thereof, as determined by the Administrator and set forth in the applicable Award Agreement. Other than in connection with a change in the Company’s capitalization (as described in Section 12), the Company shall not, without stockholder approval, (i) reduce the exercise price of a Stock Appreciation Right, (ii) exchange a Stock Appreciation Right for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of a Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Stock Appreciation Right for cash or other property. Participants shall have no voting rights and will have no rights to receive dividends or dividend equivalents in respect of Stock Appreciation Rights or any Shares subject to Stock Appreciation Rights until the Participant has become the holder of record of such Shares.

## **8. Restricted Stock and Restricted Stock Units**

(a) *Restricted Stock and Restricted Stock Unit Awards.* Restricted Stock and Restricted Stock Units may be granted at any time and from time to time prior to the termination of the Plan to Participants as determined by the Administrator. Restricted Stock is an award or issuance of Shares the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of

time to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate. Restricted Stock Units are Awards denominated in units of Shares under which the issuance of Shares is subject to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Unless determined otherwise by the Administrator, each Restricted Stock Unit will be equal to one Share and will entitle a Participant to either the issuance of Shares or payment of an amount of cash determined with reference to the value of Shares. To the extent determined by the Administrator, Restricted Stock and Restricted Stock Units may be satisfied or settled in Shares, cash or a combination thereof. Restricted Stock and Restricted Stock Units granted pursuant to the Plan need not be identical but each grant of Restricted Stock and Restricted Stock Units must contain and be subject to the terms and conditions set forth below.

(b) *Contents of Agreement.* Each Award Agreement shall contain provisions regarding (i) the number of Shares or Restricted Stock Units subject to such Award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares or Restricted Stock Units granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares or Restricted Stock Units as may be determined from time to time by the Administrator, (v) the term of the performance period, if any, as to which performance will be measured for determining the number of such Shares or Restricted Stock Units, and (vi) restrictions on the transferability of the Shares or Restricted Stock Units. Shares issued under a Restricted Stock Award may be issued in the name of the Participant and held by the Participant or held by the Company, in each case as the Administrator may provide.

(c) *Vesting and Performance Criteria.* Subject to the other provisions set forth in this Plan, the grant, issuance, retention, vesting and/or settlement of shares of Restricted Stock and Restricted Stock Units will occur when and in such installments as the Administrator determines or under criteria the Administrator establishes, which may include Qualifying Performance Criteria. The vesting and/or settlement of Shares under any Award that is based on performance criteria and level of achievement versus such criteria may not occur prior to the twelfth month following its date of grant, except in connection with acceleration due to a Change in Control, death or Disability. The vesting and/or settlement of Shares under any Restricted Stock or Restricted Stock Unit Award that is based solely upon continued employment and/or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may be subject to pro-rata vesting over such period, except that the Administrator may provide for the satisfaction and/or lapse of all conditions under any such Award in the event of the Participant's death or Disability or in connection with a Change in Control, and the Administrator may provide that any such restriction or limitation will not apply in the case of a Restricted Stock or Restricted Stock Unit Award that is issued in payment or settlement of compensation that has been earned by the Participant. Notwithstanding the foregoing, up to 5% of the aggregate number of Shares authorized for issuance under this Plan (as described in Section 5(a)) may be issued pursuant to Awards subject to any, or no, vesting conditions, as the Administrator determines appropriate. In addition, the limitations set forth in this paragraph shall not apply to any Awards granted to Nonemployee Directors. Notwithstanding anything in this Plan to the contrary, the performance criteria for any Restricted Stock or Restricted Stock Unit that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code will be a measure based on one or more Qualifying Performance Criteria selected by the Administrator and specified when the Award is granted.

(d) *Discretionary Adjustments and Limits.* Subject to the limits imposed under Section 162(m) of the Code for Awards that are intended to qualify as "performance-based compensation," notwithstanding the satisfaction of any performance goals, the number of Shares granted, issued, retainable and/or vested under an Award of Restricted Stock or Restricted Stock Units on account of

either financial performance or personal performance evaluations may, to the extent specified in the Award Agreement, be reduced, but not increased, by the Administrator on the basis of such further considerations as the Administrator shall determine.

(e) *Voting Rights.* Unless otherwise determined by the Administrator, Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those shares during the period of restriction. Participants shall have no voting rights with respect to Shares underlying Restricted Stock Units unless and until such Shares are reflected as issued and outstanding shares on the Company's stock ledger.

(f) *Dividends and Distributions.* Participants in whose name Restricted Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to those Shares, unless determined otherwise by the Administrator. The Administrator will determine whether any such dividends or distributions will be automatically reinvested in additional shares of Restricted Stock and subject to the same restrictions on transferability as the Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Shares underlying Restricted Stock Units shall be entitled to dividends or dividend equivalents only to the extent provided by the Administrator.

(g) *No Dividends or Dividend Equivalents on Unvested Performance Awards.* Notwithstanding anything herein to the contrary, in no event will dividends or dividend equivalents be paid with respect to unvested Awards of Restricted Stock or Restricted Stock Units that are subject to performance-based vesting criteria. Dividends or dividend equivalents accrued on or in respect of such Awards shall become payable (if at all) no earlier than the date the performance-based vesting criteria have been achieved and the underlying Restricted Stock or Restricted Stock Units have been earned.

## **9. Incentive Bonuses**

(a) *General.* Each Incentive Bonus Award will confer upon the Participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period established by the Administrator.

(b) *Incentive Bonus Document.* The terms of any Incentive Bonus will be set forth in an Award Agreement. Each Award Agreement evidencing an Incentive Bonus shall contain provisions regarding (i) the target and maximum amount payable to the Participant as an Incentive Bonus, (ii) the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment, (iii) the term of the performance period as to which performance shall be measured for determining the amount of any payment, (iv) the timing of any payment earned by virtue of performance, (v) restrictions on the alienation or transfer of the Incentive Bonus prior to actual payment, (vi) forfeiture provisions and (vii) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(c) *Performance Criteria.* The Administrator shall establish the performance criteria and level of achievement versus these criteria that shall determine the target and maximum amount payable under an Incentive Bonus, which criteria may be based on financial performance and/or personal performance evaluations. The Administrator may specify the percentage of the target Incentive Bonus that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria for any portion of an Incentive Bonus that is intended by the Administrator to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be a measure based on one or more Qualifying Performance Criteria (as defined in Section 13(b)) selected by the Administrator and specified

at the time the Incentive Bonus is granted. The Administrator shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any Incentive Bonus that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code.

(d) *Timing and Form of Payment.* The Administrator shall determine the timing of payment of any Incentive Bonus. Payment of the amount due under an Incentive Bonus may be made in cash or in Shares, as determined by the Administrator. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit a Participant to elect for the payment of any Incentive Bonus to be deferred to a specified date or event.

(e) *Discretionary Adjustments.* Notwithstanding satisfaction of any performance goals, the amount paid under an Incentive Bonus on account of either financial performance or personal performance evaluations may be reduced, but not increased, by the Administrator on the basis of such further considerations as the Administrator shall determine.

#### **10. Deferral of Gains**

The Administrator may, in an Award Agreement or otherwise, provide for the deferred delivery of Shares or cash upon settlement, vesting or other events with respect to Restricted Stock Units, or in payment or satisfaction of an Incentive Bonus. Notwithstanding anything herein to the contrary, in no event will any election to defer the delivery of Shares or any other payment with respect to any Award be allowed if the Administrator determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. The Company, the Board and the Administrator shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Board or Administrator.

#### **11. Conditions and Restrictions Upon Securities Subject to Awards**

The Administrator may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Administrator in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Shares issued upon exercise, vesting or settlement of such Award (including the actual or constructive surrender of Shares already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation (i) restrictions under an insider trading policy or pursuant to applicable law, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and holders of other Company equity compensation arrangements, (iii) restrictions as to the use of a specified brokerage firm for such resales or other transfers, and (iv) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

#### **12. Adjustment of and Changes in the Shares**

In the event that any stock dividend, stock split or a combination or consolidation of the outstanding Shares into a lesser number of shares, is declared with respect to the Shares, the authorization limits under Sections 5(a), 5(c) and 5(d) shall be increased or decreased proportionately, and the Shares

then subject to each Award shall be increased or decreased proportionately without any change in the aggregate purchase price therefor. In the event of an extraordinary distribution on the Shares or in the event the Shares shall be changed into or exchanged for a different number or class of shares of stock or securities of the Company or of another corporation or other property, whether through recapitalization, reorganization, reclassification, merger, consolidation, split-up, spinoff, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or any other similar corporate transaction or event affects the Shares such that an equitable adjustment would be required in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the authorization limits under Sections 5(a), 5(c) and 5(d) shall be adjusted proportionately, and an equitable adjustment shall be made to each Share subject to an Award such that no dilution or enlargement of the benefits or potential benefits occurs. Each such Share then subject to each Award shall be adjusted to the number and class of shares or other property into which each outstanding Share shall be so exchanged such that no dilution or enlargement of the benefits occurs, all without change in the aggregate purchase price for the Shares then subject to each Award. Action by the Administrator pursuant to this Section 12 may include adjustment to any or all of: (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards or be delivered under the Plan; (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards; (iii) the purchase price or exercise price of a Share under any outstanding Award or the measure to be used to determine the amount of the benefit payable on an Award; and (iv) any other adjustments the Administrator determines to be equitable.

No right to purchase fractional shares shall result from any adjustment in Awards pursuant to this Section 12. In case of any such adjustment, the Shares or other security subject to the Award shall be rounded down to the nearest whole share. The Company shall notify Participants holding Awards subject to any adjustments pursuant to this Section 12 of such adjustment, but (whether or not notice is given) such adjustment shall be effective and binding for all purposes of the Plan.

### **13. Qualifying Performance-Based Compensation**

(a) *General.* The Administrator may establish performance criteria and level of achievement versus such criteria that shall determine the number of Shares, units or cash to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to an Award, which criteria may be based on Qualifying Performance Criteria or other standards of financial performance and/or personal performance evaluations. In addition, the Administrator may specify that an Award or a portion of an Award is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code, *provided* that the performance criteria for such Award or portion of an Award that is intended by the Administrator to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall be a measure based on one or more Qualifying Performance Criteria selected by the Administrator and specified at the time the Award is granted. The Administrator shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment, settlement or vesting of any Award that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code. Notwithstanding satisfaction of any performance goals, the number of Shares issued under or the amount paid under an Award may be reduced, but not increased, by the Administrator on the basis of such further considerations as the Administrator in its sole discretion shall determine; provided, however, that, in the case of Share-based Awards the Administrator shall have such discretion only to the extent specified in the Award Agreement.

(b) *Qualifying Performance Criteria.* For purposes of this Plan, the term “Qualifying Performance Criteria” shall mean any one or more of the following performance criteria, or derivations of

such performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured over the performance period established by the Administrator, on an absolute basis or relative to a pre-established target, to previous results or to a designated comparison group, either based upon United States Generally Accepted Accounting Principles ("GAAP") or non-GAAP financial results, in each case as specified by the Administrator: (i) cash flow (before or after dividends), (ii) earnings per share (including earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) total stockholder return, (vi) return on capital (including return on total capital or return on invested capital), (vii) return on assets or net assets, (viii) market capitalization, (ix) economic value added, (x) debt leverage (debt to capital), (xi) revenue, (xii) income or net income, (xiii) operating income, (xiv) operating profit or net operating profit, (xv) operating margin or profit margin, (xvi) return on operating revenue, (xvii) cash from operations, (xviii) operating ratio, (xix) operating revenue, (xx) market share, (xxi) product development or release schedules, (xxii) new product innovation, (xxiii) product cost reduction through advanced technology, (xxiv) brand recognition/acceptance, (xxv) product ship targets, (xxvi) cost reductions, customer service, (xxvii) customer satisfaction, or (xxviii) the sales of assets or subsidiaries. To the extent consistent with Section 162(m) of the Code, the Administrator may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria (A) to eliminate the effects of charges for restructurings, discontinued operations, and all items of gain, loss or expense that are unusual or infrequently occurring or related to the acquisition or disposal of a segment of a business or related to a change in accounting principle all as determined in accordance with applicable accounting provisions, as well as the cumulative effect of accounting changes, in each case as determined in accordance with GAAP or identified in the Company's financial statements or notes to the financial statements, (B) to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) accruals of any amounts for payment under this Plan or any other compensation arrangement maintained by the Company, (vi) foreign exchange gains and losses, and (vii) acquisitions or divestitures, and (C) for such other events as the Administrator shall deem appropriate, if such adjustment is timely approved in connection with the establishment of such Qualifying Performance Criteria.

#### **14. Transferability**

Each Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, outstanding Options may be exercised following the Participant's death by the Participant's beneficiaries or as permitted by the Administrator. Further, and notwithstanding the foregoing, to the extent permitted by the Administrator, the person to whom an Award is initially granted (the "Grantee") may transfer an Award to any "family member" of the Grantee (as such term is defined in Section A.1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended ("Form S-8")), to trusts solely for the benefit of such family members and to partnerships in which such family members and/or trusts are the only partners; *provided* that, (i) as a condition thereof, the transferor and the transferee must execute a written agreement containing such terms as specified by the Administrator, and (ii) the transfer is pursuant to a gift or a domestic relations order to the extent permitted under the General Instructions to Form S-8. Except to the extent specified otherwise in the agreement the Administrator provides for the Grantee and transferee to execute, all vesting, exercisability and forfeiture provisions that are conditioned on the Grantee's continued employment or service shall continue to be determined with reference to the Grantee's employment or service (and not to the status of the transferee) after any transfer of an Award pursuant to this Section 14, and the responsibility to pay any

taxes in connection with an Award shall remain with the Grantee notwithstanding any transfer other than by will or intestate succession.

**15. Suspension or Termination of Awards; Clawback Policy**

Except as otherwise provided by the Administrator, if at any time (including after a notice of exercise has been delivered or an award has vested) the Chief Executive Officer or any other person designated by the Administrator (each such person, an “Authorized Officer”) reasonably believes that a Participant may have committed any act constituting Cause for termination of employment or any Detrimental Activity, the Authorized Officer, Administrator or the Board may suspend the Participant’s rights to exercise any Option, to vest in an Award, and/or to receive payment for or receive Shares in settlement of an Award pending a determination of whether such an act has been committed.

If the Administrator or an Authorized Officer determines a Participant has committed any act constituting Cause for termination of employment or any Detrimental Activity, then except as otherwise provided by the Administrator, (i) none of the Participant, his or her estate or any transferee shall be entitled to exercise any Option or Stock Appreciation Right whatsoever, vest in or have the restrictions on an Award lapse, or otherwise receive payment of an Award, (ii) the Participant will forfeit all outstanding Awards and (iii) the Participant may be required, at the Administrator’s sole discretion, to return and/or repay to the Company any then unvested Shares previously issued under the Plan. In making such determination, the Administrator or an Authorized Officer shall give the Participant an opportunity to appear and present evidence on his or her behalf at a hearing before the Administrator or its designee or an opportunity to submit written comments, documents, information and arguments to be considered by the Administrator. Any dispute by a Participant or other person as to the determination of the Administrator shall be resolved pursuant to Section 24 of the Plan.

Awards granted under the Plan shall be subject to the Company’s clawback policy, as in effect and applicable to the Participant from time to time.

**16. Agreement to Repayments of Incentive Compensation When Repayments Are Required Under Federal Law.**

This provision applies to any policy adopted by the New York Stock Exchange (or any other exchange on which the securities of the Company are listed) pursuant to Section 10D of the Securities Exchange Act of 1934. To the extent any such policy requires the repayment of incentive-based compensation received by a Participant, whether paid pursuant to an Award granted under this Plan or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Company, by accepting an Award under this Plan, the Participant agrees to the repayment of such amounts to the extent required by such policy and applicable law.

**17. Compliance with Laws and Regulations**

This Plan, the grant, issuance, vesting, exercise and settlement of Awards thereunder, and the obligation of the Company to sell, issue or deliver Shares under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant’s name or deliver any Shares prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Administrator shall determine to be necessary or advisable. To the extent the Company is unable to or the Administrator deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the



Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, the Company and its Subsidiaries shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. No Option shall be exercisable and no Shares shall be issued and/or transferable under any other Award unless a registration statement with respect to the Shares underlying such Option is effective and current or the Company has determined that such registration is unnecessary.

In the event an Award is granted to or held by a Participant who is employed or providing services outside the United States, the Administrator may, in its sole discretion, modify the provisions of the Plan or of such Award as they pertain to such individual to comply with applicable foreign law or to recognize differences in local law, currency or tax policy. The Administrator may also impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply with such foreign law and/or to minimize the Company's obligations with respect to tax equalization for Participants employed outside their home country.

#### **18. Withholding**

To the extent required by applicable federal, state, local or foreign law, a Participant shall be required to satisfy, in a manner satisfactory to the Company, any withholding tax obligations that arise by reason of an Option exercise, disposition of Shares issued under an Incentive Stock Option, the vesting of or settlement of an Award, an election pursuant to Section 83(b) of the Code or otherwise with respect to an Award. To the extent a Participant makes an election under Section 83(b) of the Code, within ten days of filing such election with the Internal Revenue Service, the Participant must notify the Company in writing of such election. The Company and its Subsidiaries shall not be required to issue Shares, make any payment or to recognize the transfer or disposition of Shares until all such obligations are satisfied. The Administrator may provide for or permit these obligations to be satisfied through the mandatory or elective sale of Shares and/or by having the Company withhold a portion of the Shares that otherwise would be issued to him or her upon exercise of the Option or the vesting or settlement of an Award up to the minimum amount necessary to satisfy such obligations (or, if and when the Company adopts any applicable accounting standard allowing for greater Share withholding, up to such withholding rate that will not cause an adverse accounting consequence or cost), or by tendering Shares previously acquired.

#### **19. Administration of the Plan**

(a) *Administrator of the Plan.* The Plan shall be administered by the Administrator who shall be the Compensation and Personnel Committee of the Board or, in the absence of a Compensation and Personnel Committee, the Board itself. Any power of the Administrator may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Securities Exchange Act of 1934 or cause an Award intended to qualify for treatment as performance-based compensation under Section 162(m) of the Code to not so qualify. To the extent that any permitted action taken by the Board conflicts with action taken by the Administrator, the Board action shall control. The Compensation and Personnel Committee may by resolution authorize one or more officers of the Company to perform any or all things that the Administrator is authorized and empowered to do or perform under the Plan, and for all purposes under this Plan, such officer or officers shall be treated as the Administrator; *provided, however*, that the resolution so authorizing such officer or officers shall specify the total number of Awards (if any) such officer or officers may award pursuant to such delegated authority, and any such Award shall be subject to the form of Award Agreement theretofore approved by the Compensation and Personnel Committee; *and, provided, further*, that such authorization shall not provide for the grant of Awards to officers or directors of the Company. No such officer shall designate himself or herself as a recipient of any Awards granted under authority delegated to

such officer. The Compensation and Personnel Committee hereby designates the Secretary of the Company and the head of the Company's human resource function to assist the Administrator in the administration of the Plan and execute agreements evidencing Awards made under this Plan or other documents entered into under this Plan on behalf of the Administrator or the Company. In addition, the Compensation and Personnel Committee may delegate any or all aspects of the day-to-day administration of the Plan to one or more officers or employees of the Company or any Subsidiary, and/or to one or more agents.

(b) *Powers of Administrator.* Subject to the express provisions of this Plan, the Administrator shall be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with the administration of this Plan, including, without limitation: (i) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein; (ii) to determine which persons are Participants, to which of such Participants, if any, Awards shall be granted hereunder and the timing of any such Awards; (iii) to grant Awards to Participants and determine the terms and conditions thereof, including the number of Shares subject to Awards and the exercise or purchase price of such Shares and the circumstances under which Awards become exercisable or vested or are forfeited or expire, which terms may but need not be conditioned upon the passage of time, continued employment, the satisfaction of performance criteria, the occurrence of certain events (including a Change in Control), or other factors; (iv) to establish and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award; (v) to prescribe and amend the terms of the agreements or other documents evidencing Awards made under this Plan (which need not be identical) and the terms of or form of any document or notice required to be delivered to the Company by Participants under this Plan; (vi) to determine the extent to which adjustments are required pursuant to Section 12; (vii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in if the Administrator, in good faith, determines that it is necessary to do so in light of extraordinary circumstances and for the benefit of the Company and so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of an applicable stock exchange, disruption of communications or natural catastrophe); (viii) to approve corrections in the documentation or administration of any Award; (ix) to require or permit Participant elections and/or consents under this Plan to be made by means of such electronic media as the Administrator may prescribe; and (x) to make all other determinations deemed necessary or advisable for the administration of this Plan. The Administrator may, in its sole and absolute discretion, without amendment to the Plan, waive or amend the operation of Plan provisions respecting exercise after termination of employment or service to the Company or an Affiliate and, except as otherwise provided herein, adjust any of the terms of any Award. The Administrator may also (A) accelerate the date on which any Award granted under the Plan becomes exercisable or (B) accelerate the vesting date or waive or adjust any condition imposed hereunder with respect to the vesting or exercisability of an Award, *provided* that the Administrator, in good faith, determines that such acceleration, waiver or other adjustment is necessary or desirable in light of applicable circumstances. Notwithstanding anything in the Plan to the contrary, other than in connection with a change in the Company's capitalization (as described in Section 12) the Company shall not, without stockholder approval, (i) reduce the exercise price of an Option or Stock Appreciation Right, (ii) exchange an Option or Stock Appreciation Right for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of an Option or Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Option or Stock Appreciation Right for cash or other property; *provided, however*, that in the event of a Change in Control, any Award with an exercise price that equals or exceeds the value of the consideration to be paid to the holders of Common Stock (on a per share basis) may be cancelled without any consideration.

(c) *Determinations by the Administrator.* All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of or operation of any Award granted hereunder, shall be final and binding on all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan or any Award, and no such decision, determination or interpretation may be altered or nullified by any other Person except if determined to be arbitrary or capricious as provided in Section 24. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

(d) *Subsidiary Awards.* In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Administrator so directs, be implemented by the Company issuing any subject Shares to the Subsidiary, for such lawful consideration as the Administrator may determine, upon the condition or understanding that the Subsidiary will transfer the Shares to the Participant in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Administrator shall determine.

## **20. Amendment of the Plan or Awards**

The Board may amend, alter or discontinue this Plan and the Administrator may amend, or alter any agreement or other document evidencing an Award made under this Plan but, except as provided pursuant to the provisions of Section 12, no such amendment shall, without the approval of the stockholders of the Company:

- (a) increase the maximum number of Shares for which Awards may be granted under this Plan;
- (b) reduce the price at which Options may be granted below the price provided for in Section 6(a);
- (c) reduce the exercise price of outstanding Options or Stock Appreciation Rights and, at any time when the exercise price of an Option or Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Option or Stock Appreciation Right for cash or other property;
- (d) extend the term of this Plan;
- (e) change the class of persons eligible to be Participants;
- (f) otherwise amend the Plan in any manner requiring stockholder approval by law or under the New York Stock Exchange listing requirements; or
- (g) increase the individual maximum limits in Sections 5(c) and (d).

Any amendment to comply with changes in governing law or accounting standards shall not require stockholder approval.

No amendment or alteration to the Plan or an Award or Award Agreement shall be made which would impair the rights of the holder of an Award, without such holder's consent, *provided* that no such consent shall be required if the Administrator determines in its sole discretion and prior to the date of any

Change in Control that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

**21. No Liability of Company**

The Company and any Subsidiary or affiliate which is in existence or hereafter comes into existence, the Board and the Administrator shall not be liable to a Participant or any other person as to: (i) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (ii) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted hereunder.

**22. Non-Exclusivity of Plan**

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Administrator to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of restricted stock or stock options otherwise than under this Plan or an arrangement not intended to qualify under Code Section 162(m), and such arrangements may be either generally applicable or applicable only in specific cases.

**23. Governing Law**

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the Delaware and applicable federal law. Any reference in this Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

**24. Arbitration of Disputes**

In the event a Participant or other holder of an Award or person claiming a right under an Award or the Plan believes that a decision by the Administrator with respect to such person or Award was arbitrary or capricious, the person may request arbitration with respect to such decision. The review by the arbitrator shall be limited to determining whether the Participant or other Award holder has proven that the Administrator's decision was arbitrary or capricious. This arbitration shall be the sole and exclusive review permitted of the Administrator's decision. Participants, Award holders and persons claiming rights under an Award or the Plan explicitly waive any right to judicial review.

Notice of demand for arbitration shall be made in writing to the Administrator within thirty (30) days after the applicable decision by the Administrator. The arbitrator shall be selected by those members of the Board who are neither members of the Compensation and Personnel Committee of the Board nor employees of the Company or any Subsidiary. If there are no such members of the Board, the arbitrator shall be selected by the Board. The arbitrator shall be an individual who is an attorney licensed to practice law in the jurisdiction in which the Company's headquarters are then located. Such arbitrator shall be neutral within the meaning of the Commercial Rules of Dispute Resolution of the American Arbitration Association; *provided, however*, that the arbitration shall not be administered by the American Arbitration Association. Any challenge to the neutrality of the arbitrator shall be resolved by the

arbitrator whose decision shall be final and conclusive. The arbitration shall be administered and conducted by the arbitrator pursuant to the Commercial Rules of Dispute Resolution of the American Arbitration Association. Each side shall bear its own fees and expenses, including its own attorney's fees, and each side shall bear one half of the arbitrator's fees and expenses. The decision of the arbitrator on the issue(s) presented for arbitration shall be final and conclusive and may be enforced in any court of competent jurisdiction.

**25. No Right to Employment, Reelection or Continued Service**

Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its affiliates to terminate any Participant's employment, service on the Board or service for the Company at any time or for any reason not prohibited by law, nor shall this Plan or an Award itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, any Subsidiary and/or its affiliates. Subject to Sections 4 and 20, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to any liability on the part of the Company, its Subsidiaries and/or its affiliates.

**26. Unfunded Plan**

The Plan is intended to be an unfunded plan. Participants are and shall at all times be general creditors of the Company with respect to their Awards. If the Administrator or the Company chooses to set aside funds in a trust or otherwise for the payment of Awards under the Plan, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

**27. Section 409A**

Awards granted under the Plan are intended to comply with, or be exempt from, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. Although the Company does not guarantee any particular tax treatment, to the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that is intended to comply with Section 409A of the Code, including regulations and any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

To the extent any payment under this Plan is considered deferred compensation subject to the restrictions contained in Section 409A of the Code, and to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, such payment may not be made to a specified employee (as determined in accordance with a uniform policy adopted by the Company with respect to all arrangements subject to Section 409A of the Code) upon separation from service (within the meaning of Section 409A of the Code) before the date that is six months after the specified employee's separation from service (or, if earlier, the specified employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the sixth month plus one day following the specified employee's separation from service (or, if earlier, as soon as administratively practicable after the specified employee's death).

KORN FERRY 2008 STOCK INCENTIVE PLAN

**NOTICE OF NONEMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD**

Grantee's Name: «First\_Name» «Last\_Name»

You have been granted Restricted Stock Units (the "Units" or individually a "Unit") of the Company (the "Award"), payable in shares of Common Stock of the Company (the "Shares"), subject to the terms and conditions of this Notice of Nonemployee Director Restricted Stock Unit Award (the "Notice"), the Korn Ferry 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Nonemployee Director Restricted Stock Unit Award Agreement (the "Agreement") attached hereto. Capitalized terms used in this Notice and not otherwise defined shall have the same meanings as set forth in the Plan.

Date of Award: «Grant\_Date»

Total Number of Units Awarded: «Number\_of\_Shares\_to\_nearest\_10»

Vesting Schedule:

Subject to the Grantee's continued service as a member of the Board and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule:

100% of the Total Number of Units Awarded shall vest on the day before the next annual meeting of the Company's stockholders that follows the Grant Date.

For each Unit that vests in accordance with the terms hereof, one Share shall be issuable to the Grantee following the vesting of such Unit (subject to any election to defer payment by the Grantee as provided in Section 6 of the Agreement). The Grantee shall not acquire or have any rights as a stockholder of the Company by virtue of the Agreement (or the Award evidenced hereby) until the Shares issuable pursuant to this Award are actually issued and delivered to the Grantee in accordance with the terms of the Plan and the Agreement. No fractional Shares shall be issued with respect to the vesting of the Units. Notwithstanding the foregoing, the Units subject to this Notice will be subject to accelerated vesting and payment in the event of a Change in Control Event as provided in Section 7 of the Agreement.

**Termination of Service; Forfeiture:**

Vesting shall cease upon the date of termination of the Grantee's continued service as a member of the Board for any reason, including death or Disability. If the Grantee's continued service as a Board member terminates for any reason when the Grantee holds any unvested Units, such unvested Units shall be forfeited and no Shares shall be issued with respect to such forfeited Units.

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IN WITNESS WHEREOF, the Company has executed this Notice, and unless the Grantee declines this Award within 90 days of the Date of Award, the Grantee is deemed to accept the Award and to agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Korn Ferry  
a Delaware corporation

By:

A handwritten signature in black ink, appearing to read "Gary", is written over a light gray rectangular background.

Gary D. Burnison  
Chief Executive Officer

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF GRANTEE'S CONTINUED SERVICE AS A DIRECTOR OF THE COMPANY (NOT THROUGH THE ACT OF BEING ELECTED OR APPOINTED, BEING GRANTED THIS AWARD OR ACQUIRING UNITS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF GRANTEE'S SERVICE WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE COMPANY'S RIGHT TO INCREASE OR DECREASE THE COMPENSATION OF THE GRANTEE FROM THE RATE IN EXISTENCE AT ANY TIME.



The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 18 of the Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

## KORN FERRY 2008 STOCK INCENTIVE PLAN

### NONEMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT

1. Grant of Units. Korn Ferry, a Delaware corporation (the “Company”), hereby awards to the Grantee (the “Grantee”) named in the Notice of Nonemployee Director Restricted Stock Unit Award (the “Notice”), the Total Number of Restricted Stock Units (the “Units” or individually a “Unit”) payable in shares of Common Stock of the Company (the “Shares”) as set forth in the Notice, subject to the Notice, this Nonemployee Director Restricted Stock Unit Award Agreement (this “Agreement”) and the terms and provisions of the Company’s 2008 Stock Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Capitalized terms used in this Agreement and not otherwise defined in this Agreement or the Notice, shall have the same meanings as set forth in the Plan.
  2. Consideration. The Units have been granted to the Grantee principally for past services and in consideration for past services and continued service with the Company.
  3. Transfer Restrictions. Except as expressly provided in Section 14 of the Plan, the Units granted to the Grantee hereunder, and the Shares subject thereto (and any right or interest therein), may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by the Grantee prior to the issuance of Shares pursuant to Section 6. Any attempt to transfer Units or Shares in violation of this Section 3 will be null and void and will be disregarded.
  4. Termination of Service; Forfeiture. Vesting shall cease upon the date of termination of the Grantee’s continued service as a member of the Board for any reason, including death or Disability. If the Grantee’s continued service as a Board member terminates for any reason when the Grantee holds any unvested portion of the Units, such unvested Units shall be forfeited as of the applicable termination date without payment of any Shares or any other consideration by the Company and without any other action by the Grantee, or the Grantee’s beneficiary or personal representative, as the case may be.
  5. Dividend and Voting Rights.
    - (a) Limitations on Rights Associated with Units. The Grantee shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 5(b) with respect to dividend equivalent rights) and no voting rights, with respect to the Units and any Shares underlying or issuable in respect of such Units until such Shares are actually issued to and held of record by the Grantee. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the Shares.
    - (b) Dividend Equivalent Rights Distributions. As of any date that the Company pays an ordinary cash dividend on its Common Stock, the Company shall pay the Grantee an amount equal to the per-share cash dividend paid by the Company on its Common Stock on such date multiplied by the number of Units remaining subject to this Award as of the related dividend payment record date. No such payment shall be made with respect to any Units which, as of such record date, have either been paid pursuant to Section 6 or forfeited pursuant to Section 4.
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6. Timing and Type of Payment. The Company shall issue to the Grantee one Share for each Unit that vests pursuant to the terms of this Agreement as soon as practicable after the vesting date. Notwithstanding the foregoing sentence, the Grantee may elect, on a form and in a manner prescribed by the Committee, to defer any such payment of vested Units, provided that any such deferral of payment must comply with any applicable requirements of Section 409A of the Code. The Grantee shall have no further rights with respect to any Units that are so paid or that terminate pursuant to Section 4.

7. Change in Control. Notwithstanding any other provision herein, in the event of a Change in Control, any Units that are then outstanding and unvested shall become fully vested and shall be paid to the Grantee immediately prior to such event.

8. Taxes. The Grantee is ultimately liable and responsible to pay for all taxes owed in connection with the Award. The Company does not make any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or any subsequent sale of Shares issuable pursuant to the Award. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

9. Limitation on Rights; No Right to Future Grants; Extraordinary Item. By entering into this Agreement and accepting the Award, the Grantee acknowledges that: (i) the Grantee's participation in the Plan is voluntary; (ii) the value of the Award is an extraordinary item which is outside the scope of any employment contract with the Grantee; (iii) the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Grantee will not be entitled to compensation or damages as a consequence of the Grantee's forfeiture of any unvested portion of the Award as a result of the Grantee's termination of service with the Company for any reason; and (iv) in the event that the Grantee is not a direct employee of Company, the grant of the Award will not be interpreted to form an employment relationship with the Company and the grant of the Award will not be interpreted to form an employment contract with the Grantee's employer or the Company. The Company shall be under no obligation whatsoever to advise the Grantee of the existence, maturity or termination of any of the Grantee's rights hereunder and the Grantee shall be responsible for familiarizing himself or herself with all matters contained herein and in the Plan which may affect any of Grantee's rights or privileges hereunder.

10. Company Authority. Any question concerning the interpretation of this Agreement, the Notice or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Company (including any person(s) to whom the Company has delegated its authority) in its sole and absolute discretion. Such decision by the Company shall be final and binding.

11. Undertaking. The Grantee hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Grantee or the Grantee's interest pursuant to the express provisions of this Agreement.

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12. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.
13. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and the Grantee and the Grantee's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.
14. Securities Law Compliance. The Company is under no obligation to register for resale the Shares, whether vested or unvested. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Grantee or other subsequent transfers by the Grantee of any Shares issued hereunder, including without limitation (a) restrictions under an insider trading policy, (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Shares and (c) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such Shares.
15. Information Confidential. As partial consideration for the granting of the Award, the Grantee agrees that he or she will keep confidential all information and knowledge that the Grantee has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Grantee's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.
16. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.
17. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the date of hereof and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein.
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18. Dispute Resolution. The provisions of this Section 18 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought in the United States District Court for the Central District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Los Angeles) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed (if to the Company) at Korn Ferry, 1900 Avenue of the Stars, Suite 2600, Los Angeles California 90067 and (if to the Grantee) at the Grantee's most recent address reflected in the records of the Company, or to such other address as such party may designate in writing from time to time to the other party.

**FORM OF**  
**KORN FERRY 2008 STOCK INCENTIVE PLAN**  
**NOTICE OF RESTRICTED STOCK UNIT AWARD**

Grantee's Name and Office:

«First\_Name» «Last\_Name»  
«Office»

You have been granted Restricted Stock Units (the "Units" or individually a "Unit") of the Company (the "Award"), payable in shares of Common Stock of the Company (the "Shares"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the Korn Ferry 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Award Agreement (the "Agreement") attached hereto. Capitalized terms used in this Notice and not otherwise defined shall have the same meanings as set forth in the Plan.

Date of Award

«Grant\_Date»

Vesting Commencement Date

«Grant\_Date»

Target Number of Units Awarded

«Number\_of\_Shares\_to\_nearest\_10»

Vesting Schedule:

Subject to the Grantee's continued service with the Company and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" on the third anniversary of the Vesting Commencement Date (the "Vest Date"):

Up to 200% of the Target Number of Units Awarded shall vest on the third anniversary of the Vesting Commencement Date subject to Company performance against 3 year performance targets for the three fiscal years ending April 30, [20\_\_] as set by the Compensation and Personnel Committee (the "Committee") of the Board of Directors (please see Exhibit A attached hereto)(the "Performance Targets"). The percentage of the Units that will become vested (subject to the Grantee's continued Service through the Vest Date) shall be the percentage that corresponds to the Company's "Percentile Ranking" and "Absolute 3-Year Average TSR" as shown in Exhibit A. (For avoidance of doubt, the vesting percentage shall not exceed 100% unless (i) the Company's "Absolute 3-Year Average TSR" is greater than zero percent (0%), and (ii) the Company's "Percentile Ranking" is greater than the 60<sup>th</sup> percentile. The vesting percentage will be capped at 100% if the Company's Absolute 3-Year Average TSR is less than or equal to zero)

In the event of the Grantee's change in status from employee to consultant, the Grantee shall continue to be eligible to vest in the Units (subject to satisfaction of the Performance Targets) only to the extent determined by the Committee as of such change in status.

Upon the vesting of all or a portion of the Units, one Share shall be issuable for each Unit that vests on the Vest Date. The Grantee shall not acquire or have any rights as a stockholder of the Company by virtue of this Agreement (or the Award evidenced hereby) until the Shares issuable pursuant to this Award are actually issued and delivered to the Grantee in accordance with the terms of the Plan and the Agreement. No fractional Shares shall be issued with respect to the vesting of the Units.

**Termination of Employment; Forfeiture:**

Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee's continued service with the Company for any reason, including death or Disability. Furthermore, the Units shall not become vested to the extent the Performance Targets are not satisfied. Unless otherwise provided for in an employment or other written agreement

Participant: «First\_Name» «Last\_Name»

between the Grantee and the Company, if the Grantee's continued service with the Company terminates for any reason prior to the Vest Date, whether or not the Performance Targets are satisfied, the Units shall be forfeited and no Shares shall be issued with respect to the Units. The foregoing forfeiture provisions set forth in this Notice as to unvested Units shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the unvested Units in consummation of any Change in Control and such stock or property shall be deemed to be subject to the terms of the Agreement, but only to the extent the unvested Units are at the time covered by such forfeiture provisions.

IN WITNESS WHEREOF, the Company has executed this Notice, and unless the Grantee declines the Award within 90 days of the Date of Award, the Grantee is deemed to accept the Award and to agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Korn Ferry  
a Delaware corporation

By:

A handwritten signature in black ink, appearing to read "Gary D. Burnison", is written over a light gray rectangular background.

Name: Gary D. Burnison

Title: Chief Executive Officer

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Participant: «First\_Name» «Last\_Name»

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF GRANTEE'S CONTINUED SERVICE WITH THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING UNITS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF GRANTEE'S SERVICE WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S SERVICE WITH THE COMPANY AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 24 of the Plan. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

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**EXHIBIT A****TOTAL SHAREHOLDER RETURN PERFORMANCE TARGETS****Performance Shares**

The actual number of shares earned at the end of the 3- year performance period will range from 0% to 200% of the target opportunity depending on Korn Ferry's total shareholder return ("TSR") relative to a [NUMBER] company peer group. (see Table 1 below)

**Table 1:**

<b>Relative TSR Percentile Ranking</b>	<b><u>Payout as a % Target</u></b>	
	<b>Absolute TSR &gt; 0%</b>	<b>Absolute TSR &lt; 0%</b>
>90P	200%	100%
90P	200%	100%
85P	183%	100%
80P	167%	100%
75P	150%	100%
70P	133%	100%
65P	117%	100%
60P	100%	100%
55P	92%	88%
50P	83%	75%
45P	75%	63%
40P	67%	50%
35P	58%	38%
30P	50%	25%
<30P	0%	0%

TSR will be calculated as a straight 3-year average over the performance period, and will reflect stock price appreciation (plus the reinvestment of dividends for relevant companies.) In order to reduce volatility, each annual TSR measurement will start and end with the average closing stock price over a 20-trading day period.

Korn Ferry's Percentile Ranking will be determined as follows:

$$\text{Percentile} = (n-r) / (n-1) * 100$$

Where n= the number of companies within the company peer group and the company itself and r = the Company's ranking within the list of peer group companies (including the Company.)

For example, if Korn Ferry ranks 7<sup>th</sup> and there are 14 companies in the peer group, the Percentile Ranking is 57, which is equal to (15-7)/(15-1)\*100. Percentile Rankings that are between the Percentile Ranking values will be calculated by linear interpolation.

The following is a list of members of our company peer group:

[Peer Group]

**KORN FERRY 2008 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK UNIT AWARD AGREEMENT**

1. Issuance of Units. Korn Ferry, a Delaware corporation (the “Company”), hereby awards to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Award (the “Notice”), the Total Number of Restricted Stock Units (the “Units” or individually a “Unit”) payable in shares of Common Stock of the Company (the “Shares”) as set forth in the Notice, subject to the Notice, this Restricted Stock Unit Award Agreement (this “Agreement”) and the terms and provisions of the Company’s 2008 Stock Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Capitalized terms used in this Agreement and not otherwise defined in this Agreement or the Notice, shall have the same meanings as set forth in the Plan.

2. Consideration. The Units have been issued to the Grantee principally for past services and in consideration for past services and continued service with the Company.

3. Transfer Restrictions. Except as expressly provided in Section 14 of the Plan, the Units issued to the Grantee hereunder, and the Shares subject thereto (and any right or interest therein), may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by the Grantee prior to the issuance of Shares pursuant to Section 6. Any attempt to transfer Units or Shares in violation of this Section 3 will be null and void and will be disregarded.

4. Termination of Employment; Forfeiture. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee’s continued service with the Company for any reason, including death or Disability. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, if the Grantee’s continued service with the Company terminates for any reason prior to the Vest Date, the Units shall be forfeited and no Shares shall be issued with respect to the Units. The foregoing forfeiture provisions set forth in this Agreement as to unvested Units shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the unvested Units in consummation of any Change in Control and such stock or property shall be deemed to be subject to the terms of this Agreement, but only to the extent the unvested Units are at the time covered by such forfeiture provisions.

5. Dividend and Voting Rights. With the exception of the dividend equivalent rights described in the next sentence, the Grantee shall have no rights as a stockholder of the Company and no voting rights, with respect to the Units and any Shares underlying or issuable in respect of such Units until such Shares are actually issued to and held of record by the Grantee. In the event that the Company declares and pays one or more dividends (or other distributions) on the Shares for which the ex-dividend date occurs after the date the Award was granted and prior to the Payment Date (as defined below), the Grantee shall, on the Payment Date (or, if later, the date such dividend (or distribution) is paid), be entitled to payment of all such dividends (and/or distributions) that would have been payable on the Shares underlying the number of Units that become vested on the Vest Date had such Shares been outstanding during the period from the date of the Award through the Payment Date. The dividend equivalent right described in the preceding sentence shall accrue and remain unvested with respect to unvested Units and shall vest, if at all, at the same time as the unvested Units to which the dividend equivalents relate and shall be subject to the same treatment upon the Grantee’s termination of employment as the vested Units or unvested Units to which they relate. The dividend equivalent rights shall not accrue interest.

6. Timing and Type of Payment. The Company shall issue to the Grantee one Share for each Unit that vests. Such stock issuance shall occur on a payment date determined by the Company (the “Payment Date”) that is within 10 business days following the Vest Date. Dividend equivalent rights shall be settled in cash at the same time, and upon the same conditions, if applicable, as the earned and vested Units to which they relate.

7. Withholding of Taxes. The Grantee shall, as Units shall vest or at the time withholding is otherwise required by any applicable provisions of federal or state law, pay the Company the amount necessary to satisfy any applicable foreign, federal, state, and local income and employment tax withholding obligations. At the time the Grantee’s Award is granted, or at any time thereafter as requested by the Company, the Grantee hereby authorizes, to the fullest extent not prohibited by applicable law, withholding from payroll and any other amounts payable to the Grantee, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the Award.

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8. Limitation on Rights; No Right to Future Grants; Extraordinary Item. By entering into this Agreement and accepting the Award, the Grantee acknowledges that: (i) the Grantee's participation in the Plan is voluntary; (ii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the value of the Award is an extraordinary item which is outside the scope of any employment contract with the Grantee; (iii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Grantee will not be entitled to compensation or damages as a consequence of the Grantee's forfeiture of any unvested portion of the Award as a result of the Grantee's termination of service with the Company for any reason; and (iv) in the event that the Grantee is not a direct employee of Company, the grant of the Award will not be interpreted to form an employment relationship with the Company and the grant of the Award will not be interpreted to form an employment contract with the Grantee's employer or the Company. The Company shall be under no obligation whatsoever to advise the Grantee of the existence, maturity or termination of any of the Grantee's rights hereunder and the Grantee shall be responsible for familiarizing himself or herself with all matters contained herein and in the Plan which may affect any of Grantee's rights or privileges hereunder.

9. Company Authority. Any question concerning the interpretation of this Agreement, the Notice or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Company (including any person(s) to whom the Company has delegated its authority) in its sole and absolute discretion. Such decision by the Company shall be final and binding.

10. Undertaking. The Grantee hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Grantee or the Grantee's interest pursuant to the express provisions of this Agreement.

11. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and the Grantee and the Grantee's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

13. Securities Law Compliance. The Company is under no obligation to register for resale the Shares, whether vested or unvested. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Grantee or other subsequent transfers by the Grantee of any Shares issued hereunder, including without limitation (a) restrictions under an insider trading policy, (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Shares and (c) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such Shares.

14. Confidential Information. As partial consideration for the granting of the Award, the Grantee agrees that he or she will keep confidential all information and knowledge that the Grantee has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Grantee's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

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15. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

16. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the date of hereof and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein.

17. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed (if to the Company) at Korn Ferry, 1900 Avenue of the Stars, Suite 2600, Los Angeles California 90067 and (if to the Grantee) at the Grantee's most recent address reflected in the records of the Company, or to such other address as such party may designate in writing from time to time to the other party.

**KORN FERRY 2008 STOCK INCENTIVE PLAN****NOTICE OF RESTRICTED STOCK UNIT AWARD**

Grantee's Name and Office: «First\_Name» «Last\_Name»

«OFFICE»

You have been granted Restricted Stock Units (the "Units" or individually a "Unit") of the Company (the "Award"), payable in shares of Common Stock of the Company (the "Shares"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the Korn Ferry 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Unit Award Agreement (the "Agreement") attached hereto. Capitalized terms used in this Notice and not otherwise defined shall have the same meanings as set forth in the Plan.

Date of Award «Grant\_Date»

Vesting Commencement Date «Grant\_Date»

Total Number of Units Awarded «NUMBER\_OF\_SHARES\_To\_nearest\_10»  
(the "Shares")

Vesting Schedule:

Subject to the Grantee's continued service with the Company and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (each date on which the Award or portion thereof vests a "Vest Date"):

[X] of the Total Number of Units Awarded shall vest on the first anniversary of the Vesting Commencement Date, and an additional [X] of the Total Number of Units Awarded shall vest on each yearly anniversary of the Vesting Commencement Date thereafter (each such anniversary, a "Vest Date").

In the event of the Grantee's change in status from employee to consultant, the vesting of the Units shall continue only to the extent determined by the Committee as of such change in status.

Upon the vesting of all or a portion of the Units, one Share shall be issuable for each Unit that vests on each Vest Date. The Grantee shall not acquire or have any rights as a stockholder of the Company by virtue of this Agreement (or the Award evidenced hereby) until the Shares issuable pursuant to this Award are actually issued and delivered to the Grantee in accordance with the terms of the Plan and the Agreement. No fractional Shares shall be issued with respect to the vesting of the Units.

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Termination of Employment; Forfeiture:

Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee's continued service with the Company for any reason, including death or Disability. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, if the Grantee's continued service with the Company terminates for any reason when the Grantee holds any unvested portion of the Units, such unvested Units shall be forfeited and no Shares shall be issued with respect to such unvested Units. The foregoing forfeiture provisions set forth in this Notice as to unvested Units shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the unvested Units in consummation of any Change in Control and such stock or property shall be deemed to be subject to the terms of the Agreement, but only to the extent the unvested Units are at the time covered by such forfeiture provisions.

IN WITNESS WHEREOF, the Company has executed this Notice, and unless the Grantee declines this Award within 90 days of the Date of Award, the Grantee is deemed to accept the Award and to agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Korn Ferry  
a Delaware corporation

By:



Gary D. Burnison

Title: Chief Executive Officer

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF GRANTEE'S CONTINUED SERVICE WITH THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING UNITS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF GRANTEE'S SERVICE WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S SERVICE WITH THE COMPANY AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 24 of the Plan. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.



## KORN FERRY 2008 STOCK INCENTIVE PLAN

### RESTRICTED STOCK UNIT AWARD AGREEMENT

1. Issuance of Units. Korn Ferry, a Delaware corporation (the “Company”), hereby awards to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Unit Award (the “Notice”), the Total Number of Restricted Stock Units (the “Units” or individually a “Unit”) payable in shares of Common Stock of the Company (the “Shares”) as set forth in the Notice, subject to the Notice, this Restricted Stock Unit Award Agreement (this “Agreement”) and the terms and provisions of the Company’s 2008 Stock Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Capitalized terms used in this Agreement and not otherwise defined in this Agreement or the Notice, shall have the same meanings as set forth in the Plan.
  2. Consideration. The Units have been issued to the Grantee principally for past services and in consideration for past services and continued service with the Company.
  3. Transfer Restrictions. Except as expressly provided in Section 14 of the Plan, the Units issued to the Grantee hereunder, and the Shares subject thereto (and any right or interest therein), may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by the Grantee prior to the issuance of Shares pursuant to Section 6. Any attempt to transfer Units or Shares in violation of this Section 3 will be null and void and will be disregarded.
  4. Termination of Employment; Forfeiture . Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee’s continued service with the Company for any reason, including death or Disability. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, if the Grantee’s continued service with the Company terminates for any reason when the Grantee holds any unvested portion of the Units, such unvested Units shall be forfeited and no Shares shall be issued with respect to such unvested Units. The foregoing forfeiture provisions set forth in this Agreement as to unvested Units shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the unvested Units in consummation of any Change in Control and such stock or property shall be deemed to be subject to the terms of this Agreement, but only to the extent the unvested Units are at the time covered by such forfeiture provisions.
  5. Dividend and Voting Rights. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights, with respect to the Units and any Shares underlying or issuable in respect of such Units until such Shares are actually issued to and held of record by the Grantee. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the Shares.
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6. Timing and Type of Payment. The Company shall issue to the Grantee one Share for each Unit that vests. Such stock issuance shall occur on a payment date determined by the Company (the "Payment Date") that is within 10 business days following each Vest Date.
7. Withholding of Taxes. The Grantee shall, as Units shall vest or at the time withholding is otherwise required by any applicable provisions of federal or state law, pay the Company the amount necessary to satisfy any applicable foreign, federal, state, and local income and employment tax withholding obligations. At the time the Grantee's Award is granted, or at any time thereafter as requested by the Company, the Grantee hereby authorizes, to the fullest extent not prohibited by applicable law, withholding from payroll and any other amounts payable to the Grantee, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the Award.
8. Limitation on Rights; No Right to Future Grants; Extraordinary Item. By entering into this Agreement and accepting the Award, the Grantee acknowledges that: (i) the Grantee's participation in the Plan is voluntary; (ii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the value of the Award is an extraordinary item which is outside the scope of any employment contract with the Grantee; (iii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and the Grantee will not be entitled to compensation or damages as a consequence of the Grantee's forfeiture of any unvested portion of the Award as a result of the Grantee's termination of service with the Company for any reason; and (iv) in the event that the Grantee is not a direct employee of Company, the grant of the Award will not be interpreted to form an employment relationship with the Company and the grant of the Award will not be interpreted to form an employment contract with the Grantee's employer or the Company. The Company shall be under no obligation whatsoever to advise the Grantee of the existence, maturity or termination of any of the Grantee's rights hereunder and the Grantee shall be responsible for familiarizing himself or herself with all matters contained herein and in the Plan which may affect any of Grantee's rights or privileges hereunder.
9. Company Authority. Any question concerning the interpretation of this Agreement, the Notice or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Company (including any person(s) to whom the Company has delegated its authority) in its sole and absolute discretion. Such decision by the Company shall be final and binding.
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10. Undertaking. The Grantee hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Grantee or the Grantee's interest pursuant to the express provisions of this Agreement.

11. Entire Agreement: Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and the Grantee and the Grantee's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

13. Securities Law Compliance. The Company is under no obligation to register for resale the Shares, whether vested or unvested. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Grantee or other subsequent transfers by the Grantee of any Shares issued hereunder, including without limitation (a) restrictions under an insider trading policy, (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Shares and (c) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such Shares.

14. Information Confidential. As partial consideration for the granting of the Award, the Grantee agrees that he or she will keep confidential all information and knowledge that the Grantee has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Grantee's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

15. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

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16. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the date of hereof and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein.

17. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed (if to the Company) at Korn Ferry, 1900 Avenue of the Stars, Suite 2600, Los Angeles California 90067 and (if to the Grantee) at the Grantee's most recent address reflected in the records of the Company, or to such other address as such party may designate in writing from time to time to the other party.

## EXHIBIT 10.34

**KORN FERRY 2008 STOCK INCENTIVE PLAN****NOTICE OF RESTRICTED STOCK AWARD**

Grantee's Name and Office: «First\_Name» «Last\_Name»  
«OFFICE»

You have been granted shares of restricted Common Stock of the Company (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Award (the "Notice"), the Korn Ferry 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Restricted Stock Award Agreement (the "Agreement") attached hereto. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Date of Award «Grant\_Date»  
Vesting Commencement Date «Grant\_Date»  
Total Number of Shares  
of Common Stock Awarded «NUMBER\_OF\_SHARES\_To\_nearest\_10»  
(the "Shares")

Vesting Schedule:

Subject to Grantee's continued service with the Company and other limitations set forth in this Notice, the Agreement and the Plan, the Award will "vest" in accordance with the following schedule (each date on which the Award or portion thereof vests a "Vest Date"):

[X] of the Total Number of Shares of Common Stock Awarded shall vest on the first anniversary of the Vesting Commencement Date, and an additional [X] of the Total Number of Shares of Common Stock Awarded shall vest on each yearly anniversary of the Vesting Commencement Date thereafter.

In the event of Grantee's change in status from employee to consultant, the vesting of the Award shall continue only to the extent determined by the Committee as of such change in status.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Shares, that such Shares are no longer subject to forfeiture to the Company; provided, however, that such Shares shall remain subject to other restrictions on transfer set forth in the Agreement or the Plan. Shares that have not vested are deemed "Restricted Shares." Per the vesting schedule, the Grantee may become vested in a fraction of a Restricted Share. However, such fraction shall remain a Restricted Share until the Grantee becomes vested in the entire Share.

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Termination of Employment; Forfeiture:

Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee's continued service with the Company for any reason, including death or Disability. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, if the Grantee's continued service with the Company terminates for any reason when the Grantee holds any Restricted Shares (including fractional Restricted Shares), such Restricted Shares shall be deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of the Restricted Shares and shall have all rights and interest in or related thereto without further action by the Grantee. The foregoing forfeiture provisions set forth in this Notice as to Restricted Shares shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the Shares in consummation of any Change in Control and such stock or property shall be deemed Additional Securities for purposes of the Agreement, but only to the extent the Shares are at the time covered by such forfeiture provisions.

IN WITNESS WHEREOF, the Company has executed this Notice, and unless the Grantee declines this Award within 90 days of the Date of Award, the Grantee is deemed to accept the Award and to agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

Korn Ferry  
a Delaware corporation

By:



Gary D. Burnison

Title: Chief Executive Officer

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THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF GRANTEE'S CONTINUED SERVICE WITH THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF GRANTEE'S SERVICE WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE GRANTEE'S SERVICE WITH THE COMPANY AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, GRANTEE'S STATUS IS AT WILL.

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The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Agreement shall be resolved in accordance with Section 24 of the Plan. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

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## KORN FERRY 2008 STOCK INCENTIVE PLAN

### RESTRICTED STOCK AWARD AGREEMENT

1. Issuance of Shares. Korn Ferry a Delaware corporation (the “Company”), hereby issues to the Grantee (the “Grantee”) named in the Notice of Restricted Stock Award (the “Notice”), the Total Number of restricted Shares of Common Stock Awarded as set forth in the Notice (the “Shares”), subject to the Notice, this Restricted Stock Award Agreement (the “Agreement”) and the terms and provisions of the Company’s 2008 Stock Incentive Plan, as amended from time to time (the “Plan”), which is incorporated herein by reference. Unless otherwise defined herein or in the Notice, the terms defined in the Plan shall have the same defined meanings in this Agreement. All Shares issued hereunder will be deemed issued to the Grantee as fully paid and nonassessable shares, and the Grantee will have the right to vote the Shares at meetings of the Company’s shareholders. The Company shall pay any applicable stock transfer taxes imposed upon the issuance of the Shares to the Grantee hereunder.

2. Consideration. The Grantee shall be deemed to have purchased from the Company the Shares set forth in the Notice without payment of any cash consideration. The Grantee and the Company hereby acknowledge and agree that adequate consideration has been received by the Company in respect of the issuance of the Shares.

3. Transfer Restrictions. Except as expressly provided in Section 14 of the Plan, the Shares issued to the Grantee hereunder may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated by the Grantee prior to the date when the Shares become “vested” pursuant to the Vesting Schedule set forth in the Notice. Any attempt to transfer Shares in violation of this Section 3 will be null and void and will be disregarded.

4. Termination of Employment; Forfeiture. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, vesting shall cease upon the date of termination of the Grantee’s continued service with the Company for any reason, including death or Disability. Unless otherwise provided for in an employment or other written agreement between the Grantee and the Company, if the Grantee’s continued service with the Company terminates for any reason while the Grantee holds any Shares that have not vested (“Restricted Shares”), including fractional Restricted Shares, such Restricted Shares shall be deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of the Restricted Shares and shall have all rights and interest in or related thereto without further action by the Grantee. In the event Restricted Shares are reconveyed to the Company, the Company shall have no further obligation or liability to the Grantee with respect to such Restricted Shares. The foregoing forfeiture provisions set forth in this Agreement as to Restricted Shares shall also apply to the new capital stock or other property (including cash paid other than as a regular cash dividend) received in exchange for the Shares in consummation of any Change in Control and such stock or property shall be deemed Additional Securities for purposes of this Agreement, but only to the extent the Shares are at the time covered by such forfeiture provisions.

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5. Escrow of Stock. For purposes of facilitating the enforcement of the provisions of this Agreement, the Grantee agrees, immediately upon receipt of Restricted Shares, to deliver such documents, agreements or instruments as may be necessary from time to time to the Secretary or Assistant Secretary of the Company, or their designee, to hold such Restricted Shares in escrow for so long as such Restricted Shares have not vested pursuant to the Vesting Schedule set forth in the Notice, with the authority to take all such actions and to effectuate all such transfers and/or releases as may be necessary or appropriate to accomplish the objectives of this Agreement in accordance with the terms hereof. The Grantee hereby acknowledges that the appointment of the Secretary or Assistant Secretary of the Company (or their designee) as the escrow holder hereunder with the stated authorities is a material inducement to the Company to make this Agreement and that such appointment is coupled with an interest and is accordingly irrevocable. The Grantee agrees that such escrow holder shall not be liable to any party hereto (or to any other party) for any actions or omissions unless such escrow holder is grossly negligent relative thereto. The escrow holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may resign at any time. Upon the vesting of all Restricted Shares, the escrow holder will, without further order or instruction, transmit to the Grantee such Shares, subject, however, to satisfaction of any withholding obligations provided in Section 7 below.

6. Distributions. The Company shall disburse to the Grantee all regular cash dividends with respect to the Shares and Additional Securities (whether vested or not), less any applicable withholding obligations.

7. Withholding of Taxes. The Grantee shall, as Restricted Shares shall vest or at the time withholding is otherwise required by any applicable provisions of federal or state law, pay the Company the amount necessary to satisfy any applicable foreign, federal, state, and local income and employment tax withholding obligations. At the time the Grantee's Award is granted, or at any time thereafter as requested by the Company, the Grantee hereby authorizes, to the fullest extent not prohibited by applicable law, withholding from payroll and any other amounts payable to the Grantee, and otherwise agrees to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the Award.

8. Section 83(b) Election. The Grantee hereby acknowledges that he or she has been informed that, with respect to the grant of the Shares, he or she may file an election with the Internal Revenue Service, within 30 days of the Date of Award, electing pursuant to Section 83(b) of the Code, to be taxed currently on the Fair Market Value of the Shares on the Date of Award ("Section 83(b) Election").

GRANTEE ACKNOWLEDGES THAT IF HE OR SHE CHOOSES TO FILE AN ELECTION UNDER SECTION 83(b) OF THE CODE, IT IS GRANTEE'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY SUCH SECTION 83(b) ELECTION, EVEN IF HE OR SHE REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO MAKE THIS FILING ON GRANTEE'S BEHALF.

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BY SIGNING THIS AGREEMENT, GRANTEE REPRESENTS THAT HE OR SHE HAS REVIEWED WITH GRANTEE'S OWN TAX ADVISORS THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT AND THAT HE OR SHE IS RELYING SOLELY ON SUCH ADVISORS AND NOT ON ANY STATEMENTS OR REPRESENTATIONS OF THE COMPANY OR ANY OF ITS AGENTS. GRANTEE UNDERSTANDS AND AGREES THAT HE OR SHE (AND NOT THE COMPANY) SHALL BE RESPONSIBLE FOR ANY TAX LIABILITY THAT MAY ARISE AS A RESULT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

9. Additional Securities. Any securities or cash received (other than a regular cash dividend) as the result of ownership of the Restricted Shares (the "Additional Securities"), including, but not by way of limitation, warrants, options and securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization or other similar change in the Company's capital structure, shall be retained in escrow in the same manner and subject to the same conditions and restrictions as the Restricted Shares with respect to which they were issued, including, without limitation, the Vesting Schedule set forth in the Notice. The Grantee shall be entitled to direct the Company to exercise any warrant or option received as Additional Securities upon supplying the funds necessary to do so, in which event the securities so purchased shall constitute Additional Securities, but the Grantee may not direct the Company to sell any such warrant or option. If Additional Securities consist of a convertible security, the Grantee may exercise any conversion right, and any securities so acquired shall constitute Additional Securities. In the event of any change in certificates evidencing the Shares or the Additional Securities by reason of any recapitalization, reorganization or other transaction that results in the creation of Additional Securities, the escrow holder is authorized to deliver to the issuer the certificates evidencing the Shares or the Additional Securities in exchange for the certificates of the replacement securities.

10. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

11. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

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12. Limitation on Rights; No Right to Future Grants; Extraordinary Item. By entering into this Agreement and accepting the Award, Grantee acknowledges that: (i) Grantee's participation in the Plan is voluntary; (ii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the value of the Award is an extraordinary item which is outside the scope of any employment contract with Grantee; (iii) except as explicitly contemplated in an employment or other written agreement between the Grantee and the Company, the Award is not part of normal or expected compensation for any purpose, including without limitation for calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and Grantee will not be entitled to compensation or damages as a consequence of Grantee's forfeiture of any unvested portion of the Award as a result of Grantee's termination of service with the Company for any reason; and (iv) in the event that Grantee is not a direct employee of Company, the grant of the Award will not be interpreted to form an employment relationship with the Company and the grant of the Award will not be interpreted to form an employment contract with the Grantee's employer or the Company. The Company shall be under no obligation whatsoever to advise the Grantee of the existence, maturity or termination of any of Grantee's rights hereunder and Grantee shall be responsible for familiarizing himself or herself with all matters contained herein and in the Plan which may affect any of Grantee's rights or privileges hereunder.

13. Company Authority. Any question concerning the interpretation of this Agreement, the Notice or the Plan, any adjustments required to be made under the Plan, and any controversy that may arise under the Plan or this Agreement shall be determined by the Company (including any person(s) to whom the Company has delegated its authority) in its sole and absolute discretion. Such decision by the Company shall be final and binding.

14. Undertaking. Grantee hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Grantee or the Grantee's interest pursuant to the express provisions of this Agreement.

15. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

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16. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and Grantee and Grantee's legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

17. Securities Law Compliance. The Company is under no obligation to register for resale the Shares, whether vested or unvested. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Grantee or other subsequent transfers by the Grantee of any Shares issued as a result of or under this Award, including without limitation (a) restrictions under an insider trading policy, (b) restrictions that may be necessary in the absence of an effective registration statement under the Securities Act of 1933, as amended, covering the Award and/or the Shares underlying the Award and (c) restrictions as to the use of a specified brokerage firm or other agent for such resales or other transfers. Any sale of the Shares must also comply with other applicable laws and regulations governing the sale of such shares.

18. Information Confidential. As partial consideration for the granting of the Award, the Grantee agrees that he or she will keep confidential all information and knowledge that the Grantee has relating to the manner and amount of his or her participation in the Plan; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Grantee's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan.

19. Headings. The captions used in this Agreement are inserted for convenience and shall not be deemed a part of this Agreement for construction or interpretation.

20. Application of the Plan. The terms of this Agreement are governed by the terms of the Plan, as it exists on the date of hereof and as the Plan is amended from time to time. In the event of any conflict between the provisions of this Agreement and the provisions of the Plan, the terms of the Plan shall control, except as expressly stated otherwise herein.

21. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed (if to the Company) at Korn Ferry, 1900 Avenue of the Stars, Suite 2600, Los Angeles California 90067 and (if to the Grantee) at the Grantee's most recent address reflected in the records of the Company, or to such other address as such party may designate in writing from time to time to the other party.

**EXHIBIT 21.1**

Note: Korn Ferry or one of its Subsidiaries has 100% ownership of the Subsidiaries listed below, except for Agensi Pekerjaan Korn Ferry (49%), Korn Ferry Mexico, S.C. (49%), Hay Group S.C. and Hay Group, S.R.L. are wholly owned subsidiaries of Korn Ferry Mexico, S.C.

Subsidiaries		Jurisdiction
1.	Korn Ferry International S.A.	Argentina
2.	Korn Ferry Futurestep Argentina S.R.L.	Argentina
3.	Korn/Ferry (AU) Pty Limited	Australia
4.	Futurestep (Australia) Pty Ltd	Australia
5.	Korn/Ferry International GmbH	Austria
6.	Korn/Ferry International Futurestep (Belgium) BVBA	Belgium
7.	Korn/Ferry International Consultoria Ltda.	Brazil
8.	Korn Ferry (CA) Ltd	Canada
9.	Korn/Ferry International S.A.	Chile
10.	Korn/Ferry International Human Capital Consulting (Beijing) Limited	Beijing, China
11.	Guangzhou Korn/Ferry Human Capital Company Ltd.	Guangzhou, China
12.	Korn/Ferry (Shanghai) Human Capital Consulting Co., Ltd.	Shanghai, China
13.	PuDe Management Consulting Co. Ltd.	Shanghai, China
14.	Futurestep (Shanghai) Talent Consulting Company Limited	China
15.	Korn/Ferry International – Colombia	Colombia
16.	Korn/Ferry International A/S	Denmark
17.	Korn/Ferry International SAS	France
18.	Korn/Ferry International Futurestep (France) SARL	France
19.	Korn/Ferry International GmbH	Germany
20.	Futurestep Germany GmbH	Germany
21.	Korn/Ferry International SA	Greece
22.	Korn/Ferry International (H.K.) Limited	Hong Kong
23.	Futurestep (Hong Kong) Ltd.	Hong Kong
24.	Korn/Ferry International Budapest Individual Consulting and Service Ltd.	Hungary
25.	PDI Hungary, Kft.	Hungary
26.	Korn/Ferry International Private Limited	India
27.	Futurestep Recruitment Services Private Limited.	India
28.	Personnel Decisions International India Pvt. Limited	India
29.	PT. Korn/Ferry International	Indonesia
30.	Korn/Ferry International S.R.L.	Italy
31.	Futurestep (Italia) S.r.l.	Italy
32.	Nihon Korn/Ferry International K.K.	Japan
33.	Futurestep (Japan) K.K.	Japan
34.	Korn/Ferry International (Korea) Limited	Korea
35.	Agensi Pekerjaan Futurestep Worldwide (M) Sdn. Bhd.	Malaysia
36.	Agensi Pekerjaan Korn Ferry (M) Sdn. Bhd.	Malaysia
37.	Korn/Ferry Investment India Limited (Mauritius OCB)	Mauritius
38.	Korn Ferry Mexico, S.C.	Mexico
39.	Korn Ferry International NZ Limited	New Zealand
40.	Futurestep (New Zealand) Ltd.	New Zealand

Subsidiaries		Jurisdiction
41.	Korn Ferry A/S	Norway
42.	Korn/Ferry International – Peru S.A.	Peru
43.	Korn/Ferry International Sp.z.o.o.	Poland
44.	Korn/Ferry International Futurestep (POLSKA) Sp.z.o.o.	Poland
45.	Korn/Ferry International Pte. Ltd.	Singapore
46.	Futurestep (Singapore) Pte Limited	Singapore
47.	Korn/Ferry International S.A.	Spain
48.	Futurestep (Espana), S.L.	Spain
49.	Korn/Ferry International AB	Sweden
50.	Personnel Decisions International Scandinavia A.B.	Sweden
51.	Korn Ferry (Schweiz) GmbH	Switzerland
52.	Korn/Ferry International (Taiwan) Co. Limited	Taiwan
53.	Korn/Ferry International Musavirlık Limited Sirketi	Turkey
54.	Futurestep (UK) Limited	United Kingdom
55.	Korn/Ferry International Limited	United Kingdom
56.	KFI (UK) Limited	United Kingdom
57.	Korn Ferry WHM LLP	United Kingdom
58.	Korn Ferry Whitehead Mann (UK) Limited	United Kingdom
59.	Personnel Decisions International, Europe Limited	United Kingdom
60.	Personnel Decisions International UK Ltd	United Kingdom
61.	Korn Ferry Global Holdings (UK) Limited	United Kingdom
62.	Korn Ferry GH1 Limited	United Kingdom
63.	Korn Ferry (US)	United States, Delaware
64.	Korn Ferry Global Holdings, Inc.	United States, Delaware
65.	Sensa Solutions, Inc.	United States, Virginia
66.	Korn/Ferry International Consultores Asociados, C.A.	Venezuela
67.	Korn Ferry Hay Group N.V./S.A.	Belgium
68.	Korn Ferry s.r.o.	Czech Republic
69.	Hay Group Oy	Finland
70.	Hay France S.A.	France
71.	Korn Ferry Hay Group S.A.	France
72.	Hay Group GmbH	Germany
73.	Hay Group S.A.	Greece
74.	Hay Group Management Consultants Ltd.	Hungary
75.	Korn Ferry (IE) Limited	Ireland
76.	Hay Management Consultants Ireland Ltd.	Ireland
77.	Hay Group S.r.l.	Italy
78.	Hay Group UAB	Lithuania
79.	HG (Luxembourg) S.a.r.l.	Luxembourg
80.	Talent Q International Ltd.	Malta
81.	Talent Q Distribution Ltd.	Malta
82.	Korn Ferry Advisory (NL) B.V.	Netherlands
83.	Korn Ferry Investments B.V.	Netherlands
84.	Korn Ferry Management B.V.	Netherlands

Subsidiaries		Jurisdiction
85.	Hay Group AS	Norway
86.	Hay Group Sp.Z o.o	Poland
87.	Korn Ferry S.A.	Portugal
88.	Hay Group LLC	Qatar
89.	Korn Ferry SRL	Romania
90.	OOO Hay Group	Russia
91.	Hay Group Saudi Arabia Ltd.	Saudi Arabia
92.	Korn Ferry (SK) s.r.o.	Slovakia
93.	Korn Ferry (Pty) Ltd.	South Africa
94.	Hay Group S.A.	Spain
95.	Hay Group AB	Sweden
96.	Hay Group Danismanlik Limited Sirketi	Turkey
97.	Hay Group LLC	Ukraine
98.	Korn Ferry (UK) Limited	United Kingdom
99.	Hay Group UK Holdings Limited	United Kingdom
100.	Hay Group Intermediary Limited	United Kingdom
101.	Talent Q Limited	United Kingdom
102.	Korn Ferry Hay Group Pty. Limited	Australia
103.	Hay Group Co., Ltd.	China
104.	Hay Group Limited	Hong Kong
105.	Hay Consultants India Private Ltd.	India
106.	Talent Q India Private Ltd.	India
107.	PT Hay Group	Indonesia
108.	Korn Ferry Hay Group K.K.	Japan
109.	Hay Group Sdn. Bhd.	Malaysia
110.	Korn Ferry Hay Group Limited	New Zealand
111.	Korn Ferry Hay Group Pte Ltd.	Singapore
112.	Hay Group Ltd.	South Korea
113.	Hay Group Limited	Thailand
114.	Hay Group Consulting Limited Liability	Vietnam
115.	Hay Argentina S.A.	Argentina
116.	Hay do Brasil Consultores Ltda.	Brazil
117.	Hay Group Limitada	Chile
118.	Hay Group Ltda	Colombia
119.	Korn Ferry CR S.R.L.	Costa Rica
120.	Hay Group S.C.	Mexico
121.	Hay Group S.A.	Peru
122.	Hay Group Venezuela, S.A.	Venezuela
123.	Korn Ferry GP Ventures LLC	United States, Delaware
124.	Korn Ferry Global Ventures LP	United Kingdom
125.	Korn Ferry (NL) BV	Netherlands
126.	Korn Ferry Global Ventures 2 LP	United Kingdom
127.	Korn Ferry GP Ventures 2 LLC	United States
128.	Korn Ferry NL91 B.V.	Netherlands



Subsidiaries		Jurisdiction
129.	Korn Ferry Futurestep (The Philippines) Inc.	Philippines
130.	Korn/Ferry (Thailand) Limited	Thailand
131.	Personnel Decisions International India Corporation	United States. Minnesota
132.	Inversiones Korn/Ferry International, C.A.	Venezuela
133.	Korn Ferry (Luxembourg) S.A.R.L.	Luxembourg
134.	Korn Ferry Bulgaria EOOD	Bulgaria
135.	Korn/Ferry International Executive Recruitment (Thailand) Limited	Thailand

## EXHIBIT 23.1

### CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-99429) of Korn Ferry and related Prospectus,
- (2) Registration Statement (Form S-8 Nos. 333-161844, 333-159900, 333-158632, 333-49580, 333-73147, 333-111038, 333-146346, 333-108696, 333-185438, 333-200840 and 333-214123) pertaining to the employee benefit plans of Korn Ferry; of our reports dated June 28, 2019, with respect to the consolidated financial statements and schedule of Korn Ferry and subsidiaries and the effectiveness of internal control over financial reporting of Korn Ferry and subsidiaries included in this Annual Report (Form 10-K) of Korn Ferry and subsidiaries for the year ended April 30, 2019.

Los Angeles, California  
June 28, 2019

## EXHIBIT 31.1

### CERTIFICATIONS

I, Gary D. Burnison, certify that:

1. I have reviewed this annual report on Form 10-K of Korn Ferry;
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 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-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: June 28, 2019

## EXHIBIT 31.2

### CERTIFICATIONS

I, Robert P. Rozek, certify that:

1. I have reviewed this annual report on Form 10-K of Korn Ferry;
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, Chief Financial  
Officer, and Chief Corporate Officer**

Date: June 28, 2019



## EXHIBIT 32.1

### 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, a Delaware corporation (the 'Company'), hereby certify that, to the best of their knowledge:

- (a) the Annual Report on Form 10-K for the year ended April 30, 2019 (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: June 28, 2019

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, Chief Financial Officer,  
and Chief Corporate Officer