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

Form 10-Q

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

For the quarterly period ended October 31, 2015

OR

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

For the transition period from__________ to __________

Commission File Number 001-14505

KORN/FERRY INTERNATIONAL
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**95-2623879** **(I.R.S. Employer Identification Number)**

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The number of shares outstanding of our common stock as of December 4, 2015 was 51,289,162 shares.

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2015	April 30, 2015
	(unaudited)	
	(in thousands, except per share data)	
ASSETS		
Cash and cash equivalents	$ 270,743	$ 380,838
Marketable securities	12,109	25,757
Receivables due from clients, net of allowance for doubtful accounts of $11,291 and $9,958, respectively	230,442	188,543
Income taxes and other receivables	20,956	10,966
Deferred income taxes	1,497	3,827
Prepaid expenses and other assets	38,504	31,054
Total current assets	574,251	640,985
Marketable securities, non-current	134,799	118,819
Property and equipment, net	61,665	62,088
Cash surrender value of company owned life insurance policies, net of loans	105,472	102,691
Deferred income taxes, net	51,528	56,014
Goodwill	250,981	254,440
Intangible assets, net	43,547	47,901
Investments and other assets	49,945	34,863
Total assets	$ 1,272,188	$ 1,317,801
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 17,235	$ 19,238
Income taxes payable	5,082	3,813
Compensation and benefits payable	142,531	219,364
Other accrued liabilities	69,692	63,595
Total current liabilities	234,540	306,010
Deferred compensation and other retirement plans	174,345	173,432
Other liabilities	23,851	23,110
Total liabilities	432,736	502,552
Stockholders' equity:		
Common stock: $0.01 par value, 150,000 shares authorized, 63,586 and 62,863 shares issued and 51,287 and 50,573 shares outstanding, respectively	473,370	463,839
Retained earnings	422,797	392,033
Accumulated other comprehensive loss, net	(56,715)	(40,623)
Total stockholders' equity	839,452	815,249
Total liabilities and stockholders' equity	$ 1,272,188	$ 1,317,801

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands, except per share data)			
Fee revenue	$280,600	$255,702	$547,994	$506,890
Reimbursed out-of-pocket engagement expenses	10,739	9,015	22,680	18,152
Total revenue	291,339	264,717	570,674	525,042
Compensation and benefits	188,608	174,656	368,064	343,762
General and administrative expenses	44,563	30,145	82,054	67,513
Reimbursed expenses	10,739	9,015	22,680	18,152
Cost of services	11,236	9,706	21,356	19,171
Depreciation and amortization	7,180	6,779	14,603	13,549
Restructuring charges, net	—	—	—	9,886
Total operating expenses	262,326	230,301	508,757	472,033
Operating income	29,013	34,416	61,917	53,009
Other (loss) income, net	(2,646)	2,362	(2,720)	4,539
Interest expense, net	(544)	(920)	(843)	(1,714)
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	25,823	35,858	58,354	55,834
Equity in earnings of unconsolidated subsidiaries, net	540	452	1,265	918
Income tax provision	8,392	10,907	18,566	16,816
Net income	$ 17,971	$ 25,403	$ 41,053	$ 39,936
Earnings per common share:				
Basic	$ 0.36	$ 0.52	$ 0.82	$ 0.82
Diluted	$ 0.35	$ 0.51	$ 0.81	$ 0.80
Weighted-average common shares outstanding:				
Basic	49,981	49,082	49,737	48,893
Diluted	50,362	49,740	50,233	49,720
Cash dividends declared per share:	$ 0.10	$ —	$ 0.20	$ —

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands)			
Net income	$17,971	$ 25,403	$ 41,053	$ 39,936
Other comprehensive income:				
Foreign currency translation adjustments	(1,351)	(12,555)	(16,983)	(16,235)
Deferred compensation and pension plan adjustments, net of tax	448	467	895	954
Unrealized gains (losses) on marketable securities, net of tax	—	4	(4)	(2)
Comprehensive income	$17,068	$ 13,319	$ 24,961	$ 24,653

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

KORN/FERRY INTERNATIONAL AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended October 31, 2015	Six Months Ended October 31, 2014
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 41,053	$ 39,936
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	14,603	13,549
Stock-based compensation expense	9,013	6,959
Provision for doubtful accounts	4,389	3,770
Gain on cash surrender value of life insurance policies	(3,295)	(5,494)
Loss (gain) on marketable securities	1,818	(4,527)
Deferred income taxes	6,816	2,644
Change in other assets and liabilities:		
Deferred compensation	(1,324)	5,570
Receivables due from clients	(46,288)	(39,502)
Income tax and other receivables	(9,492)	(5,938)
Prepaid expenses and other assets	(7,450)	(2,538)
Investment in unconsolidated subsidiaries	(1,265)	(918)
Income taxes payable	1,273	(4,773)
Accounts payable and accrued liabilities	(69,087)	(56,259)
Other	(14,205)	(4,494)
Net cash used in operating activities	(73,441)	(52,015)
Cash flows from investing activities:		
Purchase of property and equipment	(10,645)	(11,305)
Purchase of marketable securities	(29,010)	(22,141)
Proceeds from sales/maturities of marketable securities	24,760	9,232
Premium on company-owned life insurance policies	(419)	(447)
Proceeds from life insurance policies	1,659	1,976
Dividends received from unconsolidated subsidiaries	806	318
Net cash used in investing activities	(12,849)	(22,367)
Cash flows from financing activities:		
Purchase of common stock	(6,596)	(3,748)
Proceeds from issuance of common stock upon exercise of employee stock options and in connection with an employee stock purchase plan	2,491	1,884
Tax benefit related to stock-based compensation	4,656	1,350
Dividends paid to shareholders	(10,289)	—
Payments on life insurance policy loans	(1,151)	(705)
Net cash used in financing activities	(10,889)	(1,219)
Effect of exchange rate changes on cash and cash equivalents	(12,916)	(9,926)
Net decrease in cash and cash equivalents	(110,095)	(85,527)
Cash and cash equivalents at beginning of period	380,838	333,717
Cash and cash equivalents at end of period	$ 270,743	$248,190

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

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

1. Organization and Summary of Significant Accounting Policies

Nature of Business

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

Basis of Consolidation and Presentation

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

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

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

Use of Estimates and Uncertainties

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

Revenue Recognition

Substantially all fee revenue is derived from fees for professional services related to executive recruitment performed on a retained basis, recruitment for non-executive professionals, recruitment process outsourcing and leadership & talent consulting services. Fee revenue from executive recruitment activities and recruitment for non-executive professionals is generally one-third of the estimated first year cash compensation of the placed executive or non-executive professional, as applicable, plus a percentage of the fee to cover indirect engagement related expenses. The Company generally recognizes such revenue on a straight-line basis over a three-month period, commencing upon client acceptance, as this is the period over which the recruitment services are performed. Fees earned in excess of the initial contract amount are recognized upon completion of the engagement, which reflect the difference between the final actual compensation of the placed executive and the estimate used for purposes of the previous billings. Since the initial contract fees are typically not contingent upon placement of a candidate, our assumptions primarily relate to establishing the period over which such service is performed. These assumptions determine the timing of revenue recognition and profitability for the reported period. Any revenues associated with services that are provided on a contingent basis are recognized once the contingency is resolved. In addition to recruitment for non-executive professionals, Futurestep provides recruitment process outsourcing ("RPO") services and fee revenue is recognized as services are rendered and/or as milestones are achieved. Fee revenue from Leadership & Talent Consulting ("LTC") services is recognized as services are rendered for consulting engagements and other time based services, measured by total hours incurred to the total estimated hours at completion. It is possible that updated estimates for the consulting engagement may vary from initial estimates with such updates being recognized in the period of determination. Depending on the timing of billings and services rendered, the Company accrues or defers revenue as appropriate. LTC revenue is also derived from the sale of solution services, which includes revenue from licenses and from the sale of products. Revenue from licenses is recognized using a straight-line method over the term of the contract (generally 12 months). Under the fixed term licenses, the Company is obligated to provide the licensee with access to any updates to the underlying intellectual property that are made by the Company during the term of the license. Once the term of the agreement expires, the client's right to access or use the intellectual property expires and the Company has no further obligations to the client under the license agreement. Revenue from perpetual licenses is recognized when the license is sold since the Company's only obligation is to provide the client access to the intellectual property but is not obligated to provide maintenance, support, updates or upgrades. Products sold by the Company mainly consist of books and automated services covering a variety of topics including performance management, team effectiveness, and coaching and development. The Company recognizes revenue for its products when the product has been sold or shipped in the case of books. As of October 31, 2015 and April 30, 2015, the Company included deferred revenue of $40.6 million and $40.5 million, respectively, in other accrued liabilities.

Allowance for Doubtful Accounts

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of October 31, 2015 and April 30, 2015, the Company's investments in cash equivalents, consist of money market funds for which market prices are readily available. As of October 31, 2015 and April 30, 2015, the Company had cash equivalents of $148.6 million and $260.6 million, respectively.

Marketable Securities

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

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

The Company also invests cash in excess of its daily operating requirements and capital needs primarily in marketable fixed income (debt) securities in accordance with the Company's investment policy, which restricts the type of investments that can be made. The Company's investment portfolio includes corporate bonds. These marketable fixed income (debt) securities are classified as available-for-sale securities based on management's decision, at the date such securities are acquired, not to hold these securities to maturity or actively trade them. The Company carries these marketable debt securities at fair value based on the market prices for these marketable debt securities or similar debt securities whose prices are readily available. The changes in fair values, net of applicable taxes, are recorded as unrealized gains or losses as a component of comprehensive income. When, in the opinion of management, a decline in the fair value of an investment below its amortized cost is considered to be "other-than-temporary," a credit loss is recorded in the statement of income in other (loss) income, net; any amount in excess of the credit loss is recorded as unrealized gains or losses as a component of comprehensive income. Generally, the amount of the loss is the difference between the cost or amortized cost and its then current fair value; a credit loss is the difference between the discounted expected future cash flows to be collected from the debt security and the cost or amortized cost of the debt security. The determination of the other-than-temporary decline includes, in addition to other relevant factors, a presumption that if the market value is below cost by a significant amount for a period of time, a write-down may be necessary. During the three and six months ended October 31, 2015 and 2014, no other-than-temporary impairment was recognized.

Fair Value of Financial Instruments

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

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

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

Business Acquisitions

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

Goodwill and Intangible Assets

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

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October 31, 2015

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

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

Compensation and Benefits Expense

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

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

Because annual performance-based bonuses are communicated and paid only after the Company reports its full fiscal year results, actual performance-based bonus payments may differ from the prior year's estimate. Such changes in the bonus estimate historically have been immaterial and are recorded in current operations in the period in which they are determined. The performance related bonus expense was $87.0 million and $84.3 million for the six months ended October 31, 2015 and 2014, respectively, which was reduced by a change in the previous years' estimate recorded in the six months ended October 31, 2015 and 2014, of $0.6 million and $0.3 million, respectively. This resulted in net bonus expense of $86.4 million and $84.0 million in the six months ended October 31, 2015 and 2014, respectively, included in compensation and benefits expense in the consolidated statements of income. During the three months ended October 31, 2015 and 2014, the performance related bonus expense was $44.6 million and $45.3 million, respectively, included in compensation and benefits expense. No change in estimate related to previous years' estimates was recorded in the three months ended October 31, 2015 or 2014.

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

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.

Restructuring Charges, Net

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

Stock-Based Compensation

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

Recently Proposed Accounting Standards

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

In September 2015, the FASB issued guidance requiring an acquirer to recognize adjustments to provisional amounts recorded in an acquisition that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The acquirer is required to record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the account had been completed at the acquisition date. The acquirer is also required to present separately on the face of the income statement or disclose in the footnotes, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date. This new guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The Company will comply with the new guidance when adjustments in acquisitions are identified and recorded during the measurement period.

2. Basic and Diluted Earnings Per Share

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

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

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

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands, except per share data)			
Net income	$17,971	$25,403	$41,053	$39,936
Less: distributed and undistributed earnings to nonvested restricted stockholders	167	—	390	—
Basic net earnings attributable to common stockholders	17,804	25,403	40,663	39,936
Add: undistributed earnings to nonvested restricted stockholders	118	—	292	—
Less: reallocation of undistributed earnings to nonvested restricted stockholders	117	—	289	—
Diluted net earnings attributable to common stockholders	$17,805	$25,403	$40,666	$39,936
Weighted-average common shares outstanding:				
Basic weighted-average number of common shares outstanding	49,981	49,082	49,737	48,893
Effect of dilutive securities:				
Restricted stock	330	554	433	710
Stock options	49	104	58	117
ESPP	2	—	5	—
Diluted weighted-average number of common shares outstanding	50,362	49,740	50,233	49,720
Net earnings per common share:				
Basic earnings per share	$ 0.36	$ 0.52	$ 0.82	$ 0.82
Diluted earnings per share	$ 0.35	$ 0.51	$ 0.81	$ 0.80

3. Comprehensive Income

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

The components of accumulated other comprehensive loss were as follows:

	October 31, 2015	April 30, 2015
	(in thousands)	
Foreign currency translation adjustments	$ (37,902)	$(20,919)
Deferred compensation and pension plan adjustments, net of tax	(18,813)	(19,708)
Unrealized gains on marketable securities, net of tax	—	4
Accumulated other comprehensive loss, net	$ (56,715)	$(40,623)

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

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Losses on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of July 31, 2015	$ (36,551)	$ (19,261)	$ —	$ (55,812)
Unrealized losses arising during the period	(1,351)	—	—	(1,351)
Reclassification of realized net losses to net income	—	448	—	448
Balance as of October 31, 2015	$ (37,902)	$ (18,813)	$ —	$ (56,715)

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

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Gains (Losses) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of April 30, 2015	$ (20,919)	$ (19,708)	$ 4	$ (40,623)
Unrealized losses arising during the period	(16,983)	—	(4)	(16,987)
Reclassification of realized net losses to net income	—	895	—	895
Balance as of October 31, 2015	$ (37,902)	$ (18,813)	$ —	$ (56,715)

(1) The tax effects on the reclassifications of realized net losses was $0.3 million and $0.6 million for the three and six months ended October 31, 2015, respectively.

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

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Gains (Losses) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of July 31, 2014	$ 11,924	$ (17,519)	$ 8	$ (5,587)
Unrealized gains (losses) arising during the period	(12,555)	—	4	(12,551)
Reclassification of realized net losses to net income	—	467	—	467
Balance as of October 31, 2014	$ (631)	$ (17,052)	$ 12	$ (17,671)

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

	Foreign Currency Translation	Deferred Compensation and Pension Plan (1)	Unrealized Gains (Losses) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
	(in thousands)			
Balance as of April 30, 2014	$ 15,604	$ (18,006)	$ 14	$ (2,388)
Unrealized losses arising during the period	(16,235)	—	(2)	(16,237)
Reclassification of realized net losses to net income	—	954	—	954
Balance as of October 31, 2014	$ (631)	$ (17,052)	$ 12	$ (17,671)

(1) The tax effects on the reclassifications of realized net losses was $0.3 million and $0.6 million for the three and six months ended October 31, 2014, 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:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands)			
Restricted stock	$ 5,178	$ 3,617	$ 8,732	$ 6,869
ESPP	144	—	264	—
Stock options	—	23	17	90
Total stock-based compensation expense, pre-tax	5,322	3,640	9,013	6,959
Tax benefit from stock-based compensation expense	(1,714)	(1,114)	(2,868)	(2,096)
Total stock-based compensation expense, net of tax	$ 3,608	$ 2,526	$ 6,145	$ 4,863

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

Stock Incentive Plans

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

Stock Options

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

	Six Months Ended October 31, 2015			
	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
	(in thousands, except per share data)			
Outstanding, April 30, 2015	202	$ 15.45		
Exercised	(81)	$ 15.26		
Forfeited/expired	(5)	$ 17.97		
Outstanding, October 31, 2015	116	$ 15.53	1.46	$ 2,416
Exercisable, October 31, 2015	116	$ 15.53	1.46	$ 2,416

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Additional information pertaining to stock options:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands)			
Total fair value of stock options vested	$ —	$ 10	$ 96	$ 334
Total intrinsic value of stock options exercised	$ 198	$ 332	$1,558	$1,371

Restricted Stock

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

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

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

Restricted stock activity during the six months ended October 31, 2015 is summarized below:

	Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share data)	
Non-vested, April 30, 2015	1,560	$ 22.15
Granted	611	$ 26.97
Vested	(778)	$ 16.28
Forfeited/expired	(14)	$ 24.42
Non-vested, October 31, 2015	1,379	$ 27.57

As of October 31, 2015, there were 0.3 million shares and 0.2 million shares outstanding relating to market-based and performance-based restricted stock units, respectively, with total unrecognized compensation totaling $7.6 million and $1.5 million, respectively.

As of October 31, 2015, there was $28.0 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 2.5 years. During the three and six months ended October 31, 2015, 660 shares and 188,764 shares of restricted stock totaling $0.1 million and $6.7 million, respectively, were repurchased by the Company, at the option of the employee, to pay for taxes related to vesting of restricted stock. During the three and six months ended October 31, 2014, 662 shares and 126,083 shares of restricted stock totaling $0.1 million and $3.8 million, respectively, were repurchased by the Company, at the option of the employee, to pay for taxes related to vesting of restricted stock.

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Employee Stock Purchase Plan

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

Common Stock

During the three and six months ended October 31, 2015, the Company issued 9,070 shares and 80,498 shares of common stock, respectively, as a result of the exercise of stock options, with cash proceeds from the exercise of $0.1 million and $1.2 million, respectively. During the three and six months ended October 31, 2014, the Company issued 24,308 shares and 109,629 shares of common stock, respectively, as a result of the exercise of stock options, with cash proceeds from the exercise of $0.4 million and $1.9 million, respectively.

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

5. Marketable Securities

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

	Trading (1)(2)	Available-for-Sale (2)	Total
		(in thousands)	
Mutual funds	$144,905	$ —	$144,905
Corporate bonds	—	2,003	2,003
Total	144,905	2,003	146,908
Less: current portion of marketable securities	(10,106)	(2,003)	(12,109)
Non-current marketable securities	$134,799	$ —	$134,799

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

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

(1) These investments are held in trust for settlement of the Company's vested and unvested obligations of $140.9 million and $129.1 million as of October 31, 2015 and April 30, 2015, respectively, under the ECAP (see Note 6 — *Deferred Compensation and Retirement Plans*). During the three and six months ended October 31, 2015, the fair value of the investments decreased; therefore, the Company recognized a loss of $2.5 million and $1.8 million, respectively, which was recorded in other (loss) income, net. During the three and six months ended October 31, 2014, the fair value of the investments increased; therefore, the Company recognized income of $2.5 million and $4.5 million, respectively, which was recorded in other (loss) income, net.

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

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

	October 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses (1)	Estimated Fair Value
	(in thousands)			
Corporate bonds	$ 2,003	$ —	$ —	$ 2,003

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

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

Investments in marketable securities classified as available-for-sale securities are made based on the Company's investment policy, which restricts the types of investments that can be made. As of October 31, 2015 and April 30, 2015, marketable securities classified as available-for-sale consist of corporate bonds for which market prices for similar assets are readily available. As of October 31, 2015, available-for-sale marketable securities have remaining maturities ranging from one to two months. During the three and six months ended October 31, 2015, the Company received $8.1 million and $11.1 million, respectively, in proceeds from maturities of available-for-sale marketable securities. During the six months ended October 31, 2014, the Company received $2.0 million in proceeds from maturities of available-for-sale marketable securities. During the three months ended October 31, 2014, there were no sales/maturities of available-for-sale marketable securities. Investments in marketable securities classified as trading are based upon investment selections the employee elects from a pre-determined set of securities in the ECAP and the Company invests in marketable securities to mirror these elections. As of October 31, 2015 and April 30, 2015, the Company's investments in marketable securities classified as trading consist of mutual funds for which market prices are readily available.

As of October 31, 2015 and April 30, 2015, the Company's marketable securities classified as trading were $144.9 million (net of gross unrealized gains of $5.3 million and $0.9 million of gross unrealized losses) and $131.4 million (net of gross unrealized gains of $8.3 million and $0.2 million of gross unrealized losses), respectively.

6. Deferred Compensation and Retirement Plans

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

The components of net periodic benefit costs are as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
	(in thousands)			
Amortization of actuarial loss	$ 731	$ 762	$1,462	$1,525
Interest cost	703	748	1,406	1,495
Net periodic benefit costs	$ 1,434	$ 1,510	$2,868	$3,020

The Company purchased COLI contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of funding benefits under such plans. The gross CSV of these contracts of

$173.9 million and $172.3 million is offset by outstanding policy loans of $68.5 million and $69.6 million in the accompanying consolidated balance sheets as of October 31, 2015 and April 30, 2015, respectively. The CSV value of the underlying COLI investments increased by $0.8 million and $3.3 million during the three and six months ended October 31, 2015, respectively, recorded as a decrease in compensation and benefits expense in the accompanying consolidated statement of income. The CSV value of the underlying COLI investments increased by $2.2 million and $5.5 million during the three and six months ended October 31, 2014, respectively, and is recorded as a decrease in compensation and benefits expense in the accompanying consolidated statement of income.

The Company has an ECAP, which is intended to provide certain employees an opportunity to defer salary and/or bonus on a pre-tax basis or make an after-tax contribution. In addition, the Company, as part of its compensation philosophy, makes discretionary contributions into the ECAP and such contributions may be granted to key employees annually based upon employee performance. Certain key management may also receive Company ECAP contributions upon commencement of employment. The Company made contributions to the ECAP during the three and six months ended October 31, 2015 of $20.0 million and $22.0 million, respectively. The Company made contributions to the ECAP during the three and six months ended October 31, 2014 of $17.4 million and $18.6 million, respectively. As these contributions vest, the amounts are recorded as a liability in deferred compensation and other retirement plans on the accompanying balance sheet and compensation and benefits on the accompanying consolidated statement of income. Participants generally vest in Company contributions over a four year period.

The ECAP is accounted for whereby the changes in the fair value of the vested amounts owed to the participants are adjusted with a corresponding charge (or credit) to compensation and benefits costs. During the three and six months ended October 31, 2015, deferred compensation liability decreased; therefore, the Company recognized a decrease in compensation expense of $1.6 million and $0.9 million in the three and six months ended October 31, 2015, respectively. Offsetting the decrease in compensation and benefits expense was a decrease in the fair value of marketable securities classified as trading (held in trust to satisfy obligations under certain deferred compensation liabilities) of $2.5 million and $1.8 million during the three and six months ended October 31, 2015, respectively. During the three and six months ended October 31, 2014, deferred compensation liability increased; therefore, the Company recognized an increase in compensation expense of $1.0 million and $2.7 million in the three and six months ended October 31, 2014, respectively. Offsetting the increase in compensation and benefits expense was an increase in the fair value of marketable securities classified as trading (held in trust to satisfy obligations under certain deferred compensation liabilities) of $2.5 million and $4.5 million during the three and six months ended October 31, 2014, respectively, recorded in other (loss) income, net on the consolidated statement of income (see Note 5 — *Marketable Securities*).

7. Business Segments

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

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

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Financial highlights by business segment are as follows:

	Three Months Ended October 31, 2015								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	$92,788	$36,570	$20,998	$ 6,116	$156,472	$73,602	$ 50,526	$ —	$ 280,600
Total revenue	$96,198	$37,509	$21,617	$ 6,118	$161,442	$75,991	$ 53,906	$ —	$ 291,339
Net income									$ 17,971
Other loss, net									2,646
Interest expense, net									544
Equity in earnings of unconsolidated subsidiaries, net									(540)
Income tax provision									8,392
Operating income (loss)	$27,422	$ 6,929	$ 3,907	$ 970	$ 39,228	$ 7,778	$ 6,896	$ (24,889)	$ 29,013
Depreciation and amortization	832	232	223	73	1,360	3,588	578	1,654	7,180
Other (loss) income, net	(127)	7	(6)	33	(93)	(17)	8	(2,544)	(2,646)
Equity in earnings of unconsolidated subsidiaries, net	140	—	—	—	140	—	—	400	540
EBITDA	28,267	7,168	4,124	1,076	40,635	11,349	7,482	(25,379)	34,087
Integration/acquisition costs	—	—	—	—	—	3,310	—	8,684	11,994
Adjusted EBITDA	$28,267	$ 7,168	$ 4,124	$ 1,076	$ 40,635	$14,659	$ 7,482	$ (16,695)	$ 46,081

	Three Months Ended October 31, 2014								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	$82,729	$36,675	$21,157	$ 8,369	$148,930	$66,408	$ 40,364	$ —	$ 255,702
Total revenue	$86,252	$38,054	$21,716	$ 8,383	$154,405	$68,477	$ 41,835	$ —	$ 264,717
Net income									$ 25,403
Other income, net									(2,362)
Interest expense, net									920
Equity in earnings of unconsolidated subsidiaries, net									(452)
Income tax provision									10,907
Operating income (loss)	$19,117	$ 5,621	$ 3,424	$ 1,699	$ 29,861	$ 7,762	$ 5,150	$ (8,357)	$ 34,416
Depreciation and amortization	891	446	261	85	1,683	3,279	459	1,358	6,779
Other income (loss), net	194	(1)	149	13	355	(172)	25	2,154	2,362
Equity in earnings of unconsolidated subsidiaries, net	110	—	—	—	110	—	—	342	452
EBITDA	20,312	6,066	3,834	1,797	32,009	10,869	5,634	(4,503)	44,009
Adjusted EBITDA	$20,312	$ 6,066	$ 3,834	$ 1,797	$ 32,009	$10,869	$ 5,634	$ (4,503)	$ 44,009

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	Six Months Ended October 31, 2015								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
					(in thousands)				
Fee revenue	$183,147	$72,660	$40,213	$12,542	$308,562	$142,842	$ 96,590	$ —	$ 547,994
Total revenue	$190,597	$74,680	$41,607	$12,550	$319,434	$147,432	$ 103,808	$ —	$ 570,674
Net income									$ 41,053
Other loss, net									2,720
Interest expense, net									843
Equity in earnings of unconsolidated subsidiaries, net									(1,265)
Income tax provision									18,566
Operating income (loss)	$ 51,567	$13,205	$ 6,893	$ 2,478	$ 74,143	$ 15,273	$ 13,085	$ (40,584)	$ 61,917
Depreciation and amortization	1,659	597	469	151	2,876	7,336	1,163	3,228	14,603
Other (loss) income, net	(95)	150	12	272	339	(880)	8	(2,187)	(2,720)
Equity in earnings of unconsolidated subsidiaries, net	226	—	—	—	226	—	—	1,039	1,265
EBITDA	53,357	13,952	7,374	2,901	77,584	21,729	14,256	(38,504)	75,065
Integration/acquisition costs	—	—	—	—	—	3,639	—	9,029	12,668
Adjusted EBITDA	$ 53,357	$13,952	$ 7,374	$ 2,901	$ 77,584	$ 25,368	$ 14,256	$ (29,475)	$ 87,733

	Six Months Ended October 31, 2014								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
					(in thousands)				
Fee revenue	$165,029	$76,972	$40,691	$14,653	$297,345	$129,956	$ 79,589	$ —	$ 506,890
Total revenue	$172,334	$79,483	$42,085	$14,692	$308,594	$133,897	$ 82,551	$ —	$ 525,042
Net income									$ 39,936
Other income, net									(4,539)
Interest expense, net									1,714
Equity in earnings of unconsolidated subsidiaries, net									(918)
Income tax provision									16,816
Operating income (loss)	$ 38,115	$ 8,264	$ 5,946	$ 1,772	$ 54,097	$ 11,222	$ 8,607	$ (20,917)	$ 53,009
Depreciation and amortization	1,795	935	555	170	3,455	6,531	905	2,658	13,549
Other income, net	323	45	258	46	672	45	23	3,799	4,539
Equity in earnings of unconsolidated subsidiaries, net	178	—	—	—	178	—	—	740	918
EBITDA	40,411	9,244	6,759	1,988	58,402	17,798	9,535	(13,720)	72,015
Restructuring charges, net	1,151	3,987	17	377	5,532	2,758	1,424	172	9,886
Adjusted EBITDA	$ 41,562	$13,231	$ 6,776	$ 2,365	$ 63,934	$ 20,556	$ 10,959	$ (13,548)	$ 81,901

8. Long-Term Debt

On September 23, 2015, the Company entered into Amendment No. 3 (the “Amendment No. 3”) to the existing Credit Agreement dated as of January 18, 2013 with Wells Fargo Bank, National Association, as lender (the “Lender”), as previously amended by Amendment No. 1 dated as of December 12, 2014 (the “Amendment No. 1”) and Amendment No. 2 dated as of June 3, 2015 (the “Amendment No. 2”) (the existing Credit Agreement, as amended by the Amendment No. 1, the Amendment No. 2, and the Amendment No. 3, the “Credit Agreement”).

The Amendment No. 3 provides for, among other things: (i) a new senior unsecured delayed draw term loan facility in an aggregate principal amount of $150 million (the “Term Facility”); (ii) a reduction in the revolving credit facility (the “Revolver” and, together with the Term Facility, the “Credit Facilities”) from an aggregate principal amount of $150 million to $100 million; (iii) an extension to the maturity date of the Revolver; (iv) consent to enter into the acquisition of Hay

Group; (v) certain changes to affirmative and negative covenants, including an increase to the minimum adjusted EBITDA that the Company must maintain from $70 million to $100 million, (vi) an increase in the amount of permitted acquisitions, paying dividends to stockholders and making share repurchases in any fiscal year from $125.0 million to $135.0 million (excluding the recently announced acquisition of Hay Group); and (vii) an increase in the amount of dividends paid to stockholders and share repurchases in any fiscal year from $75.0 million to $85.0 million (excluding the recently announced acquisition of Hay Group).

At the Company's option, loans issued under the Credit Facilities will bear interest at either adjusted 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 Facilities may fluctuate between adjusted LIBOR plus 1.125% per annum to adjusted LIBOR plus 1.875% per annum, in the case of LIBOR borrowings (or between the alternate base rate plus 0.125% per annum and the alternate base rate plus 0.875% 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 Lender a quarterly fee ranging from 0.25% to 0.40% per annum on the average daily unused amount of the Credit Facilities, based upon the Company's consolidated leverage ratio at such time, and fees relating to the issuance of letters of credit.

Both the Revolver and the Term Facility mature on September 23, 2020, and may be prepaid and terminated early by the Company at any time without premium or penalty (subject to customary LIBOR breakage fees).

As of October 31, 2015 and April 30, 2015, the Company had no borrowings under its long-term debt arrangements. At October 31, 2015 and April 30, 2015, there was $2.9 million and $2.8 million of standby letters of credit issued under its long-term debt arrangements, respectively. The Company had a total of $1.4 million and $1.6 million of standby letters of credits with other financial institutions as of October 31, 2015 and April 30, 2015, respectively.

9. Subsequent Events

Quarterly Dividend Declaration

On December 8, 2015, the Board of Directors of the Company declared a cash dividend of $0.10 per share that will be paid on January 15, 2016 to holders of the Company's common stock of record at the close of business on December 21, 2015. The declaration and payment of future dividends under the quarterly dividend policy will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's earnings, capital requirements, financial conditions, the terms of the Company's indebtedness and other factors that the Board of Directors may deem to be relevant. The Board may amend, revoke or suspend the dividend policy at any time and for any reason.

Hay Group Acquisition

On December 1, 2015, the Company completed its previously announced acquisition of Hay Group, a global leader in people strategy and organizational performance. The acquisition strengthens the Company's intellectual property, enhances our geographical presence, adds complimentary capabilities to further leverage search relationships and broadens capabilities to assessment and development. Under the terms of the Stock Purchase Agreement, dated as of September 23, 2015 (the "Purchase Agreement"), by and between HG (Bermuda) Limited ("HG Bermuda") and the Company, at the closing of the acquisition the Company paid HG Bermuda an aggregate purchase price of approximately $493 million, consisting of (a) approximately $275 million in cash, net of estimated cash acquired ($54 million from our foreign locations), and after giving effect to estimated purchase price adjustments as described in the Purchase Agreement, and (b) 5,922,136 shares of the Company's common stock, par value $0.01 per share (the "Consideration Shares"), representing an aggregate value of $218 million based on the closing price of the Company's common stock on The New York Stock Exchange on November 30, 2015 ($200 million based on the volume weighted average price of the Company's common stock on The New York Stock Exchange on each of the 20 consecutive trading days ending on September 21, 2015). On November 23, 2015, the Company borrowed $150 million from the Term Facility, to finance a portion of the Hay Group acquisition purchase price. The outstanding principal is payable in quarterly installments starting January 1, 2016, with the final installment consisting of all remaining unpaid principal due on the term loan maturity date of September 23, 2020. Interest accrued on the term loan shall also be payable on the first date of each calendar quarter, with an initial interest rate of 1.34% per annum. Pursuant to the Purchase Agreement, the Company has committed to a $40 million retention pool (up to $5 million payable within one year) for certain employees of Hay Group subject to certain circumstances. Of the remaining balance, 50% will be payable within 45 days after November 30, 2017 and the remaining 50% will be payable within 45 days after November 30, 2018.

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

Under the terms of the Purchase Agreement, each of HG Bermuda and the Company has agreed to indemnify the other and certain other indemnified persons from any and all losses incurred by such indemnified persons arising from, among other things, any breach of the representations, warranties or covenants set forth in the Purchase Agreement on the terms and subject to the limitations set forth in the Purchase Agreement. In accordance with the Purchase Agreement, at the closing, 835,011 shares of Company common stock (the “Indemnity Escrow Shares”) that were payable as transaction consideration to HG Bermuda were deposited at the closing into an escrow account to secure HG Bermuda’s indemnification obligations under the Purchase Agreement. The Indemnity Escrow Shares will be held and released from such account pursuant to the terms of the escrow agreement entered into at closing by and among HG Bermuda, the Company and Computershare Trust Company, N.A., in its capacity as escrow agent.

Pursuant to the terms of the Purchase Agreement, the Company has agreed to prepare and file a resale registration statement on Form S-3 (or, if the Company is not then eligible to use Form S-3, a Form S-1) with the SEC to register the offer and resale of the Consideration Shares within a time period reasonably expected to result in the registration statement being declared effective under the Securities Act of 1933, as amended, on or before the one-year anniversary of the closing date.

Prior to the closing of the acquisition of Hay Group, the Company and HG Bermuda entered into a letter agreement, dated November 30, 2015 (the “SPA Letter Agreement”), to provide for, among other things, the acquisition by Korn/Ferry Canada, Inc., a corporation organized under the laws of Canada and an indirect wholly owned subsidiary of the Company, of all the issued and outstanding capital stock of Hay Group Ltd., a corporation organized under the laws of Ontario, Canada, and an indirect wholly owned subsidiary of HG Bermuda, from Hay Group Investment Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands and an indirect wholly owned subsidiary of HG Bermuda, immediately prior to the consummation of the acquisition of Hay Group.

The foregoing descriptions of the Purchase Agreement and the SPA Letter Agreement are qualified in their entirety by the full text of the Purchase Agreement and the SPA Letter Agreement; copies of which have been filed with the SEC and are incorporated herein by reference.

The allocation of the purchase price for assets acquired and liabilities assumed is subject to completion of a formal valuation process and review by management, which has not yet been completed. We will finalize the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the acquisition date. The results of operations of Hay Group will be included in Korn/Ferry International’s consolidated results of operations beginning December 1, 2015.

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

Forward-looking Statements

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

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

Executive Summary

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

In an effort to maintain our long-term strategy of being the leading provider of talent management solutions, our strategic focus for fiscal 2016 centers upon enhancing the integration of our multi-service strategy. We further plan to explore new products and services, enhance our technology and processes and aggressively leverage our brand through thought leadership and intellectual capital projects as a means of delivering world-class service to our clients. On December 1, 2015, the Company completed its previously announced acquisition of Hay Group, a global leader in people strategy and organizational performance. The acquisition strengthens the Company's intellectual property, enhances our geographical presence, adds complimentary capabilities to further leverage search relationships and broadens capabilities to assessment and development. Under the terms of the Stock Purchase Agreement, dated as of September 23, 2015 (the "Purchase Agreement"), by and between HG (Bermuda) Limited ("HG Bermuda") and the Company, at the closing of the acquisition the Company paid HG Bermuda an aggregate purchase price of approximately $493 million, consisting of (a) approximately $275 million in cash, net of estimated cash acquired ($54 million from our foreign locations), and after giving effect to estimated purchase price adjustments as described in the Purchase Agreement, and (b) 5,922,136 shares of the Company's common stock, par value $0.01 per share (the "Consideration Shares"), representing an aggregate value of $218 million based on the closing price of the Company's common stock on The New York Stock Exchange on November 30, 2015 ($200 million based on the volume weighted average price of the Company's common stock on The New York Stock Exchange on each of the 20 consecutive trading days ending on September 21, 2015). On November 23, 2015, the Company borrowed $150 million from its term loan facility with Wells Fargo Bank, to finance a portion of the Hay Group acquisition purchase price. The outstanding principal is payable in quarterly installments starting January 1, 2016, with the final installment consisting of all remaining unpaid principal due on the term loan maturity date of September 23, 2020. Interest accrued on the term loan shall also be payable on the first date of each calendar quarter, with an initial interest rate of 1.34% per annum. Pursuant to the Purchase Agreement, the Company has committed to a $40 million retention pool (up to $5 million payable within one year) for certain employees of Hay Group subject to certain circumstances. Of the remaining balance, 50% will be payable within 45 days after November 30, 2017 and the remaining 50% will be payable within 45 days after November 30, 2018. The integration of Hay Group will involve workforce alignment, consolidation of office space and elimination of redundant general and administrative expenses. In order to achieve these cost synergies, we will incur restructuring and integration/acquisition charges beginning in the third quarter of fiscal 2016.

Prior to the closing of the acquisition of the Hay Group, the Company and HG Bermuda entered into a letter agreement, dated November 30, 2015, to provide for, among other things, the acquisition by Korn/Ferry Canada, Inc., a corporation organized under the laws of Canada and an indirect wholly owned subsidiary of the Company, of all the issued and outstanding capital stock of Hay Group Ltd., a corporation organized under the laws of Ontario, Canada and an indirect wholly owned subsidiary of HG Bermuda, from Hay Group Investment Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of the Netherlands and an indirect wholly owned subsidiary of HG Bermuda, immediately prior to the consummation of the acquisition of the Hay Group.

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

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

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

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

Fee revenue increased $24.9 million, or 10% in the three months ended October 31, 2015 to $280.6 million compared to $255.7 million in the three months ended October 31, 2014, with increases in fee revenue in all business segments. During the three months ended October 31, 2015, we recorded operating income of $29.0 million with Executive Recruitment, LTC and Futurestep segments contributing $39.2 million, $7.8 million and $6.9 million, respectively, offset by corporate expenses of $24.9 million. Net income during the three months ended October 31, 2015 and 2014 was $18.0 million and $25.4 million, respectively. Adjusted EBITDA was $46.0 million with Executive Recruitment, LTC and Futurestep segments contributing $40.6 million, $14.7 million, and $7.5 million, respectively, offset by corporate expenses net of other income and equity in earnings of unconsolidated subsidiaries of $16.8 million during the three months ended October 31, 2015. Adjusted EBITDA increased $2.0 million during the three months ended October 31, 2015 to $46.0 million, from Adjusted EBITDA of $44.0 million during the three months ended October 31, 2014.

Our cash, cash equivalents and marketable securities decreased $107.7 million, or 21%, to $417.7 million at October 31, 2015, compared to $525.4 million at April 30, 2015. This decrease is mainly due to bonuses earned in fiscal 2015 and paid during the first quarter of fiscal 2016 and $10.3 million in dividends paid during the first half of fiscal 2016, partially offset by cash provided by operating activities. As of October 31, 2015, we held marketable securities to settle obligations under our Executive Capital Accumulation Plan ("ECAP") with a cost value of $140.5 million and a fair value of $144.9 million. Our vested and unvested obligations for which these assets were held in trust totaled $140.9 million as of October 31, 2015.

Our working capital increased by $4.7 million to $339.7 million in the six months ended October 31, 2015. We believe that cash on hand, funds from operations and other forms of liquidity will be sufficient to meet our anticipated working capital, capital expenditures, general corporate requirements, purchase price for the acquisition of Hay Group, repayment of the debt incurred in connection with the Hay Group acquisition, the retention pool obligations pursuant to the Hay Group acquisition and dividend payments under our dividend policy in the next twelve months. Although, we had no long-term debt or any outstanding borrowings under our credit facility at October 31, 2015 or April 30, 2015, as discussed above, on November 23, 2015, the Company borrowed $150 million from its term loan facility with Wells Fargo Bank, to finance a portion of the Hay Group acquisition purchase price. At October 31, 2015 and April 30, 2015, there was $2.9 million and $2.8 million of standby letters of credit issued under our long-term debt arrangements, respectively. The Company had a total of $1.4 million and $1.6 million of standby letters of credits with other financial institutions as of October 31, 2015 and April 30, 2015, respectively.

Results of Operations

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2015	2014	2015	2014
Fee revenue	100.0%	100.0%	100.0%	100.0%
Reimbursed out-of-pocket engagement expenses	3.8	3.5	4.1	3.6
Total revenue	103.8	103.5	104.1	103.6
Compensation and benefits	67.2	68.3	67.2	67.8
General and administrative expenses	15.9	11.8	15.0	13.3
Reimbursed expenses	3.8	3.5	4.1	3.6
Cost of services	4.0	3.8	3.9	3.8
Depreciation and amortization	2.6	2.6	2.6	2.7
Restructuring charges, net	—	—	—	1.9
Operating income	10.3	13.5	11.3	10.5
Net income	6.4%	9.9%	7.5%	7.9%

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

	Three Months Ended October 31, 2015 Dollars	%	2014 Dollars	%	Six Months Ended October 31, 2015 Dollars	%	2014 Dollars	%
Fee revenue	(dollars in thousands)							
Executive recruitment:								
North America	$ 92,788	33.1%	$ 82,729	32.3%	$183,147	33.4%	$165,029	32.6%
EMEA	36,570	13.0	36,675	14.3	72,660	13.3	76,972	15.2
Asia Pacific	20,998	7.5	21,157	8.3	40,213	7.3	40,691	8.0
South America.	6,116	2.2	8,369	3.3	12,542	2.3	14,653	2.9
Total executive recruitment	156,472	55.8	148,930	58.2	308,562	56.3	297,345	58.7
LTC	73,602	26.2	66,408	26.0	142,842	26.1	129,956	25.6
Futurestep	50,526	18.0	40,364	15.8	96,590	17.6	79,589	15.7
Total fee revenue	280,600	100.0%	255,702	100.0%	547,994	100.0%	506,890	100.0%
Reimbursed out-of-pocket engagement expenses	10,739		9,015		22,680		18,152	
Total revenue	$291,339		$264,717		$570,674		$525,042	

	Three Months Ended October 31, 2015 Dollars	Margin (1)	2014 Dollars	Margin (1)	Six Months Ended October 31, 2015 Dollars	Margin (1)	2014 Dollars	Margin (1)
Operating Income	(dollars in thousands)							
Executive recruitment:								
North America	$ 27,422	29.6%	$ 19,117	23.1%	$ 51,567	28.2%	$ 38,115	23.1%
EMEA	6,929	18.9	5,621	15.3	13,205	18.2	8,264	10.7
Asia Pacific	3,907	18.6	3,424	16.2	6,893	17.1	5,946	14.6
South America.	970	15.9	1,699	20.3	2,478	19.8	1,772	12.1
Total executive recruitment	39,228	25.1	29,861	20.1	74,143	24.0	54,097	18.2
LTC	7,778	10.6	7,762	11.7	15,273	10.7	11,222	8.6
Futurestep	6,896	13.6	5,150	12.8	13,085	13.5	8,607	10.8
Corporate	(24,889)	—	(8,357)	—	(40,584)	—	(20,917)	—
Total operating income	$ 29,013	10.3%	$ 34,416	13.5%	$ 61,917	11.3%	$ 53,009	10.5%

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

	Three Months Ended October 31, 2015								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	$92,788	$36,570	$20,998	$ 6,116	$156,472	$73,602	$ 50,526	$ —	$ 280,600
Total revenue	$96,198	$37,509	$21,617	$ 6,118	$161,442	$75,991	$ 53,906	$ —	$ 291,339
Net income									$ 17,971
Other loss, net									2,646
Interest expense, net									544
Equity in earnings of unconsolidated subsidiaries, net									(540)
Income tax provision									8,392
Operating income (loss)	$27,422	$ 6,929	$ 3,907	$ 970	$ 39,228	$ 7,778	$ 6,896	$ (24,889)	29,013
Depreciation and amortization	832	232	223	73	1,360	3,588	578	1,654	7,180
Other (loss) income, net	(127)	7	(6)	33	(93)	(17)	8	(2,544)	(2,646)
Equity in earnings of unconsolidated subsidiaries, net	140	—	—	—	140	—	—	400	540
EBITDA	28,267	7,168	4,124	1,076	40,635	11,349	7,482	(25,379)	34,087
Integration/acquisition costs	—	—	—	—	—	3,310	—	8,684	11,994
Adjusted EBITDA	$28,267	$ 7,168	$ 4,124	$ 1,076	$ 40,635	$14,659	$ 7,482	$ (16,695)	$ 46,081
Adjusted EBITDA margin	30.5%	19.6%	19.6%	17.6%	26.0%	19.9%	14.8%		16.4%

	Three Months Ended October 31, 2014								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
	(in thousands)								
Fee revenue	$82,729	$36,675	$21,157	$ 8,369	$148,930	$66,408	$ 40,364	$ —	$ 255,702
Total revenue	$86,252	$38,054	$21,716	$ 8,383	$154,405	$68,477	$ 41,835	$ —	$ 264,717
Net income									$ 25,403
Other income, net									(2,362)
Interest expense, net									920
Equity in earnings of unconsolidated subsidiaries, net									(452)
Income tax provision									10,907
Operating income (loss)	$19,117	$ 5,621	$ 3,424	$ 1,699	$ 29,861	$ 7,762	$ 5,150	$ (8,357)	34,416
Depreciation and amortization	891	446	261	85	1,683	3,279	459	1,358	6,779
Other income (loss), net	194	(1)	149	13	355	(172)	25	2,154	2,362
Equity in earnings of unconsolidated subsidiaries, net	110	—	—	—	110	—	—	342	452
EBITDA	20,312	6,066	3,834	1,797	32,009	10,869	5,634	(4,503)	44,009
Adjusted EBITDA	$20,312	$ 6,066	$ 3,834	$ 1,797	$ 32,009	$10,869	$ 5,634	$ (4,503)	$ 44,009
Adjusted EBITDA margin	24.6%	16.5%	18.1%	21.5%	21.5%	16.4%	14.0%		17.2%

	Six Months Ended October 31, 2015								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
					(in thousands)				
Fee revenue	$183,147	$72,660	$40,213	$12,542	$308,562	$142,842	$ 96,590	$ —	$ 547,994
Total revenue	$190,597	$74,680	$41,607	$12,550	$319,434	$147,432	$ 103,808	$ —	$ 570,674
Net income									$ 41,053
Other loss, net									2,720
Interest expense, net									843
Equity in earnings of unconsolidated subsidiaries, net									(1,265)
Income tax provision									18,566
Operating income (loss)	$ 51,567	$13,205	$ 6,893	$ 2,478	$ 74,143	$ 15,273	$ 13,085	$ (40,584)	61,917
Depreciation and amortization	1,659	597	469	151	2,876	7,336	1,163	3,228	14,603
Other (loss) income, net	(95)	150	12	272	339	(880)	8	(2,187)	(2,720)
Equity in earnings of unconsolidated subsidiaries, net	226	—	—	—	226	—	—	1,039	1,265
EBITDA	53,357	13,952	7,374	2,901	77,584	21,729	14,256	(38,504)	75,065
Integration/acquisition costs	—	—	—	—	—	3,639	—	9,029	12,668
Adjusted EBITDA	$ 53,357	$13,952	$ 7,374	$ 2,901	$ 77,584	$ 25,368	$ 14,256	$ (29,475)	$ 87,733
Adjusted EBITDA margin	29.1%	19.2%	18.3%	23.1%	25.1%	17.8%	14.8%		16.0%

	Six Months Ended October 31, 2014								
	Executive Recruitment								
	North America	EMEA	Asia Pacific	South America	Subtotal	LTC	Futurestep	Corporate	Consolidated
					(in thousands)				
Fee revenue	$165,029	$76,972	$40,691	$14,653	$297,345	$129,956	$ 79,589	$ —	$ 506,890
Total revenue	$172,334	$79,483	$42,085	$14,692	$308,594	$133,897	$ 82,551	$ —	$ 525,042
Net income									$ 39,936
Other income, net									(4,539)
Interest expense, net									1,714
Equity in earnings of unconsolidated subsidiaries, net									(918)
Income tax provision									16,816
Operating income (loss)	$ 38,115	$ 8,264	$ 5,946	$ 1,772	$ 54,097	$ 11,222	$ 8,607	$ (20,917)	53,009
Depreciation and amortization	1,795	935	555	170	3,455	6,531	905	2,658	13,549
Other income, net	323	45	258	46	672	45	23	3,799	4,539
Equity in earnings of unconsolidated subsidiaries, net	178	—	—	—	178	—	—	740	918
EBITDA	40,411	9,244	6,759	1,988	58,402	17,798	9,535	(13,720)	72,015
Restructuring charges, net	1,151	3,987	17	377	5,532	2,758	1,424	172	9,886
Adjusted EBITDA	$ 41,562	$13,231	$ 6,776	$ 2,365	$ 63,934	$ 20,556	$ 10,959	$ (13,548)	$ 81,901
Adjusted EBITDA margin	25.2%	17.2%	16.7%	16.1%	21.5%	15.8%	13.8%		16.2%

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

Fee Revenue

Fee Revenue. Fee revenue went up by $24.9 million, or 10%, to $280.6 million in the three months ended October 31, 2015 compared to $255.7 million in the year-ago quarter. This increase was attributable to higher fee revenue in Futurestep, LTC and Executive Recruitment. Exchange rates unfavorably impacted fee revenue by $16.4 million, or 6%, in the three months ended October 31, 2015, when compared to the year-ago quarter.

Executive Recruitment. Executive Recruitment reported fee revenue of $156.5 million, an increase of $7.5 million, or 5%, in the three months ended October 31, 2015 compared to $149.0 million in the year-ago quarter. As detailed below, Executive Recruitment fee revenue was higher in the North America region, partially offset by decreases in fee revenue in South America, Asia Pacific and EMEA regions in the three months ended October 31, 2015 as compared to the year-ago quarter. The higher fee revenue in Executive Recruitment was mainly due to a 3% increase in the number of Executive Recruitment engagements billed and a 2% increase in the weighted-average fees billed per engagement during the three months ended October 31, 2015 as compared to the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $9.1 million, or 6%, in the three months ended October 31, 2015, when compared to the year-ago quarter.

North America reported fee revenue of $92.8 million, an increase of $10.1 million, or 12%, in the three months ended October 31, 2015 compared to $82.7 million in the year-ago quarter. North America's fee revenue was higher due to a 16% increase in the number of engagements billed, offset by a 3% decrease in the weighted-average fees billed per engagement during the three months ended October 31, 2015 compared to the year-ago quarter. The overall increase in fee revenue was driven by growth in the financial services, life sciences/healthcare, technology, and education/non-profit sectors as compared to the year-ago quarter, partially offset by a decline in the consumer goods and industrial sectors. Exchange rates unfavorably impacted fee revenue by $0.9 million, or 1%, in the three months ended October 31, 2015, when compared to the year-ago quarter.

EMEA reported fee revenue of $36.6 million in the three months ended October 31, 2015 compared to $36.7 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $4.2 million, or 11%, in the three months ended October 31, 2015, when compared to the year-ago quarter. The performance in existing offices in the United Kingdom, Italy, Austria and Belgium were the primary contributors to the decrease in fee revenue in the three months ended October 31, 2015 compared to the year-ago quarter, offset by an increase in fee revenue in United Arab Emirates and Germany. In terms of business sectors, financial services and technology experienced the largest decline in fee revenue in the three months ended October 31, 2015 as compared to the year-ago quarter, partially offset by an increase in the consumer goods, life sciences/healthcare and industrial sectors.

Asia Pacific reported fee revenue of $21.0 million in the three months ended October 31, 2015 compared to $21.2 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $2.3 million, or 11%, in the three months ended October 31, 2015, when compared to the year-ago quarter. The decline in fee revenue was due to a 5% decrease in weighted-average fees billed per engagement, offset by a 5% increase in the number of engagements billed in the three months ended October 31, 2015 compared to the year-ago quarter. The performance in Indonesia, Japan, Hong Kong and Australia were the primary contributors to the decrease in fee revenue in the three months ended October 31, 2015 compared to the year-ago quarter, offset by an increase in fee revenue in China. Life sciences/healthcare and industrial were the main sectors contributing to the decrease in fee revenue in the three months ended October 31, 2015 as compared to the year-ago quarter, partially offset by an increase in fee revenue in the financial services and consumer goods sectors.

South America reported fee revenue of $6.1 million, a decrease of $2.3 million, or 27%, in the three months ended October 31, 2015 compared to $8.4 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue for South America by $1.7 million, or 20%, in the three months ended October 31, 2015, when compared to the year-ago quarter. The decline in fee revenue was mainly due to a 16% decrease in the number of engagements billed and a 13% decrease in weighted-average fees billed per engagement in the three months ended October 31, 2015 compared to the year-ago quarter. The performance in Brazil and Colombia were the primary contributors to the decrease in fee revenue in the three months ended October 31, 2015 compared to the year-ago quarter, partially offset by an increase in fee revenue in Venezuela. Industrial and technology were the main sectors contributing to the decline in fee revenue in the three months ended October 31, 2015 compared to the year-ago quarter.

Leadership & Talent Consulting. LTC reported fee revenue of $73.6 million, an increase of $7.3 million, or 11%, in the three months ended October 31, 2015 compared to $66.3 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $3.1 million, or 5%, in the three months ended October 31, 2015. Fee revenue increased due to higher consulting fee revenue of $7.3 million, or 14%, in the three months ended October 31, 2015 compared to the year-ago quarter. Consulting fee revenue includes $6.5 million of fee revenue from Pivot Leadership which was acquired on March 1, 2015.

Futurestep. Futurestep reported fee revenue of $50.5 million, an increase of $10.1 million, or 25%, in the three months ended October 31, 2015 compared to $40.4 million in the year-ago quarter. Exchange rates unfavorably impacted fee revenue by $4.2 million, or 10%, in the three months ended October 31, 2015. The increase in fee revenue was driven by an increase in professional search of $5.6 million due to a 26% increase in engagements billed in the three months ended October 31, 2015 compared to the year-ago quarter and a 5% increase in the weighted average fees billed per engagement during the same period. The rest of the increase was due to $4.5 million in higher fee revenue in recruitment process outsourcing in the three months ended October 31, 2015 compared to the year-ago quarter.

Compensation and Benefits

Compensation and benefits expense increased $13.9 million, or 8%, to $188.6 million in the three months ended October 31, 2015 from $174.7 million in the year-ago quarter. This increase was due in large part to an increase of $9.3 million in salaries and related payroll taxes and $3.3 million of severance costs related to the integration of Hay Group. The higher level of salaries and related payroll expense was due to an increase in average consultant headcount of 20% in the three months ended October 31, 2015 compared to the year-ago quarter, and reflects our continued growth-related investments back into the business. Also contributing to the increase in compensation and benefits was a change in the cash surrender value ("CSV") of company owned life insurance ("COLI"). The change in CSV of COLI increased compensation and benefits expense by $1.4 million in the three months ended October 31, 2015 compared to the year-ago quarter due to a smaller increase in the underlying investments due to market changes. COLI is held to fund other deferred compensation retirement plans. (see Note 6 — *Deferred Compensation and Retirement Plans*, included in the Notes to our Consolidated Financial Statements) Exchange rates favorably impacted compensation and benefits expenses by $11.1 million, or 6%, in the three months ended October 31, 2015.

Executive Recruitment compensation and benefits expense decreased by $1.2 million, or 1%, to $98.6 million in the three months ended October 31, 2015 compared to $99.8 million in the year-ago quarter. This decrease was primarily due to lower performance related bonus expense of $1.6 million and a decline of $2.1 million in the fair value of vested amounts owed under deferred compensation plans, partially offset by increases in salaries and related payroll expense and amortization of prepaid compensation of $1.4 million and $0.7 million, respectively, during the three months ended October 31, 2015 compared to the year-ago quarter. The increase in salaries and related payroll expense was principally due to an 11% increase in average consultant headcount due to the continued adoption of our strategy. Executive Recruitment compensation and benefits expense as a percentage of fee revenue decreased to 63% in the three months ended October 31, 2015 from 67% in the year-ago quarter.

LTC compensation and benefits expense increased $6.8 million, or 17%, to $46.4 million in the three months ended October 31, 2015 from $39.6 million in the year-ago quarter. The change was primarily due to an increase of $3.3 million of severance costs related to the integration of Hay Group during the three months ended October 31, 2015 compared to the year-ago quarter. The rest of the change was due to an increase in salaries and related payroll taxes and performance related bonus expense of $2.5 million and $0.9 million, respectively, due to a 9% increase in average headcount during the three months ended October 31, 2015 compared to the year-ago quarter. LTC compensation and benefits expense as a percentage of fee revenue increased to 63% in the three months ended October 31, 2015 from 60% in the year-ago quarter.

Futurestep compensation and benefits expense increased $7.0 million, or 25%, to $35.0 million in the three months ended October 31, 2015 from $28.0 million in the year-ago quarter. The increase was primarily driven by an increase of $5.0 million in salaries and related payroll taxes and $1.1 million in outside contractor expenses. The increase in salaries and related payroll taxes were due to a 34% increase in the average headcount. The higher average headcount and the increase in utilization of outside contractors were primarily driven by the need to service an increase in fee revenue in both professional search and RPO businesses. Futurestep compensation and benefits expense as a percentage of fee revenue was 69% in both the three months ended October 31, 2015 and 2014.

Corporate compensation and benefits expense increased by $1.3 million, or 18%, to $8.6 million in the three months ended October 31, 2015 from $7.3 million in the year-ago quarter mainly due to a change in CSV of COLI. The change in CSV of COLI increased compensation and benefits expense by $1.4 million in the three months ended October 31, 2015 compared to the year-ago quarter due to a smaller increase in the underlying investments. COLI is held to fund other deferred compensation retirement plans (see Note 6 — *Deferred Compensation and Retirement Plans,* included in the Notes to our Consolidated Financial Statements).

General and Administrative Expenses

General and administrative expenses increased $14.5 million, or 48%, to $44.6 million in the three months ended October 31, 2015 compared to $30.1 million in the three months ended October 31, 2014. General and administrative expenses increased due to $8.6 million primarily in legal and other professional fees associated with the acquisition of Hay Group in the three months ended October 31, 2015 and the fact that we received a $6.2 million insurance reimbursement during the three months ended October 31, 2014 that reduced legal fees in the year-ago quarter. Neutralizing the effect of these items, general and administrative expenses were essentially flat quarter-over-quarter. General and administrative expenses as a percentage of fee revenue was 16% in the three months ended October 31, 2015 compared to 12% in the year-ago quarter. Exchange rates favorably impacted general and administrative expenses by $2.3 million, or 8%, during the three months ended October 31, 2015.

Executive Recruitment general and administrative expenses decreased $1.0 million, or 6%, to $16.6 million in the three months ended October 31, 2015 from $17.6 million in the year-ago quarter. General and administrative expenses decreased due to a favorable foreign exchange rate that resulted in a foreign exchange gain of $0.3 million in the three months ended October 31, 2015 compared to foreign exchange loss of $0.3 million in the year-ago quarter. The remaining change was due to a decrease in premise and office expense of $0.6 million. Executive Recruitment general and administrative expenses as a percentage of fee revenue was 11% in the three months ended October 31, 2015 compared to 12% in the year-ago quarter.

LTC general and administrative expenses were $8.0 million and $8.4 million in the three months ended October 31, 2015 and October 31, 2014, respectively. General and administrative expenses decreased due to a favorable foreign exchange rate that resulted in an increase of $0.5 million in foreign exchange gain in the three months ended October 31, 2015 compared to the year-ago quarter. LTC general and administrative expenses as a percentage of fee revenue was 11% in the three months ended October 31, 2015 compared to 13% in the year-ago quarter.

Futurestep general and administrative expenses increased $1.0 million, or 23%, to $5.3 million in the three months ended October 31, 2015 compared to $4.3 million in the year-ago quarter. The increase is attributable to an increase in premise and office expense of $0.5 million in the three months ended October 31, 2015 compared to the year-ago quarter and unfavorable foreign exchange rate that resulted in a $0.4 million foreign exchange loss in the three months ended October 31, 2015 compared to the year-ago quarter. Futurestep general and administrative expenses as a percentage of fee revenue was 10% in the three months ended October 31, 2015 compared to 11% in the year-ago quarter.

Corporate general and administrative expenses increased $14.9 million in the three months ended October 31, 2015 compared to the year-ago quarter. The increase in general and administrative expenses was driven by $8.6 million in acquisition costs associated with the acquisition of Hay Group incurred in the three months ended October 31, 2015 and the fact that we received a $6.2 million insurance reimbursement during the three months ended October 31, 2014 that reduced legal fees in the year-ago quarter.

Cost of Services Expense

Cost of services expense consist primarily of non-billable contractor and product costs related to the delivery of various services and products, primarily in Futurestep and LTC. Cost of services expense increased $1.5 million, or 15%, to $11.2 million in the three months ended October 31, 2015 compared to $9.7 million in the year-ago quarter. Cost of services expense as a percentage of fee revenue was 4% in both the three months ended October 31, 2015 and 2014.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were $7.2 million, an increase of $0.4 million in the three months ended October 31, 2015 compared to $6.8 million in the year-ago quarter. The increase relates primarily to technology investments that were made in the current and prior year, primarily in software, leasehold improvements, computer equipment, furniture and fixtures and intangible assets.

Operating Income

Operating income decreased $5.4 million to $29.0 million in the three months ended October 31, 2015 as compared to $34.4 million in the year-ago quarter. This decrease in operating income resulted from an increase of $14.5 million, $13.9 million, $1.5 million and $0.4 million in general and administrative expenses, compensation and benefits expense, cost of services expense and depreciation and amortization expenses, respectively. These changes were offset by higher fee revenue of $24.9 million during the three months ended October 31, 2015 as compared to the year-ago quarter.

Executive Recruitment operating income increased $9.3 million to $39.2 million in the three months ended October 31, 2015 as compared to $29.9 million in the year-ago quarter. The increase in Executive Recruitment operating income was driven by higher fee revenue of $7.5 million and decreases in compensation and benefits expense and general and administrative expenses of $1.2 million and $1.0 million, respectively. The decrease in compensation and benefits expense was driven by lower performance related bonus expense and a decline in the fair value of vested amounts owed under deferred compensation plans. The decrease in general and administrative expenses was mainly due to favorable foreign exchange rate in the three months ended October 31, 2015 compared to the year-ago quarter and lower premise and office expense. Executive Recruitment operating income as a percentage of fee revenue was 25% in the three months ended October 31, 2015 as compared to 20% in the year-ago quarter.

LTC operating income was $7.8 million in the both the three months ended October 31, 2015 and 2014. The increase in fee revenue of $7.3 million was offset by higher compensation and benefit expense of $6.8 million and an increase of $0.5 million in cost of services expense. LTC operating income as a percentage of fee revenue was 11% in the three months ended October 31, 2015 compared to 12% in the year-ago quarter.

Futurestep operating income increased by $1.8 million to $6.9 million in the three months ended October 31, 2015 from $5.1 million in the year-ago quarter. The increase in Futurestep operating income was primarily due to $10.1 million in higher fee revenue, partially offset by an increase of $7.0 million in compensation and benefits expense and a $1.0 million increase in general and administrative expenses in the three months ended October 31, 2015 compared to the year-ago quarter. Futurestep operating income as a percentage of fee revenue was 14% in the three months ended October 31, 2015 as compared to 13% in the year-ago quarter.

Adjusted EBITDA

Adjusted EBITDA increased $2.0 million to $46.0 million in the three months ended October 31, 2015 as compared to $44.0 million in the year-ago quarter. This increase was driven by higher fee revenue of $24.9 million, primarily offset by higher compensation and benefits expense, general and administrative expenses and cost of services expense of $10.6 million $5.9 million and $1.5 million, respectively, and other loss, net of $2.6 million during the three months ended October 31, 2015 compared to other income, net of $2.4 million in the year-ago quarter. Adjusted EBITDA as a percentage of fee revenue was 16% in the three months ended October 31, 2015 as compared to 17% in the year-ago quarter. Adjusted EBITDA margin for Q2 FY'16 was negatively impacted by the net impact of the markets on the Company's deferred compensation programs as disclosed in the notes to our unaudited consolidated financial statements. Adjusted EBITDA margin for Q2 FY'15 was favorably impacted by the insurance reimbursement discussed above, partially offset by higher other professional fees and additional performance-related bonus expense.

Executive Recruitment Adjusted EBITDA was $40.6 million and $32.0 million in the three months ended October 31, 2015 and 2014, respectively. Adjusted EBITDA increased $8.6 million in the three months ended October 31, 2015 as compared to the year-ago quarter due to higher fee revenue of $7.5 million, decreases in compensation and benefits expense and general and administrative expenses of $1.2 million and $1.0 million, respectively, offset by other loss, net of $0.1 million during the three months ended October 31, 2015 compared to other income, net of $0.4 million in the year-ago quarter. The decrease in compensation and benefits expense was driven by lower performance related bonus expense and a decline in the fair value of vested amounts owed under deferred compensation plans. The decrease in general and administrative expenses was partially due to favorable foreign exchange rates in the three months ended October 31, 2015 compared to the year-ago quarter and lower premise and office expense. Executive Recruitment Adjusted EBITDA as a percentage of fee revenue was 26% in the three months ended October 31, 2015 as compared to 21% in the year-ago quarter.

LTC Adjusted EBITDA increased by $3.8 million to $14.7 million in the three months ended October 31, 2015 as compared to $10.9 million in the year-ago quarter. This increase was due to higher fee revenue of $7.3 million and a decline of $0.4 million in general and administrative expenses, offset by an increase in compensation and benefit expense of $3.5 million and a $0.5 million increase in cost of services. The increase in compensation and benefit expenses was due to an increase in headcount to grow the business (a 9% increase in the average headcount). LTC Adjusted EBITDA as a percentage of fee revenue was 20% in the three months ended October 31, 2015 as compared to 16% in the year-ago quarter.

Futurestep Adjusted EBITDA increased by $1.9 million to $7.5 million in the three months ended October 31, 2015 as compared to $5.6 million in the year-ago quarter. The increase in Futurestep Adjusted EBITDA was primarily due to an increase in fee revenue of $10.1 million, offset by an increase of $7.0 million in compensation and benefits expense and $1.0 million in general and administrative expenses during the three months ended October 31, 2015 as compared to the year-ago quarter. The increase in compensation and benefits expense was primarily driven by higher salaries and related payroll taxes due to an increase in average headcount. Futurestep Adjusted EBITDA as a percentage of fee revenue was 15% in the three months ended October 31, 2015 as compared to 14% in the year-ago quarter.

Other (Loss) Income, Net

Other loss, net was $2.6 million in the three months ended October 31, 2015 as compared to other income, net of $2.4 million in the year-ago quarter. The change in other (loss) income, net is due primarily to the decrease in the fair value of our marketable securities during the three months ended October 31, 2015 compared to an increase in the year-ago quarter.

Interest Expense, Net

Interest expense, net primarily relates to borrowings under our COLI policies, which is partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was $0.5 million in the three months ended October 31, 2015 as compared to $0.9 million in the year-ago quarter.

Equity in Earnings of Unconsolidated Subsidiaries

Equity in earnings of unconsolidated subsidiaries is comprised of our less than 50% interest in our Mexican subsidiary and IGroup, LLC, which is engaged in organizing, planning and conducting conferences and training programs throughout the world for directors, chief executive officers, other senior level executives and business leaders. We report our interest in earnings or loss of our Mexican subsidiary and IGroup, LLC on the equity basis as a one-line adjustment to net income. Equity in earnings was $0.6 million in the three months ended October 31, 2015 as compared to $0.4 million in the year-ago quarter.

Income Tax Provision

The provision for income taxes was $8.5 million in the three months ended October 31, 2015 compared to $10.9 million in the year-ago quarter. The provision for income taxes in the three months ended October 31, 2015 and 2014 reflects a 32% and 30% effective tax rate, respectively. The increase in the effective tax rate for the three months ended October 31, 2015 is due to a higher percentage of taxable income arising in jurisdictions with higher statutory tax rates.

Six Months Ended October 31, 2015 Compared to Six Months Ended October 31, 2014

Fee Revenue

Fee Revenue. Fee revenue increased $41.1 million, or 8%, to $548.0 million in the six months ended October 31, 2015 compared to $506.9 million in the six months ended October 31, 2014. This increase was attributable to higher fee revenue in Futurestep, LTC and Executive Recruitment. Exchange rates unfavorably impacted fee revenue by $32.7 million, or 6%, in the six months ended October 31, 2015.

Executive Recruitment. Executive Recruitment reported fee revenue of $308.6 million, an increase of $11.2 million, or 4%, in the six months ended October 31, 2015 compared to $297.4 million in the six months ended October 31, 2014. As detailed below, Executive Recruitment fee revenue was higher in the North America region, partially offset by decreases in fee revenue in EMEA, Asia Pacific and South America regions in the six months ended October 31, 2015 as compared to the year-ago period. The higher fee revenue was mainly due to a 6% increase in the weighted-average fees billed per engagement, offset by a 2% decrease in the number of Executive Recruitment engagements billed during the six months ended October 31, 2015 as compared to the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue by $18.5 million, or 6%, in the six months ended October 31, 2015.

North America reported fee revenue of $183.2 million, an increase of $18.2 million, or 11%, in the six months ended October 31, 2015 compared to $165.0 million in the six months ended October 31, 2014. North America's increase in fee revenue is primarily due to a 9% increase in the number of engagements billed and a 1% increase in the weighted-average fees billed per engagement during the six months ended October 31, 2015 as compared to the year-ago period. The overall increase in fee revenue was primarily driven by growth in the financial services, life sciences/healthcare, and technology sectors as compared to the six months ended October 31, 2014, partially offset by a decrease in the industrial and consumer goods sectors. Exchange rates unfavorably impacted fee revenue by $1.7 million, or 1%, in the six months ended October 31, 2015.

EMEA reported fee revenue of $72.7 million, a decrease of $4.3 million, or 6%, in the six months ended October 31, 2015 compared to $77.0 million in the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue by $9.6 million, or 12%, in the six months ended October 31, 2015. The decline in fee revenue was due to an 8% decrease in the number of engagements billed, offset by a 3% increase in the weighted-average fees billed per engagement in the six months ended October 31, 2015 as compared to the year-ago period. The performance in existing offices in the United Kingdom and Germany were the primary contributors to the decrease in fee revenue in the six months ended October 31, 2015 compared to year-ago period, offset by an increase in fee revenue in United Arab Emirates and Denmark. In terms of business sectors, technology, industrial and financial services experienced the largest decreases in fee revenue in the six months ended October 31, 2015 as compared to the year-ago period, partially offset by an increase in the life sciences/healthcare sector.

Asia Pacific reported fee revenue of $40.2 million in the six months ended October 31, 2015 compared to $40.7 million in the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue by $4.0 million, or 10%, in the six months ended October 31, 2015. The decline in fee revenue was due to a 2% decrease in the number of engagements billed, partially offset by a 1% increase in weighted-average fees billed per engagement in the six months ended October 31, 2015 compared to the year-ago period. The performance in Hong Kong, Japan and Indonesia were the primary contributors to the decrease in fee revenue in the six months ended October 31, 2015 compared to the year-ago period, offset by an increase in fee revenue in China. Life sciences/healthcare and consumer goods were the main sectors contributing to the decrease in fee revenue in the six months ended October 31, 2015 as compared to the year-ago period, partially offset by an increase in fee revenue in the financial services sector.

South America reported fee revenue of $12.5 million, a decrease of $2.2 million, or 15%, in the six months ended October 31, 2015 compared to $14.7 million in the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue for South America by $3.2 million, or 22%, in the six months ended October 31, 2015. The decline in fee revenue was due to a 27% decrease in the number of engagements billed, offset by an 18% increase in weighted-average fees billed per engagement in the six months ended October 31, 2015 compared to the year-ago period. The performance in Brazil, Colombia and Chile were the primary contributors to the decline in fee revenue in the six months ended October 31, 2015 compared to the six months ended October 31, 2014, partially offset by the growth in Venezuela. Industrial and technology were the main sectors contributing to the decrease in fee revenue in the six months ended October 31, 2015 compared to the year-ago period, partially offset by an increase in fee revenue in the consumer goods sector during the same period.

Leadership & Talent Consulting. Leadership & Talent Consulting reported fee revenue of $142.8 million, an increase of $12.9 million, or 10%, in the six months ended October 31, 2015 compared to $129.9 million in the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue by $6.2 million, or 5%, in the six months ended October 31, 2015. Fee revenue increased due to higher consulting and product fee revenue of $11.7 million, or 12%, and $1.2 million, or 4%, respectively, in the six months ended October 31, 2015 compared to the year-ago period. The acquisition of Pivot Leadership on March 1, 2015 contributed $11.7 million in consulting fee revenue during the six months ended October 31, 2015.

Futurestep. Futurestep reported fee revenue of $96.6 million, an increase of $17.0 million, or 21%, in the six months ended October 31, 2015 compared to $79.6 million in the six months ended October 31, 2014. Exchange rates unfavorably impacted fee revenue by $8.0 million or 10% in the six months ended October 31, 2015. The increase in fee revenue was primarily driven by higher fee revenues in professional search and RPO of $11.3 million and $6.1 million, respectively. The increase in fee revenue in professional search was due to a 24% increase in engagements billed in the six months ended October 31, 2015 compared to the year-ago period and a 9% increase in the weighted average fees billed per search engagements during the same period.

Compensation and Benefits

Compensation and benefits expense increased $24.3 million, or 7%, to $368.1 million in the six months ended October 31, 2015 from $343.8 million in the year-ago period. This increase was due in large part to an increase in salaries and related payroll taxes of $14.2 million and increases of $2.4 million and $2.1 million in performance related bonus expense and outside contractor expenses, respectively. The increase in performance related bonus expense was due to an increase in fee revenue and profitability due to the continued adoption of our strategy, including referrals between lines of business and an increase in average consultant headcount. The higher level of salaries and related payroll expense was due to an increase in average consultant headcount of 15% in the six months ended October 31, 2015 compared to year-ago period, and reflects our continued growth-related investments back into the business. In addition, an increase in compensation and benefits expense was due to $3.6 million of severance costs related to the integration of Hay Group. Also contributing to the increase in compensation and benefit was a change in the cash surrender value ("CSV") of company owned life insurance ("COLI"). The change in CSV of COLI increased compensation and benefits expense by $2.2 million in the six months ended October 31, 2015 compared to the year-ago period due to a smaller increase in the underlying investments due to market changes. COLI is held to fund other deferred compensation retirement plans. (see Note 6 — *Deferred Compensation and Retirement Plans*, included in the Notes to our Consolidated Financial Statements) Exchange rates favorably impacted compensation and benefits expenses by $21.5 million, or 6%, during the six months ended October 31, 2015.

The changes in the fair value of vested amounts owed under certain deferred compensation plans decreased compensation and benefits expense by $0.9 million in the six months ended October 31, 2015 compared to an increase of $2.7 million in the six months ended October 31, 2014. Offsetting these changes in compensation and benefits expense was a decrease in the fair value of marketable securities classified as trading (held in trust to satisfy obligations under certain deferred compensation plan liabilities) of $1.8 million in the six months ended October 31, 2015 compared to an increase of $4.5 million in the year-ago period, recorded in other (loss) income, net on the consolidated statement of income.

Executive Recruitment compensation and benefits expense was $198.0 million in the six months ended October 31, 2015 compared to $197.7 million in the six months ended October 31, 2014. Executive Recruitment compensation and benefits expense as a percentage of fee revenue was 64% in the six months ended October 31, 2015 compared to 66% in the year-ago period.

Leadership & Talent Consulting compensation and benefits expense increased $9.6 million, or 12%, to $87.9 million in the six months ended October 31, 2015 from $78.3 million in the six months ended October 31, 2014. The increase was driven by an increase in salaries and related payroll taxes of $4.5 million and an increase of $0.5 million and $0.4 million in outside contractors and performance related bonus expense, respectively. The higher level of salaries and related payroll expense was due to an increase in average headcount of 10% in the six months ended October 31, 2015 compared to the year-ago period. In addition, compensation and benefits expense increased due to $3.6 million of severance costs related to the integration of Hay Group. Leadership & Talent Consulting compensation and benefits expense as a percentage of fee revenue increased to 62% in the six months ended October 31, 2015 from 60% in the six months ended October 31, 2014.

Futurestep compensation and benefits expense increased $11.6 million, or 21%, to $66.3 million in the six months ended October 31, 2015 from $54.7 million in the six months ended October 31, 2014. The increase was primarily driven by an increase of $7.7 million in salaries and related payroll taxes, $1.6 million in outside contractors, $0.6 million in employee insurance cost and $0.5 million in performance related bonus expense. The increase in salaries and related payroll taxes, employee insurance costs and performance related bonus expense were due to a 27% increase in the average headcount. The higher average headcount and the increase in utilization of outside contractors were primarily driven by the need to service an increase in fee revenue in both our professional search and RPO businesses. Futurestep compensation and benefits expense as a percentage of fee revenue was 69% in both the six months ended October 31, 2015 and 2014.

Corporate compensation and benefits expense increased $2.8 million, or 21%, to $15.9 million in the six months ended October 31, 2015 from $13.1 million in the six months ended October 31, 2014 mainly due to the change in the CSV of COLI. The change in CSV of COLI reduced compensation and benefits expense by $3.3 million and $5.5 million in the six months ended October 31, 2015 and 2014, respectively. The decrease in CSV of COLI was due to a decrease in investments underlying the COLI. 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).

General and Administrative Expenses

General and administrative expenses increased $14.6 million, or 22%, to $82.1 million in the six months ended October 31, 2015 compared to $67.5 million in the six months ended October 31, 2014. General and administrative expenses as a percentage of fee revenue was 15% in the six months ended October 31, 2015 compared to 13% in the six months ended October 31, 2014. The increase is attributable to $9.0 million, primarily in legal and other professional fees associated with the acquisition of Hay Group in the six months ended October 31, 2015 and a $6.2 million insurance reimbursement received during the six months ended October 31, 2014 that reduced legal fees in the year-ago period. These increases were partially offset by favorable foreign currency rates that resulted in a decrease in general and administrative expenses of $1.1 million in the six months ended October 31, 2015 compared to the year-ago period. Exchange rates favorably impacted general and administrative expenses by $4.7 million, or 7%, during the six months ended October 31, 2015.

Executive Recruitment general and administrative expenses decreased $3.2 million, or 9%, to $33.2 million in the six months ended October 31, 2015 from $36.4 million in the six months ended October 31, 2014. Favorable foreign exchange rates contributed to a decline in general and administrative expenses of $1.7 million during the six months ended October 31, 2015 compared to the year-ago period. The remaining decrease was due to lower premise and office expense of $1.0 million. Executive Recruitment general and administrative expenses as a percentage of fee revenue was 11% in the six months ended October 31, 2015 compared to 12% in the year-ago period.

Leadership & Talent Consulting general and administrative expenses decreased $0.4 million, or 2%, to $16.7 million in the six months ended October 31, 2015 from $17.1 million in the six months ended October 31, 2014. Favorable foreign exchange rates contributed to a decline in general and administrative expenses of $0.8 million in the six months ended October 31, 2015 compared to the year-ago quarter, partially offset by an increase in premise and office expense of $0.3 million. Leadership & Talent Consulting general and administrative expenses as a percentage of fee revenue was 12% in the six months ended October 31, 2015 compared to 13% in the six months ended October 31, 2014.

Futurestep general and administrative expenses increased $1.7 million, or 19%, to $10.7 million in the six months ended October 31, 2015 compared to $9.0 million in the six months ended October 31, 2014. Higher premise and office expenses of $0.8 million contributed to an increase in general and administrative expenses along with an increase of $0.5 million due to unfavorable exchange rates. Futurestep general and administrative expenses as a percentage of fee revenue was 11% in both the six months ended October 31, 2015 and 2014.

Corporate general and administrative expenses increased $16.5 million to $21.5 million in the six months ended October 31, 2015 compared to $5.0 million in the six months ended October 31, 2014. The increase in general and administrative expenses was driven by a $9.0 million in acquisition costs associated with the acquisition of Hay Group incurred in the six months ended October 31, 2015 and a $6.2 million insurance reimbursement that reduced legal fees in the year-ago period. The rest of the increase was due to unfavorable exchange rates that resulted in an increase in general and administrative expenses of $0.8 million during the six months ended October 31, 2015 compared to the year-ago period.

Cost of Services Expense

Cost of services expense consist primarily of non-billable contractor and product costs related to the delivery of various services and products, primarily Futurestep and LTC. Cost of services expense increased $2.2 million, or 11%, to $21.3 million in the six months ended October 31, 2015 compared to $19.1 million in the six months ended October 31, 2014. Cost of services expense as a percentage of fee revenue was 4% in both the six months ended October 31, 2015 and 2014.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were $14.6 million, an increase of $1.0 million in the six months ended October 31, 2015 compared to $13.6 million in the six months ended October 31, 2014. The increase relates primarily to technology investments that were made in the current and prior year, primarily in computer equipment, software, furniture and fixtures, leasehold improvements and intangible assets.

Restructuring Charges, Net

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

Operating Income

Operating income increased $8.9 million to $61.9 million in the six months ended October 31, 2015 as compared to $53.0 million in the six months ended October 31, 2014. This increase in operating income resulted from $41.1 million in higher fee revenue and a decrease of $9.9 million in restructuring charges, net, offset by increases in compensation and benefits expense of $24.3 million, general and administrative expenses of $14.6 million, cost of services expense of $2.2 million and depreciation and amortization expenses of $1.0 million during the six months ended October 31, 2015 as compared to the six months ended October 31, 2014.

Executive Recruitment operating income increased $20.0 million to $74.1 million in the six months ended October 31, 2015 as compared to $54.1 million in the six months ended October 31, 2014. The increase in Executive Recruitment operating income is primarily attributable to higher fee revenue of $11.2 million and decreases in restructuring charges, net and general and administrative expenses of $5.5 million and $3.2 million, respectively. General and administrative expenses decreased due to favorable exchange rates and a reduction in premise and office expense during the six months ended October 31, 2015 compared to the year-ago period. Executive Recruitment operating income as a percentage of fee revenue was 24% in the six months ended October 31, 2015 compared to 18% in the six months ended October 31, 2014.

LTC operating income increased $4.1 million to $15.3 million in the six months ended October 31, 2015 as compared to $11.2 million in the six months ended October 31, 2014. The increase in LTC operating income was due to a $12.9 million in higher fee revenue and decreases of restructuring charges, net and general and administrative expenses of $2.8 million and $0.4 million, respectively. These changes were offset by increases in compensation and benefit expense of $9.6 million and $1.6 million in cost of services expense. LTC operating income as a percentage of fee revenue was 11% in the six months ended October 31, 2015 compared to 9% in the year-ago period.

Futurestep operating income increased by $4.5 million to $13.1 million in the six months ended October 31, 2015 from $8.6 million in the six months ended October 31, 2014. The increase in Futurestep operating income was primarily due to higher fee revenues of $17.0 million and a decrease in restructuring charges, net of $1.4 million. The change was partially offset by an increase in compensation and benefits expense of $11.6 million, a $1.7 million increase in general and administrative expenses, and $0.4 million increase in cost of services expense during the six months ended October 31, 2015 as compared to the six months ended October 31, 2014. Futurestep operating income as a percentage of fee revenue was 14% in the six months ended October 31, 2015 as compared to 11% in the year-ago period.

Adjusted EBITDA

Adjusted EBITDA increased $5.8 million to $87.7 million in the six months ended October 31, 2015 compared to $81.9 million in the six months ended October 31, 2014. This increase was driven by higher fee revenue of $41.1 million, offset by the increase of $20.7 million, $7.3 million, $5.6 million, and $2.2 million in compensation and benefits expense (excluding certain integration costs), other (loss) income, net, general and administrative expenses (excluding certain acquisition costs), and cost of services expense, respectively during the six months ended October 31, 2015 compared to the year-ago period. Adjusted EBITDA as a percentage of fee revenue was 16% in both the six months ended October 31, 2015 and 2014.

Executive Recruitment Adjusted EBITDA was $77.5 million and $63.9 million in the six months ended October 31, 2015 and 2014, respectively. Adjusted EBITDA increased $13.6 million during the six months ended October 31, 2015 as compared to the six months ended October 31, 2014 due to the increase of $11.2 million in fee revenue and a decrease of $3.2 million in general and administrative expenses. General and administrative expenses decreased due to favorable exchange rates and a reduction in premise and office expense during the six months ended October 31, 2015 compared to the year-ago period. Executive Recruitment Adjusted EBITDA as a percentage of fee revenue was 25% in the six months ended October 31, 2015 as compared to 22% in the six months ended October 31, 2014.

LTC Adjusted EBITDA increased by $4.8 million to $25.4 million in the six months ended October 31, 2015 as compared to $20.6 million in the six months ended October 31, 2014. This increase was due to higher fee revenue of $12.9 million and a decrease of $0.4 million in general and administrative expenses, offset by an increase in compensation and benefit expense (excluding certain integration costs) of $6.0 million, cost of services of $1.6 million and other (loss) income, net of $0.9 million. The higher compensation and benefit expense was driven by increases in salaries and related payroll taxes, outside contractors and performance related bonus expense. LTC Adjusted EBITDA as a percentage of fee revenue was 18% in the six months ended October 31, 2015 as compared to 16% in the six months ended October 31, 2014.

Futurestep Adjusted EBITDA increased by $3.4 million to $14.3 million in the six months ended October 31, 2015 as compared to $10.9 million in the six months ended October 31, 2014. The increase in Futurestep Adjusted EBITDA was primarily due to higher fee revenue of $17.0 million, offset by an increase of $11.6 million in compensation and benefits expense, $1.7 million in general and administrative expenses, and $0.4 million increase in cost of services expense during the six months ended October 31, 2015 as compared to the six months ended October 31, 2014. Futurestep Adjusted EBITDA as a percentage of fee revenue was 15% in the six months ended October 31, 2015 as compared to 14% in the six months ended October 31, 2014.

Other (Loss) Income, Net

Other loss, net was $2.7 million in the six months ended October 31, 2015 as compared to other income, net of $4.6 million in the six months ended October 31, 2014. The change in other (loss) income, net is primarily due to the decrease in the fair value of our marketable securities during the six months ended October 31, 2015 compared to increases in the fair value of our marketable securities in the year-ago period.

Interest Expense, Net

Interest expense, net primarily relates to borrowings under our COLI policies, which is partially offset by interest earned on cash and cash equivalent balances. Interest expense, net was $0.8 million in the six months ended October 31, 2015 as compared to $1.7 million in the six months ended October 31, 2014.

Equity in Earnings of Unconsolidated Subsidiaries

Equity in earnings of unconsolidated subsidiaries is comprised of our less than 50% interest in our Mexican subsidiary and IGroup, LLC, which is engaged in organizing, planning and conducting conferences and training programs throughout the world for directors, chief executive officers, other senior level executives and business leaders. We report our interest in earnings or loss of our Mexican subsidiary and IGroup, LLC on the equity basis as a one-line adjustment to net income. Equity in earnings was $1.3 million in the six months ended October 31, 2015 as compared to $0.9 million in the six months ended October 31, 2014.

Income Tax Provision

The provision for income taxes was $18.6 million in the six months ended October 31, 2015 compared to $16.9 million in the six months ended October 31, 2014. The provision for income taxes in the six months ended October 31, 2015 and 2014 reflects a 32% and 30% effective tax rate, respectively. The effective tax rate for the six months ended October 31, 2014 was reduced by a state income tax benefit that was discrete to the first quarter of fiscal 2015. The effective tax rate for the six months ended October 31, 2015 is not affected by a similar benefit and is generally higher than the prior year rate due to a higher percentage of taxable income arising in jurisdictions with higher statutory tax rates.

Liquidity and Capital Resources

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

On December 1, 2015, the Company completed its previously announced acquisition of Hay Group, a global leader in people strategy and organizational performance. Under the terms of the Stock Purchase Agreement, dated as of September 23, 2015 (the "Purchase Agreement"), by and between HG (Bermuda) Limited ("HG Bermuda") and the Company, at the closing of the acquisition the Company paid HG Bermuda an aggregate purchase price of approximately $493 million, consisting of (a) approximately $275 million in cash, net of estimated cash acquired ($54 million from our foreign locations), and after giving effect to estimated purchase price adjustments as described in the Purchase Agreement, and (b) 5,922,136 shares of the Company's common stock, par value $0.01 per share (the "Consideration Shares"), representing an aggregate value of $218 million based on the closing price of the Company's common stock on The New York Stock Exchange on November 30, 2015 ($200 million based on the volume weighted average price of the Company's common stock on The New York Stock Exchange on each of the 20 consecutive trading days ending on September 21, 2015). On November 23, 2015, the Company borrowed $150 million from its term loan facility with Wells Fargo Bank, to finance a portion of the Hay Group acquisition purchase price. The outstanding principal is payable in quarterly installments starting January 1, 2016, with the final installment consisting of all remaining unpaid principal due on the term loan maturity date of September 23, 2020. Interest accrued on the term loan shall also be payable on the first date of each calendar quarter, with an initial annual interest rate of 1.34%. Pursuant to the Purchase Agreement, the Company has committed to a $40 million retention pool (up to $5 million payable within one year) for certain employees of Hay Group subject to certain circumstances. Of the remaining balance, 50% will be payable within 45 days after November 30, 2017 and the remaining 50% will be payable within 45 days after November 30, 2018.

On December 8, 2014, the Board of Directors adopted a dividend policy to distribute, to our stockholders, a regular quarterly cash dividend of $0.10 per share. On June 10, 2015, the Company declared a dividend of $0.10 per share, paid on July 15, 2015 to stockholders of record on June 25, 2015. On September 7, 2015, the Company declared a dividend of $0.10 per share, paid on October 15, 2015 to stockholders of record on September 25, 2015. On December 8, 2015, the Company declared a dividend of $0.10 per share, payable on January 15, 2016 to stockholders of record on December 21, 2015. The declaration and payment of future dividends under the quarterly dividend program will be at the discretion of the Board of Directors and will depend upon many factors, including our earnings, capital requirements, financial conditions, the terms of our indebtedness and other factors our Board of Directors may deem to be relevant. Our Board of Directors may, however, amend, revoke or suspend our dividend policy at any time and for any reason.

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

Our performance is subject to the general level of economic activity in the geographic regions and the industries which we service. We believe, based on current economic conditions, that our cash on hand, funds from operations and other forms of liquidity will be sufficient to meet anticipated working capital, capital expenditures, general corporate requirements, purchase price for the acquisition of Hay Group, repayment of the debt incurred in connection with the Hay Group acquisition, the retention pool obligations in connection with the Hay Group acquisition and dividend payments under our dividend policy during the next twelve months. However, if the national or global economy, credit market conditions, and/or labor markets were to deteriorate in the future, such changes would put negative pressure on demand for 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 further access our existing credit facility to meet our capital needs and/or discontinue our dividend policy.

Cash and cash equivalents and marketable securities were $417.7 million and $525.4 million as of October 31, 2015 and April 30, 2015, respectively. Net of amounts held in trust for deferred compensation plans and accrued bonuses, cash and marketable securities were $186.2 million and $235.6 million at October 31, 2015 and April 30, 2015, respectively. As of October 31, 2015 and April 30, 2015, we held $121.6 million and $143.4 million, respectively of cash and cash equivalents in foreign locations, net of amounts held in trust for deferred compensation plans and to pay fiscal 2016 and fiscal 2015 bonuses. If these amounts were distributed to the United States, in the form of dividends, we would be subject to additional U.S. income taxes. The Company has a plan to distribute a small portion of the cash held in foreign locations to the United States. No deferred tax liability has been recorded because no additional taxes would arise in connection with such distributions. Cash and cash equivalents consist of cash and highly liquid investments purchased with original maturities of three months or less. Marketable securities consist of mutual funds and investments in corporate bonds. The primary objectives of our investment in mutual funds are to meet the obligations under certain of our deferred compensation plans, while the corporate bonds and other securities are available for general corporate purposes.

As of October 31, 2015 and April 30, 2015, marketable securities of $146.9 million and $144.6 million, respectively, included trading securities of $144.9 million (net of gross unrealized gains of $5.3 million and $0.9 million of gross unrealized losses) and $131.4 million (net of gross unrealized gains of $8.3 million and $0.2 million of gross unrealized losses), respectively, held in trust for settlement of our obligations under certain deferred compensation plans, of which $134.8 million and $118.8 million, respectively, are classified as non-current. Our vested and unvested obligations for which these assets were held in trust totaled $140.9 million and $129.1 million as of October 31, 2015 and April 30, 2015, respectively. As of October 31, 2015 and April 30, 2015, we had marketable securities classified as available-for-sale with a balance of $2.0 million and $13.2 million, respectively.

The net increase in our working capital of $4.7 million as of October 31, 2015 compared to April 30, 2015 is primarily attributable to an increase in accounts receivable and a decrease in compensation and benefits payable, offset by decreases in cash and cash equivalents. The decrease in compensation and benefits payable and cash and cash equivalents was primarily due to payment of annual bonuses earned in fiscal 2015 and paid during the first half of fiscal 2016 while accounts receivable increased due to an increase in days of sales outstanding which went from 58 days to 71 days (which is consistent with historical experience) from April 30, 2015 to October 31, 2015. Cash used in operating activities was $73.4 million in the six months ended October 31, 2015 compared to $52.0 in the year-ago period.

Cash used in investing activities was $12.9 million in the six months ended October 31, 2015, a decrease of $9.5 million, compared to $22.4 million in the year-ago period. Cash used in investing activities was lower primarily due to less net purchases of marketable securities of $8.6 million.

Cash used in financing activities was $10.9 million in the six months ended October 31, 2015, an increase of $9.7 million, compared to $1.2 million in the year-ago period. Cash used in financing activities increased primarily due to cash dividends paid to stockholders in the six months ended October 31, 2015 of $10.3 million. As of October 31, 2015, $150.0 million remained available for common stock repurchases under our stock repurchase program.

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

The Company purchased COLI policies or contracts insuring the lives of certain employees eligible to participate in the deferred compensation and pension plans as a means of funding benefits under such plans. As of October 31, 2015 and April 30, 2015, we held contracts with gross CSV of $173.9 million and $172.3 million, respectively. Since fiscal 2012, we paid our premiums under our COLI contracts from operating cash, and in prior years, we generally borrowed under our COLI contracts to pay related premiums. Such borrowings do not require annual principal repayments, bear interest primarily at variable rates and are secured by the CSV of COLI contracts. Total outstanding borrowings against the CSV of COLI contracts were $68.5 million and $69.6 million as of October 31, 2015 and April 30, 2015, respectively. At October 31, 2015 and April 30, 2015, the net cash value of these policies was $105.4 million and $102.7 million, respectively.

Long-Term Debt

On September 23, 2015, we entered into Amendment No. 3 (the “Amendment No. 3”) to the existing Credit Agreement dated as of January 18, 2013 with Wells Fargo Bank, National Association, as lender (the “Lender”), as previously amended by Amendment No. 1 dated as of December 12, 2014 (the “Amendment No. 1”) and Amendment No. 2 dated as of June 3, 2015 (the “Amendment No. 2”) (the existing Credit Agreement, as amended by the Amendment No. 1, the Amendment No. 2, and the Amendment No. 3, the “Credit Agreement”).

The Amendment No. 3 provides for, among other things: (i) a new senior unsecured delayed draw term loan facility in an aggregate principal amount of $150 million (the “Term Facility”); (ii) a reduction in the revolving credit facility (the “Revolver” and, together with the Term Facility, the “Credit Facilities”) from an aggregate principal amount of $150 million to $100 million; (iii) an extension to the maturity date of the Revolver; (iv) consent to enter into the acquisition of Hay Group; (v) certain changes to affirmative and negative covenants, including an increase to the minimum adjusted EBITDA that the we must maintain from $70 million to $100 million; (vi) an increase in the amount of permitted acquisitions, paying dividends to stockholders and making share repurchases in any fiscal year from $125.0 million to $135.0 million (excluding the recently announced acquisition of Hay Group); and (vii) an increase in the amount of dividends paid to stockholders and share repurchases in any fiscal year from $75.0 million to $85.0 million (excluding the recently announced acquisition of Hay Group).

At our option, loans issued under the Credit Facilities will bear interest at either adjusted 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 Facilities may fluctuate between adjusted LIBOR plus 1.125% per annum to adjusted LIBOR plus 1.875% per annum, in the case of LIBOR borrowings (or between the alternate base rate plus 0.125% per annum and the alternate base rate plus 0.875% per annum, in the alternative), based upon the our total funded debt to adjusted EBITDA ratio (as set forth in the Credit Agreement, the “consolidated leverage ratio”) at such time. In addition, we will be required to pay to the Lender a quarterly fee ranging from 0.25% to 0.40% per annum on the average daily unused amount of the Credit Facilities, based upon our consolidated leverage ratio at such time, and fees relating to the issuance of letters of credit.

Both the Revolver and the Term Facility mature on September 23, 2020, and may be prepaid and terminated early by us at any time without premium or penalty (subject to customary LIBOR breakage fees).

As of October 31, 2015 and April 30, 2015, we had no borrowings under the long-term debt arrangements. At October 31, 2015 and April 30, 2015, there was $2.9 million and $2.8 million of standby letters of credit issued under its long-term debt arrangements, respectively. We had a total of $1.4 million and $1.6 million of standby letters of credits with other financial institutions as of October 31, 2015 and April 30, 2015, respectively. On November 23, 2015, the Company borrowed $150 million from its term loan facility with Wells Fargo Bank, to finance a portion of the Hay Group acquisition purchase price. The outstanding principal is payable in quarterly installments starting January 1, 2016, with the final installment consisting of all remaining unpaid principal due on the term loan maturity date of September 23, 2020. Interest accrued on the term loan shall also be payable on the first date of each calendar quarter, with an initial interest rate of 1.34% per annum.

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

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

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

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

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

Foreign Currency Risk

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

Transactions denominated in a currency other than the reporting entity's functional currency may give rise to transaction gains and losses that impact our results of operations. Historically, we have not realized significant foreign currency gains or losses on such transactions. Foreign currency losses, on an after tax basis, included in net income were $0.2 million and $1.0 million in the six months ended October 31, 2015 and 2014, respectively.

Our primary exposure to exchange losses or gains is based on outstanding intercompany loan balances denominated in U.S. dollars. If the U.S. dollar strengthened or weakened by 15%, 25% and 35% against the Pound Sterling, the Euro, the Canadian dollar, the Australian dollar and the Yen, our exchange loss or gain for the three months ended October 31, 2015 would have been $2.8 million, $4.6 million and $6.5 million, respectively, based on outstanding balances at October 31, 2015.

Interest Rate Risk

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

Item 4. ***Controls and Procedures***

(a) Evaluation of Disclosure Controls and Procedures.

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

(b) Changes in Internal Control over Financial Reporting.

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

PART II.

Item 1. *Legal Proceedings*

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

Item 1A. *Risk Factors*

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

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 operating results.

On November 23, 2015, the Company borrowed $150 million from its term loan facility with Wells Fargo Bank, National Association, dated as of January 18, 2013 (as amended, the "Credit Agreement"). We may borrow an additional $100.0 million of unsecured revolving loans provided pursuant to our Credit Agreement, subject to the satisfaction of customary conditions to draw.

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 would 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 shareholders. 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.

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

Issuer Purchases of Equity Securities

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

	Shares Purchased (1)	Average Price Paid Per Share	Shares Purchased as Part of Publicly-Announced Programs (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs (2)
August 1, 2015 — August 31, 2015	—	$ —	—	$ 150.0 million
September 1, 2015 — September 30, 2015	660	$ 34.98	—	$ 150.0 million
October 1, 2015 — October 31, 2015	—	$ —	—	$ 150.0 million
Total	660	$ 34.98	—	$ 150.0 million

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

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

Our senior unsecured revolving credit agreement limits us to consummating permitted acquisitions, paying dividends to our stockholders and making share repurchases in any fiscal year to a cumulative total of $135.0 million excluding the consideration paid in connection with the acquisition of Hay Group. Subject to the foregoing, pursuant to our senior unsecured revolving credit agreement, we are permitted to pay up $85.0 million in dividends and share repurchases, in the aggregate, in any fiscal year (subject to the satisfaction of certain conditions). The senior unsecured revolving credit agreement also requires us to maintain $50.0 million in domestic liquidity, defined as unrestricted cash and/or marketable securities (excluding any marketable securities that are held in trust for the settlement of the Company's obligation under certain deferred compensation plans) as a condition to consummating permitted acquisitions, paying dividends to our stockholders and repurchasing shares of our common stock. Undrawn amounts on our line of credits may be used to calculate domestic liquidity.

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Item 6. *Exhibits*

Exhibit Number	Description
2.1+	Stock Purchase Agreement by and between HG (Bermuda) Limited and Korn/Ferry International, dated September 23,2015, filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed September 24, 2015.*
2.2+	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.
10.1+	Amendment No. 3 to Credit Agreement with Wells Fargo Bank, National Association, as lender, dated September 23, 2015, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed September 24, 2015.
10.2**	Separation and General Release Agreement, between Matthew P. Reilly and Korn/Ferry International, dated September 27, 2015.
10.3	Amendment No. 4 to Credit Agreement with Wells Fargo Bank, National Association, as lender, dated November 20, 2015.
10.4**	Employment Agreement between the Company and Stephen Kaye.
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a) under the Exchange Act.
32.1	Chief Executive Officer and Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

+ Incorporated herein by reference.

* Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request.

** Management contract, compensatory plan or arrangement.

SIGNATURES

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

KORN/FERRY INTERNATIONAL

By: /s/ Robert P. Rozek

Robert P. Rozek
Executive Vice President and Chief Financial Officer

Date: December 10, 2015

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EXHIBIT INDEX

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+ Incorporated herein by reference.

* Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request.

** Management contract, compensatory plan or arrangement.

<u>SEPARATION AND GENERAL RELEASE AGREEMENT</u>

This SEPARATION AND GENERAL RELEASE AGREEMENT (this "**Agreement**") is entered into between Matthew P. Reilly ('**Executive**") and Korn/Ferry International, a Delaware corporation (the "**Company**") and is dated as of September 27, 2015 (the "**Agreement Date**"). Reference is made to that certain letter agreement, dated May 4, 2015, between Executive and the Company (the "**Letter Agreement**").

In consideration of the mutual covenants undertaken and releases contained in this Agreement, Executive and the Company hereby acknowledge and agree as follows:

1. <u>Separation</u>. The Company and Executive hereby agree that Executive's last day of employment with the Company shall be January 31, 2016 or such earlier date as mutually agreed by the parties (the "**Separation Date**"). The Company and Executive further agree that effective as of the Agreement Date, Executive resigns from his positions as the Company's Chief Executive Officer of the Company's Leadership and Talent Consulting business unit, and that effective as of the Separation Date, Executive shall be deemed to resign from all other positions that Executive may hold as an officer and/or director of the Company or any of its subsidiaries or affiliates. During the period from the Agreement Date through the Separation Date, Executive shall remain a full-time employee of the Company, and will provide such transition services as are reasonably requested by the Company's Chief Executive Officer, with Executive's current compensation level and benefits as in effect on the Agreement Date.

2. <u>Separation Pay and Benefits</u>. Notwithstanding Executive's separation with the Company, and conditioned upon (i) this Agreement having become irrevocable after the expiration of the Revocation Period (as provided herein), (ii) Executive's compliance with this Agreement, (iii) Executive's execution of the general release of claims set forth on Exhibit A hereto (the "**Supplemental Release**") on the Separation Date, and (iv) the Supplemental Release having become effective and irrevocable after the expiration of the Revocation Period (as provided in the Supplemental Release), the Company shall provide Executive with the following (which payments and benefits Executive would not otherwise be entitled to receive):

(a) a lump sum cash payment in an amount equal to the unpaid portion, as of the Separation Date, of the $750,000 fiscal year 2016 guaranteed minimum annual incentive award, payable within thirty (30) days after the Separation Date;

(b) a lump sum cash payment in an amount equal to $50,000, which represents a pro rata portion of the annual cash incentive award in excess of $750,000 that Executive would have received for the 2016 fiscal year (based on the Company's actual performance through the Agreement Date and the number of days of Executive's actual service to the Company during such fiscal year prior to the Agreement Date), payable within thirty (30) days after the Separation Date;

(c) an amount in cash equal, in the aggregate, to twelve (12) months of Executive's annual base salary as of the Agreement Date, to be paid in equal monthly installments over a period of twelve (12) months after the Separation Date (the "**Severance Period**");

(d) for up to eighteen (18) months after the Separation Date, to the extent Executive and/or Executive's covered dependent(s) continue to participate in the Company's group health plan(s) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") after the Separation Date and to the extent permitted by applicable law, the Company will provide reimbursement of COBRA coverage premiums paid by Executive and Executive's covered dependent(s) so that Executive and Executive's covered dependent(s) enjoy coverage at the same benefit level and to the same extent and for the same effective contribution, if any, as participation is available to other executive officers of the Company; and

(e) immediate accelerated vesting, as of the Separation Date, of 100% of the then unvested portion of the 43,970 time-based restricted stock units granted to Executive on May 4, 2015 in connection with the commencement of his employment with the Company.

Executive and the Company further agree that effective as of the Agreement Date, Executive hereby forfeits and releases the Company from any claim to the Performance Shares described in the Letter Agreement, which the parties acknowledge have not been granted as of the Agreement Date and will not be granted in the future. Executive and the Company also agree that effective as of the Agreement Date, the Company hereby forfeits and releases Executive from any claim to reimbursement of the Sign On Award provided for in the Letter Agreement which the parties acknowledge that Executive has no current or future obligation to the Company to repay any amount of said Award.

3. <u>No Other Compensation Except for Earned Compensation Through Separation Date and Vested Benefits Under Benefit Plans</u>

(a) Executive acknowledges and agrees that as of the Separation Date, except as otherwise expressly provided in this Agreement, Executive shall not be entitled to receive or be eligible for any payments, severance or sums from the Company under any offer letter, employment agreement, plan or otherwise with respect to Executive's employment with the Company and/or the termination of Executive's employment with the Company (including, without limitation, under the Letter Agreement), and no compensation, severance or other benefits shall accrue beyond the Separation Date; <u>provided</u>, <u>however</u>, that (x) the Company shall pay Executive all compensation to which he is entitled through the Separation Date according to the Company's regular payroll schedule; and (y) Executive will receive such vested benefits as Executive may be entitled to receive under any benefit plan or program of the Company with respect to which Executive is a participant as of the Separation Date, in accordance with and subject to the terms and conditions of such plans and programs.

(b) Executive's coverage under the Company's medical and dental benefit plans will terminate following the Separation Date in accordance with terms and conditions of the applicable plans. Executive shall have the option to convert and continue Executive's medical and dental benefits coverage under COBRA. Information regarding Executive's medical and dental benefits continuation rights under COBRA (including costs for such coverage) will be provided to Executive in a separate letter.

4. <u>Reimbursement of Expenses; Offset for Personal Charges on Corporate Credit Cards</u> Following the Separation Date, Executive shall receive payment from the Company of any expenses properly incurred and owed to Executive under the Company's expense reimbursement policy, payable in accordance therewith. To the extent that Executive has any

unpaid balances from any Company corporate credit card as of the Separation Date which the Company is not required to pay or reimburse under the Company's business expense policy in effect as of the Separation Date, Executive hereby authorizes the Company (to the fullest extent permitted by applicable law) to apply and offset any and all such unpaid balances against any sums otherwise payable or reimbursable to Executive, and agrees to execute any additional forms/documents necessary to allow the Company to do so.

5. Surviving Covenants.

(a) General. Under this Agreement and unless otherwise provided herein, the term '**Surviving Covenants**" shall mean and include all of the following: (i) all obligations of Executive under that certain "Agreement to Protect Confidential Information" signed by Executive; (ii) all obligations of Executive under provisions relating to confidentiality, non-competition and the non-solicitation of clients and employees after termination of employment which are contained in the Letter Agreement; (iii) all obligations of Executive under any and all written policies of the Company which are expressly binding on the Company's employees as of the Separation Date after termination of employment; and (iv) all obligations applicable to Executive under any benefit plan or program of the Company with respect to which Executive is a participant as of the Separation Date, as set forth in such plans and benefits, to the extent such obligations are stated to or otherwise intended to apply after termination of employment. Notwithstanding the forgoing, the Company hereby agrees that effective as of the Separation Date the term of the non-solicitation of employees covenant set forth under the heading "Business Information and Non-Competition" in the Letter Agreement shall be reduced from two years following the Separation Date to one year following the Separation Date. Executive acknowledges and agrees that except as set forth in the preceding sentence or as otherwise explicitly agreed in writing by the General Counsel or Chief Human Resources Officers of the Company, all of the Surviving Covenants shall remain in full force and effect after the execution and delivery of this Agreement and after the Separation Date in accordance with their respective terms. The Company acknowledges and agrees that Executive had no "clients" during his brief employment with the Company as that term is defined under the third unnumbered paragraph under the heading "Business Information and Non-Competition" in the Letter Agreement.

(b) Non-Disparagement. Executive hereby agrees that in addition to the Surviving Covenants, Executive will not disparage or ridicule any of the Releasees, or make any remarks or statements that could reasonably be construed as disparaging or ridiculing of any of the Releasees; provided, however, that the foregoing shall not prohibit Executive from giving truthful testimony in any legal or investigative proceeding pending before any agency or court of the United States or state government or in any arbitration proceeding relating to this Agreement. The Company hereby agrees that it will instruct its named executive officers and members of its Board of Directors not to disparage or ridicule Executive, or make any remarks or statements that could reasonably be construed as disparaging or ridiculing of Executive; provided, however, that the foregoing shall not prohibit any individual from giving truthful testimony in any legal or investigative proceeding pending before any agency or court of the United States or state government or in any arbitration proceeding relating to this Agreement

(c) Remedies. If Executive breaches any of Surviving Covenants, then the Company will have the right to seek injunctive relief. Executive acknowledges that such a breach of the Surviving Covenants could cause irreparable injury and that money damages may not provide an adequate remedy for the Company. Nothing contained herein will prevent Executive from contesting any such action by the Company, among other reasons, on the ground that no violation or threatened violation of the Surviving Covenants has occurred. In addition, if the Company reasonably believes that Executive has breached any of the Surviving Covenants, then the Company shall be permitted, on 15 days' notice, to cease the payments and benefits described in Section 2 and Executive shall have no right to any future payments from the Company pursuant to Section 2 (or otherwise) following any such breach; provided, however, that following such cessation, the Company and Executive agree to promptly enter into good faith mediation to resolve any dispute regarding the occurrence of any such breach. Executive agrees to notify the Company of each employment or consulting engagement he accepts during the Severance Period (including the name and address of the hiring party) and will, upon request by the Company, describe in reasonable detail the nature of his duties in each such position.

6. Compliance with Agreement; Return of Property. Executive acknowledges and agrees that as a condition precedent to the payment of the payments and benefits described in Section 2, from the Agreement Date through each applicable payment date, (a) Executive must comply and remain in compliance with all of Executive's obligations under this Agreement and all of Executive's obligations under the Surviving Covenants; and (b) by the Separation Date, must return to the Company all Company documents (whether prepared by the Company, the Company's affiliates, Executive, or a third party) in any form including, but not limited to, electronic, digital, and paper form (and all copies thereof) and other Company property which Executive has had in Executive's possession or under Executive's control. Executive agrees not to keep any Company documents in Executive's possession or under Executive's control, re-create any Company documents, or deliver any Company documents to any third party. The items that fall within the scope of this Section 6 are defined broadly to include, but are not limited to, any materials relating to the Company or any of its subsidiaries or affiliates or any of their businesses or property, including, but not limited to, files, notes, drawings, charts, graphs, lists, databases, database entries or reports (including any entries, information, or reports from the Searcher database), compilations of information, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers, personal digital assistants, mobile telephones, electronic storage devices, credit cards, entry cards, identification badges and keys); and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). Executive represents and warrants that Executive has not retained, or delivered to any person or entity (including Executive by means of a Company or personal or other non-Company e-mail account owned or used by Executive), copies of any items that fall within the scope of this Section 6 or permitted any copies of such materials to be made by any other person or entity.

7. Cooperation. Executive will cooperate with the Company following the Separation Date through the Severance Period by making himself reasonably available to the Company or any affiliate in connection with any internal or external investigation as well as any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to reasonably assist the Company or any such affiliate in any such action, suit, or proceeding including by providing information and meeting and consulting with the Board of Directors of the Company or its representatives or counsel, or representatives or counsel to the Company or any such affiliate, as reasonably requested by the Company. The Company will reimburse Executive for all expenses reasonably incurred by Executive in connection with Executive's provision of such assistance (including the fees of any counsel that may be retained by Executive). In addition, during the Severance Period, Executive shall provide all assistance reasonably requested by the Company relating to the transition of his former duties and responsibilities.

8. General Release. Except for those obligations of Company under this Agreement, Executive, on behalf of Executive and Executive's dependents, successors, heirs, assigns, agents, and executors (collectively, the "**Releasors**"), hereby releases and discharges and covenants not to sue, to the maximum extent permitted by law, the Company and its predecessors, successors, subsidiaries, parents, branches, divisions, and other affiliates, and each of their current and former directors, officers, employees, shareholders, representatives, attorneys, successors and assignees, past and present, and each of them (individually and collectively, "**Releasees**") from and with respect to any and all claims, wages, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected, concealed or hidden (collectively, "**Claims**"), of any kind whatsoever, including, without limitation, any Claims arising out of or in any way connected with Executive's employment relationship with or separation from, Company, any Claims for severance pay, bonus or similar benefit, sick leave, pension, retirement, vacation pay, life insurance, health or medical insurance or any other fringe benefit, any benefits arising from any ERISA benefit plan, workers' compensation or disability, and any other Claims resulting from any act or omission by or on the part of Releasees committed or omitted prior to the Separation Date, including by way of example only, any Claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and the rules and regulations promulgated thereunder ("**ADEA**"), the Family and Medical Leave Act, the California Fair Employment and Housing Act, or any other federal, state or local law, regulation or ordinance. This release does not prevent Executive from filing a charge with or participating in an investigation by a governmental administrative agency; provided, however, that Executive waives any right to receive any monetary award resulting from such a charge or investigation, including, without limitation, interest, penalties, fines, and attorneys' fees.

9. ADEA Waiver. Executive expressly acknowledges and agrees that, by entering into this Agreement, Executive is knowingly and voluntarily waiving any and all rights or claims that Executive may have arising under the ADEA, which have arisen on or before the effective date of the Agreement. Executive further expressly acknowledges and agrees that:

(a) in return for the releases provided for in this Agreement, Executive will receive value beyond that which Executive was already entitled to receive before entering into this Agreement;

(b) Executive was advised in writing by this Agreement to consult with an attorney before signing this Agreement;

(c) Executive has been given a period of 21 days within which to consider this Agreement before signing it, and that in the event Executive executes the Agreement before the full 21 days, Executive does so knowingly and voluntarily and with the intention of waiving any remaining time in that 21 day period; and

(d) Executive was informed that he has seven days following the date of his execution of this Agreement in which to revoke the Agreement (the "**Revocation Period**"). This Agreement shall not become effective or enforceable until the Revocation Period has expired and Executive has not revoked the Agreement. To be effective, such revocation must be in writing and hand delivered to the persons identified in Section 11 below within the Revocation Period.

Nothing herein shall prevent Executive from seeking a judicial determination as to the validity of the release provided in this Agreement, with regard to age discrimination claims consistent with the ADEA.

10. No Claims Assigned or Filed. Executive represents and warrants that Executive has not assigned or transferred to any person, firm or non-governmental entity not a party to this Agreement any of the Claims released pursuant this Agreement. Executive further represents and warrants that neither Executive nor any person, firm or entity acting on Executive's behalf or for Executive's benefit has filed any complaints, charges, or lawsuits with any court or government agency, or commenced any arbitration proceeding, relating to any of the Claims released pursuant to this Agreement.

11. Notices. Any notices, requests, or other communications provided for by this Agreement shall be in writing and shall be deemed to have been given at the time when mailed by Federal Express or overnight delivery, return receipt requested, and addressed to the address of the respective party stated below or to such changed address as such party may have fixed by like notice similarly given:

To Company:	Jonathan Kuai General Counsel and Corporate Secretary Korn/Ferry International 1900 Avenue of the Stars Suite 2600 Los Angeles, California 90067
To Executive:	Matthew P. Reilly [_]

12. Application of Section 409A. Notwithstanding any inconsistent provision of this Agreement, to the extent the Company determines in good faith that (i) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement in connection with Executive's termination of employment would constitute deferred compensation subject to the rules of Internal Revenue Code Section 409A ("**Section 409A**"), and (ii) that Executive is a "specified employee" under Section 409A, then only to the extent required to avoid Executive's incurrence of any additional tax or interest under Section 409A, such payment or benefit will be delayed until the date which is six (6) months after Executive's "separation from service" within the meaning of Section 409A. The Company and Executive agree to negotiate in good faith to reform any provisions of this Agreement to maintain to the maximum extent practicable the original intent of the applicable provisions without violating the provisions of Section 409A, if the Company deems such reformation necessary or advisable pursuant to guidance under Section 409A to avoid the incurrence of any such interest and penalties. Such reformation shall not result in a reduction of the aggregate amount of payments or benefits under this Agreement, nor the obligation of the Company to pay interest on any payments delayed for the purposes of avoiding a violation of Section 409A.

13. Miscellaneous. This Agreement shall be governed by, interpreted under and enforced, in accordance with the laws of the State of Georgia, excluding such state's conflict of laws principles. Any legal action, suit or proceeding arising out of or relating to this Agreement

shall only be instituted, heard and adjudicated in a state or federal court located in the State of Georgia, and each party hereto knowingly, voluntarily and intentionally waives any objection which such party may now or hereafter have to the laying of the venue of any such action, suit or proceeding, and irrevocably submits to the exclusive personal jurisdiction of any such court in any such action, suit or proceeding. If any provision of this Agreement or its application is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application and, therefore, the provisions of this Agreement are declared to be severable. In addition, should any court of competent jurisdiction determine that any provision of this Agreement is unenforceable, the parties agree that the court should modify the provision to the minimum extent necessary to render said provision enforceable. This Agreement and the attached exhibits constitute the entire Agreement of the parties and supersedes all prior negotiations and all agreements, whether written or oral. For the avoidance of doubt, Executive shall remain subject to the Korn/Ferry International Clawback Policy. This Agreement may be modified only by a writing signed by all of the parties to this Agreement. No waiver of any provision in this Agreement shall be binding unless in writing and signed by the party waiving the breach. No waiver of any breach of any term or provision of this Agreement shall be construed to be, or shall be, a waiver of any other breach of this Agreement. This Agreement is binding on and enforceable against the heirs, successors and assigns of Executive and the Company. This Agreement is not and shall not be construed as an indication that the Company or Executive may have engaged in any wrongful conduct. This Agreement may be executed in counterparts, and each counterpart, when executed, shall have the efficacy of a signed original. Photographic and facsimile copies of such signed counterparts may be used in lieu of the originals for any purpose.

14. Agreement Freely Entered Into. Executive has read and understands this Agreement and voluntarily signs it without coercion, acknowledging that the benefits described in this Agreement are adequate and the only consideration for this Agreement. Executive confirms that no promise or inducement not contained herein has been offered or made to cause Executive to sign this Agreement. Executive also acknowledges that the Company has advised Executive that Executive has the right and opportunity to have Executive's own legal counsel review this Agreement and represent Executive in connection with this Agreement, and that the Company has also recommended that Executive so engage Executive's own legal counsel in connection with this Agreement. If Executive has elected not to engage Executive's own legal counsel in connection with this Agreement, Executive acknowledges, represents and warrants that such election was made by Executive alone, in Executive's discretion, and without any coercion or pressure from the Company. The undersigned Executive declares under penalty of perjury that the foregoing is true and correct.

EXECUTED as of 28 September, 2015.

KORN/FERRY INTERNATIONAL	**EXECUTIVE**
By: /s/ Jonathan Kuai	/s/ Matthew P. Reilly
	Matthew P. Reilly
Its: General Counsel	

ACKNOWLEDGMENT AND WAIVER

I, Matthew P. Reilly, hereby acknowledge that I was given 21 days to consider the foregoing Agreement and voluntarily chose to sign the Agreement prior to the expiration of the 21-day period.

I declare under penalty of perjury under the laws of the State of Georgia that the foregoing is true and correct.

EXECUTED on 28 September, 2015.

/s/ Matthew P. Reilly
Matthew P. Reilly

Exhibit A – Supplemental Release

I, Matthew P. Reilly, in consideration of and subject to the performance by Korn/Ferry International (the "**Company**"), of its obligations under Section 2 of that certain Separation and General Release Agreement between the Company and myself, dated as of September __, 2015 (the "**Separation Agreement**"), on behalf of myself and my dependents, successors, heirs, assigns, agents, and executors (collectively, the "**Releasors**"), hereby release and discharge and covenant not to sue, to the maximum extent permitted by law, the Company and its predecessors, successors, subsidiaries, parents, branches, divisions, and other affiliates, and each of their current and former directors, officers, employees, shareholders, representatives, attorneys, successors and assignees, past and present, and each of them (individually and collectively, "**Releasees**") to the extent provided below.

1. I understand that the separation benefits payable to me under Section 2 of the Separation Agreement represent, in part, consideration for signing this Supplemental Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the benefits specified in Section 2 of the Separation Agreement otherwise due to me unless I execute this Supplemental Release and do not revoke this Supplemental Release within the time period permitted hereafter or breach this Supplemental Release. I also acknowledge and represent that I have received all payments and benefits that I am entitled to receive (as of the date hereof) by virtue of any employment by the Company.

2. I knowingly and voluntarily (for myself and the Releasors) hereby release and discharge and covenant not to sue, to the maximum extent permitted by law, the Company and each of the Releasees from and with respect to any and all claims, wages, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected, concealed or hidden (collectively, "**Claims**"), of any kind whatsoever, including, without limitation, any Claims arising out of or in any way connected with my employment relationship with or separation from, Company, any Claims for severance pay, bonus or similar benefit, sick leave, pension, retirement, vacation pay, life insurance, health or medical insurance or any other fringe benefit, any benefits arising from any ERISA benefit plan, workers' compensation or disability, and any other Claims resulting from any act or omission by or on the part of Releasees committed or omitted prior to the Separation Date, including by way of example only, any Claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, and the rules and regulations promulgated thereunder ("**ADEA**"), the Family and Medical Leave Act, the California Fair Employment and Housing Act, or any other federal, state or local law, regulation or ordinance. This release does not prevent me from filing a charge with or participating in an investigation by a governmental administrative agency; provided, however, that I waive any right to receive any monetary award resulting from such a charge or investigation, including, without limitation, interest, penalties, fines, and attorneys' fees.

3. I expressly acknowledge and agree that, by entering into this Supplemental Release, I am knowingly and voluntarily waiving any and all rights or claims that I may have arising under the ADEA, which have arisen on or before the effective date of this Supplemental Release. I further expressly acknowledges and agrees that:

- in return for the releases provided for in this Supplemental Release, I will receive value beyond that which I was already entitled to receive before entering into this Supplemental Release;

- I was advised in writing by this Supplemental Release to consult with an attorney before signing this Supplemental Release;

- I have been given a period of 21 days within which to consider this Supplemental Release before signing it, and that in the event I execute this Supplemental Release before the full 21 days, I do so knowingly and voluntarily and with the intention of waiving any remaining time in that 21 day period; and

- I was informed that I have seven days following the date of my execution of this Supplemental Release in which to revoke this Supplemental Release (the "**Revocation Period**"). This Supplemental Release shall not become effective or enforceable until the Revocation Period has expired and I have not revoked this Supplemental Release. To be effective, such revocation must be in writing and hand delivered to the persons identified in Section 11 of the Separation Agreement within the Revocation Period.

4. Nothing herein shall prevent me from seeking a judicial determination as to the validity of the release provided in this Supplemental Release, with regard to age discrimination claims consistent with the ADEA.

5. I represent and warrant that I have not assigned or transferred to any person, firm or non-governmental entity not a party to this Supplemental Release any of the Claims released pursuant this Supplemental Release. I further represent and warrant that neither I nor any person, firm or entity acting on my behalf or for my benefit has filed any complaints, charges, or lawsuits with any court or government agency, or commenced any arbitration proceeding, relating to any of the Claims released pursuant to this Supplemental Release.

6. I agree that neither this Supplemental Release, nor the furnishing of the consideration for this Supplemental Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

DATE: 27 September 2015

/s/ Matthew P. Reilly
Matthew P. Reilly

Exhibit 10.3

EXECUTION COPY

AMENDMENT NO. 4 TO CREDIT AGREEMENT

This Amendment No. 4 to Credit Agreement (this "Amendment") dated as of November 20, 2015, is made by and between KORN/FERRY INTERNATIONAL, a Delaware corporation ("Borrower") and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

This Amendment is made with reference to the following facts:

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

B. Borrower has requested that Bank agree to amend the Credit Agreement to provide for Borrower and/or its Subsidiaries to enter into obligations in respect of letters of credit or guarantees issued by other financial institutions on behalf of Borrower and/or its Subsidiaries. Subject to the terms and conditions set forth herein, Bank is willing to grant such accommodations to Borrower as more specifically set forth below.

AGREEMENT

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

1. AMENDMENTS TO CREDIT AGREEMENT.

A. Section 1.1 - Definition of Permitted Indebtedness. A new clause (k) is appended to the definition of "Permitted Indebtedness" contained in Section 1.1 of the Credit Agreement as follows:

(k) Secured Indebtedness consisting of, arising from or in connection with letters of credit or guarantees issued by other financial institutions on behalf of Borrower and/or its Subsidiaries in an aggregate amount not at any time exceeding $5,000,000.

B. Section 1.1 - Definition of Permitted Encumbrance. A new clause (q) is appended to the definition of "Permitted Encumbrances" contained in Section 1.1 of the Credit Agreement as follows:

(q) Liens on cash deposits held by and in favor of other financial institutions arising from or in connection with letters of credit or guarantees issued by such other financial institutions on behalf of Borrower and/or its Subsidiaries permitted by clause (k) of the definition of Permitted Indebtedness.

2. MISCELLANEOUS.

A. Due Execution. Borrower represents and warrants that the execution, delivery and performance of this Amendment and any instruments, documents or agreements executed in connection herewith are within the powers of Borrower, have been duly authorized by all necessary action, and do not contravene any law or the terms of any organizational document of Borrower, result in a breach of, or constitute a default under, any material contractual restriction, indenture, trust agreement or other instrument or agreement binding upon Borrower other than such violations, breaches or defaults which are not reasonably expected to have a Material Adverse Effect.

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

C. Further Assurances. Borrower, at its sole cost and expense, agrees to execute and deliver all documents and instruments and to take all other actions as may be required in order to consummate the purposes of this Amendment.

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

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

F. Counterparts and Execution. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf"), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

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

H. Non-Impairment of Loan Documents. This Amendment shall be a part of the Credit Agreement. Except as expressly provided in this Amendment or in any other document, instrument or agreement executed by Bank, all provisions of the Loan Documents shall remain in full force and effect, and Bank shall continue to have all its rights and remedies under the Loan Documents.

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

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

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

L. Reaffirmation. Each guarantor party hereto as debtor, guarantor, or in any other similar capacity in which such guarantor acts as a guarantor or an accommodation party under any of the Loan Documents to which it is a party hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, and undertakings arising under or pursuant to the Subsidiary Guaranty and (ii) acknowledges and agrees that, subsequent to the execution and delivery of, and after taking into account and giving effect to, this Amendment, the Subsidiary Guaranty remains in full force and effect as hereby ratified, amended and confirmed.

[signature page follows]

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

BORROWER

KORN/FERRY INTERNATIONAL,
a Delaware corporation

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

BANK:

WELLS FARGO BANK,
NATIONAL, ASSOCIATION

By: /s/ Sanjna Daphtary
Sanjna Daphtary
Senior Vice President

Acknowledged and agreed by the following Subsidiary Guarantors:

KORN/FERRY INTERNATIONAL
FUTURESTEP, INC.

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

KORN FERRY LEADERSHIP
CONSULTING CORPORATION

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

SENSA SOLUTIONS, INC,

By: /s/ Wendy Monson
Name: Wendy Monson
Title: President

Exhibit 10.4

September 23, 2015

<u>PERSONAL AND CONFIDENTIAL</u>

Mr. Stephen D. Kaye

Dear Stephen,

We are delighted to extend to you this offer of employment to be the Chief Executive Officer of Korn Ferry International's ("Korn Ferry" or the "firm") [advisory business unit which is currently intended to consist of Korn Ferry's legacy Leadership & Talent Consulting business unit combined with the Hay Group (as defined below)]. The purpose of this offer letter (referred to herein as this "Offer Letter") is to confirm the terms of your employment, including your responsibilities, reporting relationships, compensation, employee benefits, and professional requirements. This letter will be subject to and effective only upon the consummation of Korn Ferry's acquisition of HG (Luxembourg) S.à r.1., a private limited liability company (*société à responsabilité limitée*) organized under the laws of Luxembourg and its operating subsidiaries (together the "<u>Hay Group</u>"), ("Start Date").

<u>Base Salary</u>

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

<u>Annual Incentive Award</u>

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

During your first 12 months of employment with Korn Ferry you will be guaranteed minimum total cash compensation (consisting of base salary and annual incentive award) of $1,200,000. The annual incentive portion of this guarantee ($750,000) (the "First Year Minimum Incentive") will be paid to you in cash, as an advance, in equal semi-monthly payments over the first calendar year of your employment with Korn Ferry. Any annual incentive award for Korn Ferry's 2016 and 2017 fiscal years earned in excess of this guarantee/advance will be paid at such time and in such manner as determined by the Compensation Committee. Following fiscal year 2017, you will not have any guaranteed minimum incentive award amount or be entitled to any further advance incentive award payments.

Retention Incentive Award

In connection with Korn Ferry's acquisition of Hay Group, Korn Ferry will establish a retention incentive plan (the "Retention Plan") providing for the payment of cash bonuses subject to the terms and conditions of the Retention Plan. You will be entitled to receive an award under the Retention Plan in the amount of $1,000,000 (the "Retention Award"), which award shall be granted as of your Start Date and shall be governed by and subject to the terms and conditions of the Retention Plan.

Sign On Award

In addition to the award under the Retention Plan, you shall also be entitled to receive a one-time award of restricted stock units (the "Sign On Award"), covering a number of shares with a fair market value on the grant date of the award (as determined by the Compensation Committee) of one million dollars ($1,000,000). Such restricted stock unit award will vest in four equal annual installments on the 1st, 2nd, 3rd, and 4th anniversaries of your Start Date, subject to your continuous active full-time employment with Korn Ferry through each vesting date and the terms and conditions of Korn Ferry's standard form of restricted stock unit award agreement. The date of grant of this award will be the later of the date you commence full-time active employment with Korn Ferry or the date the awards are approved by the Compensation Committee, but in no event later than 30 days following the Start Date. All other terms of the award shall be determined by the Compensation Committee and consistent with Korn Ferry's equity compensation plan and applicable form of award agreement.

Employee Benefits and Perquisites

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

"At will" Employment and Termination of Employment

Your employment with Korn Ferry will be an employment "at will" and this arrangement may be altered only in writing by the CEO or General Counsel of Korn Ferry.

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

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

(2) any portion of the First Year Minimum Incentive that has not already been paid to you prior to the date of such termination of employment shall be paid to you in a lump sum within thirty (30) days following your termination date (with the payment date during such 30-day period to be determined by Korn Ferry in its sole discretion), subject to the release requirement described below;

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

(4) to the extent then outstanding and unvested, your Retention Award and Sign On Award will become fully vested, and to the extent applicable, payable, as of the date your employment terminates;

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

(6) you shall receive a number of performance shares and/or a payout under any long-term performance-based cash incentive program (as applicable), payable no later than the March 15 of the year following the calendar year in which the applicable performance period ends, equal to the product of (A) the performance shares and/or cash award that would have been earned if you had served Korn Ferry for the entirety of any open performance period at the time of your termination of employment based upon Korn Ferry's actual performance during such

period, and (B) a fraction, (x) the numerator of which fraction shall be the sum of (i) the number of days of your employment during any such performance period and (ii) 365 (provided that the numerator shall not exceed the number of days in the applicable performance period) and (y) the denominator of which fraction shall be the number of days in the applicable performance period (as determined in the sole discretion of the Compensation Committee).

In addition, if your employment with Korn Ferry is terminated (i) by Korn Ferry for any reason other than Cause and not due to your death or Disability or (ii) by you for Good Reason, and such termination of employment occurs within 12 months after the occurrence of a Change in Control (as defined on Schedule A hereto), then you will be entitled to the same severance and other benefits as described in clauses (1) through (6) above, except that the aggregate payment in clause (1) above shall be in the amount equal to twelve (12) months of your then current annual base salary plus your full target annual incentive award (and these severance payments will be made in the same form and at such time as set forth in this section in paragraph (1) above), and you will be entitled to vesting of 100% of your outstanding equity incentive awards and all benefits under the Executive Capital Accumulation Plan, if any, provided that with respect to performance-based awards such vesting will be based on actual performance through the date of the Change in Control.

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

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

For purposes of this letter:

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

"Cause" shall mean (a) conviction of any felony or other crime involving fraud, dishonesty or acts of moral turpitude or pleading guilty or nolo contendere to such charges, (b) reckless or willful behavior or conduct that causes or is reasonably likely to cause Korn Ferry material harm or injury or exposes or is reasonably likely to expose Korn Ferry to any material civil, criminal or administrative liability, (c) any material misrepresentation or false statement made by you in any application for employment, employment history, resume or other document submitted to Korn Ferry, either before, during or after employment, (d) any material violation of Korn Ferry's material written policies or procedures including those described under Professional Requirements below, or (e) any of your representations or warranties set forth in the third paragraph under Professional Requirements below are, or become, untrue or inaccurate.

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

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

Professional Requirements

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

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

You also represent and warrant that as of the Start Date you will be legally available to work for Korn Ferry, that you have the full legal right and authority to negotiate and accept this offer letter of employment and to render the services as required under this offer letter, and that by negotiating, accepting and signing such offer letter and rendering such services, you will not have breached or violated and will not breach or otherwise violate any contract or legal obligation that you may owe to any third party. You further represent and warrant that you have not and will not breach or violate any contract or legal obligation owed to any third party, e.g., a fiduciary obligation owed to your current employer. If for any reason whatsoever, any of the foregoing representations or warranties are untrue or inaccurate, or become untrue or inaccurate after your acceptance of such offer letter, in any respect, then Korn Ferry shall have the right to terminate your employment for Cause.

Business Information and Non-Competition

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

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

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

In addition, you agree that during the term of your employment and the period ending twelve months after your employment terminates for any reason you will not directly or indirectly in the entire United States and any other country where Korn Ferry or its subsidiaries or affiliates has operated or offered its services at any time in the one-year period ending on the last day of your employment with Korn Ferry, (a) own, manage, operate, be employed by, provide services to, sell, control or participate in the ownership, management, operation, sales or control of any of the competitors (including, but not limited to, any of their subsidiaries or affiliates) listed on Schedule B (attached hereto and each business a "Listed Entity") provided that the foregoing shall not be applicable to the ownership of not more than 1% of the publicly traded equity securities of any of the foregoing or to the indirect ownership of any of the foregoing through the ownership of mutual funds; or (b) request or advise any of the clients, vendors or other business contacts of Korn Ferry or its subsidiaries or affiliates with which you had contact while employed by Korn Ferry to withdraw, curtail, cancel or not increase their business with Korn Ferry or its subsidiaries or affiliates.

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

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

Assignment of Inventions

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

Section 409A Compliance

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

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

Section 280G

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

Withholding

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

Entire Agreement

This offer letter, along with any award agreement entered into thereunder, constitutes the entire agreement between you and Korn Ferry pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter, including, without limitation, any employment agreement that you may have with the Hay Group (or any affiliate), which employment agreement shall be of no further force or effect from and after the Start Date.

Acceptance

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

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

Sincerely,

/s/ Gary D. Burnison
Gary D. Burnison
Chief Executive Officer
Korn Ferry International

ACCEPTED:

/s/ Stephen Kaye
Stephen Kaye

9/23/15
Date

SCHEDULE A

DEFINITION OF CHANGE IN CONTROL

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

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

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

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

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

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

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

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

"Excluded Person" means

(i) the Company; or

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

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

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

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

Schedule B

A. T. Kearney
Adecco
Alexander Mann
Ambris
AON plc
Aon/Hewitt
Caldwell Partners
Center for Creative Leadership
Christian & Timbers
Corporate Executive Board
CT Partners
Cubiks
Deloitte
Development Dimensions International
Egon Zender
GH Smart
Heidrick & Struggles
Hogan
HRX
Kelly Services
Kenexa/IBM
Manpower
Marsh & McLennan Companies, Inc.
PeopleScout
Pinstripe/Ochre House
Pricewaterhouse Coopers
RHR International LLP
Right Management
RightThing/ADP
Russell Reynolds
SAP/Sucessfactors
SHL
Spencer Stuart
Spherion/Ranstad
Talent2/Allegis
Taleo/Oracle
Towers Watson & Co.
Ultimate Software
Workday
YSC
Zenger-Folkman

EXHIBIT 31.1

CERTIFICATIONS

I, Gary D. Burnison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Korn/Ferry International;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ GARY D. BURNISON
Name: **Gary D. Burnison**
Title: **Chief Executive Officer and President**

Date: December 10, 2015

EXHIBIT 31.2

CERTIFICATIONS

I, Robert P. Rozek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Korn/Ferry International;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ROBERT P. ROZEK
Name: **Robert P. Rozek**
Title: **Executive Vice President and Chief Financial Officer**

Date: December 10, 2015

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 International, a Delaware corporation (the “Company”), hereby certify that, to the best of their knowledge:

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

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

Dated: December 10, 2015

By: /s/ GARY D. BURNISON
Name: **Gary D. Burnison**
Title: **Chief Executive Officer and President**

By: /s/ ROBERT P. ROZEK
Name: **Robert P. Rozek**
Title: **Executive Vice President and Chief Financial Officer**