

KORN FERRY INTERNATIONAL
Form DEF 14A
August 26, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Korn/Ferry International

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

NOTICE OF 2016
ANNUAL
STOCKHOLDERS'
MEETING
AND PROXY
STATEMENT

October 6, 2016
8:00 a.m. Pacific Time
InterContinental
2151 Avenue of the Stars
Los Angeles, CA 90067

Table of contents

<u>01</u>	
GOVERNANCE	
<u>PROPOSAL No. 1 ELECTION OF DIRECTORS</u>	<u>8</u>
<u>THE BOARD OF DIRECTORS</u>	<u>9</u>
<u>Director Qualifications</u>	<u>9</u>
<u>Board Diversity</u>	<u>10</u>
<u>Director Tenure</u>	<u>10</u>
<u>Background Information Regarding Director Nominees</u>	<u>11</u>
<u>CORPORATE GOVERNANCE</u>	<u>15</u>
<u>Director Independence</u>	<u>16</u>
<u>Board Leadership Structure</u>	<u>16</u>
<u>Board’s Oversight of Enterprise Risk and Risk Management</u>	<u>17</u>
<u>Board Committees</u>	<u>18</u>
<u>TOTAL APPROACH TO TALENT</u>	<u>22</u>
<u>02</u>	
COMPENSATION	
<u>PROPOSAL No. 2 ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION</u>	<u>24</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>25</u>
<u>Executive Summary: Focus on Pay-for-Performance</u>	<u>25</u>
<u>Executive Compensation Philosophy and Oversight</u>	<u>28</u>
<u>Our Process: From Strategy to Compensation-Related Metrics</u>	<u>29</u>
<u>Elements of Compensation & Compensation Decisions and Actions</u>	<u>31</u>
<u>Compensation and Personnel Committee Report on Executive Compensation</u>	<u>40</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>40</u>
<u>COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS</u>	<u>41</u>
<u>Fiscal Year 2016 Compensation of Directors</u>	<u>53</u>
<u>03</u>	
STOCK INCENTIVE PLAN	
<u>PROPOSAL No. 3 APPROVAL OF THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN</u>	<u>56</u>
<u>04</u>	
AUDIT MATTERS	

<u>PROPOSAL No. 4 RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>66</u>
<u>AUDIT COMMITTEE MATTERS</u>	<u>67</u>
<u>Fees Paid to Ernst & Young LLP</u>	<u>67</u>
<u>Recommendation to Appoint Ernst & Young LLP as Independent Registered Public Accounting Firm</u>	<u>67</u>
<u>Audit Committee Pre-Approval Policies and Procedures</u>	<u>68</u>
<u>Report of the Audit Committee</u>	<u>69</u>
<u>05</u>	
<u>GENERAL INFORMATION</u>	
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>72</u>
<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u>	<u>73</u>
<u>OTHER MATTERS</u>	<u>76</u>
<u>Certain Relationships and Related Transactions</u>	<u>76</u>
<u>Related Person Transaction Approval Policy</u>	<u>76</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>76</u>
<u>APPENDIX A – KORN/FERRY INTERNATIONAL THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN</u>	<u>A-1</u>

[Back to Contents](#)

DEAR FELLOW STOCKHOLDERS

2016 was a year of investment for Korn Ferry. The Company's Board of Directors helped to facilitate and oversee a dramatic transformation. In December 2015, Korn Ferry completed the acquisition of legacy Hay Group, a global leader in people strategy and organizational performance. The addition of legacy Hay Group enhanced the Company's already growing and complementary organizational advisory services. Now, with Hay Group as part of the Korn Ferry organization, we are proud to say that Korn Ferry has a total approach to talent – where Korn Ferry can help its clients attract, develop, engage and reward their employees.

FY 2016 Financial Accomplishments and Stockholder Value

We are proud of the results that we delivered in fiscal year 2016, including:

- Consummated the transformational acquisition of legacy Hay Group, which has strengthened our intellectual property, enhanced our geographic presence, added complementary capabilities to further leverage our search relationships and broadened our capabilities in assessment and development;
- Generated record fee revenue of \$1.3 billion (inclusive of Hay Group acquisition for 5 months);
- Paid a quarterly cash dividend of \$0.10 per share during each quarter of fiscal year 2016 as a way of returning value to our stockholders; and
- #2 ranking (out of 15) amongst our peers in 3 year Total Stockholder Return.

We are the new Korn Ferry.

On December 1, 2015, Korn Ferry welcomed the addition of Hay Group.

The combination of Korn Ferry, Hay Group and Futurestep unites three world-class brands with a rich heritage and more than a century of combined success. We aim to be nothing less than the preeminent global people and organizational advisory firm.

Korn Ferry Executive Search helps you attract the best executive talent with the right fit.

Korn Ferry Hay Group helps you align your organization and people; developing, engaging and rewarding them to achieve business success.

Korn Ferry Futurestep delivers professional talent with impact.

Continued Alignment of Compensation and Performance

Our compensation philosophy includes a strong commitment to provide market-based competitive compensation programs that enables Korn Ferry to attract and retain the best talent with pay that is directly linked to performance. In recent years, we devoted significant time and resources to discussing and reviewing our executive compensation program with independent experts and our stockholders in our continuing effort to achieve an appropriate alignment of compensation with performance. For instance, approximately 87% of actual CEO pay was performance-based, variable or “at-risk” for fiscal year 2016.

Leading Corporate Governance Practices

Complementing our financial performance is our organization’s commitment to corporate governance, including:

- Majority voting for directors in uncontested elections;
- Declassified board;
- Independent chair and independent board members (except for CEO);
- Annual election of directors; and
- Maintenance of the highest possible ISS Governance QuickScore of 1.

We strongly encourage all of our stockholders to convey their views and vote promptly. On behalf of our Board, Senior Management and the Company, thank you for your investment and support of Korn Ferry.

Sincerely,

George T. Shaheen
Chair of the Board
August 26, 2016

[Back to Contents](#)

NOTICE OF 2016 ANNUAL MEETING

MEETING INFORMATION

Date: October 6, 2016

Time: 8:00 a.m. Pacific Time

Location: InterContinental, 2151 Avenue of the Stars, Los Angeles, CA 90067

Record Date: August 17, 2016

MEETING AGENDA

To the Stockholders:

On October 6, 2016, Korn/Ferry International (the “Company”, “Korn Ferry”, “we”, “its” and “our”) will hold its 2016 Annual Meeting of Stockholders (the “Annual Meeting”) at the InterContinental located at 2151 Avenue of the Stars, Los Angeles, California 90067. The Annual Meeting will begin at 8:00 a.m. Pacific Time.

Only stockholders who owned our common stock as of the close of business on August 17, 2016 (the “Record Date”) can vote at the Annual Meeting or any adjournments or postponements thereof. The purposes of the Annual Meeting are to:

Elect the seven directors nominated by our Board of Directors and named in the Proxy Statement accompanying

1. this notice to serve on the Board of Directors until the 2017 Annual Meeting of Stockholders and until their successors have been duly elected and qualified, subject to their earlier death, resignation or removal;

2. Vote on a non-binding advisory resolution regarding the Company’s executive compensation;

3. Approve our Third Amended and Restated 2008 Stock Incentive Plan (the “2008 Plan”) to, among other things, increase the number of shares of common stock that may be delivered pursuant to awards granted under the 2008 Plan by 5,500,000 shares;

4. Ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's 2017 fiscal year; and
5. Transact any other business that may be properly presented at the Annual Meeting.

RECOMMENDATION OF THE BOARD

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE YOUR SHARES "FOR" THE ELECTION OF EACH OF THE NOMINEES NAMED IN THE PROXY STATEMENT AND "FOR" EACH OF THE OTHER ABOVE PROPOSALS.

Please read the proxy materials carefully.

Your **vote is important** and we appreciate your cooperation in considering and acting on the matters presented. See page 73 for a description of the ways by which you may cast your vote on the matters being considered at the Annual Meeting.

August 26, 2016
Los Angeles, California
By Order of the Board of Directors,

Jonathan Kuai
General Counsel and Corporate Secretary

The Proxy Statement and accompanying Annual Report to Stockholders are available at www.proxyvote.com.

[Back to Contents](#)

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. Page references are supplied to help you find further information in this Proxy Statement.

Annual Meeting of Stockholders (page 73)

Date and Time: October 6, 2016 at 8:00 a.m. Pacific Time.

Place: InterContinental, 2151 Avenue of the Stars, Los Angeles, California 90067.

Admission: To be admitted to the 2016 Annual Meeting of Stockholders (the “Annual Meeting”) you must present valid photo identification and, if your shares are held by a bank, broker or other nominee, proof of beneficial ownership of the shares.

Eligibility to Vote: You can vote if you were a holder of Korn Ferry’s common stock at the close of business on August 17, 2016.

Voting Matters (page 73)

1 Election of Directors

Page Reference (for more detail) page 8

Board Vote Recommendation
FOR each Director Nominee

2 Advisory Resolution on Executive Compensation

Page Reference (for more detail) page 24

Board Vote Recommendation
FOR

3 Approval of Third Amended and Restated 2008 Stock Incentive Plan

Page Reference (for more detail) page 56

Board Vote Recommendation
FOR

4 Ratification of Independent Registered Public Accounting Firm

Page Reference (for more detail) page 66

Board Vote Recommendation
FOR

How to Cast Your Vote (page 73 – 74)

On or about August 26, 2016, we will mail a Notice of Internet Availability of Proxy Materials to stockholders of our common stock as of August 17, 2016, other than those stockholders who previously requested electronic or paper delivery of communications from us.

Stockholders of record can vote by any of the following methods:

Via **telephone** by calling **1-800-690-6903**;

Via **Internet** by visiting **www.proxyvote.com**;

Via **mail** (if you received your proxy materials by mail) by signing, dating and mailing the enclosed proxy card; or

In **person**, at the Annual Meeting. You must present valid photo identification to be admitted to the Annual Meeting.

• If you vote via telephone or the Internet, you must vote no later than 11:59 p.m. Eastern time on October 5, 2016. If you return a proxy card by mail, it must be received before the polls close at the Annual Meeting.

• If your shares are held in the name of a bank, broker or other nominee, you must follow the voting instructions provided to you by your bank, broker or nominee in order for your shares to be voted.

[Back to Contents](#)

BUSINESS HIGHLIGHTS FOR FISCAL YEAR 2016

Transformational acquisition of legacy Hay Group, which has:

- Fee Revenue (in millions)**
- strengthened our intellectual property;
 - enhanced our geographic presence;
 - added complementary capabilities to further leverage our search relationships; and
 - broadened our capabilities in assessment, development and reward strategies

Our **TSR rated #2** among our 15 peer group companies **\$21.8 Million dollars returned to stockholders** in FY '16 via quarterly dividends

Governance of the Company (page 15)

Board Structure	Committees and Attendance	Stockholder Engagement	Recent Corporate Governance Enhancements
<ul style="list-style-type: none"> • Independent Chair of the Board. • 7 of the 8 Directors on the Board are Independent. • Independent Directors Meet in Regular Executive Sessions. 	<ul style="list-style-type: none"> • Independent Audit, Compensation and Nominating Committees. • All Directors Attended at Least 75% of Board and Their Respective Committee Meetings. 	<ul style="list-style-type: none"> • Stockholder Communication Process for Communicating with the Board. 	<ul style="list-style-type: none"> • Replaced Classified Board Structure with Annual Director Elections. • Implemented Majority Voting in Uncontested Elections.

Governance Insights (pages 15, 32, and 68)

Each of the Company's standing Board committees is committed to staying abreast of the latest issues impacting good corporate governance. The Company has included three sets of Questions & Answers ("Q&As"), one with the chair of each of the Company's standing committees. These Q&As are meant to provide stockholders with insight into committee-level priorities and perspectives on Board Education, Impact of Hay Group Acquisition on Executive Compensation, and Oversight of Compliance and Acquisition Integration.

AGEFY '16 TENUREDIRECTOR INDEPENDENCE

2016 Proxy Statement 2

[Back to Contents](#)

BOARD NOMINEES (PAGES 11 – 14)

Doyle N. **BENEBY**

Director

Age: **56**

Director Since: **2015**

Independent: **Yes**

Committee Memberships:

Nominating and Corporate Governance

Experience/Qualification:

Former CEO of New Generation Power International.

Former President and CEO of CPS Energy.

Brings extensive executive management experience in the energy industry.

Gary D. **BURNISON**

Director and President/CEO, of Korn Ferry

Age: **55**

Director Since: **2007**

Independent: **No**

Committee Memberships: –
Experience/Qualification:

President and CEO of the Company.

Brings in-depth knowledge of the Company's business, operations, employees and strategic opportunities.

William R. **FLOYD**

Director

Age: **71**

Director Since: **2012**

Independent: **Yes**

Committee Memberships:

Compensation and Personnel

Nominating and Corporate Governance

Experience/Qualification:

Former Chairman of the Board of Buffet Holdings, Inc.

Brings extensive executive management experience in the service industry.

Christina A. **GOLD**

Director

Age: **68**

Director Since: **2014**

Independent: **Yes**

Committee Memberships:

Compensation and Personnel

Experience/Qualification:

- **Former President, CEO and Director of the Western Union Company.**
- **Brings executive management and board experience.**

Jerry P. **LEAMON**

Director

Age: **65**

Director Since: **2012**

Independent: **Yes**

Committee Memberships:

Compensation and Personnel (Chair)

Audit

Experience/Qualification:

Former Global Managing Director of Deloitte & Touche.

Brings financial accounting expertise and extensive global professional services experience.

Debra J. **PERRY**

Director

Age: **65**

Director Since: **2008**

Independent: **Yes**

Committee Memberships:

Audit (Chair)

Nominating and Corporate Governance

Experience/Qualification:

Former senior managing director in the Global Ratings and Research Unit of Moody's Investors Service, Inc. Brings executive management, corporate governance, finance and analytical expertise and board and committee experience.

George T. **SHAHEEN**

Director and Non-Executive Chair of the Board of Korn Ferry

Age: **72**

Director Since: **2009**

Independent: **Yes**

Committee Memberships:

Nominating and Corporate Governance (Chair)

Experience/Qualification:

- **Chair of the Board of the Company.**
- **Brings executive management, consulting, board and advisory experience.**

[Back to Contents](#)**2016 Executive Compensation Summary (page 41)***

Name and Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gary D. Burnison, President and Chief Executive Officer	910,000	—	5,007,588	1,669,850	19,508	27,306	7,634,252
Robert P. Rozek, Executive Vice-President, Chief Financial Officer and Chief Corporate Officer	516,667	—	2,367,371	1,055,125	—	22,871	3,962,035
Byrne Mulrooney, Chief Executive Officer of Korn/Ferry International Futurestep, Inc.	450,000	—	683,758	950,000	—	20,361	2,104,119
Matthew Reilly, Former Chief Executive Officer of Korn/Ferry Leadership and Talent Consulting business unit	336,057	1,450,000	1,482,668	50,000	—	490,044	3,808,769
Stephen Kaye, Chief Executive Officer of Korn/Ferry Hay Group	187,500	312,500	1,705,052	—	—	35,639	2,240,691

* See footnote disclosure to table on page 41.

2016 Executive Total Compensation Mix (page 29)**CEO COMPENSATION MIX* OTHER NEO COMPENSATION MIX***

** Equity awards based upon grant date value. Excludes Mr. Reilly, whose employment terminated during the fiscal year.*

2016 Proxy Statement **4**

[Back to Contents](#)

Compensation Process Highlights (pages 19 and 28 – 31)

- Our Compensation and Personnel Committee receives advice from its independent compensation consultant.

We review total direct compensation and the mix of the compensation components for the named executive officers relative to our peer group as one of the factors in determining if compensation is adequate to attract and retain executive officers with the unique set of skills necessary to manage and motivate our global people and organizational advisory firm.

Best Practices (page 28)

Our Board has adopted a clawback policy applicable to all cash incentive payments and performance-based equity awards granted to executive officers.

Our named executive officers are not entitled to any “single trigger” equity acceleration in connection with a change in control.

We have adopted policies prohibiting hedging, speculative trading or pledging of Company stock.

All named executive officers are required to own three times their annual base salary in Company common stock.

We do not provide excise tax gross-ups to any of our executive officers.

Elements of Compensation (pages 31 – 38)

Element	Purpose	Determination
Base Salary	Compensate for services rendered during the fiscal year and provide sufficient fixed cash income for retention and recruiting purposes.	Reviewed on an annual basis by the Compensation and Personnel Committee taking into account competitive data from our peer group, input from our compensation consultant and the executive’s individual performance.
Annual Cash Incentives	Motivate and reward named executive officers for achieving financial and strategy execution goals over a one-year period.	Determined by the Compensation and Personnel Committee based upon performance goals, strategic objectives, competitive data and individual performance.
Long-Term Incentives	Align the named executive officers’ interests with those of stockholders, encourage the achievement of the long-term goals of the Company and motivate and retain top talent.	Determined by the Compensation and Personnel Committee based upon a number of factors including competitive data, total overall compensation provided to each named executive officer and historic grants.

Forward-Looking Statements

This Proxy Statement contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “anticipate”, “believe”, “expect”, “estimate”, “plan”, “outlook”, and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward-looking statements include, but are not limited to, the expected benefits from Korn Ferry’s acquisition of Hay Group, including the combined company’s plans, objectives, expectations and intentions. Such statements are based on current expectations and are subject to numerous risks and uncertainties, many of which are outside of the control of Korn Ferry. Actual results may differ materially from those indicated by such forward-looking statements as a result of risks and uncertainties, including those factors discussed or referenced in our most recent annual report on Form 10-K filed with the SEC, under the heading “Risk Factors,” a copy of which is being mailed with this Proxy Statement.

2016 Proxy Statement 5

[Back to Contents](#)

This page intentionally left blank

[Back to Contents](#)

01

GOVERNANCE

<u>PROPOSAL No. 1 ELECTION OF DIRECTORS</u>	<u>8</u>
<u>Required Vote</u>	<u>8</u>
<u>Recommendation of the Board</u>	<u>8</u>
<u>THE BOARD OF DIRECTORS</u>	<u>9</u>
<u>Director Qualifications</u>	<u>9</u>
<u>Board Diversity</u>	<u>10</u>
<u>Director Tenure</u>	<u>10</u>
<u>Background Information Regarding Director Nominees</u>	<u>11</u>
<u>CORPORATE GOVERNANCE</u>	<u>15</u>
<u>Director Independence</u>	<u>16</u>
<u>Board Leadership Structure</u>	<u>16</u>
<u>Board's Oversight of Enterprise Risk and Risk Management</u>	<u>17</u>
<u>Board Committees</u>	<u>18</u>
<u>Code of Business Conduct and Ethics</u>	<u>21</u>
<u>Corporate Governance Guidelines</u>	<u>21</u>
<u>TOTAL APPROACH TO TALENT</u>	<u>22</u>

2016 Proxy Statement 7

[Back to Contents](#)

Proposal No. 1

ELECTION OF DIRECTORS

Our stockholders will be asked to consider seven nominees for election to our Board of Directors to serve for a one-year term until the 2017 Annual Meeting of Stockholders and until their successors have been duly elected and qualified, subject to their earlier death, resignation or removal.

The names of the seven nominees for director and their current position with the Company are set forth below. Detailed biographical information regarding each of these nominees is provided in this Proxy Statement under the heading “The Board of Directors.” All of the nominees, with the exception of Mr. Burnison, have been determined by the Board to be independent under the rules of The New York Stock Exchange. Our Nominating and Corporate Governance Committee has reviewed the qualifications of each of the nominees and has recommended to the Board that each nominee be submitted to a vote at the Annual Meeting.

All of the nominees have indicated their willingness to serve, if elected, but if any should be unable or unwilling to serve, proxies may be voted for a substitute nominee designated by the Board. The Company did not receive any stockholder nominations for director. Proxies cannot be voted for more than the number of nominees named in this Proxy Statement.

Name	Position with Korn Ferry
Doyle N. Beneby	Director
Gary D. Burnison	Director and Chief Executive Officer
William R. Floyd	Director
Christina A. Gold	Director
Jerry P. Leamon	Director
Debra J. Perry	Director
George T. Shaheen	Director and Non-Executive Chair of the Board

REQUIRED VOTE

In uncontested elections, director nominees are elected by a majority of the votes cast, meaning that each director nominee must receive a greater number of shares voted “for” such director than the shares voted “against” such director. If an incumbent director does not receive a greater number of shares voted “for” such director than shares voted “against” such director, then such director must tender his or her resignation to the Board. In that situation, the Company’s Nominating and Corporate Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. Within 90 days from the date the election results were

certified, the Board would act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and rationale behind it.

In a contested election—a circumstance we do not anticipate at the Annual Meeting—director nominees are elected by a plurality vote.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that you vote “FOR” each of the nominees named above for election as a director.

2016 Proxy Statement **8**

[Back to Contents](#)

THE BOARD OF DIRECTORS

The Company's Restated Certificate of Incorporation provides that the number of directors shall not be fewer than eight nor more than fifteen, with the exact number of directors within such limits to be determined by the Board. Currently, the Board is comprised of eight directors. Mr. Harry You will not be standing for re-election at the Annual Meeting and thus, immediately following the Annual Meeting, the Board will be comprised of seven directors with one vacancy on the Board. The Board thanks Mr. You for his many years of service on the Board. Upon the recommendation of the Company's Nominating and Corporate Governance Committee, the Board has nominated the following persons to serve as directors until the 2017 Annual Meeting of Stockholders or their earlier resignation or removal:

Doyle N. Beneby Jerry P. Leamon
Gary D. Burnison Debra J. Perry
William R. Floyd George T. Shaheen
Christina A. Gold

Each of the named nominees are independent under The New York Stock Exchange (the "NYSE") rules, except for Mr. Burnison. If reelected, Mr. Shaheen will continue to serve as the Company's independent Chair of the Board.

The Board held nine meetings during fiscal year 2016. Each of the directors attended at least 75% of the Board meetings and the meetings of committees of which they were members in fiscal 2016. Directors are expected to attend each annual meeting of stockholders. All directors attended the 2015 Annual Meeting of Stockholders in person.

DIRECTOR QUALIFICATIONS

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience and diversity of backgrounds necessary to oversee the Company's business. In addition, the Board believes there are certain attributes every director should possess, as reflected in the Board's membership criteria discussed below. Accordingly, the Board and the Nominating and Corporate Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and the Company's current and future needs.

The Nominating and Corporate Governance Committee is responsible for developing and recommending Board membership criteria to the full Board for approval. The criteria, which are set forth in the Company's Corporate Governance Guidelines, include:

- a reputation for integrity,
- honesty and adherence to high ethical standards,
- strong management experience,
- current knowledge and contact in the Company's industry or other industries relevant to the Company's business,
- the ability to commit sufficient time and attention to Board and Committee activities, and
- the fit of the individual's skills and personality with those of other directors in building a Board that is effective, collegial, diverse and responsive to the needs of the Company.

The Nominating and Corporate Governance Committee seeks a variety of occupational, educational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board in such areas as professional experience, geography, race, gender, ethnicity and age. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, the Nominating and Corporate Governance Committee does believe it is essential that Board members represent diverse viewpoints and backgrounds. The Nominating and Corporate Governance Committee periodically evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future, given the Company's current situation and strategic plans. This periodic assessment enables the Board to update the skills and experience it seeks in the Board as a whole, and in individual directors, as the Company's needs evolve and change over time and to assess effectiveness of efforts at pursuing diversity. In identifying director candidates from time to time, the Nominating and Corporate Governance Committee may establish specific skills and experience that it believes the Company should seek in order to constitute a balanced and effective board.

In evaluating director candidates, and considering incumbent directors for renomination to the Board, the Nominating and Corporate Governance Committee takes into account a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments, and experience, each in light of the composition of the Board as a whole and the needs of the Company in general, and for incumbent directors, past performance on the Board.

[Back to Contents](#)

BOARD DIVERSITY

The Board and Company are focused on ensuring the Board reflects a wide range of backgrounds, experiences and cultures. Fifty percent of our directors during fiscal year 2016 were women or racially diverse individuals.

BOARD DIVERSITY

DIRECTOR TENURE

The Company believes that a variety of tenures on our Board helps to provide an effective mix of deep knowledge and new perspectives. As of April 30, 2016, the tenure of our Board was as follows:

FY '16 TENURE

[Back to Contents](#)

The biographies below set forth information about each of the nominees for director, including each such person's specific experience, qualifications, attributes and skills that led our Board to conclude that such nominee/director should serve on our Board. The process undertaken by the Nominating and Corporate Governance Committee in recommending qualified director candidates is described below under "Corporate Governance—Board Committees—Nominating and Corporate Governance Committee".

BACKGROUND INFORMATION REGARDING DIRECTOR NOMINEES

Board Qualifications and Skills:

Extensive Senior Leadership/Executive Officer Experience: Previously served in a multitude of senior leadership positions, including as former Chief Executive Officer of New Generation Power International, as President and Chief Executive Officer of CPS Energy, and various leadership roles at PECO Energy and Exelon Power, where he served as President.

Doyle N.
BENEBY

Director Since:
2015

Broad Energy Industry Experience: Over 30 years of experience in the energy industry, with expertise in many facets of the electric & gas utility industry.

**Former Chief
Executive Officer
- CPS Energy**

Other Directorships:

Age: **56** Capital Power Corporation, Quanta Services, University of Texas Energy Institute, Argonne National Laboratory and University of Miami (Trustee).

Mr. Beneby is currently an independent consultant. Mr. Beneby served as Chief Executive Officer of New Generation Power International, a start up international renewable energy company, based in Chicago, Illinois, from November 2015 until May 2016. Prior to that, Mr. Beneby served as President and Chief Executive Officer of CPS Energy, the largest municipal electric and gas utility in the nation, from July 2010 to November 2015. Prior to joining CPS Energy, Mr. Beneby served at Exelon Corporation from 2003 to 2010 in various roles, most recently, as President of Exelon Power and Senior Vice President of Exelon Generation from 2009 to 2010. From 2008 to 2009, Mr. Beneby served as Vice President, Generation Operations for Exelon Power. From 2005 to 2008, Mr. Beneby served as Vice President, Electric Operations for PECO Energy, a subsidiary of Exelon Corporation. Mr. Beneby serves on the boards of numerous energy industry organizations such as Capital Power Corporation, Argonne National Laboratory, Keystone Center & Energy Board (Trustee) and University of Texas Energy Institute. Mr. Beneby also serves as a Trustee for his alma mater, the University of Miami.

Board Qualifications and Skills:

High Level of Financial Experience: Substantial financial experience gained in roles as President, Chief Executive Officer and as former Chief Financial Officer and Chief Operating Officer of the Company, as Chief Financial Officer of Guidance Solutions, as an executive

Gary D.
BURNISON

Director Since: officer of Jefferies and Company, Inc. and as a partner at KPMG Peat Warwick.
2007

**President and
Chief Executive
Officer**

Senior Leadership/Executive Officer Experience: In addition to serving as the Company's President and Chief Executive Officer, served as Chief Financial Officer of Guidance Solutions.

Extensive Knowledge of the Company's Business and Industry: Over 14 years of service with the Company, including as President and Chief Executive Officer of the Company since July 2007 and Chief Operating Officer of the Company from October 2003 until June 2007.

Age: **55**

Other Directorships:

N/A

Mr. Burnison has served as President and Chief Executive Officer of the Company since July 2007. He was the Executive Vice President and Chief Financial Officer of the Company from March 2002 until June 30, 2007. He also served as Chief Operating Officer of the Company from October 2003 until June 30, 2007. From 1999 to 2001, Mr. Burnison was Principal and Chief Financial Officer of Guidance Solutions and from 1995 to 1999 he served as an executive officer and member of the board of directors of Jefferies and Company, Inc., the principal operating subsidiary of Jefferies Group, Inc. Prior to that, Mr. Burnison was a partner at KPMG Peat Marwick.

[Back to Contents](#)

Board Qualifications and Skills:

High Level of Financial Experience: Significant financial experience gained through senior leadership roles over the past 30-plus years.

William R. FLOYD

Director Since:
2012

**Former Chairman
of the Board Buffet
Holdings, Inc.**

Extensive Senior Leadership/Executive Officer Experience: Previously served in a multitude of senior leadership positions, including as Chairman of the Board of Buffet Holdings, Inc., Chairman and Chief Executive Officer of Physiotherapy Associates, Chairman and Chief Executive Officer of Beverly Enterprises, Inc., and various executive positions with PepsiCo Inc.'s restaurant group.

Broad Service Industry Experience: Over 30 years of experience in service industries, including restaurants, lodging and healthcare.

Other Directorships:

Age: 71

El Pollo Loco Holdings, Inc., Muzinich Capital LLC, Pivot Physical Therapy, Chairman of the Board of Trustees of Valley Forge Military Academy and College, Board of Overseers at the University of Pennsylvania School of Nursing, and Member of Union League of Philadelphia.

Mr. Floyd served as Chairman of the Board of Buffet Holdings, Inc., which through its subsidiaries owns and operates a chain of restaurants in the United States, from June 2009 to July 2012. He has over 30 years of experience in service industries, including restaurants, lodging and healthcare. His prior positions include, among others, Chairman and Chief Executive Officer of Physiotherapy Associates (which was formed by the merger of Benchmark Medical, Inc. and Physiotherapy Corporation), a provider of outpatient physical rehabilitation services in the United States, from June 2007 to February 2009; Chairman and Chief Executive Officer of Benchmark Medical, Inc. from November 2006 to June 2007; Chairman and Chief Executive Officer of Beverly Enterprises, Inc. from December 2001 to March 2006 (he joined Beverly Enterprises in April 2000 as President and Chief Operating Officer), President and Chief Executive Officer of Choice Hotels International from October 1996 to May 1998; and various executive positions within PepsiCo Inc.'s restaurant group from December 1989 to September 1996, including as Chief Operating Officer of Kentucky Fried Chicken from August 1994 through July 1995 and as Chief Operating Officer of Taco Bell Corp. from July 1995 until September 1996. Mr. Floyd currently serves on the board of El Pollo Loco Holdings, Inc., Muzinich Capital LLC, Pivot Physical Therapy, a private equity-owned physical therapy business, as Chairman of the Board of Trustees of Valley Forge Military Academy and College, is on the Board of Overseers at the University of Pennsylvania School of Nursing and is a member of the Union League of Philadelphia. Mr. Floyd received a BA degree from the University of Pennsylvania and a MBA from the Wharton School.

Board Qualifications and Skills:

Christina A. GOLD

High Level of Financial Experience: Substantial financial experience gained from a ten-year career with The Western Union Company and its former parent company.

Director Since: 2014

Extensive Senior Leadership/Executive Officer Experience: Served in numerous senior leadership positions, including as Chief Executive Officer and President of The Western Union Company, President of Western Union Financial Services, Vice Chairman and Chief

**Former Chief
Executive Officer,
The Western Union
Company**

Executive Officer of Excel Communications and President and CEO of Beaconsfield Group, Inc.

Broad International Experience: Significant international experience from 28 year career at Avon Products, Inc., including as Senior Vice President & President of Avon North America.

Age: **68**

Significant Public Company Board Experience: Over 15 years of public company board experience, including as a director of ITT Corporation since 1997, International Flavors & Fragrances, Inc. since 2013, Exelis Inc. from 2011 to 2013 and The Western Union Company from 2006 to 2010.

Other Directorships:

ITT Corporation, International Flavors & Fragrances, Inc., New York Life Insurance and Safe Water Network.

From September 2006 until September 2010, Ms. Gold was Chief Executive Officer, President and a director of The Western Union Company, a leading company in global money transfer. Ms. Gold was President of Western Union Financial Services, Inc. and Senior Executive Vice President of First Data Corporation, former parent company of The Western Union Company and provider of electronic commerce and payment solutions, from May 2002 to September 2006. Prior to that, Ms. Gold served as Vice Chairman and Chief Executive Officer of Excel Communications, Inc., a former telecommunications and e-commerce services provider, from October 1999 to May 2002. From 1998 to 1999, Ms. Gold served as President and CEO of Beaconsfield Group, Inc., a direct selling advisory firm that she founded. Prior to founding Beaconsfield Group, Ms. Gold spent 28 years (from 1970 to 1998) with Avon Products, Inc., in a variety of positions, including as Executive Vice President, Global Direct Selling Development, Senior Vice President and President of Avon North America, and Senior Vice President & CEO of Avon Canada. Ms. Gold is currently a director of ITT Corporation, International Flavors & Fragrances, Inc. and New York Life Insurance. From October 2011 to May 2013, Ms. Gold was a director of Exelis, Inc. She also sits on the board of Safe Water Network, a non-profit organization working to develop locally owned, sustainable solutions to provide safe drinking water.

[Back to Contents](#)

Board Qualifications and Skills:

High Level of Financial Experience: Substantial financial experience gained from almost 40-year career with Deloitte & Touche, including as leader of the tax practice and as leader of the M&A practice for more than ten years.

Jerry P.
LEAMON

Accounting Expertise: In addition to an almost 40-year career with Deloitte & Touche LLP, Mr. Leamon is a certified public accountant.

Director Since:
2012

Broad International Experience: Served as leader of Deloitte & Touche's tax practice, both in the U.S. and globally and was Global Managing Director for all client programs.

**Former Global
Managing
Director Deloitte**

Service Industry Experience: Deep understanding of operational and leadership responsibilities within the professional services industry having held senior leadership positions at Deloitte while serving some of their largest clients.

Age: 65

Other Directorships:

Credit Suisse USA, Geller & Company, G3, Americares Foundation, member of University of Cincinnati Foundation and Board, and member of Business Advisory Council of the Carl H. Lindner School of Business.

Mr. Leamon served as Global Managing Director for Deloitte & Touche until 2012, having responsibility for all of Deloitte's businesses at a global level. In a career of almost 40 years, 31 of which as a partner, he held numerous roles of increasing responsibility. Previously, he served as the leader of the tax practice, both in the U.S. and globally, and had responsibility as Global Managing Director for all client programs including industry programs, marketing communication and business development. In addition, he was leader of the M&A practice for more than ten years. Throughout his career he served some of Deloitte's largest clients. Mr. Leamon serves on a number of boards of public, privately held and non-profit organizations, including Credit Suisse USA where he chairs the Audit Committee, Geller & Company and G3, and serves as the Chairman of the Americares Foundation. Mr. Leamon is also a Senior Advisor to Lead Edge Investments. He is also a member of the University of Cincinnati Foundation and Board and serves as a member of the Business Advisory Council of the Carl H. Lindner School of Business. Mr. Leamon is also a certified public accountant.

Board Qualifications and Skills:

Debra J. PERRY

High Level of Financial Experience: Substantial financial experience gained from 23 years of professional experience in financial services, including a 12-year career at Moody's Corporation, where among other things, Ms. Perry oversaw the Americas Corporate Finance, Leverage Finance and Public Finance departments.

Director Since: 2008

**Former senior
managing director in
the Global Ratings
and Research Unit of**

Significant Audit Committee Experience: Over 11 years of public company audit committee service, including as a member of MBIA Inc.'s audit committee (2004 to 2008), PartnerRe's audit committee (from June 2013 to March 2016, including as chair of the audit committee from January 2015 to March 2016) and Korn Ferry's audit committee (since 2008);

Moody's Investors Service, Inc.

appointed chair of audit committee in 2010).

Age: 65

Significant Public Company Board and Corporate Governance Experience: Previously served as a director (June 2013 to March 2016) and chair of the audit committee (January 2015 to March 2016) of PartnerRe, as a director of MBIA Inc. (2004 to 2008) and CNO Financial Group, Inc. (2004 to 2011). Actively involved in corporate governance organizations, including the National Association of Corporate Directors (“NACD”) and the Shareholder-Director Exchange working group. Named in 2014 to NACD’s Directorship 100, which recognizes the most influential people in the boardroom and corporate governance community.

Other Directorships:

Sanford C. Bernstein Fund, Inc., and member of the Committee for Economic Development of the Conference Board.

Ms. Perry currently serves on the boards of directors of the Sanford C. Bernstein Fund, Inc. (elected July 2011). She was a member of the board (from June 2013) and chair of the Audit Committee (from January 2015) of PartnerRe, a Bermuda-based reinsurance company, until the sale of the company to a European investment holding company in March 2016. She was also a trustee of the Bank of America Funds from June 2011 until April 2016. Ms. Perry served on the board of directors and chair of the human resources and compensation committee of CNO Financial Group, Inc., from 2004 to 2011. In 2014, Ms. Perry was named to NACD’s Directorship 100, which recognizes the most influential people in the boardroom and corporate governance community. From September 2012 to December 2014, Ms. Perry served as a member of the Executive Committee of the Committee for Economic Development (“CED”) in Washington, D.C. a non-partisan, business-led public policy organization, until its merger with the Conference Board, and she continues as a member of CED. She worked at Moody’s Corporation from 1992 to 2004. From 2001 to 2004, Ms. Perry was a senior managing director in the Global Ratings and Research Unit of Moody’s Investors Service, Inc. where she oversaw the Americas Corporate Finance, Leverage Finance Public Finance and Financial Institutions departments. From 1999 to 2001, Ms. Perry served as Chief Administrative Officer and Chief Credit Officer, and from 1996 to 1999, she was a group managing director for the Finance, Securities and Insurance Rating Groups of Moody’s Corporation. Ms. Perry has also been a managing member of Perry Consulting LLC, an advisory firm specializing in credit risk management and governance within the financial industry since 2008.

[Back to Contents](#)

Board Qualifications and Skills:

George T.
SHAHEEN

Extensive Senior Leadership/Executive Officer Experience: Previously served as Chief Executive Officer of Siebel Systems, Inc., Chief Executive Officer and Global Managing Partner of Andersen Consulting and CEO of Webvan Group, Inc.

Director Since:
2009

Significant Public Company Board Experience: 12 years of public company board experience, including as a director of NetApp (since 2004), Marcus & Millichap (since 2013), and Green Dot Corporation (since 2013).

Chair of the Board

Service Industry Experience: Former Chief Executive Officer of Andersen Consulting.

Other Directorships:

Age: **71**

NetApp, 24/7 Customer, Marcus & Millichap, and Green Dot Corporation.

Mr. Shaheen was Chief Executive Officer of Siebel Systems, Inc., a CRM software company, which was purchased by Oracle in January 2006, from April 2005 to January 2006. He was Chief Executive Officer and Global Managing Partner of Andersen Consulting, which later became Accenture, from 1989 to 1999. He then became CEO and Chairman of the Board of Webvan Group, Inc. from 1999 to 2001. Mr. Shaheen serves on the boards of NetApp, 24/7 Customer, Marcus & Millichap, and Green Dot Corporation. He also served on the Strategic Advisory Board of Genstar Capital. He has served as IT Governor of the World Economic Forum, and was a member of the Board of Advisors for the Northwestern University Kellogg Graduate School of Management. He has also served on the Board of Trustees of Bradley University. Mr. Shaheen received a BS degree and a MBA from Bradley University.

[Back to Contents](#)

CORPORATE GOVERNANCE

The Board oversees the business and affairs of the Company and believes good corporate governance is a critical factor in our continued success and also aligns management and stockholder interests. Through our website, at www.kornferry.com, our stockholders have access to key governing documents such as our Code of Business Conduct and Ethics, Corporate Governance Guidelines and charters of each committee of the Board. The highlights of our corporate governance program are included below:

Board Structure

- 87.5% of the Board consists of Independent Directors
- Independent Chair of the Board
- Independent Audit, Compensation and Nominating Committees
- Regular Executive Sessions of Independent Directors
- Annual Board and Committee Self-Evaluations
- 50% Diverse Board Members
- Annual Strategic Off-Site Meeting

Stockholder Rights

- Annual Election of Directors
- Majority Voting for Directors in Uncontested Elections
- No Poison Pill in Effect
- Stockholder Communication Process for Communicating with the Board

Other Highlights

- Clawback Policy
- Stock Ownership Guidelines
- Pay-for-Performance Philosophy
- Policies Prohibiting Hedging, Pledging and Short-Sales
- No Excise Tax Gross-Ups
- Quarterly Education on Latest Corporate Governance Developments

GOVERNANCE INSIGHTS: BOARD EDUCATION

Q & A WITH GEORGE SHAHEEN, CHAIR OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Question: How important is Board education to the Company?

Board education is a very high priority at Korn Ferry, especially in today's constantly evolving corporate governance landscape. In order to achieve best-in-class corporate governance, it is critical that the Company's directors are

abreast of the latest emerging trends in corporate governance.

Question: How does the Company educate Board members on the latest corporate governance trends?

The Company, with the assistance of its outside advisors, provides quarterly (or more frequently, as necessary) updates to all Board members on the latest developments in corporate governance. The Company often invites preeminent members of the legal community to present such updates at Board meetings. Recent topics discussed with the Board include: latest trends in board tenure and retirement policies, proxy access, board diversity, and the SEC's Regulation S-K concept release.

The Company also encourages directors to attend continuing education programs. In an effort to promote attendance at such programs, the Company recently revised its reimbursement policy to provide for reimbursement of up to \$6,000 annually with the ability to be reimbursed beyond such amount if reviewed and approved by the Chair of the Nominating and Corporate Governance Committee.

[Back to Contents](#)

DIRECTOR INDEPENDENCE

The Board has determined that as of the date hereof a majority of the Board is “independent” under the independence standards of the NYSE. The Board has determined that the following directors are “independent” under the independence standards of the NYSE: Doyle N. Beneby, William R. Floyd, Christina A. Gold, Jerry P. Leamon, Debra J. Perry, Harry L. You, and George T. Shaheen. In addition, during his term of service, director Edward Miller was determined to be “independent” under the NYSE standards.

For a director to be “independent”, the Board must affirmatively determine that such director does not have any material relationship with the Company. To assist the Board in its determination, the Board reviews director independence in light of the categorical standards set forth in the NYSE’s Listed Company Manual. Under these standards, a director cannot be deemed “independent” if, among other things:

- the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;

- the director has received, or has an immediate family member who received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

- (1) the director or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor, (2) the director is a current employee of such a firm, (3) the director has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit, or (4) the director or an immediate family member was within the last three years a partner or employee of such firm and personally worked on the Company’s audit within that time;

- the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serve or served on that company’s compensation committee; or

- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the other company’s consolidated gross revenues.

The independent directors of the Board meet regularly in executive sessions outside the presence of management. Mr. George Shaheen, as Chair of the Board, currently presides at all executive sessions of the independent directors. Subject to his reelection at the Annual Meeting, Mr. Shaheen will continue in this role following the Annual Meeting.

All current members of the Board, with the exception of our CEO, Mr. Burnison, are independent. Further, all members of our Audit Committee, Compensation and Personnel Committee and Nominating and Corporate Governance Committee are independent.

DIRECTOR INDEPENDENCE

BOARD LEADERSHIP STRUCTURE

The Company's Corporate Governance Guidelines provide that the Board is free to select its Chair and CEO in the manner it considers to be in the best interests of the Company and that the role of Chair and CEO may be filled by a single individual or two different persons. This provides the Board with flexibility to decide what leadership structure is in the best interests of the Company at any point in time. Currently, the Board is led by an independent, non-executive Chair, Mr. George Shaheen. Mr. Shaheen will continue to serve as Chair of the Board, subject to his reelection as a director at the Annual Meeting. The Board has determined that having an independent director serve as Chair of the Board is in the best interests of the Company at this time as it allows the Chair to focus on the effectiveness and independence of the Board while the CEO focuses on executing the Company's strategy and managing the Company's business. In the future, the Board may determine that it is in the best interests of the Company to combine the role of Chair and CEO.

[Back to Contents](#)

BOARD'S OVERSIGHT OF ENTERPRISE RISK AND RISK MANAGEMENT

The Board plays an active role, both as a whole and also at the committee level, in overseeing management of the Company's risks. Management is responsible for the Company's day-to-day risk management activities. The Company has established an enterprise risk framework for identifying, aggregating and evaluating risk across the enterprise. The risk framework is integrated with the Company's annual planning, audit scoping and control evaluation management by its internal auditor. The review of risk management is a dedicated periodic agenda item for the Audit Committee, whose responsibilities include periodically reviewing management's financial and operational risk assessment and risk management policies, the Company's major financial risk exposures, and the steps management has taken to monitor and control such exposures. The Company's other Board committees also consider and address risk during the course of their performance of their committee responsibilities. Specifically, the Compensation and Personnel Committee reviews the risks related to the Company's compensation programs for senior management, discussed in more detail below, and the Nominating and Corporate Governance Committee oversees risks associated with operations of the Board and its governance structure. Further, the General Counsel periodically reports to the Board on litigation and other legal risks that may affect the Company. The full Board monitors risks through regular reports from each of the Committee chairs and the General Counsel, and is apprised of particular risk management matters in connection with its general oversight and approval of corporate matters. We believe the division of risk management responsibilities described above provides an effective framework for evaluating and addressing the risks facing the Company, and that our Board leadership structure supports this approach because it allows our independent directors, through the independent committees and non-executive Chair, to exercise effective oversight of the actions of management.

Assessment of Risk Related to Compensation Programs

During fiscal 2016, the Company completed its annual review of executive and non-executive compensation programs globally, with particular emphasis on incentive compensation plans and programs. Based on this review, the Company evaluated the primary components of its compensation plans and practices to identify whether those components, either alone or in combination, properly balanced compensation opportunities and risk. As part of this inventory, several factors were noted that reduce the likelihood of excessive risk taking. These factors include: balancing performance focus between near-term objectives and strategic initiatives; issuing equity awards that vest over multi-year time horizons; and maintaining stock ownership guidelines and a clawback policy applicable to our executive officers. Furthermore, the Compensation and Personnel Committee retains its own independent compensation consultant to provide input on executive pay matters, meets regularly, and approves all performance goals, award vehicles, and pay opportunity levels for named executive officers. As a result of this evaluation, the Company concluded that risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse impact on the Company.

[Back to Contents](#)

BOARD COMMITTEES

Although the full Board considers all major decisions, the Company's Bylaws permit the Board to have the following standing committees to more fully address certain areas of importance: (1) an Audit Committee, (2) a Compensation and Personnel Committee, and (3) a Nominating and Corporate Governance Committee. The members of the standing committees as of the date hereof are set forth in the tables below.

Audit Committee

Debra J. **PERRY** Jerry P. **LEAMON** Harry L. **YOU**

Chair

Among other things, the Audit Committee:

- Is directly responsible for appointment,
- compensation, retention and oversight of the independent registered public accounting firm;
- Reviews the independent registered public accounting firm's qualifications and independence;
- Reviews the plans and results of the audit
- engagement with the independent registered public accounting firm;
- Approves financial reporting principles and policies;
- Considers the range of audit and non-audit fees;
- Reviews the adequacy of the Company's internal accounting controls;
- Oversees the Company's internal audit function, including annually reviewing and discussing the performance and effectiveness of the Internal Audit Department; and
- Works to ensure the integrity of financial information supplied to stockholders.

The Audit Committee is also available to receive reports, suggestions, questions and recommendations from the Company's independent registered public accounting firm, Internal Audit Department, the Chief Financial Officer and the General Counsel. It also confers with these parties in order to help assure the sufficiency and effectiveness of the programs being followed by corporate officers in the area of compliance with legal and regulatory requirements, business conduct and conflicts of interest. The Audit Committee is composed entirely of non-employee directors whom the Board has determined are "independent directors" under the applicable listing standards of the NYSE and the applicable rules of the Securities and Exchange Commission (the "SEC"). The Board, in its business judgment, has determined that Ms. Perry and Messrs. Leamon and You are "financially literate," under the NYSE rules, and that Messrs. Leamon and You qualify as "audit committee financial experts" as such term is defined in Item 407(d)(5) of Regulation S-K under the Exchange Act. The Audit Committee met eleven times in fiscal 2016. The Audit Committee

Edgar Filing: KORN FERRY INTERNATIONAL - Form DEF 14A

operates pursuant to a written charter adopted by the Board, which is available on the Company's website and in print to any stockholder that requests it. To access the charter from the Company's website, go to www.kornferry.com, select "Investor Relations" from the drop-down menu, then click on the "Corporate Governance" link under "Company Information". Requests for a printed copy should be addressed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary.

2016 Proxy Statement **18**

[Back to Contents](#)

Compensation and Personnel Committee

Jerry P. **LEAMON** William R. **FLOYD** Christina A. **GOLD**
Chair

Among other things, the Compensation and Personnel Committee:

- Approves and oversees the Company's compensation programs, including cash and equity-based incentive programs provided to members of the Company's senior management group, including the Company's Chief Executive Officer, Chief Financial Officer and other named executive officers;
- Reviews the compensation of directors for service on the Board and its committees; and
- Approves or recommends to the Board, as required, specific compensation actions, including salary adjustments, annual cash incentives, stock option grants and employment and severance arrangements for the Chief Executive Officer and other executive officers.

The Compensation and Personnel Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee consisting solely of members of the Compensation and Personnel Committee who are non-employee directors and outside directors. The Board has determined that all members of the Compensation and Personnel Committee are "independent directors" under the applicable listing standards of the NYSE. The Compensation and Personnel Committee met eleven times during fiscal 2016. The Compensation and Personnel Committee operates pursuant to a written charter adopted by the Board, which is available on the Company's website and in print to any stockholder that requests it. To access the charter from the Company's website, go to www.kornferry.com, select "Investor Relations" from the drop-down menu, then click on the "Corporate Governance" link under "Company Information". Requests for a printed copy should be addressed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary.

[Back to Contents](#)

Nominating and Corporate Governance Committee

George T. **SHAHEEN** Doyle N. **BENEBY** William R. **FLOYD** Debra J. **PERRY**
Chair

Among other things, the Nominating and Corporate Governance Committee:

- Recommends criteria to the Board for the selection of nominees to the Board;
- Evaluates all proposed nominees;
- Recommends nominees to the Board to fill vacancies on the Board; and
- Prior to each annual meeting of stockholders, recommends to the Board a slate of nominees for election to the Board by the stockholders at the annual meeting.

In evaluating nominations, the Nominating and Corporate Governance Committee considers a variety of criteria, including business experience and skills, independence, judgment, integrity, the ability to commit sufficient time and attention to Board activities and the absence of potential conflicts with the Company's interests. Any stockholder recommendations for director are evaluated in the same manner as all other candidates considered by the Nominating and Corporate Governance Committee. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, it also takes into account the diversity of the Board when considering director nominees. The Board has determined that all members of the Nominating and Corporate Governance Committee are "independent directors" under the applicable listing standards of the NYSE. The Nominating and Corporate Governance Committee met six times in fiscal 2016. The Nominating and Corporate Governance Committee operates pursuant to a written charter adopted by the Board, which is available on the Company's website and in print to any stockholder that requests it. To access the charter from the Company's website, go to *www.kornferry.com*, select "Investor Relations" from the drop-down menu, then click on the "Corporate Governance" link under "Company Information". Requests for a printed copy should be addressed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary. Stockholders may recommend director nominees by mailing submissions to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary.

[Back to Contents](#)

CODE OF BUSINESS CONDUCT AND ETHICS

The Board has adopted a Code of Business Conduct and Ethics that is applicable to all directors, employees and officers (including the Company's Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer). Among other things, the Code of Business Conduct and Ethics requires directors, employees and officers to maintain the confidentiality of all information entrusted to them (except when disclosure is authorized or legally mandated); to deal fairly with the Company's clients, service providers, suppliers, competitors and employees; to protect Company assets; and for those who have a role in the preparation and/or review of information included in the Company's public filings, to report such information accurately and honestly. It also prohibits directors, employees and officers from using or attempting to use their position at the Company to obtain an improper personal benefit. The Code of Business Conduct and Ethics is available on the Company's website and in print to any stockholder that requests it. To access the Code of Business Conduct and Ethics from the Company's website, go to www.kornferry.com, select "Investor Relations" from the drop-down menu, then click on the "Corporate Governance" link under "Company Information". Requests for a printed copy should be addressed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary. We intend to post on the Company's website amendments, if any, to the Code of Business Conduct and Ethics, as well as any waivers thereunder, with respect to our officers and directors as required to be disclosed by the SEC and NYSE rules.

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted Corporate Governance Guidelines, which among other things, impose limits on the number of directorships each member of the Board may hold (the Chief Executive Officer of the Company may not sit on more than two boards of directors of public companies (including the Company), while all other directors may not sit on more than five boards of directors of public companies (including the Company)); specifies the criteria to be considered for director candidates; and requires non-management directors to meet periodically without management. Additionally, the guidelines require that, when a director's principal occupation or business association changes substantially during his or her tenure as a director, that director is required to provide written notice of such change to the chair of the Nominating and Corporate Governance Committee, and agree to resign from the Board if the Board determines to accept such resignation. The Nominating and Corporate Governance Committee must then review and assess the circumstances surrounding such change, and recommend to the Board any appropriate action to be taken. The Corporate Governance Guidelines are available on the Company's website and in print to any stockholder that requests it. To access the Corporate Governance Guidelines from the Company's website, go to www.kornferry.com, select "Investor Relations" from the drop-down menu, then click on the "Corporate Governance" link under "Company Information". Requests for a printed copy should be addressed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary.

[Back to Contents](#)

The addition of Hay Group:

TOTAL APPROACH TO TALENT

Executive Search Hay Group Futurestep

Korn Ferry provides our clients a broad range of talent advisory services to improve their business performance through their people.

Korn Ferry has a strong and storied history in executive search, the service offering which formed the foundation of our company. With regard to building enterprise effectiveness, much has transpired in organizational development methodologies, talent identification and assessment and high-impact technologies that affect employee performance. To retain Korn Ferry's leadership position in the expanding world of talent development, we made a strategic determination to expand our company to include complimentary capabilities beyond executive recruitment.

We undertook a transformation of Korn Ferry into a full service organizational advisory firm, and have been adding services and personnel to achieve that. During fiscal year 2016, we seized an opportunity to further execute on this strategy with our acquisition of Hay Group in December 2015.

The addition of the Hay Group was the next logical step in that transformation—a bold move that affirms the critical role that people and leadership play in driving business performance.

Founded in 1943, Hay Group is a global leader in people strategy and organizational performance. Hay Group brings an additional portfolio of intellectual property (including several of the world's most comprehensive management databases) and over 70 years' experience advising on all aspects of people strategy, compensation/ rewards and organizational design and performance.

“The addition of the Hay Group was the next logical step in that transformation—a bold move that affirms the critical role that people and leadership play in driving business performance.”

Hay Group is an attractive fit with Korn Ferry in a number of areas:

- Intellectual Property, Products and Solution Sets Around Organizational Design and Performance, Roles Responsibilities and Compensation and Rewards (All Incremental to Korn Ferry)

- Strong Client Base (very little overlap with legacy Korn Ferry clients)

- Formidable geographic footprint, which provides meaningful international scale to Korn Ferry's legacy leadership and talent consulting segment (Legacy Hay Group revenue was approximately 80% International and 20% North America focused, while Korn Ferry's legacy leadership and talent consulting segment was 30% International and 70% North America focused)

Strategically, the acquisition brings significant scale to our legacy leadership and talent advisory segment. It has transformed our overall mix of revenue. We now anticipate our annual revenues to be evenly split, with 50% recruitment related and 50% advisory service and products. We also believe that leadership and talent advisory services have historically been less cyclical than traditional recruitment services through the peaks and troughs of economic cycles. We believe that this new mix of revenue should help to temper volatility. Over time, we anticipate this will lead to more stable financial results during future economic cycles and, potentially, higher valuation multiples.

The acquisition also offers Korn Ferry a unique opportunity to create additional stockholder value through both revenue and cost synergies:

- Revenue Synergies – We anticipate revenues will be increased by introducing Hay Group's solution sets to legacy Korn Ferry customer base and vice-versa; and by gaining larger market share of current client spend on recruiting and advisory consulting.

- Significant Cost Synergies and Operating Efficiencies – In the first 7 months since the acquisition, the Company has moved quickly to achieve cost reductions through the elimination of redundant back-office support activities, the consolidation of office space and the reduction of other G&A spend.

Today, Korn Ferry is a category leader in the talent identification and advisory space—capable of helping our clients attract, develop, engage and reward their greatest assets—their people.

[Back to Contents](#)

02

COMPENSATION

<u>PROPOSAL No. 2 ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION</u>	<u>24</u>
<u>Recommendation of the Board</u>	<u>24</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>25</u>
<u>Executive Summary: Focus on Pay-for-Performance</u>	<u>25</u>
<u>Executive Compensation Philosophy and Oversight</u>	<u>28</u>
<u>Our Process: From Strategy to Compensation-Related Metrics</u>	<u>29</u>
<u>Elements of Compensation & Compensation Decisions and Actions</u>	<u>31</u>
<u>Other Compensation Elements</u>	<u>38</u>
<u>Other Policies</u>	<u>39</u>
<u>Compensation and Personnel Committee Report on Executive Compensation</u>	<u>40</u>
<u>Compensation Committee Interlocks and Insider Participation</u>	<u>40</u>
<u>COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS</u>	<u>41</u>
<u>Fiscal Year 2016, 2015 and 2014 Summary Compensation Table</u>	<u>41</u>
<u>Fiscal Year 2016 Grants of Plan-Based Awards</u>	<u>43</u>
<u>Employment Agreements</u>	<u>43</u>
<u>Fiscal Year 2016 Outstanding Equity Awards at Fiscal Year-End</u>	<u>45</u>
<u>Stock Vested in Fiscal Year 2016</u>	<u>46</u>
<u>Fiscal Year 2016 Pension Benefits</u>	<u>47</u>
<u>Fiscal Year 2016 Nonqualified Deferred Compensation</u>	<u>47</u>
<u>Potential Payments Upon Termination or Change of Control</u>	<u>48</u>
<u>Fiscal Year 2016 Compensation of Directors</u>	<u>53</u>

2016 Proxy Statement **23**

[Back to Contents](#)

Proposal No. 2

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

In accordance with the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and more specifically, Section 14A of the Exchange Act which was added under the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are asking stockholders to approve an advisory resolution on the Company’s executive compensation as reported in this Proxy Statement. Our executive compensation program is designed to support the Company’s long-term success. As described below in the “Compensation Discussion and Analysis” section of this Proxy Statement, the Compensation and Personnel Committee has structured our executive compensation program to achieve the following key objectives:

- provide compensation packages to our executives that are competitive with other major executive recruitment firms, a broader group of human capital companies and similarly-sized publicly traded companies;
- closely tie individual annual cash incentive and equity-based awards to the performance of the Company as a whole, or one or more of its divisions or business units as well as to the team and individual performance of the named executive officer; and
- align the interests of senior management with those of our stockholders through direct ownership of Company common stock and by providing a portion of each named executive officer’s direct total compensation in the form of equity-based incentives.

We urge stockholders to read the “Compensation Discussion and Analysis” section below, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative below which provide detailed information on the compensation of our named executive officers. The Compensation and Personnel Committee and the Board believe that the policies and procedures articulated in the “Compensation Discussion and Analysis” section are effective in achieving our goals and that the compensation of our named executive officers reported in this Proxy Statement has supported and contributed to the Company’s success.

We are asking stockholders to approve the following advisory resolution at the 2016 Annual Meeting of Stockholders:

RESOLVED, that the stockholders of Korn/Ferry International (the “Company”) approve, on an advisory basis, the compensation of the Company’s named executive officers set forth in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables and narrative in the Proxy Statement for the Company’s 2016 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on the Board. Although non-binding, the Board and the Compensation and Personnel Committee will carefully review and consider the voting results when evaluating our executive compensation program. Taking into account the advisory vote of stockholders regarding the frequency of future advisory votes to approve executive compensation at our 2011 Annual Meeting of Stockholders, the Board’s current policy is to include an advisory resolution regarding approval of the compensation of our named executive officers annually. Accordingly, unless the Board modifies its policy on the frequency of future votes, the next advisory vote to approve our executive compensation will occur at the 2017 Annual Meeting of Stockholders.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that you vote “FOR” the Company’s advisory resolution on executive compensation.

[Back to Contents](#)

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY: FOCUS ON PAY-FOR-PERFORMANCE

This Compensation Discussion and Analysis section provides a detailed description of our compensation philosophy, practices and the factors and process used in making compensation decisions with respect to our fiscal 2016 named executive officers, namely:

Name	Title
Gary D. Burnison	President and Chief Executive Officer
Robert P. Rozek	Executive Vice President, Chief Financial Officer and Chief Corporate Officer
Byrne Mulrooney	Chief Executive Officer of Korn Ferry Futurestep
Stephen D. Kaye	Chief Executive Officer of Korn Ferry Hay Group
Matthew P. Reilly*	Former Chief Executive Officer of Leadership Talent and Consulting (LTC)

**Mr. Reilly separated from the Company effective January 31, 2016, following the acquisition of the Hay Group.*

Selected Performance Highlights

The Company had strong financial and operating performance during fiscal 2016. Below are a few performance highlights:

Achieved record Fee Revenue of **\$1.3 Billion** (inclusive of Hay Group acquisition for 5 months) representing a **25.7% increase** year over year and the highest annual Fee Revenue for the Company in its 46-year history

Maintained **#1 position** as largest search firm among the “Big 5” International search firms (based upon a third party revenue study)

Completed the transformational **acquisition of the Hay Group** and made significant progress on Hay Group integration

Successfully rolled-out the **Korn Ferry Four Dimensions of Leadership**, an industry-leading assessment protocol

\$21.8 Million returned to stockholders through quarterly dividend payments made in FY '16

The following charts graphically display the Company's Fee Revenue performance for the last three fiscal years

Fee Revenue (in millions)

2016 Proxy Statement **25**

[Back to Contents](#)

Stockholder Value Delivered

The Company delivered outstanding three year total shareholder return (TSR) within our peer group (calculated in accordance with the Relative TSR Units, as defined herein), ranking number 2 out of 15 peer group companies.

OUT OF 15 PEER GROUP COMPANIES

In addition, the chart below illustrates the Company's 3 year TSR compared with the TSR of the S&P 500 and the Company's fiscal 2016 peer group (in the case of the Company and the peer group based upon average closing price for the 20 days ending prior to the end of each of the Company's fiscal years in the 3-year period, assuming \$100 was invested on April 30, 2013 in the Company's stock, the S&P 500 and an index comprised of the Company's 2016 peer group).

3 YEAR TSR

KF vs S&P 500 vs Proxy Peer Group

2016 Proxy Statement **26**

[Back to Contents](#)

Spotlight on CEO Pay Alignment

The Company achieved strong fiscal year 2016 Fee Revenue (on both a GAAP and adjusted basis) and accomplished a number of other strategic objectives such as the acquisition of the Hay Group and the roll-out of the Korn Ferry Four Dimensions of Leadership, an industry-leading assessment protocol. The Compensation and Personnel Committee (the “Committee”) considered in its compensation discussions the operational and strategic activities and actions undertaken by Mr. Burnison and the enhanced competitive position of the Company within the human talent consulting marketplace as a result of those actions.

The chart below shows the components of Mr. Burnison’s total direct compensation composed of his base salary, annual cash incentive award and long-term incentive award(s) for the past three fiscal years overlaid with the Company’s Fee revenue (used as a metric for the Company’s fiscal year 2016 annual cash incentive program and adjusted in fiscal year 2016 as described on pages 32 and 33). The fiscal year 2016 compensation figures for Mr. Burnison include an estimate—based upon valuation models of the grant date fair value (as required by SEC rules for purposes of the executive compensation tables)—of the value of his one-time grant of Synergy RSUs, as discussed on pages 36 and 37. This performance-based award was granted specifically in connection with the acquisition of the Hay Group. This one time performance-based equity award, as more fully described in this Proxy Statement, is earned based upon the achievement of certain cost savings and TSR performance and, assuming continued employment, vests on December 1, 2018.

CEO DIRECT COMPENSATION VS. FEE REVENUE

(in millions)

*Represents the estimated value of the one-time Synergy RSU award based upon valuation models of the grant date *fair value as required by SEC rules. The actual value, if any, that Mr. Burnison will realize from his Synergy RSUs will not be known until the time that the award vests.*

As illustrated by the chart above, a significant portion of the CEO’s fiscal 2016 compensation package is tied to the financial performance of the Company and total direct compensation aligns to increases in the Company’s performance in Fee Revenue.

[Back to Contents](#)

Stockholder Engagement and Consideration of Last Year's Say on Pay Vote

Korn Ferry interacts with its stockholders to obtain stockholder views on various topics from our Company strategy to capital allocation and executive compensation. Taking into account the strong stockholder support for the 2015 advisory vote to approve executive compensation, the Committee determined to maintain our executive compensation programs for 2016. The Company will continue to engage our stockholders this year and in future years and consider their input in all facets of our business, including executive compensation.

99% At the 2015 Annual Meeting, approximately 99% of the votes cast were in favor of the advisory vote to approve executive compensation.

Best Practice Highlights:

Use of Independent Compensation Consultant. *The Committee receives objective advice from its independent compensation consultant*

Modest Perquisites. *Named executive officers receive only modest perquisites*

Clawback Policy. *The Board has adopted a clawback policy applicable to all incentive payments and performance-based equity awards granted to executive officers*

No Single Trigger Equity Payments. *The named executive officers are not entitled to any "single trigger" equity acceleration in connection with a change in control*

Stock Ownership Guidelines. *Named executive officers are required to hold three times their base salary in Company common stock*

Peer Group Analysis. *The Company reviews total direct compensation (base salary, annual cash incentive and long-term incentive payments) and the mix of the compensation components for the named executive officers relative to the peer group as one of the factors in determining if compensation is adequate to attract and retain executive officers with the unique set of skills necessary to manage and motivate our global human capital management firm*

No Hedging; No Speculative Trading; No Pledging. *The Company has adopted policies prohibiting hedging, speculative trading or pledging of Company stock*

No Excise Tax Gross-Ups. *Our named executive officers are not entitled to any such gross-up*

EXECUTIVE COMPENSATION PHILOSOPHY AND OVERSIGHT

Philosophy

The Company is a premier global provider of talent management solutions including executive recruitment, leadership consulting services and high impact recruitment solutions. The Company is uniquely positioned to help its clients with their human capital needs by assisting our clients to design, build and attract talent. The Company's unique global positioning allows it to maintain enhanced brand visibility and to attract and retain high-caliber consultants. The

Company provides its services to a broad range of clients through the expertise of approximately 488 Executive Recruitment, 562 Hay Group (formerly known as LTC and which was combined with HG (Luxembourg) S.à.r.l in December 2015) and 114 Futurestep consultants who are primarily responsible for client services and who are located in 52 countries throughout the world. Accordingly, the Company's executive officers must have the skills and experience to manage and motivate an organization spread over a large number of countries with varying business and regulatory environments. The market for these talented individuals is highly competitive. The Company's compensation philosophy focuses on attracting, retaining and properly rewarding the right candidates for their contributions.

The Committee is diligent about establishing an executive compensation program offering competitive total direct compensation opportunities, which are aligned to stockholder return through established performance criteria grounded in the Company's Strategic Plan and Annual Operating Plan ("AOP").

2016 Proxy Statement **28**

[Back to Contents](#)

The Committee is guided by the following principles in establishing and assessing compensation programs and policies for the named executive officers:

Individual annual cash incentive and equity-based awards should be closely tied to the performance of the Company as a whole or one or more of its divisions or business units, as well as to the team and individual performance of the named executive officer;

The interests of senior management and the Company's stockholders should be aligned through direct ownership of Company common stock and by providing a portion of each named executive officer's total direct compensation in the form of equity-based incentives; and

Total direct compensation must be competitive with our peer group, a broader group of human capital companies and similarly sized publicly traded companies.

**Equity awards based upon grant date value. Excludes Mr. Reilly, whose employment terminated during the fiscal year.*

OUR PROCESS: FROM STRATEGY TO COMPENSATION-RELATED METRICS

The process for setting annual compensation-related metrics begins at an annual off-site meeting where the Company reviews with the Board its Strategic Plan (including goals and objectives). As part of the Strategic Plan, the Company establishes a Strategy Execution Framework ("SEF") to drive performance and achievement of its strategic goals. That framework is represented by the five pillars below; each of which is comprised of detailed activities which, when executed, are designed to drive financial performance goals set within the Company's Strategic Plan:

*integrated, solutions-based go-to-market strategy,
extend and elevate the brand,
unparalleled client excellence,
premier career destination, and
non-executive search solutions.*

In setting the financial goals that underlie the Strategic Plan, the Company considers a number of internal and external factors such as:

*• revenue growth in excess of GDP expectations,
• projected macro-economic data such as employment trends,
• forecasted GDP in the countries where the Company has significant operations,
• internal investment activities,
• market expectations for revenue and earnings growth for recruiting and staffing industry public companies,
• recent and expected levels of new business activity,
• increased productivity of fee earners,
• focus on increasing Executive Recruitment, Futurestep and Hay Group (formerly LTC) collaboration efforts, and
• leveraging the executive search relationships to drive cross line-of-business revenue growth.*

Then, during an end of fiscal year process, the Board approves an AOP for the upcoming fiscal year. For the named executive officers, the Committee establishes annual bonus plan targets with financial and strategic execution Key Performance Indicators (KPIs) that are derived from the SEF and AOP.

[Back to Contents](#)

Such financial targets and strategic execution KPIs form the basis for each named executive officer's annual cash incentives and are tracked and measured during the course of the year with the year-end results reported to the Committee for determining year-end annual cash bonus awards.

As discussed in more detail below, as a part of the process for fiscal 2016 and in light of the Hay Group acquisition, the Committee made certain adjustments to the financial targets during the fiscal year.

Use of Independent Advisor

The Committee retains compensation consultants to assist it in assessing the competitiveness of the named executive officers' compensation. In fiscal 2016, the Committee retained Frederic W. Cook & Co., Inc. for a portion of the year and Pearl Meyer & Partners, LLC for a portion of the year. Pursuant to the factors set forth in Item 407 of Regulation S-K of the Exchange Act, the Committee has reviewed the independence of Frederic W. Cook & Co. and Pearl Meyer & Partners, LLC and conducted a conflicts of interest assessment (taking into consideration factors specified in the NYSE listing standards) and has concluded that Frederic W. Cook & Co. and Pearl Meyer & Partners, LLC are independent and their work for the Committee has not raised any conflicts of interest. No other fees were paid to Frederic W. Cook & Co. or Pearl Meyer & Partners, LLC except fees related to their services to the Committee.

Use of a Peer Group

The Company does not target or position named executive officer pay levels at a specific percentile level relative to a peer group. Rather, the Company reviews total direct compensation and the mix of the compensation components relative to the peer group as one of the factors in determining if compensation is adequate to attract and retain executive officers with the unique set of skills necessary to manage and motivate our global human capital management firm.

Because a number of the Company's peer organizations are privately-held, precise information regarding executive officer compensation practices among the Company's competitor group is difficult to obtain. In addition, even when such data is available, meaningful differences in size, complexity and organizational structure among the Company's peer group make direct comparisons of compensation practices challenging and require exercise of judgment. In assessing the competitiveness of the Company's named executive officer compensation, the Committee relies on information obtained from the proxy statements of publicly-traded competitors, information derived from data obtained from other public sources with respect to competitor organizations, and the general knowledge of the Committee and its compensation consultant with regard to the market for senior management positions.

During fiscal 2016, the Committee continued to use the following companies as a peer group:

CBIZ, Inc.	Navigant Consulting, Inc.
FTI Consulting, Inc.	Resources Connection, Inc.
Heidrick & Struggles International, Inc.	Robert Half International Inc.
Huron Consulting Group Inc.	The Corporate Executive Board Company
ICF International, Inc.	The Dun & Bradstreet Corporation
Insperty, Inc.	Willis Towers Watson
Kelly Services, Inc.	TrueBlue, Inc.
Kforce Inc.	

This peer group was primarily selected based upon criteria such as business lines, operating model, customer base, revenue, market capitalization and entities with which the Company competes for stockholder investment. The Committee reviews the peer group on an annual basis. Revenue and market capitalization data for this peer group and the Company are as follows:

	Market capitalization (as of August 5, 2016)	Revenues*
Fiscal 2016 Peer Group Median	\$1,310 million	\$1,333 million
Korn Ferry**	\$1,350 million	\$1,347 million

* *Peer company revenues computed for 12 months ending as of the applicable company's most recent annual report (as of August 5, 2016).*

***As of the Company's fiscal year ended April 30, 2016.*

[Back to Contents](#)

While the Committee does not target a particular position relative to its peer group in determining the salary, annual cash incentive and long-term incentive levels for each named executive officer, the Committee does consider the range of salary, annual cash incentive and long-term incentive levels that the peer group provides to similarly situated executives and intends that the levels provided to each named executive officer fall within that range. The salary, annual cash incentive and long-term incentive levels for fiscal 2016 generally fell within this range and are generally intended to be within the 25th to 75th percentile of the range.

ELEMENTS OF COMPENSATION & COMPENSATION DECISIONS AND ACTIONS

Base Salary

Base salary is intended to compensate named executive officers for services rendered during the fiscal year and to provide sufficient fixed cash income for retention and recruiting purposes. Named executive officer base salary levels are reviewed on an annual basis by the Committee. In addition to competitive data from the peer group, data is also obtained from other sources with respect to non-public competitor organizations. The Committee also incorporates its perspective and the market knowledge of its compensation consultant related to senior management positions in assessing base salary levels. Further, the Committee takes into consideration individual performance of each named executive officer and, with respect to the named executive officers other than the Chief Executive Officer, input from the Chief Executive Officer.

Effective December 1, 2015, Mr. Rozek's salary was increased from \$475,000 to \$575,000. The increase was in connection with the augmentation of Mr. Rozek's job responsibilities; he was named Chief Corporate Officer, in addition to his existing title of Executive Vice President, Chief Financial Officer. Mr. Rozek's revised salary level is slightly below the median in relation to the Company's peer group.

There were no changes to the base salaries of Messrs. Burnison and Mulrooney. Mr. Reilly and Mr. Kaye were employed by the Company for only a portion of fiscal year 2016 and neither participated in the Company's annual cash incentive or equity program; rather each received off-cycle compensation in connection with their commencement of employment with the Company. Thus, Mr. Reilly and Mr. Kaye's fiscal year 2016 compensation is addressed separately on pages 37 and 38.

Annual Cash Incentives

Annual cash incentives are intended to motivate and reward named executive officers for achieving financial and strategy execution goals over a one-year period. The Committee determines annual cash incentive amounts based upon a number of factors including financial goals, strategy execution objectives, competitive data, and individual

performance, as described in more detail below. While the Committee does primarily base annual cash incentive awards on performance against these objectives for the year, it retains discretion in determining actual bonus payouts. Annual cash incentives are typically paid in cash, but the Committee has discretion to pay a portion of the annual cash incentive in equity or other long-term incentives.

2016 Proxy Statement **31**

[Back to Contents](#)

Governance Insights: Impact of Hay Group Acquisition on Executive Compensation

Q & A WITH JERRY LEAMON, CHAIR OF THE COMPENSATION AND PERSONNEL COMMITTEE

Question: How did the Hay Group acquisition impact compensation decisions for fiscal year 2016?

Our executive compensation program is designed to align the interests of our named executive officers with the interests of our stockholders. We believe this alignment is achieved through both long term total stockholder return goals and short term execution and financial goals that are incorporated into the compensation program. Upon the consummation of the acquisition of Hay Group, the Committee reviewed and discussed if and how the compensation program should be modified so that it continues to appropriately incentivize participants and align pay with performance. In light of such review and discussion, the Committee approved: one-time, performance Synergy RSUs, as discussed in more detail on pages 36 and 37, and KPI adjustments, as discussed in more detail on page 33.

Question: How will the Hay Group acquisition impact compensation decisions for fiscal 2017 and future years?

The Committee continues to believe that the Company's executive compensation program is consistent with the Company's strong pay-for-performance philosophy. This thinking is supported by the Company's stockholders, who, at the Company's 2015 Annual Meeting, voted approximately 99% (of the votes cast) in favor of the advisory vote to approve executive compensation. In light of the foregoing, the Committee does not intend to make any changes to the Company's executive compensation program as a direct result of the Hay Group acquisition other than the one-time Synergy RSUs. The executive compensation program for fiscal 2017 is structurally similar to the fiscal 2016 program. As has always been the case, the Committee will continue to make thoughtful compensation decisions focused on attracting, retaining and properly rewarding outstanding talent for their contributions.

Our Metrics: Measuring Performance

As discussed earlier in the section entitled "*Our Process: From Strategy to Compensation-Related Metrics*", the Committee, using the Company's strategic plan, SEF and AOP as a basis, sets performance metrics and associated targets for our named executive officers. These performance metrics typically are separated into two categories: financial metrics and strategy execution KPIs.

For fiscal year 2016, the Committee selected the following financial performance metrics:

Financial Metric

Adjusted Fee Revenue

Fee revenue as reported in the Company's Annual Report on Form 10-K filed on June 28, 2016 ("Form 10-K") adjusted to include the deferred revenue adjustment related to the Hay Group acquisition and further adjusted to eliminate the

effect of currency fluctuations based upon constant currency rates used in the establishment of the Company's Annual Operating Plan (i.e. currency rates as of the beginning of the fiscal year).

Adjusted Diluted EPS

Diluted earnings per share as reported in the Company's Form 10-K adjusted to include the deferred revenue adjustment related to the Hay Group acquisition, adjusted to exclude the effect of restructuring charges, integration/acquisition costs and Venezuelan foreign currency loss (on an after tax basis) and to eliminate the effect of currency fluctuations based upon constant currency rates used in the establishment of the Company's Annual Operating Plan (i.e. currency rates as of the beginning of the fiscal year).

Adjusted EBITDA Margin

GAAP net income plus interest, tax, depreciation and amortization expense adjusted to include the deferred revenue adjustment related to the Hay Group acquisition and further adjusted exclude the effects of any restructuring charges, integration/acquisition costs and Venezuelan foreign currency loss divided by Adjusted Fee Revenue.

Adjusted Return on Invested Capital

GAAP net income adjusted to include the deferred revenue adjustment related to the Hay Group acquisition and further adjusted exclude the effects of restructuring charges, integration/acquisition costs and Venezuelan foreign currency loss (on an after tax basis), divided by average stockholders' equity (plus debt), all adjusted to include the deferred revenue adjustment related to the Hay Group acquisition.

Back to Contents

Strategy execution KPIs constitute the other group of performance metrics. Grounded in the Company's Strategic Plan, SEF and AOP, the inclusion and use of these KPIs are designed with the intent of aligning compensation with the achievement of the Company's strategic long-term goals, namely efforts to expand its service offerings. While these KPIs are strategic in nature, each KPI does have identified metrics and measurements assigned to it; some of which tie back to specific financial metrics.

Strategy Execution KPIs	Purpose	How the Target Was Established
<p>Strategic Account Development. (measured by Fee Revenue from clients designated as Premier Client Partnership and Investment Accounts divided by total Fee Revenue)*</p>	Linked to the Company's integrated solutions drive "go-to market" strategy of building deeper, multi-service line relationships with clients.	Target set based upon targeted revenues from an agreed-upon list of clients.
<p>Top Rated Performers Retention. (based upon the percentage of highly rated executive search senior client partners and LTC senior partners/ managing directors which are retained throughout the fiscal year)</p>	Linked to the Company's strategic goal of being a premier career destination.	Target set by Committee derived from the SEF and AOP.
<p>Futurestep Revenue % from Global Strategic Accounts. (measured by Futurestep's Fee Revenue divided by the Fee Revenue of a specific group of key client accounts identified by management)</p>	Linked to the Company's integrated solutions drive "go-to market" strategy of building deeper, multi service line relationships with clients.	Target based upon targeted revenues from an agreed upon list of clients.

Adjusted to include the deferred revenue adjustment related to the Hay Group acquisition, and further adjusted to eliminate the effect of currency fluctuations based upon constant currency rates used in the establishment of the Company's AOP (i.e. currency rates as of the beginning of the fiscal year).

The Board, Committee and Company believe they have set targets with appropriate rigor. During fiscal year 2016, the Company acquired the Hay Group. As discussed in the Governance Insights Q&A on page 32, in the footnotes to the table below and in the narrative following the table, certain of the targets for the fiscal year were adjusted to reflect the economics of the combined company based on the operating plan for the combined company. In all cases, when the targets were originally set, the targets were more challenging than both target and actual performance for fiscal year 2015. The table below discusses target and actual results for fiscal year 2015 and fiscal year 2016.

Financial Metric / KPI	FY 15 Target	FY 15 Actual*	FY 16 Target	FY 16 Actual*
Adjusted Fee Revenue (\$M)	\$1,008.8	\$1,057.1	\$1,289**	\$1,326
Adjusted EBITDA Margin	15.50%	15.60%	13.8%**	14.6%
Adjusted Diluted EPS (\$)**	\$1.71	\$1.96	\$1.90**	\$2.14
Adjusted ROIC	10.80%	12.50%	10.6%**	11.3%
Futurestep Fee Revenue (\$M)	\$146	\$170	\$185	\$204
Strategic Account Development	23%	24%	24.5%	24.0%

- * *Adjusted to eliminate the effect of currency fluctuations based upon constant currency rates used in the establishment of the Company's AOP (i.e. currency rates as of the beginning of the fiscal year).*
- Adjusted to reflect to reflect the Hay Group Acquisition. Prior to such adjustments the targets for Fiscal Year 2016 were as follows: Adjusted Fee Revenue (\$1,086 million), Adjusted EBITDA Margin (15.8%), Adjusted Diluted EPS (\$2.00), and Adjusted ROIC (12.7%). In all cases, when the targets were originally set, the targets were more challenging than both target and actual performance for fiscal year 2015.*
- ** *Actual results represent diluted EPS adjusted to include the deferred revenue adjustment related to the Hay Group acquisition, adjusted to exclude the effect of restructuring charges, separation costs, integration/acquisition costs and Venezuelan foreign currency loss (on an after tax basis) and adjusted to eliminate the effect of currency fluctuations based upon a constant currency rate.*
- ***

The Hay Group acquisition was transformative for Korn Ferry. The acquisition results in the addition of intellectual property, including extensive information databases, and of course valuable human talent to Korn Ferry – just to name a few items. It also transforms the mix of Korn Ferry's revenues by volume, geographies, lines of business, etc. When the Committee set the financial metrics for the annual cash incentive plan, it recognized that acquisitions and divestitures made during the fiscal year could have a significant impact on the continued effectiveness and suitability of the financial metrics. Accordingly, the Committee retained the discretion to adjust the financial metrics and to reflect such transactions. As so contemplated, the adjusted Fee Revenue target was adjusted upward to reflect the addition of the Hay Group business, the adjusted EBITDA Margin target was adjusted to reflect the lower margin business of legacy Hay Group and its anticipated impact, the adjusted Diluted EPS metric was adjusted to reflect the additional shares that were issued in connection with the acquisition and for acquisition-related financing and accounting matters (such as purchase accounting) arising from the acquisition, and the adjusted Return on Invested Capital metric was adjusted to reflect the acquisition-related financing.

[Back to Contents](#)**Determinations and Results:**

After the end of the fiscal year the Committee evaluated each named executive officer's achievements against the financial and strategy execution targets. Notwithstanding the structure outlined above, while the Committee primarily bases its determination of annual cash incentives on the metrics discussed herein, the Committee retains discretion in determining actual annual cash incentive awards.

For fiscal year 2016, the weightings and results for our named executive officers were as follows:

Financial Metrics

	Target*	Actual**	Weighting	
			Burnison	Mulrooney
Adjusted Fee Revenue (\$M)	\$ 1,289	\$1,326	17.5%	—
Adjusted EBITDA Margin	13.8%	14.6%	17.5%	15.0%
Adjusted Diluted EPS (\$)***	\$ 1.90	\$2.14	17.5%	—
Adjusted ROIC	10.6%	11.3%	17.5%	—
Futurestep Fee Revenue (\$M)****	\$ 185	\$204	—	30.0%
Futurestep EBITDA Margin	****	1.02x Target	—	15.0%

Strategy Execution KPIs

	Target	Actual	Weighting	
			Burnison	Mulrooney
Strategic Account Development	24.5%	24.0%	15.0%	15.0%
Top Rated Performers Retention	****	1.05x Target	15.0%	—
Futurestep Rev. % from Global Strategic Accounts	****	1.02x Target	—	15.0%
Individual Performance	*****	2.00x Target	—	10.0%

* Other than with respect to the Futurestep Fee Revenue goal, adjusted to reflect to reflect the Hay Group Acquisition. Prior to such adjustments the targets for Fiscal Year 2016 were as follows: Adjusted Fee Revenue (\$1,086 million), Adjusted EBITDA Margin (15.8%), Adjusted Diluted EPS (\$2.00), and Adjusted ROIC (12.7%). In all cases, when the targets were originally set, the targets were more challenging than target or actual performance for fiscal year 2015.

** Adjusted to eliminate the effect of currency fluctuations based upon constant currency rates used in the establishment of the Company's AOP (i.e. currency rates as of the beginning of the fiscal year).

*** Actual results represent diluted EPS adjusted to include the deferred revenue write-off related to the Hay Group acquisition, adjusted to exclude the effect of restructuring charges, separation costs and integration/acquisition costs (on an after tax basis) and adjusted to eliminate the effect of currency fluctuations based upon a constant currency rate.

**** Target not disclosed due to potential competitive harm, but, where applicable, it was set above both target and actual results for fiscal year 2015.

***** For Mr. Mulrooney, where individual performance served as a KPI, the Committee noted the following: Futurestep business grew organically 28% based upon constant currency during the fiscal year, secured a

record level of RPO assignments and accounted for approximately 15.3% of the Company's business.

In keeping with our efforts to reflect stockholder feedback, the table above incorporates detailed disclosure with either actual results or relative results to target. For competitive advantage and confidentiality reasons, we do not disclose the target and actual results for all our strategy execution KPIs. However, when the goals were established the financial metrics and the strategy execution KPIs were considered challenging to achieve given the continuing uncertain economic environment and targets were set above both targets and results for fiscal year 2015.

For each of Mr. Burnison and Mr. Rozek, the target bonus is equal to 100% of his base salary and the maximum bonus is equal to 200% of his base salary. Mr. Mulrooney had a target of \$650,000 for his annual cash and long-term incentives, in the aggregate.

For Messrs. Burnison and Rozek, the Committee awarded annual cash incentive amounts as follows: Mr. Burnison-\$1,669,850 and Mr. Rozek-\$1,055,125 (which amounts represent 183.5% of their respective target bonuses for the year). This amount reflects their performance against the financial metrics and strategy execution KPI targets established at the beginning of the fiscal year, with adjustments reflecting the Hay Group acquisition.

The Committee reviewed performance against the financial performance goals and strategy execution objectives described above in determining a total dollar value for Mr. Mulrooney's combined annual cash incentive and long-term equity awards. A portion of this value was provided to Mr. Mulrooney in early fiscal year 2016 as an annual cash incentive (\$950,000).

Mr. Reilly and Mr. Kaye's fiscal year 2016 compensation is addressed separately on pages 37 and 38.

[Back to Contents](#)

Long-Term Equity Incentives

Long-term incentives are intended to align the named executive officers' interests with those of stockholders and encourage the achievement of the long-term goals of the Company. Long-term incentives are also designed to motivate and help retain top talent. To accomplish these objectives the Committee has discretion to make grants of options, time-based restricted stock and/or performance-based awards, as well as contributions to the Company's non-qualified deferred compensation plans (described below) that vest over time.

The Committee determines long-term incentive award amounts based upon a number of factors including competitive data, total overall compensation provided to each named executive officer, Company performance during the fiscal year preceding the year of grant, and historic grants. The various factors are not given specific weights; the Committee retains discretion to consider items as it deems appropriate.

In fiscal year 2016 our Chief Executive Officer received annual equity grants comprised of 40% time-based restricted stock units and 60% performance restricted stock units (discussed in further detail below). The Committee has determined that this amount falls within the range of long-term incentives provided by the peer group companies and that this was an appropriate level of equity grant and equity mix to properly align the interests of our Chief Executive Officer with the Company's long-term goals, taking into account his individual performance and market compensation levels. In fiscal 2016 our Chief Financial Officer received annual equity grants comprised of 40% time-based restricted stock units and 60% performance restricted stock units (discussed in further detail below).

As described above, Mr. Mulrooney had an aggregate target of \$650,000 for his target annual cash and long-term incentives. When determining the allocation between cash and long-term equity incentives with respect to Mr. Mulrooney, the Committee primarily reviewed historical pay practices, internal equity and what it considered to be an appropriate balance between short-term and long-term pay elements.

Below we discuss equity grants made during fiscal year 2016, including certain one-time special equity grants, the payout of the performance awards granted in 2014 for which the three-year performance period ended in fiscal year 2016, and the equity grants made during fiscal year 2017. Mr. Reilly and Mr. Kaye's fiscal year 2016 compensation is addressed separately on pages 37 and 38.

Fiscal Year 2016 Equity Awards

In fiscal year 2016, 60% (based on the number of units/shares granted) of the annual equity awards granted to the named executive officers were comprised of performance-based awards tied to three-year relative TSR ("Relative TSR Units"). As in previous years (excluding fiscal year 2014), the named executive officers received a portion of their

equity awards in the form of time-based restricted stock awards. As discussed further below, certain NEOs received off-cycle, sign-on and/or special equity grants during fiscal year 2016.

Performance-Based Equity: Relative TSR Units

Mr. Burnison was awarded Relative TSR Units with a target amount of 35,260 units, a maximum amount of 70,520 units, and a minimum amount of zero. These Relative TSR Units have a three-year performance period after which the number of units that vest will depend upon the Company's TSR over the three-year performance period relative to the fiscal 2016 peer group of companies listed above. If the Company's TSR is less than zero, the payouts will be modified to reduce the payout as a percentage of the target.

Relative TSR Units were also granted to Mr. Rozek, with a target amount of 15,430 units (maximum of 30,860 units and minimum of zero); and Mr. Mulrooney with a target amount of 11,020 units (maximum of 22,040 units and minimum of zero).

The table below outlines the potential vesting of the percentages of the Relative TSR Units granted in fiscal year 2016 resulting from the Company's TSR over the three-year performance period relative to the TSR of the fiscal year 2016 peer group.

[Back to Contents](#)

Relative TSR Percentile Ranking	Payout as a % Target	
	Absolute TSR > 0%	Absolute TSR < 0%
>90P	200%	100%
90P	200%	100%
85P	183%	100%
80P	167%	100%
75P	150%	100%
70P	133%	100%
65P	117%	100%
60P	100%	100%
55P	92%	88%
50P	83%	75%
45P	75%	63%
40P	67%	50%
35P	58%	38%
30P	50%	25%
<30P	0%	0%

Time-Based Restricted Stock

Messrs. Burnison, Rozek and Mulrooney received a time-based restricted stock award that vests in four equal annual installments beginning on July 8, 2016. Mr. Burnison received 23,510 shares, Mr. Rozek received 10,290 shares and Mr. Mulrooney received 7,350 shares.

Relative TSR Units for the Three-Year Performance Cycle Ending April 30, 2016

April 30, 2016 marked the end of the three-year performance cycle for the performance-based restricted stock units granted to Mr. Burnison and Mr. Rozek in fiscal year 2014 (and discussed in further detail in the Company's proxy statement for fiscal year 2014). The Company's relative total stockholder return over the three-year performance period resulted in the Company ranking second out of a 15 company peer group. This second place ranking translates into 185% of the award (i.e. 66,690 and 22,630 shares, respectively) vesting. Mr. Mulrooney was not granted this type of equity grant in fiscal year 2014.

LTC/FS Units for the Three-Year Performance Cycle Ending April 30, 2016

April 30, 2016 marked the end of the three-year performance cycle for the performance-based restricted stock units granted to Messrs. Burnison, Rozek and Mulrooney in fiscal 2014 (and discussed in further detail in the Company's proxy statement for fiscal year 2014). LTC and Futurestep performance against the Revenue and adjusted EBITDA Margin CAGR targets for each of the three years in the performance period resulted in 155% of the award (i.e. 55,240,

18,740 and 10,520 shares, respectively) vesting. The actual Revenue and EBITDA results for LTC were adjusted to eliminate the effects of the Pivot acquisition, severance to NEOs, non-cash charges determined to be extraordinary or unusual in nature, and currency fluctuations. The actual Revenue and EBITDA results for Futurestep were adjusted to eliminate the effects of currency fluctuations.

Synergy RSU Awards

On December 23, 2015, the Company adopted a synergy incentive program intended to reward participants, including certain of the NEOs, for capturing annualized cost reductions in connection with the Company's acquisition of the Hay Group and delivering on TSR. The awards to the participating NEOs were in the form of performance-based restricted stock units (the "Synergy RSUs") that are eligible to vest based on achievement of cost reduction goals, as described below, tested over a performance period, with an interim measurement period, and continued employment through December 1, 2018. The number of Synergy RSUs earned for the performance period and the interim measurement period will be adjusted up or down based on the Company's TSR in relation to the Company's 2016 peer group over the applicable period, as described below, in order to align management's cost reduction actions with long-term stockholder value creation.

The performance period began on September 30, 2015, the last day of the month during which the acquisition was announced, and it will end on April 30, 2017. There will be an interim measurement period that began on September 30, 2015 and will end on September 30, 2016. The number of Synergy RSUs earned will be tested separately for the performance period and the interim measurement period, but the number of shares earned for the performance period will be reduced (but not below zero) by the amount earned for the interim measurement period.

For purposes of the Synergy RSUs, the cost reductions will be the annualized ongoing cost savings relating to the acquisition that are achieved during the performance period or interim measurement period, as applicable, including cost savings from restructuring programs, optimization of benefit programs, consolidation of facilities, elimination of redundant marketing and professional

Back to Contents

expenses, reduced general and administrative expenses from conforming policies and consolidating administrative functions, and consolidation of information technology systems and data centers. In the event expenses associated with the cost saving actions in the performance period or measurement period, in the aggregate, exceed the amount of the annualized ongoing cost savings resulting from the actions in the applicable period, then the cost reductions for the applicable period will be reduced by such excess.

Mr. Burnison's target number of Synergy RSUs is 60,078 and Mr. Rozek's target number of Synergy RSUs is 30,039. The target number of shares will be earned if cost reductions for the performance period or the interim measurement period equal \$25 million and relative TSR performance is 50th percentile for the performance period or the interim measurement period, as applicable. The threshold for earning any shares is cost reductions of at least \$20 million, which would result in from 40% to 60% of target shares being earned, depending on the Company's relative TSR performance ranking. The maximum amount of cost reductions taken into account will be \$60 million, which would result in a number of shares being earned equal to target plus from 1.67 to 3 times target, depending on the Company's relative TSR performance ranking.

As discussed below on page 38, Mr. Kaye also received a grant of Synergy RSUs. Mr. Mulrooney did not receive a grant of Synergy RSUs because he does not have responsibilities related to the business of the Hay Group.

Fiscal Year 2017 Equity Awards

At the beginning of fiscal year 2017 and as will be described in more detail in the proxy statement for fiscal year 2017, the Company granted regular cycle long term incentive grants in the form of time-based restricted stock and Relative TSR Units to the named executive officers. Similar to the regular cycle long term incentive awards granted in fiscal year 2016, including with respect to structure, the Company granted 40% in time-based restricted stock and 60% in Relative TSR Units (based on the number of units/shares granted). For the fiscal year 2017 regular cycle grants, each of the NEOs received the following:

NEO*	Time-Based Restricted Stock	Value of Time-Based Restricted Stock (Based Upon Grant Date Closing Stock Price)	Relative TSR Units Target	Value of Relative TSR Units Target (Based Upon Grant Date Closing Stock Price)
Gary D. Burnison	45,070	\$ 960,000	67,610	\$1,440,000

Robert P. Rozek	21,600	\$ 460,000	32,390	\$690,000
Byrne Mulrooney**	37,560	\$ 800,000	56,340	\$1,200,000
Stephen D. Kaye***	—	—	—	—

* *Mr. Reilly separated from the Company effective January 31, 2016, following the acquisition of the Hay Group.*

** *As will be discussed in further detail in the fiscal year 2017 proxy statement, Mr. Mulrooney received an increased equity grant relative to prior years. The Committee determined this was appropriate in light of peer group practices and for retention purposes. Mr. Mulrooney's time-based RSUs will vest over a 5-year period, rather than a 4-year period. In addition to the equity grants above, Mr. Mulrooney was also granted cash-based units in the Company's new Long Term Performance Unit Plan. See discussion below for further detail.*

*** *In light of his equity grants in December 2015, Mr. Kaye did not receive equity grants as a part of the regular grant cycle in July 2016.*

Fiscal 2016 Compensation for Mr. Reilly and Mr. Kaye

Mr. Reilly and Mr. Kaye were employed by the Company for only a portion of fiscal year 2016. Both of them commenced employment with the Company during fiscal year 2016 (Mr. Reilly in May and Mr. Kaye in December) and Mr. Reilly separated from the Company effective January 31, 2016, following the acquisition of the Hay Group.

Base Salary

On May 4, 2015, the Company entered into an employment letter agreement with Mr. Reilly and on September 25, 2015, the Company entered into an employment letter with Mr. Kaye. In connection with the negotiation of these agreements, the annual base salaries for each of Mr. Reilly and Mr. Kaye were set at \$450,000.

Cash Incentives and Bonuses

Mr. Kaye had a target of \$850,000 for his annual cash and long-term incentives, in the aggregate; provided that, for the first twelve months of his employment only, Mr. Kaye was guaranteed a minimum cash payment equal to \$750,000. In light of the Company's performance (as discussed above) and Mr. Kaye's guaranteed bonus amount, the Committee determined that it was appropriate for Mr. Kaye to receive a pro-rata payment of the \$750,000 (with the balance to be a guaranteed amount in fiscal 2017) for fiscal year 2016 (\$312,500).

In connection with his hire and the integration of the Hay Group with and into the Company, Mr. Kaye was granted a potential cash award of \$1,000,000 (the "Retention Bonus"). 50% of the Retention Bonus is payable on (or within 45 days following) December 1, 2017, and 50% of the Retention Bonus is payable on (or within 45 days following) December 1, 2018, contingent upon his continuous, uninterrupted regular employment through such dates.

2016 Proxy Statement **37**

[Back to Contents](#)

Mr. Reilly had a target of \$850,000 for his annual cash and long-term incentives, in the aggregate; provided that, for fiscal year 2016 only, Mr. Reilly was guaranteed a minimum cash payment equal to \$750,000. Mr. Reilly was no longer employed by the Company when determinations were made with respect to annual cash incentive payout amounts. In addition, in connection with his separation, the Committee approved an additional payment to Mr. Reilly of \$50,000, equal to the pro-rata portion of the annual cash incentive in excess of \$750,000 that Mr. Reilly would have received for fiscal year 2016 (based on the Company's performance through the date of his separation agreement, and the number of days in the fiscal year Mr. Reilly was employed prior to such date).

In connection with the negotiation of his offer letter during fiscal year 2016, and in recognition of amounts he forfeited from his previous employer, Mr. Reilly was paid a sign-on bonus equal to \$700,000, which was subject to repayment obligations if Mr. Reilly's employment was terminated by Mr. Reilly without "Good Reason" or by the Company without "Cause" during the four-year period following his start date.

Mr. Reilly's separation-related payments are discussed below under the section entitled "Potential Payments Upon Termination or Change of Control."

Long-Term Equity Incentives

Each of Messrs. Kaye and Reilly had an aggregate target of \$850,000 for his target annual cash and long-term incentives, however, each of them received sign-on grants during fiscal year 2016, rather than participating in the ordinary annual grant cycle. In connection with the negotiation of their offer letters during fiscal year 2016, Messrs. Kaye and Reilly each received a time-based restricted stock award that vests in four equal annual installments beginning on December 1, 2016, for Mr. Kaye and May 4, 2016, for Mr. Reilly. Mr. Kaye received 26,110 shares and Mr. Reilly received 43,970 shares.

Mr. Kaye also received a grant of Synergy RSUs which are subject to the same terms and conditions as the Synergy RSUs granted to Messrs. Burnison and Rozek, as described above on pages 36 and 37. Mr. Kaye's target number of Synergy RSUs is 15,020.

Mr. Reilly's separation-related payments, including the treatment of his restricted stock award, are discussed below under the section entitled "Potential Payments Upon Termination or Change of Control."

OTHER COMPENSATION ELEMENTS

Generally Available Benefits and Perquisites

The Company provides named executive officers the same benefits that are provided to all employees, including medical, dental and vision benefits, group term life insurance and participation in the Company's 401(k) plan. In addition, the named executive officers receive the benefits provided to all employees at the level of vice president and above including an automobile allowance and participation in the Company's nonqualified deferred compensation plan (described below).

Nonqualified Deferred Compensation Plan

The Company maintains a nonqualified deferred compensation plan, known as the Korn/Ferry International Executive Capital Accumulation Plan ("ECAP"). Pursuant to the ECAP, the named executive officers, along with all other U.S.-based vice presidents, may defer up to 80% of their salary and/or up to 100% of their annual incentive award into the ECAP. Participants in the ECAP make elections on how they would like their deemed account "invested" from a set line up of 17 pre-determined mutual funds. At its discretion, the Company may make contributions to the ECAP on behalf of a participant. All Company matching and performance contributions to the ECAP are approved by the Committee. During fiscal year 2016, no Company contributions were made to the ECAP on behalf of the named executive officers. Participants in the ECAP may elect to receive distributions (in lump sum) while employed by the Company (and after such amounts have become vested) or upon termination of their employment with the Company.

Long Term Performance Unit Plan

After the end of the fiscal year, the Committee approved the Korn/Ferry International Long Term Performance Unit Plan (the "LTPU Plan"). The Company's named executive officers are eligible to participate in the LTPU Plan; currently Mr. Mulrooney is the only named executive officer that participates. The purpose of the LTPU Plan is to promote the success of the Company by providing a select group of management and highly compensated employees with nonqualified supplemental retirement benefits as an additional means to attract, motivate and retain such employees. Pursuant to the LTPU Plan, the Committee may grant cash-based unit awards (the "Unit Awards"). Unless a participant dies or becomes disabled, or makes an election in accordance with the LTPU Plan, each vested Unit Award will pay out an annual benefit of \$25,000 (subject to a potential performance adjustment) for each of five years commencing on the seventh anniversary of the grant date. Subject to the terms

[Back to Contents](#)

of the LTPU Plan, participants may elect to have their annual benefits start on a later date and/or pay out in a lower annual amount over a greater number of years. The Unit Award granted to Mr. Mulrooney vests upon the following circumstances: (i) the fourth anniversary of the grant date, subject to his continued service as of such date; (ii) the later of his 65th birthday and the second anniversary of the grant date, subject to his continued services as of each such date; (iii) his death or disability, or (iv) a change of control event (as defined in the LTPU Plan).

Employment Agreements

Each of the Company's named executive officers is covered by an employment contract or letter agreement that provides for a minimum annual level of salary, target incentives, eligibility for long-term incentives and benefit eligibility. The agreements also provide for a severance benefit in the event of a termination of employment without "cause" or for "good reason," as such terms are defined in the agreements. It is the Committee's belief that such agreements are necessary from a competitive perspective and also contribute to the stability of the management team.

Please refer to the sections entitled "Employment Agreements" and "Potential Payments Upon Termination or Change of Control" below for further discussion of these agreements.

OTHER POLICIES

Stock Ownership Guidelines

The Company's amended and restated stock ownership guidelines provide that all named executive officers are required to own three times their annual base salary in Company common stock. In addition, such guidelines require non-employee directors to hold three times their annual cash retainer in Company common stock. Stock ownership includes direct stock ownership but does not include unvested stock awards. Pursuant to the stock ownership guidelines, the stock ownership level will be calculated annually on the day of the Company's annual meeting of stockholders based on the prior thirty-day average closing stock price as reported by the NYSE. Until the stock ownership level is met, each executive officer and non-employee director must retain at least 75% of the net shares received upon vesting of restricted stock awards and 50% of the net shares received upon exercise of stock options. When an executive officer's stock ownership requirement increases as a result of an increase in the officer's annual salary, the officer will become subject to such higher stock ownership level over a five-year proportional phase-in period. All of our named executive officers are in compliance with the stock ownership guidelines (either because they meet the applicable stock ownership level or because they are in compliance with the applicable retention ratios in instances where the applicable stock ownership level has not been met).

Clawback Policy

On July 12, 2011, the Board adopted a clawback policy applicable to all incentive payments and performance-based equity awards granted to executive officers or the principal accounting officer after July 12, 2011. Pursuant to the policy, in the event that the Board determines there has been an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, the Board will review all applicable incentive payments and if such payments would have been lower had they been calculated based on such restated results, the Board may, to the extent permitted by governing law, seek to recoup for the benefit of the Company such payments to and/or equity awards held by executive officers or the principal accounting officer who are found personally responsible for the material restatement, as determined by the Board.

Policies Prohibiting Hedging, Speculative Trading and Pledging

The Company has adopted policies prohibiting officers, directors and employees from engaging in speculative transactions (such as puts, calls, short sales) or in any type of hedging transaction (such as zero cost collars and forward sale contracts) in Company securities. Further, directors and officers are expressly prohibited from margining Company securities or pledging Company securities as collateral for a loan.

[Back to Contents](#)

Internal Revenue Code Section 162(m)

As one of the factors in the review of compensation matters, the Committee considers the anticipated tax treatment to the Company. The deductibility of some types of compensation for named executive officers (other than the chief financial officer) depends upon the timing of a named executive officer's vesting or exercise of previously granted rights or on whether such plans qualify as "performance-based" plans under the provisions of the tax laws. The Committee usually seeks to satisfy the requirements necessary to allow the compensation of its named executive officers to be deductible under Section 162(m) of the Internal Revenue Code, but may also approve compensation that is not deductible under Section 162(m). For example, for fiscal 2016 no annual bonuses would have been paid, and no equity awards would have been granted in fiscal year 2016, to any of the named executive officers if the Company had not achieved at least 9.5% ROIC or \$1.40 of adjusted diluted EPS.

COMPENSATION AND PERSONNEL COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Personnel Committee has reviewed and discussed the Compensation Discussion and Analysis (the "CD&A") for the fiscal year ended April 30, 2016 with management. In reliance on the reviews and discussions with management relating to the CD&A, the Compensation and Personnel Committee has recommended to the Board, and the Board has approved, that the CD&A be included in this Proxy Statement.

Compensation and Personnel Committee

Jerry P. Leamon, Chair
Christina A. Gold
William R. Floyd

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2016, at all times, all members of the Compensation and Personnel Committee were "independent"; none were employees or former employees of the Company and none had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. None of our executive officers served on the compensation committee or board of directors of another entity whose executive officer(s) served on our Compensation and Personnel Committee or Board.

2016 Proxy Statement **40**

[Back to Contents](#)

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

FISCAL YEAR 2016, 2015 AND 2014 SUMMARY COMPENSATION TABLE

The following table sets forth information with respect to the total compensation paid to or earned by each of the named executive officers in fiscal 2016, 2015 and 2014.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gary D. Burnison, President and Chief Executive Officer	2016	910,000	—	5,007,588	1,669,850	19,508	⁽⁴⁾ 27,306	⁽⁵⁾ 7,634,2
	2015	861,538 ⁽³⁾	—	1,515,819	1,654,148	26,594	⁽⁴⁾ 19,227	⁽⁶⁾ 4,077,3
	2014	700,000	—	1,749,826	1,303,650	—	14,815	⁽⁶⁾ 3,768,2
Robert P. Rozek, Executive Vice-President, Chief Financial Officer and Chief Corporate Officer	2016	516,667 ⁽⁷⁾	—	2,367,371	1,055,125	—	22,871	⁽⁸⁾ 3,962,0
	2015	475,000	—	514,386	863,429	—	16,977	⁽⁶⁾ 1,869,7
	2014	475,000	—	593,607	884,620	—	12,692	⁽⁶⁾ 1,965,9
Byrne Mulrooney, Chief Executive Officer of Korn/Ferry International Futurestep, Inc.	2016	450,000	—	683,758	950,000	—	20,361	⁽¹⁰⁾ 2,104,1
	2015	426,154 ⁽⁹⁾	—	433,225	808,700	—	32,200	⁽⁶⁾ 1,700,2
	2014	300,000	—	440,461	722,643	—	113,059	⁽⁶⁾ 1,576,1
Matthew P. Reilly, Former Chief Executive Officer of Leadership and	2016	336,057	1,450,000 ⁽¹¹⁾	1,482,668	50,000	⁽¹²⁾ —	490,044	⁽¹³⁾ 3,808,7
	2015	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—

Talent Consulting									
Stephen D. Kaye,	2016	187,500 ⁽¹⁴⁾	312,500	⁽¹⁵⁾	1,705,052	—	—	35,639	⁽¹⁶⁾ 2,240,6
Chief Executive Officer of Korn/Ferry International, The Hay Group	2015	—	—	—	—	—	—	—	—
	2014	—	—	—	—	—	—	—	—

Represents the aggregate grant date fair value of awards granted during the fiscal year, calculated in accordance with Accounting Standards Codification, 718, Compensation-Stock Compensation. Certain assumptions used to calculate the valuation of the awards are set forth in Note 4 to the notes to consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended April 30, 2016. For the 2016 grants, the value of the maximum number of shares that could be earned as Relative TSR Units granted to each named executive officer is as follows: Mr. Burnison, \$2,774,962, Mr. Rozek, \$1,214,341 and Mr. Mulrooney, \$867,274. For the Relative TSR Units, the grant date fair value is measured using a Monte Carlo simulation valuation model. The simulation model applies a risk-free interest rate and an expected volatility assumption. The risk-free rate is assumed to equal the yield on a three-year Treasury bond on the grant date. Volatility is based on historical volatility for the 36-month period preceding the grant date. For Mr. Burnison and Mr. Rozek the assumed per-share value of the Relative TSR Units for the July 8, 2015 annual grant was \$39.35, for the July 25, 2014 annual grant was \$33.85, (1) and for the July 9, 2013 annual grant was \$23.23. For Mr. Mulrooney, the assumed per-share value of the Relative TSR Units for the July 25, 2014 annual grant was \$33.85, and for the July 9, 2013 annual grant was \$23.23. For performance-based shares (the performance units granted in fiscal 2014 tied to fee revenue and EBITDA margin CAGR of the LTC and Futurestep service offerings (the "LTC/FS Units")), fair value is determined by the closing share price on the grant date and the outcome is determined based upon company performance measured by the compounded annual growth rate of segment revenue and EBITDA margin compared to target levels. The per-share value of the LTC/FS Units granted on December 18, 2013 for Mr. Burnison, Mr. Rozek and Mr. Mulrooney was \$25.60. For the 2016 grants, the value of the maximum number of shares that could be earned as Synergy RSUs granted to each named executive officer is as follows: Mr. Burnison, \$8,000,000, Mr. Rozek, \$4,000,000 and Mr. Kaye, \$2,000,000. During fiscal year 2016, Mr. Reilly received a time-based restricted stock award on his hire date that was accelerated in connection with his later termination of employment. The incremental cost associated with the award's modification (\$82,668) is included above (as well as the grant date fair value of 1,400,000).

Back to Contents

- (2) *Reflects cash incentive compensation earned in the applicable fiscal year and paid in the following fiscal year.*
- (3) *Mr. Burnison's base annual salary from May 1, 2014 to June 25, 2014 was \$700,000, at which time his employment agreement was amended and restated increasing Mr. Burnison's base annual salary to \$910,000. The values in the table represent, for each applicable fiscal year, the aggregate change in the actuarial present value of Mr. Burnison's accumulated benefit under the Enhanced Wealth Accumulation Plan (the "EWAP") from the pension plan measurement date used for financial statement reporting purposes with respect to the Company's audited financial statements for the prior completed fiscal year to the pension plan measurement date used for financial reporting purposes with respect to the Company's audited financial statements for the covered fiscal year. As discussed under "Fiscal 2016 Pension Benefits," participants in the EWAP elected to participate in a "deferral unit" that required the participant to contribute a portion of their compensation for an eight year period, or in some cases, make an after tax contribution, in return for defined benefit payments from the Company over a fifteen year period generally at retirement age of 65 or later. Mr. Burnison is the only named executive officer that participates in the EWAP. To date, Mr. Burnison has contributed \$55,200 to the EWAP. In June 2003, the Company amended the EWAP plan, so as not to allow new participants or the purchase of additional deferral units by existing participants. The aggregate change in the actuarial present value of Mr. Burnison's accumulated benefit under the EWAP from the pension plan measurement date used for financial statement reporting purpose with respect to the Company's audited financial statements for fiscal year 2013 to the pension plan measurement date used for financial reporting purposes with respect to the Company's audited financial statements for fiscal year 2014 was (\$16,954).*
- (4) *Represents an auto allowance of \$5,400, executive long-term disability insurance premium and/or imputed income of \$1,095, executive short-term life insurance premium and/or imputed income of \$4,140, 401(k) employer matching contribution of \$3,600 and dividends on unvested restricted stock of \$13,071.*
- (5) *Reflects increase to amounts reported in prior year proxy statements due to inadvertent omission of 401(k) matching contributions as follows: Mr. Burnison (2014), \$3,025, Mr. Burnison (2015), \$3,500, Mr. Rozek (2014), \$2,479, Mr. Rozek (2015), \$3,499, Mr. Mulrooney (2014), \$3,500, Mr. Mulrooney (2015), \$3,534.*
- (6) *Mr. Rozek's base annual salary from May 1, 2015 to December 28, 2015 was \$475,000, at which time his offer letter was amended increasing Mr. Rozek's base annual salary to \$575,000.*
- (7) *Represents an auto allowance of \$5,400, executive long-term disability insurance premium and/or imputed income of \$1,095, executive short-term life insurance premium and/or imputed income of \$3,933, 401(k) employer matching contribution of \$3,499 and dividends on unvested restricted stock of \$8,944.*
- (8) *Mr. Mulrooney's base annual salary from May 1, 2014 to June 26, 2014 was \$300,000, at which time his offer letter was amended increasing Mr. Mulrooney's base annual salary to \$450,000.*
- (9) *Represents an auto allowance of \$5,400, executive long-term disability insurance premium and/or imputed income of \$1,095, executive short-term life insurance premium and/or imputed income of \$2,851, 401(k) employer matching contribution of \$3,600 and dividends on unvested restricted stock of \$7,415.*
- (10) *In connection with the negotiation of his offer letter during fiscal 2016, and in recognition of amounts he forfeited from his previous employer, Mr. Reilly was paid a sign-on bonus equal to \$700,000, which was subject to repayment obligations if Mr. Reilly's employment was terminated by Mr. Reilly without "Good Reason" or by the Company without "Cause" during the four-year period following his start date. Mr. Reilly had a target of \$850,000 for his annual cash and long-term incentives, in the aggregate; provided that, for fiscal 2016 only, Mr. Reilly was guaranteed a minimum cash payment equal to \$750,000.*
- (11) *Reflects payment to Mr. Reilly of \$50,000, equal to the pro-rata portion of the annual cash incentive in excess of \$750,000 that Mr. Reilly would have received for fiscal year 2016 (based on the Company's performance through the date of his separation agreement, and the number of days in the fiscal year Mr. Reilly was employed prior to such date).*
- (12) *Represents an auto allowance of \$4,050, executive long-term disability insurance premium and/or imputed income of \$46, executive short-term life insurance premium and/or imputed income of \$907, severance benefits of \$450,000 and 18 months of continuation health coverage under COBRA of \$35,041.*
- (13) *Mr. Kaye's base annual salary is \$450,000. Mr. Kaye joined the Company on December 1, 2015.*
- (14)
- (15)

Mr. Kaye had a target of \$850,000 for his annual cash and long-term incentives, in the aggregate; provided that, for the first twelve months of his employment only, Mr. Kaye was guaranteed a minimum cash payment equal to \$750,000. In light of the Company's performance and Mr. Kaye's guaranteed bonus amount, the Committee determined that it was appropriate for Mr. Kaye to receive a pro-rata payment of the \$750,000 (with the balance to be a guaranteed amount in fiscal 2017) for fiscal year 2016 (\$312,500).

(16) Represents an auto allowance of \$2,250, executive short-term life insurance premium and/or imputed income of \$585 and a one-time make-whole award of \$32,804 upon closing of the Hay Group 401(k) plan.

[Back to Contents](#)

FISCAL YEAR 2016 GRANTS OF PLAN-BASED AWARDS

The following table sets forth information with respect to non-equity incentive plan compensation and equity awards granted in fiscal 2016 to the named executive officers, in the case of equity awards, under the 2008 Plan.

Name	Grant Date	Estimate Future Payments Under Non-Equity Incentive Plan Awards			Estimate Future Payments Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$) ⁽¹⁾	Threshold (#)	Target (#)	Maximum (#)		
Gary D. Burnison	7/8/2015	—	—	—	—	—	—	23,510	800,045
	7/8/2015	—	—	—	8,815	35,260	70,520	—	1,387,481
	12/23/2015	—	—	—	24,031	60,078	240,312	—	2,820,062
	—	—	910,000 ⁽²⁾	2,730,000	—	—	—	—	—
Robert P. Rozek	7/8/2015	—	—	—	—	—	—	10,290	350,169
	7/8/2015	—	—	—	3,858	15,430	30,860	—	607,171
	12/23/2015	—	—	—	12,016	30,039	120,156	—	1,410,031
	—	—	575,000 ⁽³⁾	1,875,000	—	—	—	—	—
Byrne Mulrooney	7/8/2015	—	—	—	—	—	—	7,350	250,121
	7/8/2015	—	—	—	2,755	11,020	22,040	—	433,637
	—	—	—	⁽⁴⁾ 1,875,000	—	—	—	—	—
Stephen D. Kaye	12/1/2015	—	—	—	—	—	—	26,110	1,000,013
	12/23/2015	—	—	—	6,008	15,020	60,080	—	705,039
	—	—	—	⁽⁵⁾ —	—	—	—	—	—
Matthew P. Reilly	5/4/2015	—	—	—	—	—	—	43,970	1,482,668 ⁽⁶⁾
	—	—	—	⁽⁵⁾ 1,875,000	—	—	—	—	—

⁽¹⁾ Maximum potential payout under section 162(m) compliant plan; Committee retains complete negative discretion to award lesser amount.

⁽²⁾ Mr. Burnison has an annual target incentive award equal to 100% of his base salary.

⁽³⁾ Mr. Rozek has an annual target incentive award equal to 100% of his base salary.

⁽⁴⁾ For fiscal year 2016, Mr. Mulrooney had an annual target incentive award (cash incentive and long-term equity) of \$650,000.

⁽⁵⁾ Mr. Kaye and Mr. Reilly have (or had) an annual target incentive award (cash incentive and long-term equity) of \$850,000.

⁽⁶⁾ Mr. Reilly's received a time-based restricted stock award on his hire date that had a grant date fair value of \$1,400,000. The award was accelerated in connection with his separation, resulting in incremental cost of

\$82,668.

EMPLOYMENT AGREEMENTS

Certain elements of compensation set forth in the “Summary Compensation Table” and “Grants of Plan-Based Awards Table” reflect the terms of employment or letter agreements entered into between the Company and each of the named executive officers that were in effect as of April 30, 2016.

Gary D. Burnison. We entered into an amended and restated employment agreement with Mr. Burnison dated July 25, 2014 (the “Burnison Employment Agreement”) pursuant to which Mr. Burnison serves as Chief Executive Officer. Pursuant to the Burnison Employment Agreement, we agreed to provide Mr. Burnison with the following annual compensation: (1) an annual base salary of \$910,000; (2) participation in the Company’s annual cash incentive plan with an annual target award of 100% of annual base salary and the ability to earn additional amounts up to a maximum cash award of 200% of annual base salary; and (3) subject to approval of the Board, participation in the Company’s equity incentive program. In addition, Mr. Burnison is eligible to participate in employee benefit plans, arrangements and programs maintained from time to time by the Company for the benefit of senior executives.

[Back to Contents](#)

Robert P. Rozek. We entered into an employment agreement with Robert Rozek on February 6, 2012 and an amendment thereto on December 28, 2015 (collectively, the “Rozek Employment Agreement”) pursuant to which Mr. Rozek serves as Executive Vice President, Chief Financial Officer and Chief Corporate Officer of the Company. The Rozek Employment Agreement provided for an initial term ending on April 30, 2015 that is automatically renewed for successive terms of one year unless sooner terminated. Pursuant to the terms of the Rozek Employment Agreement, Mr. Rozek received an annual base salary of \$475,000 through November 30, 2015 and currently receives an annual base salary of \$575,000. Mr. Rozek is eligible for an annual target cash incentive award equal to 100% of his annual base salary with the ability to earn additional amounts up to a maximum cash award equal to 200% of his annual base salary. In addition, Mr. Rozek is eligible to participate in employee benefit plans, arrangements and programs maintained from time to time by the Company for the benefit of senior executives.

Byrne Mulrooney. We entered into a letter agreement with Byrne Mulrooney dated June 26, 2014, (the “Mulrooney Letter Agreement”) pursuant to which Mr. Mulrooney serves as the Chief Executive Officer of Futurestep, Inc. The Mulrooney Letter Agreement provides for (1) an annual base salary of \$450,000; and (2) an annual target incentive award (cash and long-term equity) with a value of \$650,000 and a maximum of \$1,350,000 (increased to an annual target incentive award (cash and long-term equity) with a value of \$1,150,000 and a maximum of \$2,300,000 pursuant to a July 2016 amendment). In addition, Mr. Mulrooney is eligible to participate in employee benefit plans, arrangements and programs maintained from time to time by the Company for the benefit of senior executives.

Stephen Kaye. We entered into a letter agreement with Stephen Kaye dated September 23, 2015 (the “Kaye Letter Agreement”) pursuant to which he serves as the Chief Executive Officer of the Hay Group. The Kaye Letter Agreement provides for (1) an annual base salary of \$450,000; and (2) an annual target incentive award (cash and long-term equity) with a target value of \$850,000 and a maximum of \$1,550,000; provided, however, that during Mr. Kaye’s first twelve months of employment, he is guaranteed minimum total cash compensation (consisting of base salary and annual incentive award) of \$1,200,000 (of which the annual incentive portion is \$750,000 (the “First Year Minimum Incentive”). The Kaye Letter Agreement also provides for a sign-on award of restricted stock units with a grant date fair value of \$1,000,000 (the “Sign On Award”) that vest in four equal annual installments on each of the first four anniversaries of Mr. Kaye’s start date subject to continued employment through each such date as well as the Retention Bonus. In addition, Mr. Kaye is eligible to participate in employee benefit plans, arrangements and programs maintained from time to time by the Company for the benefit of senior executives.

Matthew Reilly. We entered into a letter agreement with Matthew Reilly dated May 4, 2015 (the “Reilly Letter Agreement”) that governed Mr. Reilly’s employment as the Chief Executive Officer of the Company’s Leadership and Talent Consulting business unit prior to his termination. The Reilly Letter Agreement provided for (1) an annual base salary of \$450,000; and (2) an annual target incentive award (cash and long-term equity) with a target value of \$850,000 and a maximum of \$1,550,000; provided, however, that Mr. Reilly was guaranteed a minimum incentive award of \$750,000 for fiscal 2016. Mr. Reilly also received a sign-on cash award equal to \$700,000 and an award of restricted stock units (the “Reilly Sign On RSUs”) with a grant date fair value of \$1,400,000 that were scheduled to vest in four equal annual installments on each anniversary of the grant date. In addition, Mr. Reilly was eligible to participate in the employee benefit plans, arrangements and programs maintained from time to time by the Company for the benefit of senior executives. The Reilly Letter Agreement also provided for a grant of performance shares that had not yet been granted as of the date of his termination of employment and were forfeited in connection with such termination. See below for additional information regarding Mr. Reilly’s termination.

2016 Proxy Statement **44**

[Back to Contents](#)

FISCAL YEAR 2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information with respect to options to purchase shares of the Company's common stock, restricted stock and restricted stock unit grants to the named executive officers outstanding as of April 30, 2016.

Name	Option Awards			Stock Awards			Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights that Have Not Vested (#)	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Not Exercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock that Have Not Vested (#)		Market Value of Shares of Stock that Have Not Vested (\$)
Gary D. Burnison	—	—	—	—	—	12,368	(1) 335,668	—
	—	—	—	—	—	14,115	(2) 383,081	—
	—	—	—	—	—	23,510	(3) 638,061	—
	—	—	—	—	—	—	—	66,690 (4)
	—	—	—	—	—	—	—	28,240 (5)
	—	—	—	—	—	—	—	8,815 (6)
	—	—	—	—	—	—	—	55,240 (7)
	—	—	—	—	—	—	—	240,312 (8)
Robert P. Rozek	—	—	—	—	—	4,195	(1) 113,852	—
	—	—	—	—	—	4,793	(2) 130,082	—
	—	—	—	—	—	10,290	(3) 279,271	—
	—	—	—	—	—	—	—	22,630 (9)
	—	—	—	—	—	—	—	9,580 (10)
	—	—	—	—	—	—	—	3,858 (11)
	—	—	—	—	—	—	—	18,740 (12)
	—	—	—	—	—	—	—	120,156 (13)
Byrne Mulrooney	—	—	—	—	—	4,713	(1) 127,911	—
	—	—	—	—	—	6,865	(14) 186,316	—
	—	—	—	—	—	4,035	(2) 109,510	—
	—	—	—	—	—	7,350	(3) 199,479	—
	—	—	—	—	—	—	—	8,070 (15)
	—	—	—	—	—	—	—	2,755 (16)
	—	—	—	—	—	—	—	10,520 (17)
	—	—	—	—	—	26,110	(18) 708,625	—

**Stephen D.
Kaye**

— — — — — — — — 60,080

(19

(1) *The time-based restricted stock grant was made on June 11, 2012 and vests in four equal annual installments beginning on June 11, 2013.*

(2) *The time-based restricted stock grant was made on July 25, 2014 and vests in four equal annual installments beginning on July 25, 2015.*

(3) *The time-based restricted stock grant was made on July 8, 2015 and vests in four equal annual installments beginning on July 8, 2016.*

(4) *This grant of Relative TSR Units was made on July 9, 2013. The award has a three-year vesting period after which between 0 and 72,100 shares may vest depending upon the Company's total stockholder return over the three-year vesting period relative to a peer group of companies. On July 9, 2016, 66,690 shares vested based upon the Company's total stockholder return over the three-year performance period relative to a peer group of companies.*

(5) *This grant of Relative TSR Units was made on July 25, 2014. The award has a three-year vesting period after which between 0 and 56,480 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 100% of target.*

(6) *This grant of Relative TSR Units was made on July 8, 2015. The award has a three-year vesting period after which between 0 and 70,520 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 25% of target.*

2016 Proxy Statement **45**

Back to Contents

(7) *This grant of LTC/FS Units was made on December 18, 2013. The award has a three-year vesting period beginning on July 12, 2013, the approval date, after which between 0 and 71,280 shares may vest depending upon company performance measured by the compounded annual growth rate of segment revenue and EBITDA margin compared to target levels. On July 12, 2016, 55,240 shares vested based on the compounded annual growth rate of segment revenue and EBITDA margin realized over the three-year period compared to target levels.*

(8) *This grant of Synergy RSUs was made on December 23, 2015 and has characteristics of both market-based and performance-based restricted stock. The award has a three-year vesting period after which between 0 and 240,312 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies and contingent on the level of cost reduction goals achieved over the performance period. Calculated using the maximum outcome of 400% of target.*

(9) *This grant of Relative TSR Units was made on July 9, 2013. The award has a three-year vesting period after which between 0 and 24,460 shares may vest depending upon the Company's total stockholder return over the three-year vesting period relative to a peer group of companies. On July 9, 2016, 22,630 shares vested based upon the Company's total stockholder return over the three-year performance period relative to a peer group of companies.*

(10) *This grant of Relative TSR Units was made on July 25, 2014. The award has a three-year vesting period after which between 0 and 19,160 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 100% of target.*

(11) *This grant of Relative TSR Units was made on July 8, 2015. The award has a three-year vesting period after which between 0 and 30,860 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 25% of target.*

(12) *This grant of LTC/FS Units was made on December 18, 2013. The award has a three-year vesting period beginning on July 12, 2013, the approval date, after which between 0 and 24,180 shares may vest depending upon company performance measured by the compounded annual growth rate of segment revenue and EBITDA margin compared to target levels. On July 12, 2016, 18,740 shares vested based on the compounded annual growth rate of segment revenue and EBITDA margin realized over the three-year period compared to target levels.*

(13) *This grant of Synergy RSUs was made on December 23, 2015 and has characteristics of both market-based and performance-based restricted stock. The award has a three-year vesting period after which between 0 and 120,156 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies and contingent on the level of cost reduction goals achieved over the performance period. Calculated using the maximum outcome of 400% of target.*

(14) *The time-based restricted stock grant was made on June 9, 2013 and vests in four equal annual installments beginning on June 9, 2014.*

(15) *This grant of Relative TSR Units was made on July 25, 2014. The award has a three-year vesting period after which between 0 and 16,140 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 100% of target.*

(16) *This grant of Relative TSR Units was made on July 8, 2015. The award has a three-year vesting period after which between 0 and 22,040 shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies. Calculated using the probable outcome of 25% of target.*

This grant of LTC/FS Units was made on December 18, 2013. The award has a three-year vesting period beginning on July 12, 2013, the approval date, after which between 0 and 13,580 shares may vest depending upon (17) company performance measured by the compounded annual growth rate of segment revenue and EBITDA margin compared to target levels. On July 12, 2016, 10,520 shares vested based on the compounded annual growth rate of segment revenue and EBITDA margin realized over the three-year period compared to target levels.

(18) The time-based restricted stock grant was made on December 1, 2015 and vests in four equal annual installments beginning on December 1, 2016.

This grant of Synergy RSUs was made on December 23, 2015 and has characteristics of both market-based and performance-based restricted stock. The award has a three-year vesting period after which between 0 and 60,080 (19) shares may vest depending upon the Company's total stockholder return over the three-year period relative to a peer group of companies and contingent on the level of cost reduction goals achieved over the performance period. Calculated using the maximum outcome of 400% of target.

STOCK VESTED IN FISCAL YEAR 2016

The following table sets forth information with respect to and the vesting of stock awards for each of the named executive officers during the fiscal year ended April 30, 2016.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Gary D. Burnison	—	—	116,297	4,076,117
Robert P. Rozek	—	—	52,732	1,738,171
Byrne Mulrooney	—	—	29,123	1,016,429
Matthew P. Reilly	—	—	43,970	1,354,716

[Back to Contents](#)

FISCAL YEAR 2016 PENSION BENEFITS

The following table sets forth the pension benefits of the named executive officers as of April 30, 2016.

Name	Plan Name	Number of Years Credited Service or Number of Units Earned (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Gary D. Burnison	Executive Wealth Accumulation Plan ("EWAP") ¹²		308,604	—

Enhanced Wealth Accumulation Plan

The EWAP was established in fiscal 1994. Certain vice presidents elected to participate in a "deferral unit" that required the participant to contribute a portion of their compensation for an eight year period, or in some cases, make an after-tax contribution, in return for defined benefit payments from the Company over a fifteen year period generally at retirement age of 65 or later. Participants were able to acquire additional "deferral units" every five years.

In June 2003, the Company amended the EWAP so as not to allow new participants or the purchase of additional deferral units by existing participants. The assumptions used to calculate the present value of the accumulated benefit under the EWAP are set forth in Note 6 to the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended April 30, 2016.

FISCAL YEAR 2016 NONQUALIFIED DEFERRED COMPENSATION

The nonqualified deferred compensation plan earnings and withdrawals of the named executive officers as of April 30, 2016 are set forth in the table below.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings/loss in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE \$(1)
Gary D. Burnison	—	—	(81,042)	—	992,674
Robert P. Rozek	—	—	—	—	—

Byrne Mulrooney	—	—	—	—	—
Stephen D. Kaye	—	—	—	—	—

The “Aggregate Balance at Last FYE” is comprised of contributions made by both Mr. Burnison and the Company of which \$209,000 was reported as contributions in Summary Compensation Tables in prior-year proxy statements beginning with the fiscal 2007 proxy statement. The information in this footnote is provided to clarify the extent to which amounts payable as deferred compensation represent compensation reported in our prior proxy statements, rather than additional currently earned compensation.

Please see the “Other Compensation Elements” section on page 38 for further discussion of the Company’s nonqualified deferred compensation plan.

2016 Proxy Statement **47**

[Back to Contents](#)

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The tables below reflect the amount of compensation that would become payable to each of the named executive officers (other than Mr. Reilly) under existing plans and arrangements if that named executive officer's employment had terminated on April 30, 2016 (pursuant to his employment agreement then in effect), given the named executive officer's compensation and service levels as of such date and, if applicable, based on the Company's closing stock price on that date. The information presented below with respect to Mr. Reilly, however, reflects actual amounts received in connection with his termination of employment in January of 2016. These benefits are in addition to benefits available prior to the occurrence of any termination of employment, including benefits generally available to salaried employees, such as distributions under the Company's 401(k) plan and EWAP, and previously accrued and vested benefits under the Company's nonqualified deferred compensation plan, as described in the tables above. In addition, in connection with any actual termination of employment, the Company may determine to enter into an agreement or to establish an arrangement providing additional benefits or amounts, or altering the terms of benefits described below, as the Committee determines appropriate. The actual amounts that would be paid upon a named executive officer's termination of employment can be determined only at the time of such named executive officer's separation from the Company. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be higher or lower than reported below. Factors that could affect these amounts include the timing during the year of any such event, the Company's stock price and the named executive officer's age. References to "performance shares" mean any outstanding Relative TSR Units or Synergy RSUs.

Gary D. Burnison. Under the Burnison Employment Agreement, if Mr. Burnison's employment terminated due to death or disability, then he, or his legal representatives, would receive: (1) all accrued compensation as of the date of termination; (2) full vesting of all outstanding stock options, other equity-type incentives (excluding performance shares) and benefits under the ECAP; (3) a pro rata portion of his target annual cash incentive award for the fiscal year in which his employment terminated; (4) the number of performance shares that would have been earned if he had served the Company for the entire performance period and the target performance had been achieved (provided, however, that with respect to Mr. Burnison's Synergy RSUs, he would receive the number of shares actually earned in the performance period and interim measurement period based on Company performance over the entire performance period and interim measurement period); and (5) reimbursement of COBRA coverage premiums for Mr. Burnison and his dependents for as long as such coverage was available under COBRA.

If we terminated Mr. Burnison's employment for cause or he voluntarily terminated his employment without good reason, then we would pay him accrued compensation through the date of termination.

Under the Burnison Employment Agreement, prior to a change in control or more than 12 months after a change in control, if Mr. Burnison's employment was terminated by us without cause or by Mr. Burnison for good reason, then we would provide him with the following: (1) his accrued compensation; (2) a pro rata portion of his annual cash incentive award, based on actual Company performance, for the year in which his employment terminated; (3) cash payments equal to one and one-half times his then current annual base salary and one and one-half times his target bonus; (4) for up to 18 months after termination, reimbursement of COBRA coverage premiums for him and his dependents for as long as such coverage was available under COBRA; (5) vesting on the date of termination of all

outstanding stock options, other equity-type incentives, and all benefits held under the ECAP (excluding performance shares) that would have vested within 12 months of his termination; and (6) for performance shares, a pro rata award of performance shares based on actual performance and the number of days Mr. Burnison was employed during the performance period plus an additional year (provided this number of days does not exceed the number of days in the performance period).

The Burnison Employment Agreement provides that if there was a change of control and within 12 months Mr. Burnison's employment was terminated by us without cause or by Mr. Burnison for good reason, then we would provide him with the following: (1) his accrued compensation; (2) a pro rata portion of his target annual cash incentive award; (3) cash payments equal to the sum of two times his current annual base salary and two times his target bonus; (4) for up to 18 months after termination, reimbursement of COBRA coverage premiums for him and his dependents for so long as such coverage is available under COBRA and for six months thereafter, reimbursement of a portion of the cost of healthcare coverage for him and his dependents; (5) vesting on the date of termination of all outstanding stock options, other equity-type incentives, and all benefits under the ECAP (excluding performance shares); (6) a pro rata award of performance shares (other than Synergy RSUs) based on the greater of the Company's actual performance and target performance and the number of days in the performance period prior to the change in control; (7) a pro rata award of performance shares (other than Synergy RSUs) based on target performance and the number of days remaining in the performance period after a change in control; and (8) for Synergy RSUs, a pro rata award based on actual performance and the number of days Mr. Burnison was employed during the performance period plus an additional year (provided the number of days does not exceed the number of days in the performance period).

Back to Contents

Under the Burnison Employment Agreement, the severance benefits described above are conditioned on Mr. Burnison's execution and delivery of a general release and compliance with covenants relating to confidentiality, nonsolicitation and noncompetition.

Gary D. Burnison	Prior to a Change in Control or More than 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Within 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Death or Disability
Equity/ECAP (excluding performance shares)	\$622,863	\$1,356,796	\$1,356,796
Performance Shares ⁽¹⁾	5,465,357	5,784,052	6,663,074
Base Salary	1,365,000	1,820,000	—
Bonus	3,034,850	2,730,000	910,000
Health Benefits	35,742	47,656	71,484 ⁽²⁾
TOTAL	\$10,523,812	\$11,738,504	\$9,001,354

For the calculations above, if performance shares would vest based on actual Company performance, to the extent the applicable vesting period was still ongoing as of the end of fiscal 2016, it was assumed that the Company achieved target performance. With respect to Mr. Burnison's grants of performance shares for which the (1) measurement period ended on April 30, 2016 (and vested on July 9, 2016), actual results were used in the calculations. With respect to Mr. Burnison's grant of performance shares for which the measurement period ended on April 30, 2016, the measurement period was assumed to have concluded prior to his termination for purposes of the table.

Where Mr. Burnison or his dependents are entitled to COBRA for as long as COBRA is available, we have (2) assumed entitlement to 36 months of COBRA as that is the maximum length of time for which such benefits may be available.

Robert P. Rozek. Under the Rozek Employment Agreement, if Mr. Rozek's employment terminates due to death or disability, then he, or his legal representatives, would receive: (1) all accrued compensation as of the date of termination; (2) full vesting of all outstanding stock options, other equity-type incentives (excluding performance shares and benefits under the ECAP); (3) a pro rata portion of his target annual cash incentive award for the fiscal year in which his employment is terminated; (4) the number of performance shares that would have been earned if he had served the Company for the entire performance period and the target performance had been achieved (provided, however, that with respect to Mr. Rozek's Synergy RSUs, he would receive the number of shares actually earned in the performance period and interim measurement period based on Company performance over the entire performance period and interim measurement period); and (5) reimbursement of COBRA coverage premiums for him and his

dependents for as long as such coverage is available under COBRA.

If we terminate Mr. Rozek's employment for cause or he voluntarily terminates his employment without good reason, then we will pay him accrued compensation through the date of termination.

In the event that Mr. Rozek's employment is terminated by the Company without cause or by Mr. Rozek for good reason prior to a change in control and more than 12 months after his start date or more than 12 months after a change in control occurs, the Company will pay Mr. Rozek the following severance payments: (1) his accrued compensation; (2) a pro-rata portion of his annual cash incentive award, based on actual Company performance, for the year in which his employment terminated; (3) a cash payment equal to one time his then current annual base salary to be paid over 12 months; (4) reimbursement of COBRA coverage premiums for Mr. Rozek and his covered dependents for up to 18 months; (5) the equity awards initially granted to Mr. Rozek in connection with his employment agreement will become fully vested based on target performance; (6) all outstanding equity incentive awards (other than the equity awards initially granted to Mr. Rozek in connection with his employment agreement and any other performance shares), held by Mr. Rozek and all benefits under the Company's ECAP at the time of termination that would have vested in the 12 months following the date of termination will become fully vested as of the date of termination; and (7) a pro rata award of performance shares based on actual performance and the number of days Mr. Rozek was employed during the performance period plus an additional year (provided this number of days does not exceed the number of days in the performance period).

In the event that Mr. Rozek's employment is terminated by the Company without cause or by Mr. Rozek for good reason within 12 months following a change in control, the Company will pay Mr. Rozek the following severance payments: (1) his accrued compensation; (2) a pro-rata portion of his target annual cash incentive award; (3) a cash payment equal to the sum of one time his current annual base salary and one time his target bonus to be paid over 12 months; (4) reimbursement of COBRA coverage premiums for Mr. Rozek and his covered dependents for up to 18 months, plus an additional 6 months of health plan premium reimbursement; (5) all outstanding stock options and other equity type incentives held by Mr. Rozek and all benefits under the ECAP at the time of termination, except for performance shares, will become fully vested as of the date of termination; (6) a pro-rata number of performance shares (other than Synergy RSUs) and/or a payout under any long-term performance-based cash incentive program based on actual performance and the number of days in the performance period prior to the change in control; (7) a pro-rata number of performance shares (other than Synergy RSUs) and/or a payout under any long-term performance-based cash incentive program based on target performance and the number of days remaining in the performance period after the change in control; and (8) for Synergy RSUs, a pro rata award based on actual performance and the number of days Mr. Rozek was employed during the performance period plus an additional year (provided the number of days does not exceed the number of days in the performance period).

In the event Mr. Rozek's employment is terminated by the Company without cause upon the expiration of any one-year term of the Rozek Employment Agreement, the Company will pay Mr. Rozek his accrued compensation and, subject to Mr. Rozek's provision of transition services to the Company for a

Back to Contents

period of three months (during which time Mr. Rozek would be entitled to continued pay at his then current annual base salary rate and participation in the Company's welfare benefit plans, but no additional bonus or equity compensation), (1) a cash payment equal to one time his then current annual base salary to be paid in equal monthly installments over 12 months, (2) reimbursement of COBRA coverage premiums for Mr. Rozek and his covered dependents for up to 18 months following termination, (3) the equity awards initially granted to Mr. Rozek in connection with his employment agreement will become fully vested (assuming the target performance), (4) all outstanding equity incentive awards (the equity awards initially granted to Mr. Rozek in connection with his employment agreement and any other performance shares) held by Mr. Rozek and all benefits under the ECAP at the time of termination that would have vested in the 12 months following the date of termination will become fully vested as of the date of termination, and (5) a pro rata award of performance shares based on actual performance and the number of days Mr. Rozek was employed during the performance period plus an additional year (provided this number of days does not exceed the number of days in the performance period).

The severance benefits described above are conditioned on Mr. Rozek's execution and delivery of a general release and compliance with covenants relating to confidentiality, non-solicitation and non-competition.

	Prior to a Change in Control or More than 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Within 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Death or Disability
Robert P. Rozek			
Equity (excluding performance shares)	\$ 227,026	\$ 523,191	\$ 523,191
Performance Shares ⁽¹⁾	2,037,811	2,177,274	2,616,785
Base Salary	475,000	475,000	—
Bonus	1,055,125	950,000	475,000
Health Benefits	35,742	47,656	71,484 ⁽²⁾
TOTAL	\$ 3,830,704	\$ 4,173,121	\$ 3,686,460

For the calculations above, if performance shares would vest based on actual Company performance, to the extent the applicable vesting period was still ongoing as of the end of fiscal 2016, it was assumed that the Company achieved target performance. With respect to Mr. Rozek's grants of performance shares for which the measurement period ended on April 30, 2016 (and vested on July 9, 2016), actual results were used in the calculations. With respect to Mr. Rozek's grant of performance shares for which the measurement period ended on April 30, 2016, the measurement period was assumed to have concluded prior to his termination for purposes of the table.

(2)

Where Mr. Rozek or his dependents are entitled to COBRA for as long as COBRA is available, we have assumed entitlement to 36 months of COBRA as that is the maximum length of time for which such benefits may be available.

Byrne Mulrooney. Under the Mulrooney Letter Agreement, in the event that Mr. Mulrooney's employment is terminated by the Company for any reason other than cause or due to Mr. Mulrooney's death or disability or by Mr. Mulrooney for good reason, and such termination occurs prior to or more than 12 months following the occurrence of a change in control, the Company will pay Mr. Mulrooney the following severance payments subject to his execution and delivery of a general release and compliance with the restrictive covenants set forth in the agreement: (1) his accrued compensation; (2) a pro-rata portion of his annual cash incentive award, based on actual company performance, for the year in which his employment terminated; (3) a cash payment equal to one time his then current annual base salary to be paid in equal monthly installments over 12 months; (4) reimbursement of COBRA coverage premiums for Mr. Mulrooney and his covered dependents for up to 18 months following termination; (5) all outstanding equity incentive awards (other than any performance shares) held by Mr. Mulrooney and all benefits under the Company's ECAP at the time of termination that would have vested in the 12 months following the date of termination will become fully vested as of the date of termination; and (6) a pro rata award of performance shares based on actual performance and the number of days Mr. Mulrooney was employed during the performance period plus an additional year (provided this number of days does not exceed the number of days in the performance period).

In the event that Mr. Mulrooney's employment is terminated by the Company for any reason other than cause or due to Mr. Mulrooney's death or disability or by Mr. Mulrooney for good reason and such termination occurs within 12 months following the occurrence of a change in control, then Mr. Mulrooney will be entitled to receive the same severance benefits as described above (subject to the execution and delivery of a general release and compliance with the restrictive covenants in the agreement) except that the cash payment described in (3) above will equal one time Mr. Mulrooney's then current annual base salary plus his then current target annual incentive award and Mr. Mulrooney will be entitled to full vesting of his outstanding equity awards and all benefits under the ECAP; provided, however, that with respect to performance shares, such vesting will be based on actual performance through the date of the change in control.

[Back to Contents](#)

	Prior to a Change in Control or More than 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Within 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Death or Disability
Byrne Mulrooney			
Equity (excluding performance shares)	\$ 307,428	\$ 623,202	\$—
Performance Shares ⁽¹⁾	704,134	803,738	—
Base Salary	450,000	450,000	—
Bonus	950,000	1,600,000	—
Health Benefits	35,742	35,742	—
TOTAL	\$ 2,447,305	\$ 3,512,682	\$—

For the calculations above, if performance shares would vest based on actual Company performance, to the extent the applicable vesting period was still ongoing as of the end of fiscal 2016, it was assumed that the Company achieved target performance. With respect to Mr. Mulrooney's grants of performance shares for which the (1) measurement period ended on April 30, 2016 (and vested on July 9, 2016), actual results were used in the calculations. With respect to Mr. Mulrooney's grant of performance shares for which the measurement period ended on April 30, 2016, the measurement period was assumed to have concluded prior to his termination for purposes of the table.

Stephen Kaye. Under the Kaye Letter Agreement, if Mr. Kaye's employment terminates due to death or disability, then he, or his legal representatives, would receive: (1) all accrued compensation as of the date of termination; (2) with respect to his Synergy RSUs, the number of shares actually earned in the performance period and interim measurement period based on Company performance over the entire performance period and interim measurement period; and (3) full vesting of the Retention Bonus. Under the Kaye Letter Agreement, in the event that Mr. Kaye's employment is terminated by the Company for any reason other than cause (and not due to Mr. Kaye's death or disability) or by Mr. Kaye for good reason, and such termination occurs prior to or more than 12 months following the occurrence of a change in control, Mr. Kaye will become entitled to the following payments and benefits subject to his execution and delivery of a general release and compliance with the restrictive covenants set forth in the agreement: (1) his accrued compensation; (2) a pro-rata portion of his annual cash incentive award, based on actual company performance, for the year in which his employment terminated; (3) a cash payment equal to one time his then current annual base salary to be paid in equal monthly installments over 12 months; (4) any portion of the First Year Minimum Incentive that has not already been paid as of the date of termination; (5) reimbursement of COBRA coverage premiums for Mr. Kaye and his covered dependents for up to 18 months following termination; (6) full vesting of the Retention Bonus and Sign On Award to the extent then outstanding and unvested; (7) all outstanding equity incentive awards (other than the Sign On Award and any performance shares) held by Mr. Kaye and all benefits under the Company's ECAP at the time of termination that would have vested in the 12 months following the date of termination will become fully vested as of the date of termination; and (8) a pro rata award of performance shares based on actual performance and the number of days Mr. Kaye was employed during the performance period plus an

additional year (provided this number of days does not exceed the number of days in the performance period).

In addition, in the event that Mr. Kaye's employment is terminated by the Company for any reason other than cause (and not due to death or disability) or by Mr. Kaye for good reason and such termination occurs within 12 months following the occurrence of a change in control, then Mr. Kaye will be entitled to receive the same severance benefits as described above (subject to the execution and delivery of a general release and compliance with the restrictive covenants in the agreement) except that the cash payment described in (3) above will equal one time Mr. Kaye's then current annual base salary plus his then current target annual incentive award and Mr. Kaye will be entitled to full vesting of his outstanding equity awards (other than the Synergy RSUs) and all benefits under the ECAP; provided, however, that with respect to performance shares, such vesting will be based on actual performance through the date of the change in control.

Stephen Kaye	Prior to a Change in Control or More than 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Within 12 Months after a Change in Control and Termination Without Cause or With Good Reason	Death or Disability
Equity (excluding performance shares)	\$ 708,625	\$708,625	\$—
Performance Shares ⁽¹⁾	187,880	187,880	407,643
Base Salary	450,000	450,000	—
Retention Bonus	1,000,000	1,000,000	1,000,000
Bonus	437,500	(2) 1,287,500	(2) —
Health Benefits	35,742	35,742	—
TOTAL	\$ 2,819,747	\$3,669,748	\$1,407,643

For the calculations above, if performance shares would vest based on actual Company performance, to the extent (1) the applicable vesting period was still ongoing as of the end of fiscal 2016, it was assumed that the Company achieved target performance.

For a termination without cause or with good reason prior to a change in control or more than 12 months after a change in control, includes the unpaid balance of the First Year Minimum Incentive. For a termination without (2) cause or with good reason within 12 months after a change in control, includes the unpaid balance of the First Year Minimum Incentive and the value of Mr. Kaye's target annual bonus (assumed to be \$850,000 for this purpose).

Back to Contents

For purposes of the foregoing employment agreements (as in effect on April 30, 2016), “cause,” “change in control,” “and “good reason,” generally mean the following:

• **“Cause” for purposes of Messrs. Burnison, Rozek, Mulrooney and Kaye means:**

– conviction of any felony or other crime involving fraud, dishonesty or acts of moral turpitude or pleading guilty or nolo contendere to such charges; or

– reckless or intentional behavior or conduct that causes or is reasonably likely to cause the Company material harm or injury or exposes or is reasonably likely to expose the Company to any material civil, criminal or administrative liability; or

– any material misrepresentation or false statement made by the executive in any application for employment, employment history, resume or other document submitted to the Company, either before, during or after employment; or

– for Messrs. Mulrooney and Kaye, material violation of the Company’s material written policies or procedures.

“Change in Control” means:

– an acquisition by any person of beneficial ownership or a pecuniary interest in more than 30% (50% for Mr. Burnison) 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;

– the consummation of a merger, consolidation, or reorganization of the Company or of a sale or other disposition of all or substantially all of the Company’s consolidated assets as an entirety (collectively, a “Business Combination”), other than a Business Combination (a) in which all or substantially all of the holders of Voting Stock of the Company hold or receive directly or indirectly 70% (50% for Mr. Burnison and for Messrs. Mulrooney and Kaye, more than 50%) or more of the Voting Stock of the entity resulting from the Business Combination (or a parent company), and (b) after which no person (other than certain excluded persons) owns more than 30% (50% for Mr. Burnison) 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 (c) after which one or more excluded persons own an aggregate amount of Voting Stock of the resulting entity at least equal to the aggregate number of shares of Voting Stock 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% (50% for Mr. Burnison) of the Voting Stock of the resulting entity;

– approval by the Board of the Company and (if required by law) by stockholders of the Company of a plan to consummate (or, for Mr. Burnison, consummation of) the dissolution or complete liquidation of the Company; or

– during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new directors 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. Notwithstanding the above provisions, no “Change in Control” shall be deemed to have occurred if a Business Combination, as described above, is effected and a majority of the Incumbent Directors, through the adoption of a Board resolution, determine that, in substance, no Change in Control has occurred.

“Good Reason” for purposes of Mr. Burnison means, if without Mr. Burnison’s prior written consent:

the Company materially reduces Mr. Burnison’s duties or responsibilities as Chief Executive Officer or assigns him –duties which are materially inconsistent with his duties or which materially impair his ability to function as Chief Executive Officer;

the Company reduces Mr. Burnison’s base salary or target annual incentive award under the Company’s annual cash –incentive bonus plan (in each case, other than as part of an across-the-board reduction applicable to all executive officers of the Company);

the Company fails to perform or breaches its obligations under any other material provision of Mr. Burnison’s –employment agreement and fails to cure such failure or breach within the period required by Mr. Burnison’s employment agreement;

Mr. Burnison’s primary location of business is moved by more than 50 miles, subject to certain exceptions set forth –in Mr. Burnison’s employment agreement;

–the Company reduces Mr. Burnison’s title of Chief Executive Officer or removes him; or

the Company fails to obtain the assumption in writing of its obligation to perform the agreement by any successor to –all or substantially all of the assets of the Company within 15 days after a merger, consolidation, sale or similar transaction.

“Good Reason” for purposes of Mr. Rozek means, if without Mr. Rozek’s prior written consent:

the Company materially reduces Mr. Rozek’s title, duties or responsibilities as Chief Financial Officer, or removes –him;

the Company reduces Mr. Rozek’s then current base salary or target award opportunity under the Company’s annual and/or long-term incentive compensation program(s) (in each case, other than as part of an across-the-board –reduction (other than relating to Base Salary within the first 12 months of the Term) applicable to all “named executive officers” of the Company (as defined under Item 402 of Regulation S-K and to the extent employed by the Company at that time) and/or other than as a result of the exercise of the Compensation Committee’s discretion with respect to the long-term incentive compensation program); or

Mr. Rozek’s primary location of business is moved by more than 50 miles (other than in connection with a move of –the Company’s corporate headquarters).

[Back to Contents](#)

“Good Reason” for purposes of Messrs. Mulrooney and Kaye means, if without Mr. Mulrooney’s or Mr. Kaye’s prior written consent:

The Company materially reduces his duties or responsibilities as Chief Executive Officer, Futurestep or Hay Group, as applicable; or

The Company materially reduces his then current base salary or target annual incentive award (other than as part of an across-the-board reduction applicable to all “named executive officers” of the Company); or

–for Mr. Kaye, the Company materially breaches a material term of the Kaye Letter Agreement.

Matthew Reilly. Mr. Reilly’s employment with the Company terminated in January 2016 pursuant to a Separation and Release Agreement (the “Separation Agreement”) entered into on September 27, 2015 (the “Agreement Date”). Pursuant to the Separation Agreement, Mr. Reilly, in exchange for his execution of a general release of claims against the Company, received, in addition to his accrued compensation, the following additional benefits: (1) a lump sum cash payment equal to \$750,000 representing the guaranteed minimum incentive award provided under the Reilly Letter Agreement; (2) a lump sum cash payment equal to \$50,000 representing a pro rata portion of the annual cash incentive award in excess of \$750,000 that Mr. Reilly would have received for the 2016 fiscal year based on the Company’s actual performance through the Agreement Date and the number of days Mr. Reilly was employed during the fiscal year prior to the Agreement Date; (3) an amount in cash equal to one time his base salary paid in equal monthly installments over 12 months (\$450,000); (4) reimbursement of COBRA coverage premiums for Mr. Reilly and his covered dependents for up to 18 months (\$35,041); and (5) accelerated vesting of 100% of the unvested portion of the Reilly Sign On RSUs (value on settlement of \$1,354,716). In addition, Mr. Reilly was allowed to retain the full value of his \$700,000 sign on award.

FISCAL YEAR 2016 COMPENSATION OF DIRECTORS

The compensation of directors, including all restricted stock units and stock option awards, for fiscal 2016 is set forth in the table below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Other Compensation ⁽²⁾	Total (\$)
Doyle N. Beneby	65,000	119,884	1,020	185,904
William R. Floyd	65,000	119,884	7,452	192,336
Christina A. Gold	65,000	119,884	1,516	186,400
Jerry P. Leamon	85,000	⁽³⁾ 119,884	1,516	206,400
Debra J. Perry	80,000	⁽⁴⁾ 119,884	1,516	201,400
George T. Shaheen	195,000	⁽⁵⁾ 119,884	14,508	329,392
Harry L. You	70,000	⁽⁶⁾ 119,884	1,516	191,400

(1)

Represents the aggregate grant date fair value of awards granted during the fiscal year, calculated in accordance with Accounting Standards Codification, 718, Compensation-Stock Compensation. The assumptions used to calculate the valuation of the awards are set forth in Note 4 to the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended April 30, 2016. As of April 30, 2016, the aggregate restricted stock units granted to each director was 3,400 restricted stock units representing their annual equity grant.

(2) Represents dividends on unvested restricted stock units

(3) Mr. Leamon received \$15,000 for service as Compensation Committee Chair and \$5,000 for service as Audit Committee Member during fiscal year 2016.

(4) Ms. Perry received an annual fee of \$15,000 for her services as Audit Committee Chair during fiscal 2016.

(5) Mr. Shaheen received an annual fee of \$120,000 for his services as Chair of the Board and \$10,000 for his service as Nominating Committee Chair during fiscal 2016.

(6) Mr. You received an annual fee of \$5,000 for service as Audit Committee Member during fiscal 2016.

Directors who are also employees or officers do not receive any additional compensation for their service on the Board. The non-employee director compensation program provides for an annual equity award of restricted stock units with a value of approximately \$120,000 to be awarded on the date of each annual meeting of stockholders. The number of units subject to such award is determined by dividing \$120,000 by the closing price of the Company's common stock on the date of such annual meeting of stockholders (rounded to the nearest ten units). Non-employee directors are permitted to defer settlement of their restricted stock units; during fiscal year 2016, Messrs. Shaheen, Floyd and Beneby elected to defer their restricted stock units. The restricted stock unit awards vest on the day before the following annual meeting of stockholders. Additionally, non-employee directors receive each year \$65,000 either in cash or in restricted stock units, at their election, on the date of each annual meeting of stockholders. In addition, each member of the Audit Committee receives \$5,000 in cash annually, the Audit Committee Chair receives \$15,000 in cash annually, the Compensation and Personnel Committee Chair receives \$15,000 in cash annually, and the Nominating and Corporate Governance Committee Chair receives \$10,000 in cash annually. The Chair of the Board receives \$120,000 in cash annually. All directors are reimbursed for their out-of-pocket expenses incurred in connection with their duties as directors.

The Company's stock ownership guidelines for directors require each non-employee director to own three times their annual cash retainer in Company stock. As of April 30, 2016, all of the non-employee directors complied with the guidelines.

[Back to Contents](#)

This page intentionally left blank

2016 Proxy Statement **54**

[Back to Contents](#)

03

STOCK INCENTIVE PLAN

<u>PROPOSAL No. 3</u>	
<u>APPROVAL OF THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN</u>	<u>56</u>
<u>Reasons for the Proposal</u>	<u>56</u>
<u>Key Data</u>	<u>57</u>
<u>Promotion of Good Corporate Governance Practices</u>	<u>57</u>
<u>Section 162(m) of the Code</u>	<u>57</u>
<u>Plan Summary</u>	<u>58</u>
<u>U.S. Federal Income Tax Consequences</u>	<u>62</u>
<u>New Plan Benefits</u>	<u>63</u>
<u>Vote Required</u>	<u>63</u>
<u>Recommendation of the Board</u>	<u>63</u>
<u>Equity Compensation Plan Information</u>	<u>63</u>

2016 Proxy Statement 55

[Back to Contents](#)

Proposal No. 3

APPROVAL OF THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN

On August 22, 2008, the Board adopted the 2008 Stock Incentive Plan (the “2008 Plan”), which was subsequently approved by the Company’s stockholders on September 23, 2008. A subsequent amendment and restatement was approved by the Board and then by the Company’s stockholders on September 10, 2009 and again on September 27, 2012 (the “Second A&R 2008 Plan”).

In order to continue to provide qualified employees, officers, non-employee directors and other service providers with stock-based incentives, on August 23, 2016, the Board approved, subject to stockholder approval, the Third Amended and Restated Korn/Ferry International 2008 Stock Incentive Plan (the “Third A&R 2008 Plan”) to, among other things, make available 5,500,000 additional shares of the Company’s common stock for stock-based awards. The Board is submitting the Third A&R 2008 Plan to the stockholders for their approval at the Annual Meeting.

As of July 31, 2016, an aggregate of 1,925,258 shares of common stock remained available for new grants under the Second 2008 A&R Plan for the grant of stock-based incentives. The Company believes a compensation policy that includes a balanced mix of cash and equity is the most effective way to attract and retain talented employees whose interests are aligned with stockholders. Without approval of the Third A&R 2008 Plan, the Company will be constrained in its ability to use equity as a component of its compensation philosophy, a result that would put the Company at a considerable competitive disadvantage to its direct and indirect competitors for the high level professional employees who make up the bulk of the Company’s current and prospective employee base.

While approving the Third A&R 2008 Plan, the Board considered, among other things, the following:

- potential dilution to its current stockholders as measured by burn rate and overhang (as described in “Key Data” below);
- the recommendations of stockholder advisory firms like Glass Lewis and Institutional Shareholder Services; and
- the continued importance of motivating, recruiting and retaining key employees.

REASONS FOR THE PROPOSAL

The Board unanimously recommends that the Company’s stockholders approve the Third A&R 2008 Plan. The Company’s ability to grant an appropriate number of equity-based awards continues to be crucial in allowing the Company to effectively compete for key employee talent against other executive search, leadership and consulting

firms. It is in the long-term interest of the Company and its stockholders to strengthen the ability to attract, motivate and retain employees, officers, directors, consultants, agents, advisors and independent contractors, and to provide additional incentive for those persons through stock ownership and other incentives to improve operations, increase profits and strengthen the mutuality of interest between those persons and the Company's stockholders.

If the Third A&R 2008 Plan is not approved, the number of shares currently available under the Second A&R 2008 Plan may not be sufficient to cover projected awards for an additional year. Thus, if the Plan is not approved, we may not be able to provide persons eligible for awards with compensation packages that are necessary to attract, retain and motivate these individuals. The Board currently intends that the additional 5,500,000 shares under the Third A&R 2008 Plan will be sufficient to fund the Company's equity compensation needs for approximately four years.

[Back to Contents](#)

KEY DATA

When approving the Third A&R 2008 Plan, the Board considered the burn rate with respect to the equity awards granted by the Company, as well as the Company's overhang. The burn rate is equal to the total number of equity awards the Company granted in a fiscal year divided by the weighted average common stock outstanding during the year. Overhang is equal to the total number of equity awards outstanding plus the total number of shares available for grant under the Company's equity plans, divided by the sum of the total common stock outstanding, the number of equity awards outstanding and the total number of shares available for grant under the Company's equity plans. The Company's three-year average burn rate, at the time the Board approved the Third A&R 2008 Plan, was approximately 1.36%, which is comparable to the median three-year average burn rate of 1.55% for the Company's peer group (described in more detail on page 30). The Company's overhang as of July 31, 2016 was 5.8%, which was significantly less than the median overhang of the peer group of 14.1%. If the Third A&R 2008 Plan is approved, the Company's overhang would increase to 15.62%, which is comparable to that of the median of the peer group.

The following table sets forth information regarding outstanding equity awards and shares available for future equity awards under the Second A&R 2008 Plan as of July 31, 2016 (without giving effect to approval of the Third A&R 2008 Plan):

Total shares underlying outstanding stock options	72,310
Weighted average exercise price of outstanding stock options	\$15.88
Weighted average remaining contractual life of outstanding stock options	1
Total shares underlying outstanding unvested time-based restricted stock and restricted stock unit awards	857,035
Total shares underlying outstanding unearned performance-based restricted stock and restricted stock unit awards	689,617
Total shares currently available for grant under 2 nd A&R 2008 Plan	1,925,258
Total shares of common stock outstanding as of July 31, 2016	57,898,000

PROMOTION OF GOOD CORPORATE GOVERNANCE PRACTICES

The Third A&R 2008 Plan provides for the following:

stock options and stock appreciation rights may not have a term in excess of ten years, may not be repriced without stockholder approval and may not be granted at a discount to the fair market value of our common stock on the grant date;

annual limit on equity compensation that may be awarded to non-employee directors;

minimum vesting periods;

share design that limits the number of “full-value” awards (awards other than options and stock appreciation rights), whether time or performance based, that may be granted under the Third A&R 2008 Plan since these awards are counted against the plan’s share reserve as approximately 2.3 shares for every one share issued in connection with such awards; we maintain this “fungible share design” since “full-value” awards are perceived by institutional investors and proxy advisory firms to have a higher cost compared to other awards like stock options;

in no event will dividends or dividend equivalents be paid during the performance period with respect to unearned performance-based awards;

the administrator may cancel outstanding awards or, in some cases, “claw back” awards previously realized if certain authorized officers engage in acts of misconduct; and

awards made under the Plan may qualify as “performance-based compensation” under Section 162(m) of the Code.

SECTION 162(m) OF THE CODE

The Board continues to believe that it is in the best interests of the Company and its stockholders to provide for an incentive plan under which stock-based and qualifying cash compensation awards made to the Company’s executive officers can qualify for deductibility by the Company for federal income tax purposes. Accordingly, the Third A&R 2008 Plan has been structured in a manner such that awards under it can satisfy the requirements for “performance-based” compensation within the meaning of Section 162(m) of the Code. In general, under Section 162(m), in order for the Company to be able to deduct compensation in excess of \$1 million paid in any one year to the Company’s Chief Executive Officer or any of the Company’s three other most highly compensated executive officers (other than the Company’s Chief Financial Officer), such compensation must qualify as “performance-based.” One of the requirements of “performance-based” compensation for purposes of Section 162(m) is that the material terms of the performance goals under which compensation may be paid be disclosed to and approved

[Back to Contents](#)

by the Company's stockholders. For purposes of Section 162(m), the material terms include (i) the employees eligible to receive compensation, (ii) a description of the business criteria on which the performance goal is based and (iii) the maximum amount of compensation that can be paid to an employee under the performance goal. With respect to the various types of awards under the Third A&R 2008 Plan, each of these aspects is discussed below, and stockholder approval of the Third A&R 2008 Plan will also constitute approval of each of these aspects of the Third A&R 2008 Plan for purposes of the approval requirements of Section 162(m). Although stockholder approval is one of the requirements for exemption under Section 162(m), even with stockholder approval there can be no guarantee that compensation will be treated as exempt "performance-based" compensation under Section 162(m). Furthermore, our Compensation and Personnel Committee will continue to have the authority to provide compensation that is not exempt from the limits on deductibility under Section 162(m).

PLAN SUMMARY

The following summary of the material terms of the Third A&R 2008 Plan is qualified in its entirety by reference to the complete statement of the Third A&R 2008 Plan, which is set forth in Appendix A to this Proxy Statement. Stockholders are encouraged to read the text of the Third A&R 2008 Plan in its entirety.

Purpose. The purpose of the Third A&R 2008 Plan is to stimulate the efforts of employees, officers, non-employee directors and other service providers, in each case who are selected to be participants, by heightening the desire of such persons to continue working toward and contributing to the success and progress of the Company.

Administration. The Third A&R 2008 Plan is administered by the Compensation and Personnel Committee of the Board, provided, however, that, subject to certain exceptions, the Board may exercise any power of the Compensation and Personnel Committee. The administrator is authorized and empowered to do all things it determines to be necessary or appropriate in connection with administration of the Third A&R 2008 Plan, including accelerating awards in the event the administrator determines, in good faith, that such acceleration is necessary or desirable. The Compensation and Personnel Committee may authorize one or more officers of the Company to perform any or all things that the administrator is authorized and empowered to do or perform under the Third A&R 2008 Plan. The Compensation and Personnel Committee may delegate any or all aspects of day-to-day administration of the Third A&R 2008 Plan to one or more officers or employees of the Company or any subsidiary, and/or to one or more agents.

Eligible Participants. Any person who is a current or prospective officer or employee of the Company or its subsidiaries, and any non-employee director of the Company or other service provider retained to provide consulting, advisory or other services to the Company or its subsidiaries, is eligible to be considered for the grant of awards under the Third A&R 2008 Plan. As of July 31, 2016, approximately 6,947 employees and 7 non-employee directors were eligible to participate in the Third A&R 2008 Plan. Options intending to qualify as "incentive stock options" ("Incentive Stock Options" or "ISOs") within the meaning of Section 422 of the Code may only be granted to employees of the Company or any subsidiary.

Available Shares. Subject to stockholder approval of the Third A&R 2008 Plan, the maximum number of shares of common stock of the Company that may be issued pursuant to awards granted under the Third A&R 2008 Plan will be 7,425,258 (which is equal to the 5,500,000 new shares being proposed plus the 1,925,258 shares that remain available for issuance under the Second A&R 2008 Plan). This limitation is subject to adjustments to prevent dilution, and also allows for the issuance of such number of additional shares as is equal to the number of shares subject to outstanding awards under the Second A&R 2008 Plan as of July 31, 2016 and the Company's Performance Award Plan as of August 8, 2008, in each case that cease for any reason to be subject to such awards other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares; provided that (1) any shares issued under options or stock appreciation rights will be counted against this limit on a one-for-one basis; (2) any shares issued as awards other than options or stock appreciation rights will be counted against this limit as 2.3 shares for every one share subject to such award. The shares issued pursuant to awards granted under the Third A&R 2008 Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

For purposes of the foregoing share limit, the aggregate number of shares issued under the Third A&R 2008 Plan at any time will equal only the number of shares actually issued upon exercise or settlement of an award.

Notwithstanding the foregoing, shares subject to an award under the Third A&R 2008 Plan may not again be made available for issuance under the Third A&R 2008 Plan if such shares are: (1) shares that were subject to a stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right, (2) shares delivered to or withheld by the Company to pay the exercise price of an option, (3) shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (4) shares repurchased on the open market with the proceeds of an option exercise. Shares subject to awards that have been canceled, expired, forfeited or otherwise not issued under an award and shares subject to awards settled in cash will not count as shares issued under the Third A&R 2008 Plan. Any shares that again become available for grant pursuant to the foregoing will be added back as one share if such shares were subject to options or stock appreciation rights granted under the Third A&R 2008 Plan and as 2.3 shares if such shares were subject to awards other than options or stock appreciation rights granted under the Third A&R 2008 Plan.

Tax Code Limitations. Subject to changes in the Company's capitalization, the aggregate number of shares that may be granted pursuant to awards during any calendar year to any one participant will not exceed 500,000. The aggregate number of shares that may be issued pursuant to the exercise of incentive stock options granted under the Third A&R 2008 Plan after the date on which it is approved by stockholders may not exceed

[Back to Contents](#)

7,425,258 (which number is subject to antidilution adjustment to the extent that such adjustment will not affect the status of any option intended to qualify as an incentive stock option under Section 422 of the Code (“Incentive Stock Options”). The maximum cash amount payable pursuant to all incentive bonus awards granted in any calendar year to any participant under the Third A&R 2008 Plan that are intended to satisfy the requirements for “performance-based compensation” under Section 162(m) will not exceed \$5,000,000.

Non-Employee Director Awards. Subject to certain exceptions, the aggregate number of shares subject to options and stock appreciation rights granted under the Third A&R 2008 Plan during any calendar year to any one non-employee director will not exceed 50,000, and the aggregate number of shares issued or issuable under all awards granted under the Third A&R 2008 Plan other than options or stock appreciation rights during any calendar year to any one non-employee director will not exceed 25,000; provided, however, that in any calendar year in which a non-employee director first joins the Board or is first designated as Chair of the Board or Lead Director, the maximum number of shares subject to awards granted to the participant may be up to 200% of the number of shares set forth in the foregoing limits.

Amendments and Termination. The Board may amend, alter or discontinue the Third A&R 2008 Plan or any agreement or other document evidencing an award made under the Third A&R 2008 Plan, but, except as provided pursuant to the anti-dilution adjustment provisions of the Third A&R 2008 Plan, no such amendment may be made without the approval of the stockholders of the Company if it would:

- increase the maximum number of shares of common stock for which awards may be granted under the Third A&R 2008 Plan;
- reduce the price at which options may be granted below the price provided for in the Third A&R 2008 Plan;
- reduce the exercise price of outstanding options or stock appreciation rights;
- extend the term of the Third A&R 2008 Plan;
- change the class of persons eligible to participate in the Third A&R 2008 Plan;
- increase the maximum awards that may be granted during any calendar year to any one eligible person; or
- otherwise amend the Third A&R 2008 Plan in any manner requiring stockholder approval by law or under the New York Stock Exchange (“NYSE”) listing requirements.

Any amendment to comply with changes in governing law or accounting standards will not require stockholder approval.

No amendment may impair the rights of any holder of an award without their consent, provided that no consent is required if the administrator determines in its sole discretion and prior to any change of control of the Company if the

amendment is required or advisable in order for the Company, plan or award to satisfy any law or regulation, or meet the requirements of or avoid adverse financial accounting consequences under any accounting standard or is not reasonably likely to significantly diminish the benefits provided under such award, or that any such diminishment has been adequately compensated.

Awards. The Third A&R 2008 Plan authorizes the administrator to grant awards to eligible participants in the form of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, any of which may be performance-based, and for incentive bonuses, which may be paid in cash or stock or a combination thereof.

Stock Options

The administrator of the Third A&R 2008 Plan may grant an option to purchase common stock of the Company, from time to time in the discretion of the administrator. Options may be ISOs or nonstatutory stock options (“NQSOs”). The exercise price per share of common stock subject to an option granted under the Third A&R 2008 Plan must equal or exceed 100% of the fair market value of such common stock on the date the option is granted, except that the exercise price of an option may be higher or lower in the case of options granted to an employee of a company acquired by the Company in assumption and substitution of options held by such employee at the time such company is acquired and the exercise price of an Incentive Stock Option granted to an individual owning more than 10% of the combined voting power of all classes of Company stock must equal or exceed 110% of the fair market value of such common stock on the date of grant. Other than in connection with a change in the Company’s capitalization, the Company will not, without stockholder approval, (i) reduce the exercise price of an option, (ii) exchange an option for a new option or stock appreciation right with a lower exercise price, or (iii) at any time when the exercise price of an option is above the fair market value of a share of common stock, exchange such option for cash or other property. Unless the administrator provides for a shorter period, the maximum term of an option granted under the Third A&R 2008 Plan, including any Incentive Stock Options, will be 10 years from the date of grant, except that Incentive Stock Options granted to an individual who, at the time the option is granted to such individual, owns more than 10% of the combined voting power of all classes of stock of the Company will have a term no greater than 5 years from the date of grant. Options granted under the Third A&R 2008 Plan will vest according to a schedule determined by the administrator; provided, however, that options granted to employees may not become exercisable, vest or be settled, in whole or in part, prior to the one year anniversary of the date of grant except in connection with acceleration due to a change in control or death or disability. Notwithstanding the foregoing, up to 5% of the aggregate number of shares authorized for issuance under the Third A&R 2008 Plan may be issued pursuant to awards subject to any, or no, vesting conditions, as the administrator determines appropriate. The administrator will determine the acceptable forms of payment of the exercise price of an option, which may include: cash, shares of Company common stock, irrevocable commitment by a broker to pay over the amount from a sale of shares of Company common stock issuable under an option, delivery of previously owned shares of Company common stock, withholding of shares of Company common stock or any combination of the foregoing.

[Back to Contents](#)
Incentive Bonus

An incentive bonus is an award which confers upon the participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a specified performance period.

Restricted Stock and Restricted Stock Units

Restricted stock is an award or issuance of shares of common stock of the Company under which the grant, issuance, retention, vesting and/or transferability is subject for a specified period of time to such conditions (including continued employment or performance conditions) and terms as the administrator deems appropriate. Restricted stock units are awards denominated in units of shares of common stock of the Company under which the issuance of shares is subject to such conditions (including continued employment or performance conditions) and terms as the administrator deems appropriate. An award of restricted stock or restricted stock units that vests based on achievement of performance criteria may not vest prior to the twelfth month following its date of grant, except in connection with acceleration due to a change in control, death or disability. Subject to certain limited exceptions, an award of restricted stock or restricted stock units that vests based solely upon continued employment and/or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may be subject to pro-rata vesting over such period, except that the administrator may provide for the satisfaction and/or lapse of all conditions under any such award in the event death or disability or in connection with a change in control. Notwithstanding the foregoing, up to 5% of the aggregate number of shares authorized for issuance under the Third A&R 2008 Plan may be issued pursuant to awards subject to any, or no, vesting conditions, as the administrator determines appropriate. The foregoing limitations do not apply to any awards granted to nonemployee directors. The administrator will determine the extent to which awards of restricted stock and restricted stock units may be settled in cash, shares of common stock of the Company, or a combination of the foregoing. Unless determined otherwise by the administrator, participants receiving restricted stock awards are entitled to the voting and dividend rights of the shares of common stock underlying the awards. Participants receiving restricted stock unit awards are not entitled to the voting rights of the underlying shares of common stock, and are entitled to the dividend rights only to the extent determined by the administrator. Notwithstanding the preceding two sentences, in no event will dividends or dividend rights be paid with respect to unvested awards of restricted stock or restricted stock units that are subject to performance-based vesting criteria. Dividends or dividend equivalents accrued on or in respect of such awards will become payable (if at all) no earlier than the date the performance-based vesting criteria have been achieved and the underlying restricted stock or restricted stock units have been earned.

Stock Appreciation Rights

A stock appreciation right provides the right to the monetary equivalent of the increase in value of a specified number of shares over a specified period of time after the right is granted. Stock appreciation rights may be granted to participants either in tandem with or as a component of other awards granted under the Third A&R 2008 Plan (“tandem SARs”) or not in conjunction with other awards (“freestanding SARs”). All freestanding SARs will be granted subject to the same terms and conditions applicable to options as set forth above and in the Third A&R 2008 Plan and all tandem

SARs will have the same exercise price, vesting, exercisability, forfeiture and termination provisions as the award to which they relate. Other than in connection with a change in the Company's capitalization, the Company may not, without stockholder approval, (i) reduce the exercise price of such stock appreciation right, (ii) exchange such stock appreciation right for a new option or stock appreciation right with a lower exercise price, or (iii) at any time when the exercise price of a stock appreciation right is above the fair market value of a share, exchange such stock appreciation right or for cash or other property.

Performance Awards

Qualifying Performance Criteria. The administrator may establish performance criteria and level of achievement versus such criteria that will determine the number of shares, units or cash to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to an award, which criteria may be based on "qualifying performance criteria" (as described below) or other standards of financial performance and/or personal performance evaluations. In addition, the administrator may specify that an award or a portion of an award is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code, provided that the performance criteria for such award or portion of an award that is intended by the administrator to satisfy the requirements for "performance-based compensation" under Section 162(m) will be a measure based on one or more qualifying performance criteria selected by the administrator and specified at the time the award is granted. The administrator will certify the extent to which any qualifying performance criteria has been satisfied, and the amount payable as a result thereof, prior to payment, settlement or vesting of any award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m).

Back to Contents

For purposes of the Plan, the term “qualifying performance criteria” means any one or more of the following performance criteria, or derivations of such performance criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured over the performance period established by the administrator, on an absolute basis or relative to a pre-established target, to previous results or to a designated comparison group, either based upon United States Generally Accepted Principles (“GAAP”) or non-GAAP financial results, in each case as specified by the administrator: (i) cash flow (before or after dividends), (ii) earnings per share (including earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) total stockholder return, (vi) return on capital (including return on total capital or return on invested capital), (vii) return on assets or net assets, (viii) market capitalization, (ix) economic value added, (x) debt leverage (debt to capital), (xi) revenue, (xii) income or net income, (xiii) operating income, (xiv) operating profit or net operating profit, (xv) operating margin or profit margin, (xvi) return on operating revenue, (xvii) cash from operations, (xviii) operating ratio, (xix) operating revenue, (xx) market share, (xxi) product development or release schedules, (xxii) new product innovation, (xxiii) product cost reduction through advanced technology, (xxiv) brand recognition/acceptance, (xxv) product ship targets, (xxvi) cost reductions, customer service, (xxvii) customer satisfaction, or (xxviii) the sales of assets or subsidiaries.

To the extent consistent with Section 162(m), the administrator may appropriately adjust any evaluation of performance under a qualifying performance criteria (i) to eliminate the effects of charges for restructurings, discontinued operations and all items of gain, loss or expense that are unusual or infrequently occurring or related to the acquisition or disposal of a segment of a business or related to a change in accounting principle, all as determined in accordance with applicable accounting provisions, as well as the cumulative effect of accounting changes, in each case as determined in accordance with GAAP or identified in the company’s financial statements or notes to the financial statements, (ii) to exclude any of the following events that occurs during a performance period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) the effect of changes in tax law or other such laws or provisions affecting reported results, (d) accruals for reorganization and restructuring programs, (e) accruals of any amounts for payment under the Third A&R 2008 Plan or any other compensation arrangement maintained by the Company, (f) foreign exchange gains and losses, and (g) acquisitions or divestitures, and (iii) for such other events as the administrator deems appropriate, if such adjustment is timely approved in connection with the establishment of such qualifying performance criteria.

Deferral of Gains. The administrator may, in an award agreement or otherwise, provide for the deferred delivery of shares or cash upon settlement, vesting or other events with respect to restricted stock units, or in payment or satisfaction of an incentive bonus, to the extent that doing so would not result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code.

Adjustments of and Changes in the Stock. In the event that any stock dividend, stock split or a combination or consolidation or the outstanding shares into a lesser number of shares is declared with respect to the Company’s shares of common stock, the authorization limits set forth in the Third A&R 2008 Plan and above will be increased or decreased proportionately, and the shares then subject to each award will be increased or decreased proportionately without any change in the aggregate purchase price therefor. In the event of an extraordinary distribution on the shares or in the event the shares are changed into or exchanged for a different number or class of shares of stock or securities of the Company or of another corporation or other property, whether through recapitalization, reorganization, reclassification, merger, consolidation, split-up, spinoff, combination, repurchase or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company,

or any other similar corporate transaction or event affects the shares such that an equitable adjustment would be required in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Third A&R 2008 Plan, then the authorization limits set forth in the Third A&R 2008 Plan and above will be adjusted proportionately, and an equitable adjustment will be made to each share subject to an award such that no dilution or enlargement of the benefits or potential benefits occurs. Each such share then subject to each award will be adjusted to the number and class of shares or other property into which each outstanding share will be so exchanged such that no dilution or enlargement of the benefits occurs, all without change in the aggregate purchase price for the shares then subject to each award. Such adjustment may be made to any or all of: (i) the number and type of shares (or other securities or other property) that thereafter may be made the subject of awards or be delivered under the Third A&R 2008 Plan; (ii) the number and type of shares (or other securities or other property) subject to outstanding awards; (iii) the purchase price or exercise price of a share under any outstanding award or the measure to be used to determine the amount of the benefit payable on an award; and (iv) any other adjustments the administrator determines to be equitable.

Transferability. Awards may not be sold, transferred for value, pledged, assigned, or otherwise alienated or hypothecated by a participant other than by will or the laws of descent and distribution, and each option or stock appreciation right may be exercisable only by the participant during his or her lifetime. Notwithstanding the foregoing, outstanding options may be exercised following a participant's death by the participant's beneficiaries or as permitted by the administrator, and to the extent permitted by the administrator, the person to whom an award is initially granted may make certain limited transfers to certain family members, family trusts, or family partnerships.

Effective Date and Termination of the Plan. The Board originally adopted the Third A&R 2008 Plan on August 23, 2016, and it will become effective upon approval by the Company's stockholders at the Annual Meeting (the "Effective Date"). The Third A&R 2008 Plan will remain available for the grant of awards until the tenth (10th) anniversary of the date it was first approved by stockholders; provided, however, that Incentive Stock Options may not be granted under the Third A&R 2008 Plan after the 10th anniversary of the date of the Board's approval thereof.

[Back to Contents](#)

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion of the federal income tax consequences of the Third A&R 2008 Plan is intended to be a summary of applicable federal law as currently in effect. It should not be taken as tax advice by participants, who are urged to consult their individual tax advisors.

Stock Options. ISOs and NQSOs are treated differently for federal income tax purposes. ISOs are intended to comply with the requirements of Section 422 of the Code. NQSOs do not comply with such requirements.

An optionee is not taxed on the grant or exercise of an ISO. The difference between the exercise price and the fair market value of the shares on the exercise date will, however, be a preference item for purposes of the alternative minimum tax. If an optionee holds the shares acquired upon exercise of an ISO for at least two years following the option grant date and at least one year following exercise, the optionee's gain, if any, upon a subsequent disposition of such shares is long term capital gain. The measure of the gain is the difference between the proceeds received on disposition and the optionee's basis in the shares (which generally equals the exercise price). If an optionee disposes of stock acquired pursuant to the exercise of an ISO before satisfying these holding periods, the optionee will recognize both ordinary income and capital gain in the year of disposition. The Company is not entitled to an income tax deduction on the grant or exercise of an ISO or on the optionee's disposition of the shares after satisfying the holding period requirement described above. If the holding periods are not satisfied, the Company will be entitled to a deduction in the year the optionee disposes of the shares in an amount equal to the ordinary income recognized by the optionee.

In order for an option to qualify for ISO tax treatment, the grant of the option must satisfy various other conditions more fully described in the Code. The Company does not guarantee that any option will qualify for ISO tax treatment even if the option is intended to qualify for such treatment. In the event an option intended to be an ISO fails to so qualify, it will be taxed as an NQSO as described below.

An optionee is not taxed on the grant of an NQSO. On exercise, the optionee recognizes ordinary income equal to the difference between the exercise price and the fair market value of the shares acquired on the date of exercise. The Company is entitled to an income tax deduction in the year of exercise in the amount recognized by the optionee as ordinary income. The optionee's gain (or loss) on a subsequent disposition of the shares is long term capital gain (or loss) if the shares are held for at least one year following exercise. The Company does not receive a deduction for this gain.

Stock Appreciation Rights. An optionee is not taxed on the grant of a stock appreciation right. On exercise, the optionee recognizes ordinary income equal to the cash or the fair market value of any shares received. The Company is entitled to an income tax deduction in the year of exercise in the amount recognized by the optionee as ordinary income.

Restricted Stock and Restricted Stock Units. Grantees of restricted stock or restricted stock units do not recognize income at the time of the grant. When the award vests or is paid, grantees generally recognize ordinary income in an amount equal to the fair market value of the stock or units at such time, and the Company will receive a corresponding deduction. However, no later than 30 days after a participant receives an award of restricted stock, the participant may elect to recognize taxable ordinary income in an amount equal to the fair market value of the shares at the time of receipt. Provided that the election is made in a timely manner, when the restrictions on the shares lapse, the participant will not recognize any additional income. If the participant forfeits the shares to the Company (e.g., upon the participant's termination prior to vesting), the participant may not claim a deduction with respect to the income recognized as a result of the election. Dividends paid with respect to unvested shares of restricted stock generally will be taxable as ordinary income to the participant at the time the dividends are received.

Incentive Bonuses. A participant will have taxable income at the time an incentive bonus award becomes payable, and, if the participant has timely elected deferral to a later date, such later date. At that time, the participant will recognize ordinary income equal to the value of the amount then payable.

Company Deduction and Section 162(m). The Third A&R 2008 Plan is designed to allow awards made under it to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, however there can be no guarantee that amounts payable under the Third A&R 2008 Plan will be treated as qualified "performance-based" compensation under Section 162(m). In general, under Section 162(m), in order for the Company to be able to deduct compensation in excess of \$1,000,000 paid in any one year to our Chief Executive Officer or any of our three other most highly compensated executive officers (other than the Chief Financial Officer), such compensation must qualify as "performance-based". However, the rules and regulations promulgated under Section 162(m) are complicated and subject to change from time to time, sometimes with retroactive effect. In addition, a number of requirements must be met in order for particular compensation to so qualify. As such, there can be no assurance that any compensation awarded or paid under the Third A&R 2008 Plan will be deductible under all circumstances.

Withholding Taxes. The Company will generally be required to withhold applicable taxes with respect to any ordinary income recognized by a participant in connection with awards made under the Third A&R 2008 Plan. Whether or not such withholding is required, the Company will make such information reports to the Internal Revenue Service as may be required with respect to any income (whether or not that of an employee) attributable to transactions involving awards.

[Back to Contents](#)

NEW PLAN BENEFITS

The benefits that will be awarded or paid in the future under the Third A&R 2008 Plan are not currently determinable. Such awards are within the discretion of the Compensation and Personnel Committee, and the Compensation and Personnel Committee has not determined future awards or who might receive them. As of August 17, 2016, the closing price of a share of the Company's common stock was \$23.89.

VOTE REQUIRED

The affirmative vote of a majority of the votes cast is required for the approval of the Third A&R 2008 Plan.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that you vote "FOR" the approval of the Company's Third A&R 2008 Plan.

EQUITY COMPENSATION PLAN INFORMATION⁽¹⁾

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	104,780	\$ 15.01	2,664,268
Equity compensation plans not approved by security holders	—	—	—
TOTAL	104,780	\$ 15.01	2,664,268

(1) The values in this table are as of April 30, 2016.

2016 Proxy Statement **63**

[Back to Contents](#)

This page intentionally left blank

2016 Proxy Statement **64**

[Back to Contents](#)

04

AUDIT MATTERS

<u>PROPOSAL No. 4 RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>66</u>
<u>Required Vote</u>	<u>66</u>
<u>Recommendation of the Board</u>	<u>66</u>
<u>AUDIT COMMITTEE MATTERS</u>	<u>67</u>
<u>Fees Paid to Ernst & Young LLP</u>	<u>67</u>
<u>Recommendation to Appoint Ernst & Young LLP as Independent Registered Public Accounting Firm</u>	<u>67</u>
<u>Audit Committee Pre-Approval Policies and Procedures</u>	<u>68</u>
<u>Report of the Audit Committee</u>	<u>69</u>

2016 Proxy Statement **65**

[Back to Contents](#)

Proposal No. 4

RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has approved the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2017. Ernst & Young LLP has served as the Company's independent registered public accounting firm since March 2002. Ernst & Young LLP has unrestricted access to the Audit Committee to discuss audit findings and other financial matters. Neither the Company's Certificate of Incorporation nor its Bylaws requires that the stockholders ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm. However, we are requesting ratification because we believe it is a matter of good corporate practice.

If the Company's stockholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP, but may, nonetheless, retain Ernst & Young LLP as the Company's independent registered public accounting firm. Even if the selection is ratified, the Audit Committee in their discretion may change the appointment at any time if they determine that such change would be in the best interests of the Company and its stockholders. Representatives of Ernst & Young LLP will attend the Annual Meeting to answer appropriate questions and may also make a statement if they so desire.

REQUIRED VOTE

Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm requires the affirmative vote of a majority of those shares present, either in person or by proxy, and entitled to vote at the Annual Meeting.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that you vote "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2017.

[Back to Contents](#)

AUDIT COMMITTEE MATTERS

FEES PAID TO ERNST & YOUNG LLP

The following table summarizes the fees Ernst & Young LLP, our independent registered public accounting firm, billed to us for each of the last two fiscal years. All services provided by Ernst & Young LLP were approved by the Audit Committee in conformity with the Audit Committee's pre-approval process (as discussed below).

	2016	2015
Audit fees ⁽¹⁾	\$5,004,277	\$2,142,327
Audit-related fees ⁽²⁾	649,950	30,000
Tax fees ⁽³⁾	653,187	836,609
All other fees	—	—
TOTAL	\$6,307,414	\$3,008,936

Represents fees for audit services, including fees associated with the annual audit, the reviews of the Company's quarterly financial statements, statutory audits required internationally, for attestation services related to (1) compliance with Section 404 of the Sarbanes-Oxley Act and statutory audits required by governmental agencies for regulatory, legislative and financial reporting requirements.

(2) Represents fees for employee benefits plan audit.

(3) Represents fees for tax compliance, planning and advice. These services included tax return compliance and advice.

Fees paid to Ernst & Young LLP in FY 16 increased (vs FY 15) primarily due to additional services performed by Ernst & Young LLP related to the Hay Group acquisition.

RECOMMENDATION TO APPOINT ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As with previous years, the Audit Committee undertook a review of Ernst & Young LLP in determining whether to select Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal year 2017 and to recommend ratification of its selection to the Company's stockholders. In that review, the Audit Committee utilized a tailored external auditor assessment questionnaire and considered a number of factors including:

- continued independence of Ernst & Young LLP,

- length of time Ernst & Young LLP has been engaged by the Company,
- Senior Management's assessment of Ernst & Young LLP's performance,
- audit and non-audit fees,
- capacity to appropriately staff the audit,
- geographic and subject matter coverage,
- lead Audit Engagement Partner performance,
- overall performance,
- qualifications and quality control procedures, and
- whether retaining Ernst & Young LLP is in the best interests of the Company.

Based upon this review, the Audit Committee believes that Ernst & Young LLP is independent and that it is in the best interests of the Company and our stockholders to retain Ernst & Young LLP to serve as our independent registered public accounting firm for fiscal year 2017.

In accordance with the Sarbanes-Oxley Act and the related SEC rules, the Audit Committee limits the number of consecutive years an individual partner may serve as the lead audit engagement partner to the Company. The maximum number of consecutive years of service in that capacity is five years. The current lead audit engagement partner is in his 1st year in that role.

[Back to Contents](#)

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm. Further, the Audit Committee is afforded the funding and resources it determines appropriate for compensating the independent registered public accounting firm and any advisers it may employ. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to help assure that they do not impair the registered public accounting firm's independence from the Company. Services provided by the independent registered public accounting firm must be approved by the Audit Committee on a case by case basis, unless such services fall within a detailed list of services as documented in the Company's pre-approval policy whereby the Audit Committee has provided pre-approval for specific types of audit, audit-related and tax compliance services within certain fee limitations. The Audit Committee believes the combination of these two approaches results in an effective and efficient procedure to manage the approval of services performed by the independent registered public accounting firm. The Audit Committee will also consider whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor is determinative.

All requests or applications for Ernst & Young LLP services are submitted to the Senior Vice President Finance and Corporate Controller and include a detailed description of services to be rendered. The detailed descriptions are then reviewed against a list of approved services and are provided to the Audit Committee for review and approval. All requests or applications for Ernst & Young LLP services receive approval from the Senior Vice President Finance and Corporate Controller, prior to the Audit Committee's review and approval.

GOVERNANCE INSIGHTS: OVERSIGHT OF COMPLIANCE AND ACQUISITION INTEGRATION

Q & A WITH DEBRA PERRY, CHAIR OF THE AUDIT COMMITTEE

Question: What role does the Audit Committee play in overseeing the Company's legal and regulatory compliance program?

The Audit Committee plays an active role in overseeing the Company's compliance program with respect to legal and regulatory requirements, including the Company's code of conduct and the Company's policies and procedures for monitoring compliance. The Audit Committee meets regularly with the General Counsel to review any reported violations, if any, by directors or employees of the Company's Code of Business Conduct and Ethics, applicable laws and regulations (including any complaints or concerns about accounting, internal accounting controls or auditing matters). The Audit Committee also meets at least annually with the Company's general counsel to review the implementation and effectiveness of the Company's compliance program. As part of this review, the Audit Committee initiated significant enhancements to the Company's Code of Business Conduct and Ethics during fiscal 2016.

Question: What role is the Audit Committee playing in the oversight of the integration of the Hay Group acquisition?

Post-merger integration is critical to realizing the value of an acquisition. Given the significance of the Hay Group acquisition, the Audit Committee closely oversaw Management's development of a detailed integration plan for the Hay Group acquisition and is overseeing the implementation of the plan. Integration planning for the acquisition began before the transaction was even consummated. Management developed a detailed integration plan, that includes specific milestones, timelines, risk mitigation efforts and responsible parties. Management reports regularly to the Audit Committee on the Company's performance against that plan—such as achievement against key milestones.

[Back to Contents](#)

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is comprised of three non-employee directors, all of whom are “independent” under the applicable listing standards of the NYSE and the applicable rules of the SEC. The Audit Committee is governed by a written charter, as amended and restated, which has been adopted by the Board. A copy of the current Audit Committee Charter is available from the Company’s website, go to www.kornferry.com, select “Investor Relations” from the drop-down menu, then click on the “Corporate Governance” link under “Company Information”.

Management of the Company is responsible for the preparation, presentation, and integrity of the consolidated financial statements, maintaining a system of internal controls and having appropriate accounting and financial reporting principles and policies. The independent registered public accounting firm is responsible for planning and carrying out an audit of the consolidated financial statements and an audit of internal control over financial reporting in accordance with the rules of the Public Company Accounting Oversight Board (United States) and expressing an opinion as to the consolidated financial statements’ conformity with U.S. generally accepted accounting principles (“GAAP”) and as to internal control over financial reporting. The Audit Committee monitors and oversees these processes and is responsible for selecting and overseeing the Company’s independent registered public accounting firm.

As part of the oversight process, the Audit Committee met eleven times during fiscal 2016. Throughout the year, the Audit Committee met with the Company’s independent registered public accounting firm, management and internal auditor, both together and separately in closed sessions. In the course of fulfilling its responsibilities, the Audit Committee did, among other things, the following:

- reviewed and discussed with management and the independent registered public accounting firm the Company’s consolidated financial statements for the year ended April 30, 2016 and the quarters ended July 31, 2015, October 31, 2015 and January 31, 2016;
 - oversaw and discussed with management the Company’s review of internal control over financial reporting;
 - reviewed management’s representations that the Company’s consolidated financial statements were prepared in accordance with GAAP and present fairly the results of operations and financial position of the Company;
 - discussed with the independent registered public accounting firm the matters required by Statement of Auditing Standards No. 114: “The Auditor’s Communication With Those Charged With Governance”, as amended;
- received the written disclosures and letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm’s communication with the Audit Committee concerning independence, and discussed with the independent registered public accounting firm its independence;

- reviewed and evaluated the performance and quality of the independent registered public accounting firm and its lead audit partner in its determination to recommend the retention of the independent registered public accounting firm, including by assessing the performance of the independent registered public accounting firm from within the Audit Committee and from the perspective of senior management and the internal auditor;
 - considered whether the provision of non-audit services by the registered public accounting firm to the Company is compatible with maintaining the registered public accounting firm's independence;
 - monitored the Alertline reporting system implemented to provide an anonymous complaint reporting procedure;
 - reviewed the scope of and overall plans for the annual audit and the internal audit program;
 - reviewed new accounting standards applicable to the Company with the Company's Chief Financial Officer, internal audit department and Ernst & Young LLP;
 - consulted with management and Ernst & Young LLP with respect to the Company's processes for risk assessment and risk mitigation;
 - reviewed the Company's processes for monitoring compliance with the law and Company policies and Code of Conduct; and
- reviewed and discussed with management its assessment and report on the effectiveness of the Company's internal control over financial reporting as of April 30, 2016, which it made based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

The Audit Committee has reviewed and discussed with the Company's independent registered public accounting firm its review and report on the Company's internal control over financial reporting as of April 30, 2016. Based on the foregoing review and discussions described in this report, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended April 30, 2016 for filing with the SEC.

Audit Committee

Debra J. Perry (Chair)
Jerry P. Leamon
Harry L. You

[Back to Contents](#)

This page intentionally left blank

2016 Proxy Statement **70**

[Back to Contents](#)

05	
GENERAL INFORMATION	
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>72</u>
<u>QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING</u>	<u>73</u>
<u>OTHER MATTERS</u>	<u>76</u>
<u>Certain Relationships and Related Transactions</u>	<u>76</u>
<u>Related Person Transaction Approval Policy</u>	<u>76</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>76</u>
<u>Annual Report to Stockholders</u>	<u>77</u>
<u>Communications with Directors</u>	<u>77</u>
<u>Submission of Stockholder Proposals for Consideration at the 2017 Annual Meeting</u>	<u>77</u>
<u>Stockholders Sharing an Address</u>	<u>78</u>

2016 Proxy Statement **71**

[Back to Contents](#)

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of August 17, 2016, the beneficial ownership of common stock of the Company of each director and each nominee for director, each named executive officer, and the holdings of all directors and executive officers as a group. The following table also sets forth the names of those persons known to us to be beneficial owners of more than 5% of the Company's common stock. Unless otherwise indicated, the mailing address for each person named is c/o Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067.

Name of Beneficial Owner	Amount Beneficially Owned and Nature of Beneficial Ownership ⁽¹⁾		Percent of Class ⁽¹⁾	
Doyle N. Beneby	3,400	*	%	
William R. Floyd	19,480	*		
Christina A. Gold	8,360	*		
Jerry P. Leamon	14,552	*		
Debra J. Perry	42,902	*		
George T. Shaheen	37,120	*		
Harry L. You	9,400	*		
Gary D. Burnison	296,920	*		
Robert P. Rozek	118,698	*		
Byrne Mulrooney	113,379	*		
Matt P. Reilly	31,110	*		
Stephen D. Kaye	27,445	*		
All directors and executive officers as a group (11 persons)	694,691		1.19	%
HG (Bermuda) Limited 9 Par-la-Ville Road, Hamilton, Bermuda HM 08	5,922,136	(2)	10.15	%
BlackRock, Inc. 55 East 52 nd Street, New York, NY 10022	4,724,458	(3)	8.10	%
The Vanguard Group 100 Vanguard Boulevard, Malvern, PA 19355	4,256,654	(4)	7.30	%
Dimensional Fund Advisors LP Building One, 6300 Bee Cave Road, Austin, TX 78746	2,943,390	(5)	5.05	%

* Designated ownership of less than 1% of the Company's outstanding common stock.

Applicable percentage of ownership is based upon 58,333,897 shares of common stock outstanding as of August 17 2016, and the relevant number of shares of common stock issuable upon exercise of stock options or other awards which are exercisable or have vested or will be exercisable within 60 days of August 17, 2016. Beneficial (1) ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Except as otherwise indicated below, to our knowledge, all persons listed above have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law.

(2) The information regarding the number of shares beneficially owned was obtained from a Schedule 13G filed by HG (Bermuda) Limited ("HG") with the SEC on December 1, 2015, which indicates that HG has sole voting power

with respect to 5,922,136 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 5,922,136 shares and shared dispositive power with respect to 0 shares.

(3) The information regarding the number of shares beneficially owned was obtained from a Schedule 13G/A filed by Blackrock, Inc. with the SEC on January 26, 2016 which indicates that Blackrock, Inc. has sole voting power with respect to 4,609,192 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 4,724,458 shares and shared dispositive power with respect to 0 shares.

(4) The information regarding the number of shares beneficially owned was obtained from a Schedule 13G/A filed by The Vanguard Group (“Vanguard”) with the SEC on February 10, 2016, which indicates that Vanguard has sole voting power with respect to 89,915 shares, shared voting power with respect to 3,300 shares, sole dispositive power with respect to 4,166,639 shares and shared dispositive power with respect to 90,015 shares.

(5) The information regarding the number of shares beneficially owned was obtained from a Schedule 13G/A filed by Dimensional Fund Advisors LP (“Dimensional”) with the SEC on February 9, 2016, which indicates that Dimensional has sole voting power with respect to 2,783,172 shares, shared voting power with respect to 0 shares, sole dispositive power with respect to 2,943,390 shares and shared dispositive power with respect to 0 shares.

[Back to Contents](#)

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

WHAT PROPOSALS WILL BE VOTED ON AT THE ANNUAL MEETING?

- The election of the seven directors nominated by our Board and named in this Proxy Statement to serve on the
- (1) Board until the 2017 Annual Meeting of Stockholders and until their successors have been duly elected and qualified, subject to their earlier death, resignation or removal;
 - (2) A non-binding advisory resolution regarding the Company's executive compensation;
 - (3) The approval of the Third Amended and Restated 2008 Stock Incentive Plan; and
 - (4) The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's 2017 fiscal year.

HOW DOES THE BOARD RECOMMEND I VOTE ON EACH OF THE PROPOSALS?

The Board unanimously recommends that you vote your shares:

- **"FOR"** the election of the seven directors nominated by the Board and named in this Proxy Statement to serve on the Board until the 2017 Annual Meeting of Stockholders;
- **"FOR"** the approval, on an advisory basis, of the Company's executive compensation;
- **"FOR"** the approval of the Third Amended and Restated 2008 Stock Incentive Plan; and
- **"FOR"** the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's 2017 fiscal year.

WHO IS ENTITLED TO VOTE AT THE ANNUAL MEETING?

Holders of the Company's common stock as of the close of business on August 17, 2016, the Record Date, are entitled to vote at the Annual Meeting.

WHO CAN ATTEND THE ANNUAL MEETING?

Attendance at the Annual Meeting will be limited to stockholders of the Company as of the Record Date (or their authorized representatives). If your shares are held by a bank, broker or other nominee, please bring to the Annual Meeting your bank or broker statement evidencing your beneficial ownership of Company stock to gain admission to the Annual Meeting. Stockholders who plan to attend the Annual Meeting must present valid photo identification. Stockholders of record will be verified against an official list available at the registration area. We reserve the right to deny admittance to anyone who cannot show sufficient proof of share ownership as of the Record Date.

HOW MANY VOTES IS EACH SHARE OF COMMON STOCK ENTITLED TO?

Each share of Company common stock outstanding as of the Record Date is entitled to one vote. As of the Record Date, there were 58,333,897 shares of Company common stock issued and outstanding.

HOW DO I VOTE?

You can vote in person at the Annual Meeting or by proxy.

HOW DO I VOTE BY PROXY?

There are three ways to vote by proxy:

- (1) By Telephone—You can vote by telephone by calling **1-800-690-6903** and following the instructions on the Notice or proxy card;
- (2) By Internet—You can vote over the Internet at www.proxyvote.com by following the instructions on the Notice or proxy card; or
- (3) By Mail—If you received your proxy materials by mail, you can vote by mail by completing, signing, dating and mailing the enclosed proxy card.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted.

If you vote by proxy, the individuals named on the proxy card (your "proxies") will vote your shares in the manner you indicate. You may specify whether your shares should be voted for or against all, some or none of the nominees for director and whether your shares should be voted for or against each of the other proposals. If you submit a proxy without indicating your instructions, your shares will be voted as follows:

- **“FOR”** the election of the seven directors nominated by the Board and named in this Proxy Statement to serve on the Board until the 2017 Annual Meeting of Stockholders;
- **“FOR”** the approval, on an advisory basis, of the Company’s executive compensation;
- **“FOR”** the approval of the Third Amended and Restated 2008 Stock Incentive Plan; and
- **“FOR”** the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the Company’s 2017 fiscal year.

[Back to Contents](#)

CAN I REVOKE MY PROXY AFTER I HAVE SUBMITTED IT?

Yes, once you have submitted your proxy, you have the right to revoke your proxy at any time before it is voted by:

- (1) Sending a written revocation to the Corporate Secretary;
- (2) Submitting a later dated proxy; or
- (3) Attending the Annual Meeting and voting in person.

WHO WILL COUNT THE VOTES?

Representatives of Broadridge will count the votes and act as the inspector of election at the Annual Meeting.

WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIAL INSTEAD OF A FULL SET OF PRINTED PROXY MATERIALS?

Pursuant to rules adopted by the SEC we are making this Proxy Statement available to our stockholders electronically via the Internet. On or about August 26, 2016, we will mail the Notice of Internet Availability of Proxy Materials (the "Notice") to stockholders of our common stock at the close of business on the Record Date, other than those stockholders who previously requested electronic or paper delivery of communications from us. The Notice contains instructions on how to access an electronic copy of our proxy materials, including this Proxy Statement and our 2016 Annual Report. The Notice also contains instructions on how to request a paper copy of the Proxy Statement. We believe that this process will allow us to provide you with the information you need in a timely manner, while conserving natural resources and lowering the costs of the Annual Meeting.

CAN I VOTE MY SHARES BY FILLING OUT AND RETURNING THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS?

No. The Notice only identifies the items to be voted on at the Annual Meeting. You cannot vote by marking the Notice and returning it. The Notice provides instructions on how to cast your vote.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR MORE THAN ONE SET OF PRINTED PROXY MATERIALS?

If you hold your shares in more than one account, you may receive a separate Notice of Internet Availability of Proxy Materials or a separate set of printed proxy materials, including a separate proxy card or voting instruction card, for each account. To ensure that all of your shares are voted, please vote by telephone or by Internet or sign, date, and return a proxy card or voting card for each account.

WHAT IF I OWN SHARES THROUGH THE COMPANY'S 401(K) PLAN?

If you own shares that are held in our 401(k) plan, the trustees of the 401(k) plan will vote those shares.

WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A “STOCKHOLDER OF RECORD” AND AS A “BENEFICIAL OWNER”?

You are a “beneficial owner” if your shares are held in a brokerage account, including an Individual Retirement Account, by a bank or other nominee. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares. However, because you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting. Your broker, bank or other nominee has provided you with voting instructions.

You are a “stockholder of record” if your shares are registered directly in your name with the Company’s transfer agent.

WHAT IF A BENEFICIAL OWNER DOES NOT PROVIDE THE STOCKHOLDER OF RECORD WITH VOTING INSTRUCTIONS FOR A PARTICULAR PROPOSAL?

If you are a beneficial owner and you do not provide the stockholder of record with voting instructions for a particular proposal, your shares may constitute “broker non-votes” with respect to that proposal. “Broker non-votes” are shares held by a broker, bank or other nominee with respect to which the holder of record does not have discretionary power to vote on a particular proposal and with respect to which instructions were never received from the beneficial owner.

Shares that constitute broker non-votes with respect to a particular proposal will not be considered present and entitled to vote on that proposal at the Annual Meeting even though the same shares will be considered present for purposes of establishing a quorum and may be entitled to vote on other proposals. However, in certain circumstances, such as the appointment of the independent registered public accounting firm, the broker, bank or other nominee has discretionary authority and therefore is permitted to vote your shares even if the broker, bank or other nominee does not receive voting instructions from you. Election of directors and the advisory vote on the Company’s executive compensation are not considered “routine” matters and as a result, your broker, bank or other nominee will not have discretion to vote on these matters at the Annual Meeting unless you provide applicable instructions to do so.

Therefore, we strongly encourage you to follow the voting instructions on the materials you receive.

WHAT IS THE REQUIREMENT TO CONDUCT BUSINESS AT THE ANNUAL MEETING?

In order to conduct business at the Annual Meeting, a “quorum” must be established. A “quorum” is a majority in voting power of the outstanding shares of common stock. A

quorum must be present in person or represented by proxy at the Annual Meeting for business to be conducted. As discussed below, abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum.

2016 Proxy Statement **74**

[Back to Contents](#)

HOW ARE VOTES COUNTED?

Shares of common stock that reflect abstentions are treated as present and entitled to vote for the purposes of establishing a quorum. Abstentions will have no effect on director elections, but will have the effect of a vote against all other proposals. Shares of common stock that reflect broker non-votes are treated as present and entitled to vote for the purposes of establishing a quorum. However, for the purposes of determining the outcome of any matter as to which the broker or nominee has indicated on the proxy that it does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter, even though those shares are considered present and entitled to vote for the purposes of establishing a quorum and may be entitled to vote on other matters.

WHAT IS THE VOTING REQUIREMENT TO APPROVE EACH PROPOSAL?

For Proposal No. 1, in uncontested elections, director nominees are elected by a majority of the votes cast, meaning that each director nominee must receive a greater number of shares voted “for” such director than the shares voted “against” such director. If an incumbent director does not receive a greater number of shares voted “for” such director than shares voted “against” such director, then such director must tender his or her resignation to the Board. In that situation, the Company’s Nominating and Corporate Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. Within 90 days from the date the election results were certified, the Board would act on the Nominating and Corporate Governance Committee’s recommendation and publicly disclose its decision and rationale behind it. In a contested election—a circumstance we do not anticipate—director nominees are elected by a plurality vote. Abstentions and broker non-votes will not affect the outcome of the election of directors.

For Proposals No. 2, 3 and 4 to be approved, the proposal must receive the affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote on the proposal. In determining the outcome of Proposals No. 2, 3 and 4, abstentions have the effect of a negative vote, but broker non-votes will not affect the outcome.

WHAT HAPPENS IF ADDITIONAL MATTERS (OTHER THAN THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT) ARE PRESENTED AT THE ANNUAL MEETING?

The Board is not aware of any additional matters to be presented for a vote at the Annual Meeting; however, if any additional matters are properly presented at the Annual Meeting, your proxy gives Gary D. Burnison and Robert P. Rozek authority to vote on those matters in their discretion.

WHO WILL BEAR THE COST OF THE PROXY SOLICITATION?

The entire cost of the proxy solicitation will be borne by the Company. We hired D.F. King. to assist in the distribution of proxy materials and solicitation of votes for approximately \$20,000 plus reimbursement of any out of pocket expenses. Upon request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners.

WHO IS MAKING THE SOLICITATION IN THIS PROXY STATEMENT?

Korn Ferry is soliciting your vote with this proxy statement.

[Back to Contents](#)

OTHER MATTERS

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As discussed throughout this Proxy Statement, on December 1, 2015, the Company completed its acquisition of all the issued and outstanding shares and non-interest bearing convertible preferred equity certificates of HG (Luxembourg) S.à.r.l pursuant to that certain Stock Purchase Agreement dated as of September 23, 2015 (the “Purchase Agreement”), by and between HG (Bermuda) Limited (“HG Bermuda”) and the Company. Pursuant to the Purchase Agreement, the Company paid HG Bermuda an aggregate purchase price of approximately \$477 million, consisting of (a) approximately \$259 million in cash, net of estimated acquired cash 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, representing an aggregate value of \$218 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 (\$218 million based on the closing price of the Company’s common stock on The New York Stock Exchange on November 30, 2015). Mr. Stephen Kaye (the former Chief Executive Officer of Hay Group, who was appointed Chief Executive Officer of the Company’s combined LTC Hay segment immediately following the consummation of the acquisition), has a 2.5% economic interest in the consideration received by HG Bermuda in the acquisition.

Except as described above, to our knowledge, since the beginning of fiscal year 2016, the Company has not entered into or proposed to enter into any transaction with any executive officer, director or director nominee, beneficial owner of more than five percent of the Company’s common stock, or any immediate family member of any of the foregoing.

RELATED PERSON TRANSACTION APPROVAL POLICY

In June 2009, the Board adopted a written amended and restated policy for the review and approval of all transactions with related persons, pursuant to which the Audit Committee must review the material facts of, and either approve or disapprove the Company’s entry into, any transaction, arrangement or relationship or any series thereof in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, (2) the Company or any of its subsidiaries is a participant, and (3) any related person has or will have a direct or indirect interest (other than solely as a result of being a director or less than ten percent beneficial owner of another entity). For purposes of this policy, a “related person” is any person who is or was since the beginning of the Company’s most recently completed fiscal year an executive officer, director or director nominee of the Company, any beneficial owner of more than five percent of the Company’s common stock, or any immediate family member of any of the foregoing. As provided for in the policy, the Audit Committee has reviewed and pre-approved the entry into certain types of related person transactions, including without limitation the employment of executive officers and director compensation. In addition, the Board has delegated to the chair of the Audit Committee the authority to pre-approve or ratify any transaction with a related person in which the aggregate amount involved is less than \$1,000,000; no such transaction was considered or approved during the Company’s fiscal year 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors, officers and greater than ten percent beneficial owners to file reports of ownership and changes in ownership of their equity securities of the Company with the SEC and to furnish the Company with copies of such reports. Based solely on a review of Forms 3, 4 and 5 and amendments thereto furnished to the Company in fiscal year 2016 and the representations of reporting persons, all of the filings by the Company's directors, officers and beneficial owners of more than ten percent of the Company's common stock were filed on a timely basis during fiscal 2016 except for the following: one Form 4 for Byrne Mulrooney (with respect to the withholding of shares upon vesting to satisfy the Company's tax withholding obligations), and one Form 4 for Stephen Kaye (with respect to the grant of restricted stock units).

2016 Proxy Statement 76

[Back to Contents](#)

ANNUAL REPORT TO STOCKHOLDERS

The Company's Annual Report to Stockholders for fiscal 2016, which includes the Company's Annual Report on Form 10-K for the year ended April 30, 2016 (excluding the exhibits thereto) will be made available to stockholders at the same time as this Proxy Statement. Our 2016 Annual Report and Proxy Statement are posted on our website at www.kornferry.com. If any person who was a beneficial owner of the common stock of the Company on August 17, 2016 desires a complete copy of the Company's Form 10-K, including the exhibits thereto, he/she/it will be provided with such materials without charge upon written request. The request should identify the requesting person as a beneficial owner of the Company's stock as of August 17, 2016 and should be directed to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary. The Company's Form 10-K, including the exhibits thereto, is also available through the SEC's web site at <http://www.sec.gov>.

COMMUNICATIONS WITH DIRECTORS

Any stockholder or other party interested in communicating with members of the Board, any of its committees, the independent directors as a group or any of the independent directors may send written communications to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary or to corporatesecretary@kornferry.com. Communications received in writing are forwarded to the Board, committee or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Corporate Secretary has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications. The Company's Board of Directors will endeavor to promptly respond to all appropriate communications and encourages all stockholders and interested persons to use the aforementioned email and mailing address to send communications relating to the Company's business to the Board and its members.

SUBMISSION OF STOCKHOLDER PROPOSALS FOR CONSIDERATION AT THE 2017 ANNUAL MEETING

If a stockholder wishes to submit a proposal for consideration at the 2017 Annual Meeting of Stockholders pursuant to Rule 14a-8(e) under the Exchange Act, and wants that proposal to appear in the Company's proxy statement and form of proxy for that meeting, the proposal must be submitted in writing and received at Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary, no later than April 28, 2017. Each stockholder proposal must comply with the Exchange Act, the rules and regulations thereunder, and the Company's bylaws as in effect at the time of such notice. The submission of a stockholder proposal does not guarantee that it will be included in the Company's Proxy Statement and form of proxy.

The Company's bylaws also establish an advance notice procedure with regard to nominating persons for election to the Board and proposals of other business that are not submitted for inclusion in the Proxy Statement and form of

proxy but that a stockholder instead wishes to present directly at an annual meeting of stockholders. If a stockholder wishes to submit a nominee or other business for consideration at the 2017 Annual Meeting of Stockholders without including that nominee or proposal in the Company's Proxy Statement and form of proxy, the Company's bylaws require, among other things, that the stockholder submission contain certain information concerning the nominee or other business, as the case may be, and other information specified in the Company's bylaws, and that the stockholder provide the Company with written notice of such nominee or business no later than the close of business on July 7, 2017, nor earlier than the close of business on June 8, 2017; provided however, that in the event that the date of the 2017 Annual Meeting of Stockholders is more than 30 days before or more than 70 days after the anniversary date of the 2016 Annual Meeting of Stockholders, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the 2017 Annual Meeting of Stockholders and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. If the number of directors to be elected to the Board is increased and there is no public announcement by the Company naming the nominees for the additional directorships, a stockholder's notice will be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary of the Company at the principal executive offices of the Company not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company. A stockholder notice should be sent to Korn/Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary. Proposals or nominations not meeting the advance notice requirements in the Company's bylaws will not be entertained at the 2016 Annual Meeting of Stockholders. A copy of the full text of the relevant bylaw provisions may be obtained from the Company's filing with the SEC or by writing our Corporate Secretary at the address identified above.

[Back to Contents](#)

STOCKHOLDERS SHARING AN ADDRESS

To reduce the expense of delivering duplicate proxy materials to stockholders who may have more than one account holding Company stock but who share the same address, we have adopted a procedure approved by the SEC called “householding.” Under this procedure, certain stockholders of record who have the same address and last name, and who do not participate in electronic delivery of proxy materials, will receive only one copy of our Notice of Internet Availability of Proxy Materials and, as applicable, any additional proxy materials that are delivered until such time as one or more of these stockholders notify us that they want to receive separate copies. This procedure reduces duplicate mailings and saves printing costs and postage fees, as well as natural resources. Stockholders who participate in householding will continue to have access to and utilize separate proxy voting instructions.

If you receive a single set of proxy materials as a result of householding, and you would like to have separate copies of our Notice of Internet Availability of Proxy Materials, Annual Report, or Proxy Statement mailed to you, please submit a request, either in writing or by phone, by contacting the Company at Korn/ Ferry International, 1900 Avenue of the Stars, Suite 2600, Los Angeles, California 90067, Attention: Corporate Secretary or at (310) 552-1834, and we will promptly send you the materials you have requested. However, please note that if you want to receive a paper proxy or voting instruction form or other proxy materials for the purposes of this year’s Annual Meeting, you will need to follow the instructions included in the Notice of Internet Availability that was sent to you. You can also contact our Corporate Secretary at the telephone number noted previously if you received multiple copies of the annual meeting materials and would prefer to receive a single copy in the future, or if you would like to opt out of householding for future mailings.

By Order of the Board of Directors,

Jonathan Kuai

General Counsel and Corporate Secretary

August 26, 2016

[Back to Contents](#)

KORN/FERRY INTERNATIONAL THIRD AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of the Korn/Ferry International Third Amended and Restated 2008 Stock Incentive Plan (the “Plan”) is to advance the interests of Korn/Ferry International by stimulating the efforts of employees, officers, non-employee directors and other service providers, in each case who are selected to be participants, by heightening the desire of such persons to continue working toward and contributing to the success and progress of Korn/Ferry International. The Plan provides for the grant of Incentive and Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units, any of which may be performance-based, and for Incentive Bonuses, which may be paid in cash or stock or a combination thereof, as determined by the Administrator.

2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

“*Administrator*” means the Administrator of the Plan in accordance with Section 19.

“*Award*” means an Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Incentive Bonus granted to a Participant pursuant to the provisions of the Plan, any of which the Administrator may structure to qualify in whole or in part as a Performance Award.

“*Award Agreement*” means a written or electronic agreement or other instrument as may be approved from time to time by the Administrator implementing the grant of each Award. An Award Agreement may be in the form of an agreement to be executed by both the Participant and the Company (or an authorized representative of the Company) or certificates, notices or similar instruments as approved by the Administrator.

“*Board*” means the board of directors of the Company.

“*Cause*” means (unless otherwise expressly provided in the Award Agreement or another contract, including an employment agreement) a termination of service, based upon a finding by the Company, acting in good faith and based on its reasonable belief at the time, that the Participant: (1) is or has been dishonest, incompetent, or negligent in the discharge of his or her duties to the Company; or has refused to perform stated or assigned duties; (2) has committed a theft or embezzlement, or a breach of confidentiality or unauthorized disclosure or use of inside

information, customer lists, trade secrets or other confidential information, or a breach of fiduciary duty involving personal profit, or a willful or negligent violation of any law, rule or regulation or of Company rules or policy, in any material respect; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses); (3) has materially breached any of the provisions of any agreement with the Company or a parent corporation; or (4) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of the Company; or has induced a customer to break or terminate any contract with the Company or an affiliate; or has induced any principal for whom the Company (or an affiliate) acts as agent to terminate such agency relationship. A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date when the Company first delivers notice to the Participant of a finding of termination for Cause and shall be final in all respects on the date following the opportunity to be heard and written notice to the Participant that his or her service is terminated.

“Change in Control” means any of the following:

(1) An acquisition by any Person (excluding one or more Excluded Persons) of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) or a pecuniary interest in (either comprising “ownership of”) more than 50% of the Common Stock or voting securities entitled to then vote generally in the election of directors of the Company (“Voting Stock”), after giving effect to any new issue in the case of an acquisition from the Company; or

2016 Proxy Statement A-1

Back to Contents

Consummation of a merger, consolidation, or reorganization of the Company or of a sale or other disposition of all or substantially all of the Company's consolidated assets as an entirety (collectively, a "Business Combination"), other than a Business Combination (A) in which all or substantially all of the holders of Voting Stock hold or receive directly or indirectly 50% or more of the voting stock of the entity resulting from the Business Combination (or a parent company), and (B) after which no Person (other than any one or more of the Excluded Persons) owns more than 50% of the voting stock of the resulting entity (or a parent company) who did not own directly or indirectly at least that amount of Voting Stock immediately before the Business Combination, and (C) after which one or more Excluded Persons own an aggregate number of shares of the voting stock at least equal to the aggregate number of shares of voting stock owned by any other Person who is not an Excluded Person (except for any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act), if any, and who owns more than 50% of the voting stock; or

(3) Consummation of the dissolution or complete liquidation of the Company; or

During any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (1) or (2) of this definition) whose appointment, election, or nomination for election was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board.

For purposes of determining whether a Change in Control has occurred, a transaction includes all transactions in a series of related transactions.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rulings and regulations issued thereunder.

"Common Stock" means the Company's common stock, par value \$0.01, subject to adjustment as provided in Section 12.

"Company" means Korn/Ferry International, a Delaware corporation, and any successor thereto.

"Detrimental Activity" with respect to a Participant means that such Participant:

has directly or indirectly engaged in any business for his or her own account that competes with the business of any entity within the Company Group ("Company Group" means the Company, the Subsidiaries, and any affiliate of the Company or a Subsidiary) (a business in competition with any entity within the Company Group includes, without limitation, any business in an industry which any business in the Company Group may conduct business from time to time and any business in an industry which any entity within the Company Group has specific plans to enter in the future and as to which the Participant is aware of such planning); or

has committed or engaged in an unauthorized disclosure or use of inside information, trade secrets or other confidential information, or an unauthorized use of trade names, trademarks, or other proprietary business designations owned or used in connection with the business of any entity within the Company Group; has failed to

(2) timely return to the Company in accordance with Company policy all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of any entity within the Company Group; or

has entered the employ of, renders services to, or has acquired a financial interest in any person engaged in any business that competes with the business of any entity within the Company Group; has acted intentionally in a manner injurious to the reputation, business or assets of, any entity within the Company Group; has interfered with business relationships (whether formed before or after the date hereof) between the Company, any Subsidiary, any of their respective affiliates, and any customers, suppliers, officers, employees, partners, members or investors; has

(3) influenced or attempted to influence a vendor or customer of any entity within the Company Group, either directly or indirectly, to divert their business away from the Company Group, induced a principal for whom an entity within the Company Group acts as agent to terminate such agency relationship, or induced an employee of any entity within the Company Group who earned \$25,000 or more on an annualized basis during the last six months of his or her employment to work for any business, individual, partnership, firm, corporation, or other entity then in competition with the business of any entity within the Company Group.

“*Disability*” shall mean a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months by reason of which the Participant is unable to engage in any substantial gainful activity.

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

“*Excluded Person*” means (1) the Company or any Subsidiary; (2) any person described in and satisfying the conditions of Rule 13d-1(b)(1) under the Exchange Act; (3) any employee benefit plan of the Company; or (4) any affiliates (within the meaning of the Exchange Act), successors, or heirs, descendants or members of the immediate families of the individuals identified in part (2) of this definition.

“*Fair Market Value*” means, as of any date, the closing price per share at which the Shares are sold in the regular way

Back to Contents

on the New York Stock Exchange or, if no Shares are traded on the New York Stock Exchange on the date in question, then for the next preceding date for which Shares are traded on the New York Stock Exchange.

“*First Restatement Effective Date*” has the meaning set forth in Section 4.

“*Incentive Bonus*” means a bonus opportunity awarded under Section 9 pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria as are specified in the Award Agreement.

“*Incentive Stock Option*” means a stock option that satisfies the requirements for an “incentive stock option” within the meaning of Section 422 of the Code and does not provide that it will not be treated as an “incentive stock option”.

“*Nonemployee Director*” means each person who is, or is elected to be, a member of the Board and who is not an employee of the Company or any Subsidiary.

“*Nonqualified Stock Option*” means a stock option that is not an “incentive stock option” within the meaning of Section 422 of the Code.

“*Option*” means an Incentive Stock Option and/or a Nonqualified Stock Option granted pursuant to Section 6 of the Plan.

“*Participant*” means any individual described in Section 3 to whom Awards have been granted from time to time by the Administrator and any authorized transferee of such individual.

“*Performance Award*” means an Award, the grant, issuance, retention, vesting or settlement of which is subject to satisfaction of one or more Qualifying Performance Criteria established pursuant to Section 13.

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

“*Plan*” means the Third Amended and Restated Korn/Ferry International 2008 Stock Incentive Plan as set forth herein and as amended from time to time.

“*Prior Plan*” means the Company’s Performance Award Plan.

“*Qualifying Performance Criteria*” has the meaning set forth in Section 13(b).

“*Restricted Stock*” means Shares granted pursuant to Section 8 of the Plan.

“*Restricted Stock Unit*” means an Award granted to a Participant pursuant to Section 8 pursuant to which Shares or cash in lieu thereof may be issued in the future.

“*Second Restatement Effective Date*” has the meaning set forth in Section 4.

“*Share*” means a share of the Common Stock, subject to adjustment as provided in Section 12.

“*Stock Appreciation Right*” means a right granted pursuant to Section 7 of the Plan that entitles the Participant to receive, in cash or Shares or a combination thereof, as determined by the Administrator, value equal to or otherwise based on the excess of (i) the market price of a specified number of Shares at the time of exercise over (ii) the exercise price of the right, as established by the Administrator on the date of grant.

“*Subsidiary*” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company where each of the corporations in the unbroken chain other than the last corporation owns stock possessing at least 50 percent or more of the total combined voting power of all classes of stock in one of the other corporations in the chain, and if specifically determined by the Administrator in the context other than with respect to Incentive Stock Options, may include an entity that is directly or indirectly controlled by the Company.

“*Termination of Employment*” means ceasing to serve as a full-time employee of the Company and its Subsidiaries or, with respect to a Nonemployee Director or other service provider who is not an employee, ceasing to serve as such for the Company, except that with respect to all or any Awards held by a Participant (i) the Administrator may determine, subject to Section 6(d), that an approved leave of absence or approved employment on a less than full-time basis is not considered a Termination of Employment, (ii) the Administrator may determine that a transition of employment to service with a partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the

Company or a Subsidiary is a party is not considered a Termination of Employment, (iii) service as a member of the Board or other service provider shall constitute continued employment with respect to Awards granted to a Participant while he or she served as an employee, and (iv) service as an employee of the Company or a Subsidiary shall constitute continued employment with respect to Awards granted to a Participant while he or she served as a member of the Board or other service provider. The Administrator shall determine whether any corporate transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in a Termination of Employment with the Company and its Subsidiaries for purposes of any affected Participant's Options, and the Administrator's decision shall be final and binding.

“Third Restatement Effective Date” has the meaning set forth in Section 4.

2016 Proxy Statement **A-3**

[Back to Contents](#)

3. ELIGIBILITY

Any person who is a current or prospective officer or employee of the Company or of any Subsidiary shall be eligible for selection by the Administrator for the grant of Awards hereunder. In addition, Nonemployee Directors and any other service providers who have been retained to provide consulting, advisory or other services to the Company or to any Subsidiary shall be eligible for the grant of Awards hereunder as determined by the Administrator. Incentive Stock Options may only be granted to employees of the Company or any Subsidiary within the meaning of the Code, as selected by the Administrator. For purposes of this Plan, the Chairman of the Board's status as an employee shall be determined by the Administrator.

4. EFFECTIVE DATE AND TERMINATION OF PLAN

This Plan was originally adopted by the Board as of August 22, 2008, and became effective when it was approved by the Company's stockholders on September 23, 2008. The Plan was amended and restated effective upon the approval of the Company's stockholders on September 10, 2009 (the "First Restatement Effective Date"). The second amendment and restatement of the Plan was adopted by the Board of Directors of the Company on August 22, 2012 and it became effective when it was approved by the Company's stockholders on September 27, 2012 (the "Second Restatement Effective Date"). This third amendment and restatement of the Plan was adopted by the Board of Directors of the Company on August 23, 2016 and it will become effective (the "Third Restatement Effective Date"), when it is approved by the Company's stockholders. The Plan shall remain available for the grant of Awards until the tenth (10th) anniversary of the Third Restatement Effective Date; provided, however, that Incentive Stock Options may not be granted under the Plan after the tenth (10th) anniversary of the date of the Board's approval of the third amendment and restatement of the Plan. Notwithstanding the foregoing, the Plan may be terminated at such earlier time as the Board may determine. Termination of the Plan will not affect the rights and obligations of the Participants and the Company arising under Awards theretofore granted and then in effect. The Plan as amended and restated hereunder shall apply to Awards granted on or after the Third Restatement Effective Date. Except as specifically provided for herein, the provisions of the Plan in existence prior to this third amendment and restatement shall continue to govern Awards granted prior to the Third Restatement Effective Date.

5. SHARES SUBJECT TO THE PLAN AND TO AWARDS

Aggregate Limits. The aggregate number of Shares issuable pursuant to all Awards granted under this Plan on and after July 31, 2016 shall not exceed 7,425,258 plus any Shares (i) subject to outstanding awards under the Second Amended and Restated 2008 Stock Incentive Plan as of July 31, 2016 or (ii) subject to outstanding awards under the Prior Plan as of August 8, 2008 that, in each case, on or after July 31, 2016 cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares); *provided* that (i) any Shares issued under Options or Stock

(a) Appreciation Rights shall be counted against this limit on a one-for-one basis; and (ii) any Shares issued as or under Awards other than Options or Stock Appreciation Rights shall be counted against this limit as 2.3 Shares for every one (1) Share subject to such Award. The aggregate number of Shares available for grant under this Plan and the number of Shares subject to outstanding Awards shall be subject to adjustment as provided in Section 12. The Shares issued pursuant to Awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

Issuance of Shares. For purposes of Section 5(a), the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award under this Plan. Shares subject to Awards that have been canceled, expired, forfeited or otherwise not issued under an Award and Shares subject to Awards settled in cash shall not count as Shares issued under this Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares that were subject to a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Stock Appreciation Right, (ii) Shares delivered to or withheld by the Company to pay the exercise price of an Option, (iii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iv) Shares repurchased on the open market with the proceeds of an Option exercise. Any Shares that again become available for grant pursuant

2016 Proxy Statement A-4

Back to Contents

to Section 5(a) or this Section 5(b) shall be added back as one (1) Share if such Shares were subject to Options or Stock Appreciation Rights granted under this Plan, and as 2.3 Shares if such Shares were subject to Awards other than Options or Stock Appreciation Rights granted under this Plan.

Tax Code Limits. The aggregate number of Shares that may be granted pursuant to Awards during any calendar year to any one Participant shall not exceed 500,000, which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code but which number shall not count any tandem SARs (as defined in Section 7). The aggregate number of Shares that may be issued pursuant to the (c) exercise of Incentive Stock Options granted under this Plan after the Third Restatement Effective Date shall not exceed 7,425,258, which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any option intended to qualify as an Incentive Stock Option under Section 422 of the Code. The maximum cash amount payable pursuant to all Incentive Bonus Awards granted in any calendar year to any Participant under this Plan that are intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall not exceed \$5,000,000.

Director Awards. The aggregate number of Shares subject to Options and Stock Appreciation Rights granted under this Plan during any calendar year to any one Nonemployee Director shall not exceed 50,000, and the aggregate number of Shares issued or issuable under all Awards granted under this Plan other than Options or Stock Appreciation Rights during any calendar year to any one Nonemployee Director shall not exceed 25,000; *provided,* (d) *however,* that in the calendar year in which a Nonemployee Director first joins the Board of Directors or is first designated as Chairman of the Board of Directors or Lead Director, the maximum number of shares subject to Awards granted to the Participant may be up to two hundred percent (200%) of the number of shares set forth in the foregoing limits and the foregoing limits shall not count any tandem SARs (as defined in Section 7).

6. OPTIONS

Option Awards. Options may be granted at any time and from time to time prior to the termination of the Plan to Participants as determined by the Administrator. No Participant shall have any rights as a stockholder with respect (a) to any Shares subject to Option hereunder until said Shares have been issued. Each Option shall be evidenced by an Award Agreement. Options granted pursuant to the Plan need not be identical but each Option must contain and be subject to the terms and conditions set forth below.

Price. The Administrator will establish the exercise price per Share under each Option, which, in no event will be less than the Fair Market Value of the Shares on the date of grant; *provided, however,* that the exercise price per Share with respect to an Option that is granted in connection with a merger or other acquisition as a substitute or replacement award for options held by optionees of the acquired entity may be less than 100% of the Fair Market Value of the Shares on the date such Option is granted if such exercise price is based on a formula set forth in the terms of the options held by such optionees or in the terms of the agreement providing for such merger or other (b) acquisition that satisfies the requirements of (i) Section 409A of the Code, if such options held by such optionees are not intended to qualify as Incentive Stock Option, and (ii) Section 424(a) of the Code, if such options held by such optionees are intended to qualify as Incentive Stock Options. The exercise price of any Option may be paid in Shares, cash or a combination thereof, as determined by the Administrator, including an irrevocable commitment by a broker to pay over such amount from a sale of the Shares issuable under an Option, the delivery of previously owned Shares and withholding of Shares otherwise deliverable upon exercise.

(c) *No Repricing without Stockholder Approval.* Other than in connection with a change in the Company’s capitalization (as described in Section 12), the Company shall not, without stockholder approval, (i) reduce the

exercise price of an Option, (ii) exchange an Option for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of an Option is above the Fair Market Value of a Share, exchange such Option for cash or other property.

Provisions Applicable to Options. Subject to the other provisions set forth in this Plan, the date on which Options become exercisable shall be determined at the sole discretion of the Administrator and set forth in an Award Agreement; provided, however, that Options granted to employees may not become exercisable, vest or be settled, in whole or in part, prior to the one (1) year anniversary of the date of grant except in connection with acceleration (d) due to a Change in Control, death or Disability. Notwithstanding the foregoing, up to 5% of the aggregate number of Shares authorized for issuance under this Plan (as described in Section 5(a)) may be issued pursuant to Awards subject to any, or no, vesting conditions, as the Administrator determines appropriate. Unless provided otherwise in the applicable Award Agreement, to the extent that the Administrator determines that an approved leave of absence is not a Termination of Employment, the

Back to Contents

vesting period and/or exercisability of an Option shall be adjusted by the Administrator during or to reflect the effects of any period during which the Participant is on an approved leave of absence or is employed on a less than full-time basis.

Term of Options and Termination of Employment: The Administrator shall establish the term of each Option, which in no case shall exceed a period of ten (10) years from the date of grant; provided, however, the term of an Option (other than an Incentive Stock Option) shall be automatically extended if, at the time of its scheduled expiration, the Participant holding such Option is prohibited by law or the Company's insider trading policy from exercising the Option, which extension shall expire on the thirtieth (30th) day following the date such prohibition no longer applies. Unless an Option earlier expires upon the expiration date established pursuant to the foregoing sentence, upon the termination of the Participant's employment, his or her rights to exercise an Option then held shall be only as follows, unless the Administrator specifies otherwise:

Death. Upon the death of a Participant while in the employ of the Company or any Subsidiary or while serving as a member of the Board, all of the Participant's Options then held shall be exercisable by his or her estate, heir or beneficiary at any time during the one (1) year period commencing on the date of death, but only to the (1) extent that the Options are exercisable as of that date. Any and all of the deceased Participant's Options that are not exercised during the one (1) year period commencing on the date of death shall terminate as of the end of such one (1) year period. To the extent that any Option is not exercisable as of the date of death, such portion of the Option shall remain unexercisable and shall terminate as of such date.

If a Participant should die within thirty (30) days of his or her Termination of Employment with the Company and its Subsidiaries, an Option shall be exercisable by his or her estate, heir or beneficiary at any time during the one (1) year period commencing on the date of termination, but only to the extent of the number of Shares as to which such Option was exercisable as of the date of such termination. Any and all of the deceased Participant's Options that are not exercised during the one (1) year period commencing on the date of termination shall terminate as of the end of such one (1) year period. A Participant's estate shall mean his or her legal representative or other person who so acquires the right to exercise the Option by bequest or inheritance or by reason of the death of the Participant.

Disability. Upon Termination of Employment as a result of a Participant's Disability, all of the Participant's Options then held shall be exercisable during the one (1) year period commencing on the date of termination, but only to the extent that the Options are exercisable as of that date. Any and all Options that are not exercised (2) during the one (1) year period commencing on the date of termination shall terminate as of the end of such one (1) year period. To the extent that any Option is not exercisable as of the date of Disability, such portion of the Option shall remain unexercisable and shall terminate as of such date.

Other Reasons. Upon the date of a termination of a Participant's employment for any reason other than those stated above in Sections 6(e)(1) and (e)(2) or as described in Section 15, (A) to the extent that any Option is not exercisable as of such termination date, such portion of the Option shall remain unexercisable and shall (3) terminate as of such date, and (B) to the extent that any Option is exercisable as of such termination date, such portion of the Option shall expire on the earlier of (i) ninety (90) days following such date and (ii) the expiration date of such Option.

(f) *Incentive Stock Options.* Notwithstanding anything to the contrary in this Section 6, in the case of the grant of an Option intending to qualify as an Incentive Stock Option: (i) if the Participant owns stock possessing more than 10 percent of the combined voting power of all classes of stock of the Company (a "10% Shareholder"), the exercise price of such Option must be at least 110 percent of the Fair Market Value of the Shares on the date of grant and the Option must expire within a period of not more than five (5) years from the date of grant, and (ii) Termination of Employment will occur when the person to whom an Award was granted ceases to be an employee (as

determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company and its Subsidiaries. Notwithstanding anything in this Section 6 to the contrary, options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Nonqualified Stock Options) to the extent that either (a) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Subsidiary) exceeds \$100,000, taking Options into account in the order in which they were granted, or (b) such Options otherwise remain exercisable but are not exercised within three (3) months of Termination of Employment (or such other period of time provided in Section 422 of the Code).

No Stockholder Rights. Participants shall have no voting rights and will have no rights to receive dividends or (g) dividend equivalents in respect of an Option or any Shares subject to an Option until the Participant has become the holder of record of such Shares.

[Back to Contents](#)

7. STOCK APPRECIATION RIGHTS

Stock Appreciation Rights may be granted to Participants from time to time either in tandem with or as a component of other Awards granted under the Plan (“tandem SARs”) or not in conjunction with other Awards (“freestanding SARs”) and may, but need not, relate to a specific Option granted under Section 6. The provisions of Stock Appreciation Rights need not be the same with respect to each grant or each recipient. Any Stock Appreciation Right granted in tandem with an Award may be granted at the same time such Award is granted or at any time thereafter before exercise or expiration of such Award. All freestanding SARs shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 6 (including the minimum vesting provisions in Section 6(d)) and all tandem SARs shall have the same exercise price, vesting, exercisability, forfeiture and termination provisions as the Award to which they relate. Subject to the provisions of Section 6 and the immediately preceding sentence, the Administrator may impose such other conditions or restrictions on any Stock Appreciation Right as it shall deem appropriate. Stock Appreciation Rights may be settled in Shares, cash or a combination thereof, as determined by the Administrator and set forth in the applicable Award Agreement. Other than in connection with a change in the Company’s capitalization (as described in Section 12), the Company shall not, without stockholder approval, (i) reduce the exercise price of a Stock Appreciation Right, (ii) exchange a Stock Appreciation Right for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of a Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Stock Appreciation Right for cash or other property. Participants shall have no voting rights and will have no rights to receive dividends or dividend equivalents in respect of Stock Appreciation Rights or any Shares subject to Stock Appreciation Rights until the Participant has become the holder of record of such Shares.

8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

- Restricted Stock and Restricted Stock Unit Awards.* Restricted Stock and Restricted Stock Units may be granted at any time and from time to time prior to the termination of the Plan to Participants as determined by the Administrator. Restricted Stock is an award or issuance of Shares the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate. Restricted Stock Units are Awards denominated in units of Shares under which the issuance of Shares is subject to such conditions (including continued employment or performance conditions) and terms as the Administrator deems appropriate.
- (a) Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Unless determined otherwise by the Administrator, each Restricted Stock Unit will be equal to one Share and will entitle a Participant to either the issuance of Shares or payment of an amount of cash determined with reference to the value of Shares. To the extent determined by the Administrator, Restricted Stock and Restricted Stock Units may be satisfied or settled in Shares, cash or a combination thereof. Restricted Stock and Restricted Stock Units granted pursuant to the Plan need not be identical but each grant of Restricted Stock and Restricted Stock Units must contain and be subject to the terms and conditions set forth below.
- (b) *Contents of Agreement.* Each Award Agreement shall contain provisions regarding (i) the number of Shares or Restricted Stock Units subject to such Award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares or Restricted Stock Units granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares or Restricted Stock Units as may be determined from time to time by the Administrator, (v) the term of the performance period, if any, as to which performance will be measured for determining the number of such Shares or Restricted Stock

Units, and (vi) restrictions on the transferability of the Shares or Restricted Stock Units. Shares issued under a Restricted Stock Award may be issued in the name of the Participant and held by the Participant or held by the Company, in each case as the Administrator may provide.

Vesting and Performance Criteria. Subject to the other provisions set forth in this Plan, the grant, issuance, retention, vesting and/or settlement of shares of Restricted Stock and Restricted Stock Units will occur when and in such installments as the Administrator determines or under criteria the Administrator establishes, which may (c) include Qualifying Performance Criteria. The vesting and/or settlement of Shares under any Award that is based on performance criteria and level of achievement versus such criteria may not occur prior to the twelfth month following its date of grant, except in connection with acceleration due to a Change in Control, death or Disability. The vesting and/or settlement of Shares under any Restricted Stock or Restricted Stock Unit Award

2016 Proxy Statement A-7

Back to Contents

that is based solely upon continued employment and/ or the passage of time may not vest or be settled in full prior to the thirty-sixth month following its date of grant, but may be subject to pro-rata vesting over such period, except that the Administrator may provide for the satisfaction and/or lapse of all conditions under any such Award in the event of the Participant's death or Disability or in connection with a Change in Control, and the Administrator may provide that any such restriction or limitation will not apply in the case of a Restricted Stock or Restricted Stock Unit Award that is issued in payment or settlement of compensation that has been earned by the Participant. Notwithstanding the foregoing, up to 5% of the aggregate number of Shares authorized for issuance under this Plan (as described in Section 5(a)) may be issued pursuant to Awards subject to any, or no, vesting conditions, as the Administrator determines appropriate. In addition, the limitations set forth in this paragraph shall not apply to any Awards granted to Nonemployee Directors. Notwithstanding anything in this Plan to the contrary, the performance criteria for any Restricted Stock or Restricted Stock Unit that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code will be a measure based on one or more Qualifying Performance Criteria selected by the Administrator and specified when the Award is granted.

Discretionary Adjustments and Limits. Subject to the limits imposed under Section 162(m) of the Code for Awards that are intended to qualify as "performance-based compensation," notwithstanding the satisfaction of any performance goals, the number of Shares granted, issued, retainable and/or vested under an Award of Restricted Stock or Restricted Stock Units on account of either financial performance or personal performance evaluations may, to the extent specified in the Award Agreement, be reduced, but not increased, by the Administrator on the basis of such further considerations as the Administrator shall determine.

Voting Rights. Unless otherwise determined by the Administrator, Participants holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those shares during the period of restriction. Participants shall have no voting rights with respect to Shares underlying Restricted Stock Units unless and until such Shares are reflected as issued and outstanding shares on the Company's stock ledger.

Dividends and Distributions. Participants in whose name Restricted Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to those Shares, unless determined otherwise by the Administrator. The Administrator will determine whether any such dividends or distributions will be automatically reinvested in additional shares of Restricted Stock and subject to the same restrictions on transferability as the Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Shares underlying Restricted Stock Units shall be entitled to dividends or dividend equivalents only to the extent provided by the Administrator.

No Dividends or Dividend Equivalents on Unvested Performance Awards. Notwithstanding anything herein to the contrary, in no event will dividends or dividend equivalents be paid with respect to unvested Awards of Restricted Stock or Restricted Stock Units that are subject to performance-based vesting criteria. Dividends or dividend equivalents accrued on or in respect of such Awards shall become payable (if at all) no earlier than the date the performance-based vesting criteria have been achieved and the underlying Restricted Stock or Restricted Stock Units have been earned.

9. INCENTIVE BONUSES

General. Each Incentive Bonus Award will confer upon the Participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period established by the Administrator.

(b)

Incentive Bonus Document. The terms of any Incentive Bonus will be set forth in an Award Agreement. Each Award Agreement evidencing an Incentive Bonus shall contain provisions regarding (i) the target and maximum amount payable to the Participant as an Incentive Bonus, (ii) the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment, (iii) the term of the performance period as to which performance shall be measured for determining the amount of any payment, (iv) the timing of any payment earned by virtue of performance, (v) restrictions on the alienation or transfer of the Incentive Bonus prior to actual payment, (vi) forfeiture provisions and (vii) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

Performance Criteria. The Administrator shall establish the performance criteria and level of achievement versus these criteria that shall determine the target and maximum amount payable under an Incentive Bonus, which criteria may be based on financial performance and/or personal performance evaluations. The Administrator may (c) specify the percentage of the target Incentive Bonus that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria

Back to Contents

for any portion of an Incentive Bonus that is intended by the Administrator to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall be a measure based on one or more Qualifying Performance Criteria (as defined in Section 13(b)) selected by the Administrator and specified at the time the Incentive Bonus is granted. The Administrator shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any Incentive Bonus that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code.

Timing and Form of Payment. The Administrator shall determine the timing of payment of any Incentive Bonus. Payment of the amount due under an Incentive Bonus may be made in cash or in Shares, as determined by the (d) Administrator. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit a Participant to elect for the payment of any Incentive Bonus to be deferred to a specified date or event.

Discretionary Adjustments. Notwithstanding satisfaction of any performance goals, the amount paid under an Incentive Bonus on account of either financial performance or personal performance evaluations may be reduced, (e) but not increased, by the Administrator on the basis of such further considerations as the Administrator shall determine.

10. DEFERRAL OF GAINS

The Administrator may, in an Award Agreement or otherwise, provide for the deferred delivery of Shares or cash upon settlement, vesting or other events with respect to Restricted Stock Units, or in payment or satisfaction of an Incentive Bonus. Notwithstanding anything herein to the contrary, in no event will any election to defer the delivery of Shares or any other payment with respect to any Award be allowed if the Administrator determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. The Company, the Board and the Administrator shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Board or Administrator.

11. CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS

The Administrator may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Administrator in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Shares issued upon exercise, vesting or settlement of such Award (including the actual or constructive surrender of Shares already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation (i) restrictions under an insider trading policy or pursuant to applicable law, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and holders of other Company equity compensation arrangements, (iii) restrictions as to the use of a specified brokerage firm for such resales or other transfers, and (iv) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

12. ADJUSTMENT OF AND CHANGES IN THE SHARES

In the event that any stock dividend, stock split or a combination or consolidation of the outstanding Shares into a lesser number of shares, is declared with respect to the Shares, the authorization limits under Sections 5(a), 5(c) and 5(d) shall be increased or decreased proportionately, and the Shares then subject to each Award shall be increased or decreased proportionately without any change in the aggregate purchase price therefor. In the event of an extraordinary distribution on the Shares or in the event the Shares shall be changed into or exchanged for a different number or class of shares of stock or securities of the Company or of another corporation or other property, whether through recapitalization,

2016 Proxy Statement **A-9**

Back to Contents

reorganization, reclassification, merger, consolidation, split-up, spinoff, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or any other similar corporate transaction or event affects the Shares such that an equitable adjustment would be required in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the authorization limits under Sections 5(a), 5(c) and 5(d) shall be adjusted proportionately, and an equitable adjustment shall be made to each Share subject to an Award such that no dilution or enlargement of the benefits or potential benefits occurs. Each such Share then subject to each Award shall be adjusted to the number and class of shares or other property into which each outstanding Share shall be so exchanged such that no dilution or enlargement of the benefits occurs, all without change in the aggregate purchase price for the Shares then subject to each Award. Action by the Administrator pursuant to this Section 12 may include adjustment to any or all of: (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards or be delivered under the Plan; (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards; (iii) the purchase price or exercise price of a Share under any outstanding Award or the measure to be used to determine the amount of the benefit payable on an Award; and (iv) any other adjustments the Administrator determines to be equitable.

No right to purchase fractional shares shall result from any adjustment in Awards pursuant to this Section 12. In case of any such adjustment, the Shares or other security subject to the Award shall be rounded down to the nearest whole share. The Company shall notify Participants holding Awards subject to any adjustments pursuant to this Section 12 of such adjustment, but (whether or not notice is given) such adjustment shall be effective and binding for all purposes of the Plan.

13. QUALIFYING PERFORMANCE-BASED COMPENSATION

- General.* The Administrator may establish performance criteria and level of achievement versus such criteria that shall determine the number of Shares, units or cash to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to an Award, which criteria may be based on Qualifying Performance Criteria or other standards of financial performance and/ or personal performance evaluations. In addition, the Administrator may specify that an Award or a portion of an Award is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code, *provided* that the performance criteria for such Award or portion of an Award that is intended by the Administrator to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall be a measure based on one or more
- (a) Qualifying Performance Criteria selected by the Administrator and specified at the time the Award is granted. The Administrator shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment, settlement or vesting of any Award that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code. Notwithstanding satisfaction of any performance goals, the number of Shares issued under or the amount paid under an Award may be reduced, but not increased, by the Administrator on the basis of such further considerations as the Administrator in its sole discretion shall determine; provided, however, that, in the case of Share-based Awards the Administrator shall have such discretion only to the extent specified in the Award Agreement.
- (b) *Qualifying Performance Criteria.* For purposes of this Plan, the term “Qualifying Performance Criteria” shall mean any one or more of the following performance criteria, or derivations of such performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured over the performance period

established by the Administrator, on an absolute basis or relative to a pre-established target, to previous results or to a designated comparison group, either based upon United States Generally Accepted Accounting Principles (“GAAP”) or non-GAAP financial results, in each case as specified by the Administrator: (i) cash flow (before or after dividends), (ii) earnings per share (including earnings before interest, taxes, depreciation and amortization), (iii) stock price, (iv) return on equity, (v) total stockholder return, (vi) return on capital (including return on total capital or return on invested capital), (vii) return on assets or net assets, (viii) market capitalization, (ix) economic value added, (x) debt leverage (debt to capital), (xi) revenue, (xii) income or net income, (xiii) operating income, (xiv) operating profit or net operating profit, (xv) operating margin or profit margin, (xvi) return on operating revenue, (xvii) cash from operations, (xviii) operating ratio, (xix) operating revenue, (xx) market share, (xxi) product development or release schedules, (xxii) new product innovation, (xxiii) product cost reduction through advanced technology, (xxiv) brand recognition/acceptance, (xxv) product ship targets, (xxvi) cost reductions, customer service, (xxvii) customer satisfaction, or (xxviii) the sales of assets or subsidiaries. To the extent consistent with Section 162(m) of the Code, the Administrator may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria (A) to eliminate the effects of charges for restructurings, discontinued operations, and all items of gain, loss or expense that are unusual or infrequently occurring or related to the

2016 Proxy Statement **A-10**

Back to Contents

acquisition or disposal of a segment of a business or related to a change in accounting principle all as determined in accordance with applicable accounting provisions, as well as the cumulative effect of accounting changes, in each case as determined in accordance with GAAP or identified in the Company's financial statements or notes to the financial statements, (B) to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) accruals of any amounts for payment under this Plan or any other compensation arrangement maintained by the Company, (vi) foreign exchange gains and losses, and (vii) acquisitions or divestitures, and (C) for such other events as the Administrator shall deem appropriate, if such adjustment is timely approved in connection with the establishment of such Qualifying Performance Criteria.

14. TRANSFERABILITY

Each Award may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, outstanding Options may be exercised following the Participant's death by the Participant's beneficiaries or as permitted by the Administrator. Further, and notwithstanding the foregoing, to the extent permitted by the Administrator, the person to whom an Award is initially granted (the "Grantee") may transfer an Award to any "family member" of the Grantee (as such term is defined in Section A.1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended ("Form S-8")), to trusts solely for the benefit of such family members and to partnerships in which such family members and/or trusts are the only partners; *provided that*, (i) as a condition thereof, the transferor and the transferee must execute a written agreement containing such terms as specified by the Administrator, and (ii) the transfer is pursuant to a gift or a domestic relations order to the extent permitted under the General Instructions to Form S-8. Except to the extent specified otherwise in the agreement the Administrator provides for the Grantee and transferee to execute, all vesting, exercisability and forfeiture provisions that are conditioned on the Grantee's continued employment or service shall continue to be determined with reference to the Grantee's employment or service (and not to the status of the transferee) after any transfer of an Award pursuant to this Section 14, and the responsibility to pay any taxes in connection with an Award shall remain with the Grantee notwithstanding any transfer other than by will or intestate succession.

15. SUSPENSION OR TERMINATION OF AWARDS; CLAWBACK POLICY

Except as otherwise provided by the Administrator, if at any time (including after a notice of exercise has been delivered or an award has vested) the Chief Executive Officer or any other person designated by the Administrator (each such person, an "Authorized Officer") reasonably believes that a Participant may have committed any act constituting Cause for termination of employment or any Detrimental Activity, the Authorized Officer, Administrator or the Board may suspend the Participant's rights to exercise any Option, to vest in an Award, and/or to receive payment for or receive Shares in settlement of an Award pending a determination of whether such an act has been committed.

If the Administrator or an Authorized Officer determines a Participant has committed any act constituting Cause for termination of employment or any Detrimental Activity, then except as otherwise provided by the Administrator, (i)

none of the Participant, his or her estate or any transferee shall be entitled to exercise any Option or Stock Appreciation Right whatsoever, vest in or have the restrictions on an Award lapse, or otherwise receive payment of an Award, (ii) the Participant will forfeit all outstanding Awards and (iii) the Participant may be required, at the Administrator's sole discretion, to return and/or repay to the Company any then unvested Shares previously issued under the Plan. In making such determination, the Administrator or an Authorized Officer shall give the Participant an opportunity to appear and present evidence on his or her behalf at a hearing before the Administrator or its designee or an opportunity to submit written comments, documents, information and arguments to be considered by the Administrator. Any dispute by a Participant or other person as to the determination of the Administrator shall be resolved pursuant to Section 24 of the Plan.

Awards granted under the Plan shall be subject to the Company's clawback policy, as in effect and applicable to the Participant from time to time.

[Back to Contents](#)

16. AGREEMENT TO REPAYMENTS OF INCENTIVE COMPENSATION WHEN REPAYMENTS ARE REQUIRED UNDER FEDERAL LAW

This provision applies to any policy adopted by the New York Stock Exchange (or any other exchange on which the securities of the Company are listed) pursuant to Section 10D of the Securities Exchange Act of 1934. To the extent any such policy requires the repayment of incentive-based compensation received by a Participant, whether paid pursuant to an Award granted under this Plan or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Company, by accepting an Award under this Plan, the Participant agrees to the repayment of such amounts to the extent required by such policy and applicable law.

17. COMPLIANCE WITH LAWS AND REGULATIONS

This Plan, the grant, issuance, vesting, exercise and settlement of Awards thereunder, and the obligation of the Company to sell, issue or deliver Shares under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Administrator shall determine to be necessary or advisable. To the extent the Company is unable to or the Administrator deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, the Company and its Subsidiaries shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. No Option shall be exercisable and no Shares shall be issued and/or transferable under any other Award unless a registration statement with respect to the Shares underlying such Option is effective and current or the Company has determined that such registration is unnecessary.

In the event an Award is granted to or held by a Participant who is employed or providing services outside the United States, the Administrator may, in its sole discretion, modify the provisions of the Plan or of such Award as they pertain to such individual to comply with applicable foreign law or to recognize differences in local law, currency or tax policy. The Administrator may also impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply with such foreign law and/or to minimize the Company's obligations with respect to tax equalization for Participants employed outside their home country.

18. WITHHOLDING

To the extent required by applicable federal, state, local or foreign law, a Participant shall be required to satisfy, in a manner satisfactory to the Company, any withholding tax obligations that arise by reason of an Option exercise, disposition of Shares issued under an Incentive Stock Option, the vesting of or settlement of an Award, an election pursuant to Section 83(b) of the Code or otherwise with respect to an Award. To the extent a Participant makes an election under Section 83(b) of the Code, within ten days of filing such election with the Internal Revenue Service, the Participant must notify the Company in writing of such election. The Company and its Subsidiaries shall not be

required to issue Shares, make any payment or to recognize the transfer or disposition of Shares until all such obligations are satisfied. The Administrator may provide for or permit these obligations to be satisfied through the mandatory or elective sale of Shares and/or by having the Company withhold a portion of the Shares that otherwise would be issued to him or her upon exercise of the Option or the vesting or settlement of an Award up to the minimum amount necessary to satisfy such obligations (or, if and when the Company adopts any applicable accounting standard allowing for greater Share withholding, up to such withholding rate that will not cause an adverse accounting consequence or cost), or by tendering Shares previously acquired.

2016 Proxy Statement **A-12**

[Back to Contents](#)

19. ADMINISTRATION OF THE PLAN

- Administrator of the Plan.* The Plan shall be administered by the Administrator who shall be the Compensation and Personnel Committee of the Board or, in the absence of a Compensation and Personnel Committee, the Board itself. Any power of the Administrator may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Securities Exchange Act of 1934 or cause an Award intended to qualify for treatment as performance-based compensation under Section 162(m) of the Code to not so qualify. To the extent that any permitted action taken by the Board conflicts with action taken by the Administrator, the Board action shall control. The Compensation and Personnel Committee may by resolution authorize one or more officers of the Company to perform any or all things that the Administrator is authorized and empowered to do or perform under the Plan, and for all purposes under this Plan, such officer or officers shall be treated as the Administrator; *provided, however,* that the resolution so authorizing such officer or officers shall specify the total number of Awards (if any) such officer or officers may award pursuant to such delegated authority, and any such Award shall be subject to the form of Award Agreement theretofore approved by the Compensation and Personnel Committee; *and, provided, further,* that such authorization shall not provide for the grant of Awards to officers or directors of the Company. No such officer shall designate himself or herself as a recipient of any Awards granted under authority delegated to such officer. The Compensation and Personnel Committee hereby designates the Secretary of the Company and the head of the Company's human resource function to assist the Administrator in the administration of the Plan and execute agreements evidencing Awards made under this Plan or other documents entered into under this Plan on behalf of the Administrator or the Company. In addition, the Compensation and Personnel Committee may delegate any or all aspects of the day-to-day administration of the Plan to one or more officers or employees of the Company or any Subsidiary, and/or to one or more agents.
- (a) *Powers of Administrator.* Subject to the express provisions of this Plan, the Administrator shall be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with the administration of this Plan, including, without limitation: (i) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein; (ii) to determine which persons are Participants, to which of such Participants, if any, Awards shall be granted hereunder and the timing of any such Awards; (iii) to grant Awards to Participants and determine the terms and conditions thereof, including the number of Shares subject to Awards and the exercise or purchase price of such Shares and the circumstances under which Awards become exercisable or vested or are forfeited or expire, which terms may but need not be conditioned upon the passage of time, continued employment, the satisfaction of performance criteria, the occurrence of certain events (including a Change in Control), or other factors; (iv) to establish and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award; (v) to prescribe and amend the terms of the agreements or other documents evidencing Awards made under this Plan (which need not be identical) and the terms of or form of any document or notice required to be delivered to the Company by Participants under this Plan; (vi) to determine the extent to which adjustments are required pursuant to Section 12; (vii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in if the Administrator, in good faith, determines that it is necessary to do so in light of extraordinary circumstances and for the benefit of the Company and so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of an applicable stock exchange, disruption of communications or natural catastrophe); (viii) to approve corrections in the documentation or administration of any Award; (ix) to require or permit Participant elections and/or consents under this Plan to be made by means of such electronic media as the Administrator may prescribe; and (x) to make all other determinations deemed necessary or advisable for the administration of this Plan. The Administrator may, in its sole and absolute discretion, without amendment to the Plan, waive or amend the operation of Plan provisions respecting exercise after termination of employment or service to the Company or

an Affiliate and, except as otherwise provided herein, adjust any of the terms of any Award. The Administrator may also (A) accelerate the date on which any Award granted under the Plan becomes exercisable or (B) accelerate the vesting date or waive or adjust any condition imposed hereunder with respect to the vesting or exercisability of an Award, *provided* that the Administrator, in good faith, determines that such acceleration, waiver or other adjustment is necessary or desirable in light of applicable circumstances. Notwithstanding anything in the Plan to the contrary, other than in connection with a change in the Company's capitalization (as described in Section 12) the Company shall not, without stockholder approval, (i) reduce the

Back to Contents

exercise price of an Option or Stock Appreciation Right, (ii) exchange an Option or Stock Appreciation Right for a new Option or Stock Appreciation Right with a lower exercise price or (iii) at any time when the exercise price of an Option or Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Option or Stock Appreciation Right for cash or other property; *provided, however*, that in the event of a Change in Control, any Award with an exercise price that equals or exceeds the value of the consideration to be paid to the holders of Common Stock (on a per share basis) may be cancelled without any consideration.

Determinations by the Administrator. All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of or operation of any Award granted hereunder, shall be final and binding on all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan or any Award, and no such decision, determination or (c) interpretation may be altered or nullified by any other Person except if determined to be arbitrary or capricious as provided in Section 24. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

Subsidiary Awards. In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Administrator so directs, be implemented by the Company issuing any subject Shares to the Subsidiary, for such lawful consideration as the Administrator may determine, upon the condition or understanding that the (d) Subsidiary will transfer the Shares to the Participant in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Administrator shall determine.

20. AMENDMENT OF THE PLAN OR AWARDS

The Board may amend, alter or discontinue this Plan and the Administrator may amend, or alter any agreement or other document evidencing an Award made under this Plan but, except as provided pursuant to the provisions of Section 12, no such amendment shall, without the approval of the stockholders of the Company:

(a) increase the maximum number of Shares for which Awards may be granted under this Plan;

(b) reduce the price at which Options may be granted below the price provided for in Section 6(a);

reduce the exercise price of outstanding Options or Stock Appreciation Rights and, at any time when the exercise (c) price of an Option or Stock Appreciation Right is above the Fair Market Value of a Share, exchange such Option or Stock Appreciation Right for cash or other property;

(d) extend the term of this Plan;

(e) change the class of persons eligible to be Participants;

(f) otherwise amend the Plan in any manner requiring stockholder approval by law or under the New York Stock Exchange listing requirements; or

(g) increase the individual maximum limits in Sections 5(c) and (d).

Any amendment to comply with changes in governing law or accounting standards shall not require stockholder approval.

No amendment or alteration to the Plan or an Award or Award Agreement shall be made which would impair the rights of the holder of an Award, without such holder's consent, *provided* that no such consent shall be required if the Administrator determines in its sole discretion and prior to the date of any Change in Control that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

21. NO LIABILITY OF COMPANY

The Company and any Subsidiary or affiliate which is in existence or hereafter comes into existence, the Board and the Administrator shall not be liable to a Participant or any other person as to: (i) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (ii) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted hereunder.

[Back to Contents](#)

22. NON-EXCLUSIVITY OF PLAN

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Administrator to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of restricted stock or stock options otherwise than under this Plan or an arrangement not intended to qualify under Code Section 162(m), and such arrangements may be either generally applicable or applicable only in specific cases.

23. GOVERNING LAW

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the Delaware and applicable federal law. Any reference in this Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

24. ARBITRATION OF DISPUTES

In the event a Participant or other holder of an Award or person claiming a right under an Award or the Plan believes that a decision by the Administrator with respect to such person or Award was arbitrary or capricious, the person may request arbitration with respect to such decision. The review by the arbitrator shall be limited to determining whether the Participant or other Award holder has proven that the Administrator's decision was arbitrary or capricious. This arbitration shall be the sole and exclusive review permitted of the Administrator's decision. Participants, Award holders and persons claiming rights under an Award or the Plan explicitly waive any right to judicial review.

Notice of demand for arbitration shall be made in writing to the Administrator within thirty (30) days after the applicable decision by the Administrator. The arbitrator shall be selected by those members of the Board who are neither members of the Compensation and Personnel Committee of the Board nor employees of the Company or any Subsidiary. If there are no such members of the Board, the arbitrator shall be selected by the Board. The arbitrator shall be an individual who is an attorney licensed to practice law in the jurisdiction in which the Company's headquarters are then located. Such arbitrator shall be neutral within the meaning of the Commercial Rules of Dispute Resolution of the American Arbitration Association; *provided, however*, that the arbitration shall not be administered by the American Arbitration Association. Any challenge to the neutrality of the arbitrator shall be resolved by the arbitrator whose decision shall be final and conclusive. The arbitration shall be administered and conducted by the arbitrator pursuant to the Commercial Rules of Dispute Resolution of the American Arbitration Association. Each side shall bear its own fees and expenses, including its own attorney's fees, and each side shall bear one half of the arbitrator's fees and expenses. The decision of the arbitrator on the issue(s) presented for arbitration shall be final and conclusive and may be enforced in any court of competent jurisdiction.

25. NO RIGHT TO EMPLOYMENT, REELECTION OR CONTINUED SERVICE

Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its affiliates to terminate any Participant's employment, service on the Board or service for the Company at any time or for any reason not prohibited by law, nor shall this Plan or an Award itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, any Subsidiary and/or its affiliates. Subject to Sections 4 and 20, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to any liability on the part of the Company, its Subsidiaries and/or its affiliates.

2016 Proxy Statement **A-15**

[Back to Contents](#)

26. UNFUNDED PLAN

The Plan is intended to be an unfunded plan. Participants are and shall at all times be general creditors of the Company with respect to their Awards. If the Administrator or the Company chooses to set aside funds in a trust or otherwise for the payment of Awards under the Plan, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

27. SECTION 409A

Awards granted under the Plan are intended to comply with, or be exempt from, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. Although the Company does not guarantee any particular tax treatment, to the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that is intended to comply with Section 409A of the Code, including regulations and any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

To the extent any payment under this Plan is considered deferred compensation subject to the restrictions contained in Section 409A of the Code, and to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, such payment may not be made to a specified employee (as determined in accordance with a uniform policy adopted by the Company with respect to all arrangements subject to Section 409A of the Code) upon separation from service (within the meaning of Section 409A of the Code) before the date that is six months after the specified employee's separation from service (or, if earlier, the specified employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the sixth month plus one day following the specified employee's separation from service (or, if earlier, as soon as administratively practicable after the specified employee's death).

[Back to Contents](#)

[Back to Contents](#)

[Back to Contents](#)