KORN FERRY INTERNATIONAL
Form PRE 14A
July 31, 2017
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

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Korn/Ferry International

(Name of Registrant as Specified In Its Charter)

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(3) Filing Party:

(4) Date Filed:

NOTICE OF 2017 ANNUAL STOCKHOLDERS' MEETING

AND PROXY STATEMENT

September 27, 2017
8:00 a.m. Pacific Time
InterContinental
2151 Avenue of the Stars
Los Angeles, CA 90067

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DEAR FELLOW SHAREHOLDERS

Thank you for your investment in Korn Ferry and for the trust you have placed in our Board to help oversee and facilitate Korn Ferry's long-term success.

Fiscal 2017 Accomplishments

Against a backdrop of uncertain macroeconomic and geopolitical factors, Korn Ferry achieved yet another year of strong financial performance and continued to make progress on our strategic objectives. We are proud of these results, which include:

- Generated record fee revenue of $1.57 billion, representing a 21% increase year over year including organic growth and the Hay Group acquisition;

- Returned $52.1 million to shareholders ($28.8 million through share repurchases and $23.3 million in quarterly dividends in FY 17);

- Named #1 Best Executive Recruitment Firm in North America by Forbes Magazine (2017); and

- Named #1 Recruitment Process Outsourcing Firm by HRO Magazine (2016).

Leading Corporate Governance Practices

Complementing our financial performance is our Company's commitment to corporate governance, including:

- Majority voting for directors in uncontested elections;

- Declassified Board with annual election of directors;

- Independent Chair and independent Board members (except for CEO);

- Regular engagement with shareholders;

- Board diversity; and

- This year's proxy proposals to eliminate the supermajority voting standards in our Restated Certificate of Incorporation.

Commitment to Shareholder Engagement

In the past few years, the Company has stressed the importance of shareholder communication, with the Company increasing its outreach to its shareholders as a result. As part of those efforts, we sought feedback from our shareholders about the issues that mattered most to them. In 2015, we redesigned our proxy statement to address the issues we heard in that outreach, and to provide more meaningful and transparent disclosure regarding our compensation and corporate governance practices, including our Governance Insights section of the proxy statement discussing Board Committee priorities. We have received positive feedback from our shareholders to such enhancements and were even awarded 2016 Proxy of the Year (small to mid-cap) by Corporate Secretary Magazine.

Board Composition: Ongoing Commitment to Board Diversity

Our Board is composed of individuals whose skills and experiences permit them to make significant contributions to the Company and represent the long-term interest of our shareholders. It is critical that our Board include diverse perspectives, and a mix of skills, backgrounds, and industry experiences. To achieve and maintain such diversity, we periodically refresh the composition of our Board by appointing new members. Since 2012, we have elected five new directors to our Board, each with diverse skills, backgrounds and experiences. We are proud of the diversity of our directors and will continue our efforts to assemble an exceptional Board.

The commentary above is only a snap shot of the Company's Fiscal 2017 achievements, but we believe these achievements are representative of our commitment and progress. We strongly encourage each of our shareholders to review this proxy statement, vote promptly and convey their views.

On behalf of our Board, Senior Management and the Company, thank you for being a Korn Ferry shareholder.

Sincerely,

George Shaheen,
Chair of the Board
August [____], 2017
Korn/Ferry International
1900 Avenue of the Stars,
Suite 2600
Los Angles, CA 90067
(310) 552-1834

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NOTICE OF 2017 ANNUAL MEETING

MEETING INFORMATION

Date: September 27, 2017

Time: 8:00 a.m. Pacific Time

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

Record Date: August 4, 2017

MEETING AGENDA

To the Stockholders:

On September 27, 2017, Korn/Ferry International (the "Company", "Korn Ferry", "we", "its" and "our") will hold its 2017 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 4, 2017 (the "Record Date") can vote at the Annual Meeting or any adjournments or postponements thereof. The purposes of the Annual Meeting are to:

1. Elect the eight directors nominated by our Board of Directors and named in the Proxy Statement accompanying this notice to serve on the Board of Directors until the 2018 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 to approve the Company's executive compensation;

3. Vote on a non-binding advisory resolution on the frequency of future advisory votes to approve the Company's executive compensation;

4. Ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's 2018 fiscal year;

5. Approve amendments to our Restated Certificate of Incorporation to (a) remove the supermajority voting standard for future amendments to our Bylaws approved by our stockholders and (b) remove the supermajority voting standard to amend action by written consent right; and

6. 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, FOR A "ONE YEAR" FREQUENCY TO CONDUCT FUTURE ADVISORY VOTES TO APPROVE EXECUTIVE COMPENSATION, 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 pages 67 - 69 for a description of the ways by which you may cast your vote on the matters being considered at the Annual Meeting.**

August [ ], 2017
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.

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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 67)

Date and Time: September 27, 2017 at 8:00 a.m. Pacific Time.

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

Admission: To be admitted to the 2017 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 4, 2017.

Voting Matters (page 67)

1	**Election of Directors** Page Reference (for more detail) page 8	Board Vote Recommendation **FOR each Director Nominee**
2	**Advisory Resolution to Approve Executive Compensation** Page Reference (for more detail) page 24	Board Vote Recommendation **FOR**
3	**Advisory Resolution on the Frequency of Future Advisory Votes to Approve Executive Compensation** Page Reference (for more detail) page 25	Board Vote Recommendation **ONE YEAR**

4

	Ratification of Independent Registered Public Accounting Firm Page Reference (for more detail) page 56	Board Vote Recommendation **FOR**
5A	**Amendment to Restated Certificate of Incorporation to Remove Supermajority Voting Standard for Future Amendments to our Bylaws Approved by our Stockholders** Page Reference (for more detail) pages 62 - 63	Board Vote Recommendation **FOR**
5B	**Amendment to Restated Certificate of Incorporation to Remove Supermajority Voting Standard to Amend Action by Written Consent Right** Page Reference (for more detail) page 63	Board Vote Recommendation **FOR**

How to Cast Your Vote (pages 67 - 69)

On or about August [   ], 2017, we will mail a Notice of Internet Availability of Proxy Materials to stockholders of our common stock as of August 4, 2017, 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 September 26, 2017. 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.

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BUSINESS HIGHLIGHTS FOR FISCAL YEAR 2017

Generated **record fee revenue of $1.57 billion**, representing a **21% increase year over year** including organic growth and the Hay Group acquisition

19% Share Price Appreciation in FY 17*

* Comparison of closing price on last trading day of FY 17 v FY 16

#1 Best Executive Recruitment

Firm in North America by **Forbes** Magazine (2017)

#1 Recruitment Process Outsourcing

Firm by HRO Magazine (2016)

Governance of the Company (page 15)

Board Structure

- Independent Chair of the Board.
- 7 of the 8 Directors on the Board are Independent.
- Independent Directors Meet in Regular Executive Sessions.

Committees and Attendance

- Independent Audit, Compensation and Nominating Committees.
- All Directors Attended at Least 75% of Board and Their Respective Committee Meetings.

Stockholder Engagement

- Stockholder Communication Process for Communicating with the Board.
- This year's proxy statement includes proposals to amend the Company's Restated Certificate of Incorporation to remove the supermajority voting standards.

Recent Corporate

Governance Enhancements

- Replaced Classified Board Structure with Annual Director Elections.
- Implemented Majority Voting in Uncontested Elections.

Governance Insights (pages 15, 33, and 58)

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 diversity, pay alignment and retention, and oversight of the adoption of the new revenue recognition standard.

AGE DIRECTOR TENURE DIRECTOR INDEPENDENCE

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BOARD NOMINEES (PAGES 11 - 14)

Doyle N. **BENEBY**
Director

Age: **57**

Director Since: **2015**

Independent: **Yes**

Committee Memberships:

- **Nominating and Corporate Governance**
- **Compensation and Personnel**

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: **56**

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: **72**

Director Since: **2012**

Independent: **Yes**

Committee Memberships:

- **Audit**
- **Compensation and Personnel**

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: **69**

Director Since: **2014**

Independent: **Yes**

Committee Memberships:

- **Nominating and Corporate Governance (Chair)**
- **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: **66**

Director Since: **2012**

Independent: **Yes**

Committee Memberships:

Angel R. **MARTINEZ**
Director

Age: **62**

Director Since: **2017**

Independent: **Yes**

Committee Memberships: –
Experience/Qualification:

Debra J. **PERRY**
Director

Age: **66**

Director Since: **2008**

Independent: **Yes**

Committee Memberships:

George T. **SHAHEEN**
Director and Non-Executive Chair of the Board of Korn Ferry
Age: **73**

Director Since: **2009**

Independent: **Yes**

Committee Memberships: –
Experience/Qualification:

- **Compensation and Personnel (Chair)**
- **Audit**

Experience/Qualification:

- **Former Global Managing Director of Deloitte & Touche.**
- **Brings financial accounting expertise and extensive global professional services experience.**

- **Current Non-Executive Chairman of the Board of Directors of, and Former President and CEO of, Deckers Outdoor Corporation.**
- **Brings executive management, product, and marketing experience.**

- **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.**

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

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2017 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	—	1,787,537	1,267,630	7,979	53,462	4,026,608
Robert P. Rozek, Executive Vice-President, Chief Financial Officer and Chief Corporate Officer	575,000	—	856,534	800,975	—	27,711	2,260,220
Byrne Mulrooney, Chief Executive Officer of Korn/Ferry International Futurestep, Inc.	450,000	—	1,489,630	750,000	—	22,862	2,712,492
Mark Arian, Chief Executive Officer of Korn/Ferry Hay Group	37,500	—	399,960	—	—	541	438,001
Stephen Kaye, Former Chief Executive Officer of Korn/Ferry Hay Group	450,000	437,500	117,512	—	—	10,348	1,015,360

** See footnote disclosure to table on pages 41 - 42.*

2017 Executive Total Compensation Mix (page 30)

CEO COMPENSATION MIX* **OTHER NEO COMPENSATION MIX***

* *Equity awards based upon grant date value. Excludes Mr. Kaye, whose employment terminated during the fiscal year and Mr. Arian, who joined the Company in the fourth quarter of fiscal 2017.*

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Compensation Process Highlights (pages 19 and 29 - 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.

Elements of Compensation (pages 32 - 40)

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.

Best Practices (page 29)

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.

Corporate Secretary Magazine recognized Korn Ferry for "Best Proxy Statement (small to mid-cap)" for 2016.

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01

GOVERNANCE

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Proposal No. 1

ELECTION OF DIRECTORS

Our stockholders will be asked to consider eight nominees for election to our Board of Directors to serve for a one-year term until the 2018 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 eight 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 (the "NYSE"). 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
Angel R. Martinez	Director
Debra J. Perry	Director
George T. Shaheen	Director and Non-Executive Chair of the Board

REQUIRED VOTE

In uncontested elections, directors are elected by a majority of the votes cast, meaning that each director nominee must receive a greater number of shares voted "for" such nominee than the shares voted "against" such nominee. 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 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.

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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. 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 2018 Annual Meeting of Stockholders or their earlier resignation or removal:

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

Each of the named nominees are independent under the NYSE rules, except for Mr. Burnison. If reelected, Mr. Shaheen will continue to serve as the Company's independent Non-Executive Chair of the Board.

The Board held five meetings during fiscal year 2017. Each of the directors who were on the Board at the time attended at least 75% of the Board meetings and the meetings of committees of which they were members in fiscal 2017. Directors are expected to attend each annual meeting of stockholders. All directors then serving attended the 2016 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 the 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.

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SNAPSHOT OF DIRECTOR NOMINEES

Doyle N. **BENEBY** Gary D. **BURNISON** William R. **FLOYD** Christina A. **GOLD** Jerry P. **LEAMON** Angel R. **MART**

All director nominees possess:

- Relevant Senior Executive / CEO Experience
- High Ethical Standards
- Innovative Thinking
- Appreciation of Diverse Cultures ar
- Knowledge of Corporate Governance Practices

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 director nominees are 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. The current tenure of our Board is as follows:

DIRECTOR TENURE

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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:
Doyle N. **BENEBY**	**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.
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. **Other Directorships:**
Former Chief Executive Officer – **CPS Energy**	Capital Power Corporation, Quanta Services, University of Texas Energy Institute, Argonne National Laboratory and University of Miami (Trustee).
Age: **57**	

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:
Gary D. **BURNISON**	**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 officer of Jefferies and Company, Inc. and as a partner at KPMG Peat Warwick.
Director Since: 2007	**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.
President and Chief Executive Officer	**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. **Other Directorships:**
Age: **56**	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.

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William R. **FLOYD**	**Board Qualifications and Skills:**
Director Since: 2012	**High Level of Financial Experience:** Significant financial experience gained through senior leadership roles over the past 30-plus years.
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.
Age: **72**	**Other Directorships:** 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, and Pivot Physical Therapy, a private equity-owned physical therapy business, as a member and Chairman Emeritus 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.

Christina A. **GOLD**

Director Since: 2014

Former Chief Executive Officer, The Western Union Company

Age: **69**

Board Qualifications and Skills:

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

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 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.

Significant Public Company Board Experience: Over 16 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.

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Jerry P. **LEAMON**

Director Since: 2012

Former Global Managing Director, Deloitte

Age: **66**

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.

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

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.

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.

Other Directorships:

Credit Suisse USA, Geller & Company, Americares Foundation, 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, and Geller & Company, and serves as the Chairman of the Americares Foundation. Mr. Leamon is also a Senior Advisor to Lead Edge Investments. He is also a former 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:

Angel R. **MARTINEZ**

Director Since: 2017

Non-Executive Chairman of the Board of Directors of, and former President and CEO of, Deckers Outdoor Corp.

Age: **62**

Extensive Senior Leadership/Executive Officer Experience: Served in numerous senior leadership positions, including as Chief Executive Officer and President of Deckers Outdoor Corp., Executive Vice President and Chief Marketing Officer of Reebok International Ltd., President of The Rockport Company, and President and Chief Executive Officer of Keen, LLC.

Broad Product and Marketing Experience: Almost 40 years of experience in product and marketing from senior positions with, among other companies, Deckers Outdoor Corp., Reebok International and The Rockport Company.

Significant Public Company Board and Corporate Governance Experience: Over 19 years of public company board service, including as a director of Tupperware Brands Corporation since 1998 and Chairman of the Board of Deckers Outdoor Corp. since 2008.

Other Directorships:

Deckers Outdoor Corp. and Tupperware Brands Corporation.

Mr. Martinez is currently the non-executive Chairman of Board of Directors of Deckers Outdoor Corp. ("Deckers"), a global leader in designing, marketing and distributing innovative footwear, apparel and accessories developed for both everyday casual lifestyle use and high performance activities. He served as CEO and President of Deckers from April 2005 until his retirement in May 2016, Prior to joining Deckers, he was Chief Executive Officer and Vice Chairman of Keen LLC, an outdoor footwear manufacturer, from January 2005 to March 2005, after serving as President and Chief Executive Officer from April 2003 to December 2004, and as an independent consultant since June 2001. Prior thereto he served as Executive Vice President and Chief Marketing Officer of Reebok International Ltd. (Reebok) and as Chief Executive Officer and President of The Rockport Company, a subsidiary of Reebok. Mr. Martinez graduated from the University of California, Davis, in 1977.

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Debra J. **PERRY**

Director Since: 2008

Former senior managing director in the Global Ratings and Research Unit of Moody's Investors Service, Inc.

Age: **66**

Board Qualifications and Skills:

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.

Significant Audit Committee Experience: Over 12 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; appointed chair of audit committee in 2010).

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, and as a director of BofA Funds Series Trust (June 2011 to April 2016), 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:

The Sanford C. Bernstein Fund, Inc. and Genworth Financial Inc.

Ms. Perry currently serves on the boards of directors of the Sanford C. Bernstein Fund, Inc. (elected July 2011) and Genworth Financial Inc. (elected December 2016). 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.

	Board Qualifications and Skills:
	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.
George T. **SHAHEEN**	**Significant Public Company Board Experience:** 13 years of public company board experience, including as a director of NetApp (since 2004), Marcus & Millichap (since 2013), and Green Dot Corporation (since 2013).
Director Since: 2009	
	Service Industry Experience: Former Chief Executive Officer of Andersen Consulting.
Chair of the Board	**Other Directorships:**
	NetApp, 24/7 Customer, Marcus & Millichap, and Green Dot Corporation.
Age: **73**	

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.

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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 DIVERSITY**

Q & A WITH CHRISTINA GOLD, CHAIR OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Question: How important is Board diversity to the Company?

Diversity remains a very high priority at Korn Ferry, both at the Board level and throughout the organization. We believe it is essential to our continued success. As our business grows and new and different challenges present themselves it is critical that our Board members possess diverse skills, experiences and backgrounds. Diversity of background includes racial and gender diversity. Having directors with a wide range of perspectives allows the Company to better understand and serve our clients and to continue to adapt our business to a constantly changing world. The diversity of our Board has been particularly instrumental in helping to facilitate the successful integration of Hay Group into our organization and develop and pursue our strategic initiatives. Our focus on diversity has led to a diverse boardroom with half of our Board comprised of women and racially diverse directors. Diversity of experience and background is also key to our Board composition. Our directors have a variety of industry and professional experiences that are fundamental to oversight of our organization, including experience in the service, financial and consumer products industries and roles in marketing, brand and product development. The value we place on diversity is best highlighted by the fact that our two newest Board members are racially diverse.

Question: How does the Company achieve diversity on the Board and its Committees?

One of the key ways the Company achieves diversity on the Board and its committees is through its periodic refreshment of the composition of the Board and its committees. As part of the Board and Committee annual self-evaluations, the Nominating and Corporate Governance Committee considers, among other things, the composition of the Board and each of its committees, including whether the Company's directors possess the right diversity of skills, experiences and backgrounds for the current issues facing the Company. As a result of such evaluations, since 2012, we have elected five new directors to our Board, each with diverse skills, backgrounds and experiences, a new Chairperson, rotated the Chairs of the Compensation and Personnel Committee and Nominating and Corporate Governance Committee, made some changes to the composition of our Board Committees, and expanded the qualifications and diversity represented on the Board.

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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, Angel R. Martinez, Debra J. Perry, and George T. Shaheen. In addition, during his term of service, former director Harry L. You 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 bests interests of the Company to combine the role of Chair and CEO.

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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 2017, 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, in the case of named executive officers, a majority of which are also subject to the achievement of performance goals); 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.

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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. Following the Annual Meeting, the Nominating and Corporate Governance Committee intends to evaluate the composition of the standing committees and make recommendations to the Board regarding any appropriate changes to the Committees. The Nominating and Corporate Governance Committee expects, at such time, to recommend to the Board the appointment of Mr. Martinez to a Board Committee or Committees.

Audit Committee

Debra J. **PERRY** Jerry P. **LEAMON** William R. **FLOYD**
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 Floyd are "financially literate," under the NYSE rules, and that Mr.

Leamon and Ms. Perry 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 Board determined that Ms. Perry qualifies as an “audit committee financial expert” from her many years of experience in the financial services industry and service on other public company Audit Committees. The Audit Committee met nine times in fiscal 2017. The Audit 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 located in a list on the right side of the page. 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.

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Jerry P. **LEAMON** William R. **FLOYD** Christina A. **GOLD** Doyle N. **BENEBY**
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 eight times during fiscal 2017. 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 located in a list on the right side of the page. 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.

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Christina A. **GOLD** Doyle N. **BENEBY** 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;
- 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;
- Make recommendations to the Board from time to time as to changes the Committee believes to be desirable to the size, structure, composition and functioning of the Board or any committee thereof; and
- Oversee risks associated with operations of the Board and its governance structure.

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. The Nominating and Corporate Governance Committee, with the assistance of the Company’s executive search business, identified and recommended to the Board that Angel R. Martinez be nominated as a director in this Proxy Statement to serve as a director until the 2018 Annual Meeting of Stockholders. 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 five times in fiscal 2017. 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 located in a list on the right side of the page. 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.

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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 located in a list on the right side of the page. 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 located in a list on the right side of the page. 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.

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COMPENSATION

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Proposal No. 2

ADVISORY RESOLUTION TO APPROVE 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 vote on an advisory resolution to approve 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 employment services 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 2017 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 2017 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. As described in Proposal No. 3, stockholders are being given the opportunity to express their preference for the frequency of future “say-on-pay” votes. The Board’s current policy is to include an advisory resolution to approve the compensation of our named executive officers annually, but will consider the outcome of the advisory vote in Proposal No. 3 on the frequency of “say-on-pay” votes. Unless the Board modifies its policy on the frequency of future “say-on-pay” votes, the next advisory vote to approve our executive compensation will occur at the 2018 Annual Meeting of Stockholders.

RECOMMENDATION OF THE BOARD

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

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Proposal No. 3

ADVISORY RESOLUTION ON THE FREQUENCY OF FUTURE ADVISORY VOTES TO APPROVE EXECUTIVE COMPENSATION

In accordance with Section 14A of the Exchange Act, we are asking stockholders to vote on whether future advisory votes to approve executive compensation of the nature reflected in Proposal No. 2 should occur every year, every two years or every three years.

After careful consideration, the Board has determined that continuing to hold future advisory votes to approve executive compensation every year is the most appropriate policy for the Company at this time, and recommends that stockholders vote for future advisory votes to approve executive compensation to occur every year. An annual advisory vote to approve executive compensation allows our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year and is most useful to the Board and the Compensation and Personnel Committee.

Stockholders will be able to specify one of four choices for this proposal on the proxy card: three years, two years, one year or abstain. Stockholders are not voting to approve or disapprove the Board’s recommendation. This advisory vote on the frequency of future advisory votes to approve executive compensation is non-binding on the Board. Notwithstanding the Board’s recommendation and the outcome of the stockholder vote, the Board may in the future decide to conduct advisory votes to approve executive compensation on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that you vote “ONE YEAR” for the frequency of future advisory votes to approve executive compensation.

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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 2017 named executive officers ("NEOS"), 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
Mark Arian	Chief Executive Officer of Korn Ferry Hay Group
Stephen D. Kaye*	Former Chief Executive Officer of Korn Ferry Hay Group

**Mr. Kaye separated from the Company effective April 28, 2017.*

Selected Performance Highlights

The Company had strong financial and operating performance during fiscal 2017. Below are a few performance highlights:

Achieved record Fee Revenue of **$1.57 Billion** representing a **21% increase** year over year and the Company's highest annual Fee Revenue in its 47-year history

Achieved Diluted Earnings Per Share of **$1.47** representing a **153% increase** year over year

Named the **#1 Best Executive Recruiting Firm** in North America by Forbes Magazine (2017) and **Futurestep** was named the **#1 Recruitment Process Outsourcing Firm** by HRO Magazine (2016)

Completed operational integration following our **acquisition of the Hay Group**

Futurestep achieved **double digit Fee Revenue growth** for the third consecutive year, achieving growth at a pace **faster than the overall industry**

Returned $23.3 Million to stockholders through quarterly dividend payments and **$28.8 Million to stockholders** through share repurchases

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The following chart graphically displays the Company's Fee Revenue performance for the last three fiscal years:

Fee Revenue (in-millions)

Stockholder Value Delivered

5-YEAR TOTAL STOCKHOLDER RETURN (TSR)*
KFY vs. S&P 500 vs. Proxy Peer Group

share appreciation*

**Comparison of closing price on last trading day of FY 17 v FY 16*

** For additional details on how this graph was prepared, including the peer group for purposes of this graph, see "Part II, Item 5, Performance Graph" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2017, which was filed with the SEC on June 28, 2017.*

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Spotlight on CEO Pay Alignment

A primary focus of our compensation program is aligning executive pay with stockholder interests. A key element used to achieve this goal is providing annual incentive compensation opportunities that only result in payouts based on the extent of achievement of pre-established performance criteria. As described in more detail below, our Compensation and Personnel Committee (the "Committee") sets performance metrics (and associated targets) consisting of financial goals and strategic execution Key Performance Indicators (KPIs). With the exception of certain minimum guaranteed payouts made as part of the negotiations with new hires, executives are not guaranteed payouts under the annual cash incentive plan and payouts from year to year will vary based on achievement of the applicable financial metrics and strategy execution KPIs.

The charts below show the components of Mr. Burnison's total compensation for fiscal years 2016 (excluding the grant date value of his one-time Synergy RSU award) and 2017 and our corresponding achievement of the applicable KPIs under the annual cash incentive plan for each year. While we exceeded target goals under the annual incentive plan in both fiscal years and in almost all cases fiscal year 2017 results exceeded those of fiscal year 2016 as described in further detail below, in light of the challenging goals and the fact that targets are generally set at higher levels year over year, Mr. Burnison's fiscal 2017 achievement under the plan resulted in a payout equal to approximately 140% of target as compared to approximately 184% of target in fiscal 2016. The Committee will continue to set challenging performance goals in the future to incentivize superior performance year over year.

TOTAL COMPENSATION	**ANNUAL CASH INCENTIVE**	**KPI ACHIEVEMENT PERCENTAGE**
(in millions)	(in millions)	

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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. At the 2016 Annual Meeting, approximately 81% of the votes cast were in favor of the advisory vote to approve executive compensation. In fiscal 2017, the Company engaged with stockholders to discuss the Company's compensation programs. In consideration of such discussions and the stockholder vote at the 2016 Annual Meeting, as well as the Company's increased performance, the Committee decided to maintain our executive compensation programs for 2017. 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.

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*

Focus on Performance-Based Equity Awards. *A majority of the equity awards granted to named executive officers are subject to the achievement of rigorous performance goals*

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 517 Executive Search, 557 Hay Group (formerly known as LTC and which was combined with HG (Luxembourg) S.à.r.l in December 2015) and 256 Futurestep consultants who are primarily responsible for client services and who are located in 53 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").

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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.

CEO COMPENSATION MIX* OTHER NEO COMPENSATION MIX*

* *Equity awards based upon grant date value. Excludes Mr. Kaye, whose employment terminated during the fiscal year and Mr. Arian, who joined the Company in the fourth quarter of fiscal 2017.*

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 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 KPIs that are derived from the SEF and AOP.

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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.

Use of Independent Advisor

The Committee retains compensation consultants to assist it in assessing the competitiveness of the named executive officers' compensation. In fiscal 2017, the Committee retained Pearl Meyer & Partners, LLC ("Pearl Meyer"). Pursuant to the factors set forth in Item 407 of Regulation S-K of the Exchange Act, the Committee has reviewed the independence of Pearl Meyer and conducted a conflicts of interest assessment (taking into consideration factors specified in the NYSE listing standards) and has concluded that Pearl Meyer is independent and their work for the Committee has not raised any conflicts of interest. No other fees were paid to Pearl Meyer 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 2017, 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.
ICF International, Inc.
Insperity, Inc.
Kelly Services, Inc.
Kforce Inc.
The Corporate Executive Board Company*
The Dun & Bradstreet Corporation
Willis Towers Watson
TrueBlue, Inc.

* *The Corporate Executive Board Company was part of the peer group at the beginning of fiscal 2017 when compensation decisions were made but has since been removed due to its acquisition in April 2017.*

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 (excluding The Corporate Executive Board Company) and the Company are as follows:

	Market capitalization (as of July 13, 2017)	Revenues*
Fiscal 2017 Peer Group Median	$967,222,000	$1,511,703,000
Korn Ferry**	$1,960,000,000	$1,621,669,000

* *Peer company total revenues computed for 12 months ending as of the applicable company's most recent annual report (as of July 13, 2017). When factoring in the Company, the Company represents the median in terms of total revenues.*

** *As of the Company's fiscal year ended April 30, 2017.*

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 2017 generally fell within this range and are generally intended to be within the 25th to 75th percentile of the range.

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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. There were no changes to the base salaries of Messrs. Burnison, Rozek, and Mulrooney. Mr. Kaye and Mr. Arian were employed by the Company for only a portion of fiscal year 2017 and neither participated in the Company's annual cash incentive program or received annual grants under its equity program; rather each received off-cycle compensation in connection with their commencement of employment with the Company. Thus, Mr. Kaye and Mr. Arian's fiscal year 2017 compensation is addressed separately on page 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.

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Governance Insights: **PAY ALIGNMENT AND RETENTION**

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

Question: How do the elements of your compensation program align the interests of executives with those of stockholders?

A majority of executive pay is tied to Company performance metrics. First, our annual incentive plan serves to motivate and reward executives for achieving financial and strategy execution goals over a one-year period. Executives only earn a payout under this program when the Company achieves its goals at a minimum threshold level. Performance below such level would result in no payout with respect to the applicable performance metric but performance above such level results in increased payouts (up to a maximum cap) on a sliding scale correlating with performance results. Our long-term incentive program rewards executives for achievement of longer-term financial goals, including total stockholder return. These short- and long-term compensation elements drive executives to achieve superior performance while simultaneously balancing short- and long-term objectives.

Question: How does the Company's compensation program ensure retention of top-tier talent?

We provide executives with competitive total pay packages as compared to compensation provided by our peers. In addition to providing competitive base salaries and target annual- and long-term incentive opportunities, we provide all employees with fulsome health and welfare benefits as well as retirement benefits through participation in a defined contribution plan. In particular, our performance-based long-term incentives serve to retain top-tiered talent due to their multiple year vesting schedules, which requires continued employment in order to realize a benefit while simultaneously encouraging the achievement of superior performance.

Our Metrics: Measuring Performance

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 2017, 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, 2017 ("Form 10-K") excluding the deferred Revenue write-off related to the Hay Group acquisition and adjusted to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017.

Adjusted Diluted EPS

Diluted earnings per share as reported in the Company's Form 10-K excluding the deferred Revenue write-off related to the Hay Group acquisition adjusted to exclude the effect of restructuring charges, management separation charges, integration/acquisition costs and the write-off of debt issuance costs (on an after tax basis) and to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017.

Adjusted EBITDA Margin

GAAP net income plus interest, tax, depreciation and amortization expense excluding the deferred Revenue write-off related to the Hay Group acquisition and adjusted to exclude the effects of any restructuring charges, management separation charges, integration/acquisition costs and adjusted to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017 divided by Adjusted Fee Revenue.

Adjusted Return on Invested Capital

GAAP net income excluding the deferred Revenue write-off related to the Hay Group acquisition and adjusted to exclude the effects of restructuring charges, management separation charges, integration/acquisition costs and the write-off of debt issuance costs (on an after tax basis) and adjusted to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017, divided by average stockholders' equity plus average outstanding debt.

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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**
Marquee Account Development (measured by Fee Revenue from clients designated as Marquee Accounts divided by total Fee Revenue)*	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.
Top Rated Performers Retention (based upon the percentage of highly rated executive search senior client partners and Hay Group senior partners/ managing directors which are retained throughout the fiscal year)	Linked to the Company's strategic goal of being a premier career destination.	Target set by Committee derived from the SEF and AOP.

* *Excluding the deferred Revenue write-off related to the Hay Group acquisition and adjusted to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017.*

The Board, Committee and Company believe they have set targets with appropriate rigor. The fiscal year 2017 targets represent an increase from fiscal 2016 target goals and are equal to or greater than actual performance for fiscal year 2016, with the exception of Adjusted ROIC and Marquee Account Development. For Adjusted EBITDA Margin, the fiscal year 2017 target was equal to fiscal year 2016 actual results to account for a full year (as compared to only five months) of consolidated earnings with the Hay Group given its lower margins. For Adjusted ROIC, the fiscal year 2017 metric was set based on our annual operating plan which contemplated faster growth in capital base than in net income for fiscal year 2017, due in part to a higher average debt balance related to the acquisition of Hay Group. It is important to note that fiscal year 2017 target adjusted net income ($122.3 million) and target total average invested capital ($1,291.2 million) were set above fiscal year 2016 actual levels ($113.3 million and $1,001.3 million, respectively). It is only when expressed as a percentage that the fiscal year 2017 target appears lower than the fiscal year 2016 actual result. With respect to the KPI for Marquee Account Development, the Hay Group acquisition brought with it increased product revenues which tend to be associated with many smaller, unique clients that are outside of our largest accounts which comprise the Marquee Account Development KPI. This had the effect of disproportionately increasing the denominator in the calculation of the KPI. The Committee, however, ensured that there was rigor in this KPI by increasing the target numerator. The actual Marquee Account revenue was $264.5 million in fiscal year 2016 and the target Marquee Account revenue in the numerator in the fiscal year 2017 target KPI was $365.1 million, reflecting growth of 38%. The table below discusses target and actual results for fiscal year 2016 and fiscal year 2017.

Financial Metric / KPI	FY 16 Target	FY 16 Actual*	FY 17 Target	FY 17 Actual*
Adjusted Fee Revenue ($M)	$1,289	$1,326	$1,570	$1,597

Adjusted EBITDA Margin	13.8%	14.6%	14.6%	15%
Adjusted Diluted EPS ($)	$1.90	$2.14	$2.15	$2.30
Adjusted ROIC	10.6%	11.3%	9.5%	10.4%
Futurestep Fee Revenue ($M)	$185	$204	$220	$228.2
Marquee Account Development	24.5%	24.0%	19.7%	17.6%

* *Adjusted to eliminate the effect of currency fluctuations by translating actual results at foreign currency rates comparable to the rates used in the Company's Annual Operating Plan.*

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 2017, the weightings and results for our named executive officers were as follows:

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Financial Metrics

	Target	Actual*	Weighting Burnison/Rozek	Mulrooney
Adjusted Fee Revenue ($M)	$1,570	$1,597	30%	20%
Adjusted EBITDA Margin	14.6%	15%	15%	10%
Adjusted Diluted EPS ($)	$2.15	$2.30	15%	—
Adjusted ROIC	9.5%	10.4%	15%	—
Futurestep Fee Revenue ($M)	$220	$228.2	—	35%
Futurestep EBITDA Margin	15%	14.8%	—	15%

Strategy Execution KPIs

	Target	Actual	Weighting Burnison/Rozek	Mulrooney
Marquee Account Development	19.7%	17.6%	15%	20%
Top Rated Performers Retention	**	**105.3% of Target**	10%	—

* *Adjusted to eliminate the effect of currency fluctuations by translating fiscal 2017 actual results at a currency rate comparable to the rate used in the Company's Annual Operating Plan for 2017.*

** *Target not disclosed due to potential competitive harm, but the Committee believes that achievement of the target goal was challenging and would have required substantial performance.*

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 our top-rated performance retention strategy execution KPI. However, when the goal was established, the strategy execution KPI was considered challenging to achieve given the continuing uncertain economic environment.

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 $1,150,000 for his annual cash and long-term incentives, in the aggregate, which represents an increase from last year in his target incentive (cash and equity) opportunity given that his prior opportunity placed him below the median of the peer group and for retention purposes given his performance and the increased performance of the Futurestep business.

For Messrs. Burnison and Rozek, the Committee awarded annual cash incentive amounts as follows: Mr. Burnison-$1,267,630 and Mr. Rozek-$800,975 (which amounts represent 140% 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.

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 fiscal year 2017 as an annual cash incentive

($750,000).

Mr. Kaye and Mr. Arian’s fiscal year 2017 compensation is addressed separately on page 38.

Long-Term Equity Incentives

Long-term equity 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, restricted stock units 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 2017, 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 the grant date value of his award 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 2017 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 $1,150,000 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

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primarily reviewed historical pay practices, internal equity and what it considered to be an appropriate balance between short-term and long-term pay elements. For retention purposes, however, the Committee granted Mr. Mulrooney equity awards with a grant value larger than compared to prior years but with a longer vesting period, as described in further detail below.

Below we discuss equity grants made during fiscal year 2017, the payout of the performance awards granted in fiscal 2015 for which the three-year performance period ended in fiscal year 2017, and the equity grants made during fiscal year 2018. Mr. Kaye and Mr. Arian's fiscal year 2017 compensation is addressed separately on page 38.

Fiscal Year 2017 Equity Awards

In fiscal year 2017, 60% (based on the number of units/shares granted at target) 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.

Performance-Based Equity: Relative TSR Units

Mr. Burnison was awarded Relative TSR Units with a target amount of 67,610 units, a maximum amount of 135,220 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 2017 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 32,390 units (maximum of 64,780 units and minimum of zero); and Mr. Mulrooney with a target amount of 56,340 units (maximum of 112,680 units and minimum of zero).

The table below outlines the potential vesting of the percentages of the Relative TSR Units granted in fiscal year 2017 resulting from the Company's TSR over the three-year performance period relative to the TSR of the fiscal year 2017 peer group.

Payout as a % Target

Relative TSR Percentile Ranking	**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 and Rozek received a time-based restricted stock award that vests in four equal annual installments beginning on July 8, 2017. Mr. Burnison received 45,070 shares and Mr. Rozek received 21,600 shares.

Mr. Mulrooney also received a time-based restricted stock award but the value was larger than in prior years in light of peer group practices and for retention purposes. Consistent with its retentive purposes, Mr. Mulrooney's time-based award of 37,560 shares vests in five equal annual installments beginning on July 8, 2017 instead of the normal four year vesting period.

Relative TSR Units for the Three-Year Performance Cycle Ending April 30, 2017

April 30, 2017 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 year 2015 (and discussed in further detail in the Company's proxy statement for fiscal year 2015). The Company's relative total stockholder return over the three-year performance period resulted in the Company ranking 11 out of a 16 company peer group (including the Company, and provided that The Corporate Executive Board Company was acquired in 2017 and was not factored into the calculation for fiscal year 2017). This 11th place ranking translates into 55% of the award (i.e. 15,530, 5,270 and 4,440 shares, respectively) vesting.

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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 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 was subject to adjustment based on the Company's TSR in relation to the Company's 2016 peer group over the applicable period 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 ended on April 30, 2017. The interim measurement period began on September 30, 2015 and ended on September 30, 2016. The number of Synergy RSUs earned was tested separately for the performance period and the interim measurement period, but the number of shares earned for the performance period would be reduced by any amount earned for the interim measurement period.

The cost reductions were the annualized ongoing cost savings relating to the acquisition that were 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 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 interim measurement period, in the aggregate, exceeded the amount of the annualized ongoing cost savings resulting from the actions in the applicable period, then the cost reductions for the applicable period would have been reduced by such excess. No such adjustments were made.

Mr. Burnison's target number of Synergy RSUs was 60,078 and Mr. Rozek's target number of Synergy RSUs was 30,039. The target number of shares would have been earned if cost reductions for the performance period or the interim measurement period equaled $25 million and relative TSR performance was 50^{th} percentile for the performance period or the interim measurement period, as applicable. The threshold for earning any shares was cost reductions of at least $20 million, which would have resulted 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 was $60 million, which would have resulted 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. Based on any applicable cost reductions and relative TSR performance, 267% of target shares were earned, resulting in 160,408 shares for Mr. Burnison and 80,204 shares for Mr. Rozek. The shares are subject to a continued time-based vesting requirement of continued employment through December 1, 2018.

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 2018 Long-Term Incentive Equity Awards

At the beginning of fiscal year 2018 and as will be described in more detail in the proxy statement for fiscal year 2018, 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 2017, 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 2018 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	35,030	$ 1,200,000	52,540	$ 1,800,000
Robert P. Rozek	16,990	$ 582,000	25,450	$ 872,000
Byrne Mulrooney	11,680	$ 400,000	17,020	$ 583,000
Mark Arian**	—	—	—	—

* *Mr. Kaye separated from the Company effective April 28, 2017.*

** *In light of his equity grants in April 2017, Mr. Arian did not receive equity grants as a part of the regular grant cycle in July 2017.*

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Fiscal 2017 Compensation for Mr. Kaye and Mr. Arian

Mr. Kaye and Mr. Arian were employed by the Company for only a portion of fiscal year 2017. Mr. Kaye separated from the Company effective April 28, 2017 and Mr. Arian commenced employment with the Company in April 2017.

Base Salary

On September 25, 2015, the Company entered into an employment letter with Mr. Kaye and on March 17, 2017, the Company entered into an employment letter with Mr. Arian. In connection with the negotiation of these agreements, the annual base salaries for each of Mr. Kaye and Mr. Arian were set at $450,000. Given his recent commencement of employment, Mr. Kaye's base salary was not increased in fiscal 2017.

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 in fiscal 2016 (as discussed in the Company's proxy statement for fiscal year 2016) and Mr. Kaye's guaranteed bonus amount, Mr. Kaye received a pro-rata payment of the $750,000 for fiscal year 2016 ($312,500) and the remaining $437,500 was paid in fiscal 2017. Mr. Kaye was no longer employed by the Company when determinations were made with respect to annual cash incentive payout amounts for fiscal year 2017 and thus no additional amounts were paid to him in respect of annual incentives for fiscal 2017.

In connection with his hire in fiscal 2016 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"), the payment of which was accelerated in connection with his separation from employment as required by his employment letter agreement and Synergy RSU award agreement and as described in further detail below. Mr. Kaye's separation-related payments are discussed below under the section entitled "Potential Payments Upon Termination or Change of Control."

Mr. Arian has a target of $1,000,000 for his annual cash and long-term incentives, in the aggregate; provided that, Mr. Arian is guaranteed a minimum annual incentive award of $950,000 for fiscal year 2018 (the "2018 Minimum Incentive"). Because Mr. Arian did not join the Company until the end of fiscal year 2017, he did not receive any annual cash incentive award. Mr. Arian's one-time guaranteed annual incentive award for 2018 was provided in order to attract him to the Company and he does not have any guaranteed annual incentive award beyond 2018.

Long-Term Equity Incentives

Mr. Kaye had an aggregate target of $850,000 for his target annual cash and long-term incentives, however, in light of the sign-on grants received during fiscal year 2016 (described in the Company's proxy statement for fiscal year 2016), Mr. Kaye did not participate in the ordinary annual grant cycle.

In fiscal 2016, Mr. Kaye also received a grant of Synergy RSUs subject to the same terms and conditions as the Synergy RSUs granted to Messrs. Burnison and Rozek, as described above on page 37. In connection with his termination of employment, he was entitled to prorated vesting of the award in accordance with its terms. Mr. Kaye's separation-related payments, including with respect to the treatment of his sign-on equity awards and Synergy RSUs, are discussed below under the section entitled "Potential Payments Upon Termination or Change of Control."

Mr. Arian did not commence employment until the fourth quarter of fiscal year 2017 and thus did not participate in the Company's ordinary annual grant cycle. He did, however, receive a sign-on grant during fiscal year 2017 (and did not participate in the ordinary annual grant cycle in fiscal 2018). In connection with the negotiation of his offer letter during fiscal year 2017, Mr. Arian received a time-based restricted stock unit award (the "Sign On Equity Award") of 13,200 shares that vests in five equal annual installments beginning on April 3, 2018.

OTHER COMPENSATION ELEMENTS

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 same 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 cash 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 15 pre-determined mutual funds. At its discretion, the Company may make contributions to the

ECAP on behalf of a participant. All Company matching

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and performance contributions to the ECAP are approved by the Committee. During fiscal year 2017, 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

In fiscal year 2017, 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 and Mr. Arian are the only named executive officers that participate. 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 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 Awards granted to Messrs. Mulrooney and Arian vest upon the following circumstances: (i) the fourth anniversary of the grant date, subject to continued service as of such date; (ii) the later of the grantee's 65th birthday and the second anniversary of the grant date, subject to continued services as of each such date; (iii) 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.

Clawback Policy

Pursuant to the Company's clawback 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.

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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.

Internal Revenue Code Section 162(m)