# FTI Consulting, Inc. Reports 2009 Third Quarter Results

November 4, 2009

**- Revenues of $348.6 Million, Net Income of $37.6 Million, EPS of $0.70 and EBITDA of $77.9 Million; All Third Quarter Records**

WEST PALM BEACH, Fla., Nov. 4 /PRNewswire-FirstCall/ -- *FTI Consulting* (NYSE: FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, today reported its financial results for the third quarter ended September 30, 2009.

*Third Quarter Results*

For the third quarter of 2009 compared to the prior year period, revenues increased 7.1% to $348.6 million from $325.5 million; net income increased 42.5% to $37.6 million from $26.4 million; diluted earnings per common share, or diluted EPS, increased 45.8% to $0.70 from $0.48 and EBITDA, a non-GAAP financial measure as defined below, increased 19.4% to $77.9 million, or 22.3% of revenues, from $65.2 million, or 20.0% of revenues.

Excluding the effect of changes in foreign currency exchange rates, revenues increased 9.0%, as compared to the 2008 third quarter. Net income and EPS included the one-time effects of a non-taxable gain of $2.3 million in connection with the purchase of the outstanding 50% interest in our Strategic Communications segment's German joint venture and certain tax benefits that reduced the Company's effective tax rate for the quarter to 33.2%. Operating cash flow for the third quarter of 2009 was $119.7 million, or $68.2 million greater than the operating cash flow generated in the third quarter of 2008. Cash and short-term investments was $313.6 million as of September 30, 2009.

Commenting on the quarter, Jack Dunn, FTI's president and chief executive officer, said, "Our record third quarter performance continues to demonstrate the power of our balanced portfolio in a variety of economic cycles and the recognition of our ability to address the critical issues confronting businesses around the world. We increased revenues and profits to record third quarter levels and continued to make strategic investments in our businesses. Restructuring activity remained strong, which benefited our Corporate Finance/Restructuring segment. Our Economics segment also reported record revenue as we began to see signs of improved litigation driven activity and the partial thawing of capital markets with associated M&A transactions.

Mr. Dunn continued, "Our cash flow generation enabled us to further invest in our key practices to prepare for market share growth as others retrench. We extended our breadth of global capabilities with launches of a Forensic and Litigation Consulting practice in Paris, a restructuring advisory practice in Munich and the buy-out of the joint venture partner in our strategic communications operation in Frankfurt. Through key hires we continued to expand our International Arbitration, Forensic and Litigation Consulting and Corporate Finance/Restructuring practices. Our Technology segment enhanced its product leadership with the introduction of Ringtail QuickCull, which enables corporations to increase the efficiency of e-discovery by culling and analyzing data on-premise, and extends our reach through multiple long term agreements. On Monday, we announced the expansion of our Forensic and Litigation Consulting practice with the addition of a number of highly regarded SEC investigation professionals thereby solidifying our leadership in this important field.

Mr. Dunn concluded, "With our most challenging seasonal quarter behind us, we are optimistic about our future. In 2010, we expect to continue to work on the large number of cases that resulted from the challenging economic environment while concurrently benefiting from the early stages of an expansion. Given that the majority of our business segments benefit from a growing economy, we are confident in our ability to deliver our target organic revenue growth rate of 10% to 12% next year. It is with this confidence that our Board has approved increasing our stock buyback program authorization to $500 million. We intend to fund the initial stock buyback with our cash on hand and to continue with internally generated cash flow."

*Third Quarter Business Segment Results*

*Corporate Finance/Restructuring*

Revenues in the Corporate Finance/Restructuring segment increased 39.2% to $127.8 million from $91.8 million in the prior year. Segment EBITDA increased 71.2% to $43.6 million, or 34.1% of segment revenues, from $25.5 million, or 27.7% of segment revenues, in the prior year. The segment continued to be active in restructuring assignments in a broad range of industries being impacted by the global recession, including financial services, automotive, utility/energy, media and telecommunications. Segment growth was also enhanced by continued strong contributions from its global expansion into markets outside the U.S., notably the U.K., Canada and Latin America. Profitability in the segment was strong, as the robust demand drove higher chargeable hours and billing rates, and increased revenue allowed for operating leverage.

*Forensic and Litigation Consulting*

Revenues in the Forensic and Litigation Consulting segment were $65.0 million, compared with $65.8 million in the prior year. Segment EBITDA was $14.9 million, or 22.9% of segment revenues, essentially the same as in the prior year period. Activities related to several large financial fraud investigations, the segment's intellectual property and domain expertise industry practices were strong while levels of more routine commercial litigation and investigations remained soft as the challenging global economic environment continued to restrain discretionary spending.

*Technology*

Revenues in the Technology segment were $48.7 million, compared to $55.4 million in the prior year. Segment EBITDA was $15.2 million, or 31.3% of segment revenues, compared to $15.4 million, or 27.8% of segment revenues, in the prior year. Revenues in the quarter decreased year-over-year as increased contributions from large investigation cases were offset by declines in revenues from product liability engagements and continued pricing pressure in the segment's On Demand business. Segment EBITDA declined only slightly as improved operating efficiencies and cost controls offset the decline in revenues and contributed to the year-over-year EBITDA margin increase.

*Economic Consulting*

Revenues in the Economic Consulting segment increased 5.6% to a record $59.6 million from $56.4 million in the prior year. Segment EBITDA was $14.0 million, or 23.4% of segment revenues, compared to $15.8 million, or 27.9% of segment revenues, in the prior year. The revenue increase resulted from continued growth in the segment's new offices in New York, Los Angeles and London, and improving activity in strategic M&A and financial dispute matters during the quarter. EBITDA margins declined year-over-year due to the cost of expansion into new markets and a 19% increase in professional headcount to meet anticipated rising demand.

*Strategic Communications*

Revenues in the Strategic Communications segment were $47.5 million, compared to $56.1 million in the prior year. Segment EBITDA was $6.6 million, or 13.8% of segment revenues, compared to $12.4 million, or 22.1% of revenues, in the prior year. As the segment with the largest exposure to foreign currency, unfavorable exchange rates reduced revenues for the quarter by $3.0 million. The segment continued to be challenged by a dramatically slower volume of M&A transactions compared to last year and the continued impact of the global recession causing fee pressures from retained clients. Segment EBITDA declined year-over-year due to the lower revenues, as the segment has retained most of its professionals to meet an expected increase in demand.

*Share Repurchase Authorized*

Today our Board of Directors authorized a new two year stock repurchase program of up to $500 million. The Company intends to execute a $250 million accelerated stock buyback with Goldman, Sachs & Co. as soon as practicable.

*Third Quarter Conference Call*

FTI will hold a conference call for analysts and investors to discuss third quarter financial results at 5:00 PM Eastern time on Wednesday, November 4, 2009. The call can be accessed live and will be available for replay over the Internet for 90 days by logging onto the Company's website, www.fticonsulting.com.

*About FTI Consulting*

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,500 employees located in most major business centers in the world, we work closely with clients every day to anticipate, illuminate, and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

*Use of Non-GAAP Measure*

Note: We define EBITDA as operating income before depreciation and amortization of intangible assets plus non-operating litigation settlements. We use EBITDA in evaluating financial performance. Although EBITDA is not a measure of financial condition or performance determined in accordance with GAAP we believe that it can be a useful operating performance measure for evaluating our results of operation as compared from period to period and as compared to our competitors. EBITDA is a common alternative measure of operating performance used by investors, financial analysts and rating agencies to value and compare the financial performance of companies in our industry. We use EBITDA to evaluate and compare the operating performance of our segments and it is one of the primary measures used to determine employee bonuses. We also use EBITDA to value the businesses we acquire or anticipate acquiring. Reconciliations of EBITDA to Net Income and segment EBITDA to segment operating profit are included in the accompanying tables to today's press release. EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same. This non-GAAP measure should be considered in addition to, but not as a substitute for or superior to, the information contained in our statements of income.

*Safe Harbor Statement*

This press release includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues, future results and performance, expectations, plans or intentions relating to acquisitions and other matters, business trends and other information that is not historical, including statements regarding estimates of our future financial results. When used in this press release, words such as "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, estimates of our future financial results, are based upon our expectations at the time we make them and various assumptions. Our expectations, beliefs and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved or that actual results will not differ from expectations. The Company has experienced fluctuating revenues, operating income and cash flow in some prior periods and expects this will occur from time to time in the future. The Company's actual results may differ from our expectations. Further, preliminary results are subject to normal year-end adjustments. Other factors that could cause such differences include the current global financial crisis and economic conditions, the crisis in and deterioration of the financial and real estate markets, the pace and timing of the consummation and integration of past and future acquisitions, the Company's ability to realize cost savings and efficiencies, competitive and general economic conditions, retention of staff and clients and other risks described under the heading "Item 1A. Risk Factors" in the Company's most recent Form 10-K and in the Company's other filings with the Securities and Exchange Commission. We are under no duty to update any of the forward-looking statements to conform such statements to actual results or events and do not intend to do so.

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(in thousands, except per share data)

| | Nine Months Ended September 30, 2009 | Nine Months Ended September 30, 2008(1)(2) |
|---|---|---|
| | (unaudited) | (unaudited) |
| Revenues | $1,057,008 | $970,269 |
| Operating expenses | | |
| Direct cost of revenues | 579,797 | 537,703 |

| | | |
|---|---|---|
| Selling, general and administrative expense | 262,571 | 241,989 |
| Amortization of other intangible assets | 18,370 | 13,019 |
| | 860,738 | 792,711 |
| Operating income | 196,270 | 177,558 |
| Other income (expense) | | |
| Interest income and other | 6,085 | 7,536 |
| Interest expense | (33,477) | (33,848) |
| Litigation settlement gains (losses), net | 250 | (711) |
| | (27,142) | (27,023) |
| Income before income tax provision | 169,128 | 150,535 |
| Income tax provision | 62,675 | 59,778 |
| Net income | $106,453 | $90,757 |
| Earnings per common share - basic | $2.11 | $1.85 |
| Weighted average common shares outstanding - basic | 50,419 | 49,009 |
| Earnings per common share - diluted | $1.99 | $1.69 |
| Weighted average common shares outstanding - diluted | 53,584 | 53,640 |

(1) As of January 1, 2009 we adopted FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1) which addresses the accounting for convertible debt instruments that may be settled in cash upon conversion. Our 3 3/4% Convertible Senior Notes due 2012 issued in August 2005 are subject to FSP APB 14-1. The adoption of FSP APB 14-1 requires retrospective application of its effects to all previous years. The adoption of FSP APB 14-1 resulted in a $3.0 million increase in interest expense, a $1.2 million decrease in income tax provision, a $1.8 million decrease in net income and a $0.04 decrease in basic and fully diluted earnings per share for the nine months ended September 30, 2008 as compared to the amounts previously reported.

(2) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports. The impact of the correction of these errors resulted in a decrease in net income of $1.7 million and a decrease in basic and fully diluted earnings per share of $0.03 for the nine months ended September 30, 2008.

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(in thousands, except per share data)

| | Three Months Ended September 30, 2009 | Three Months Ended September 30, 2008(1)(2) |
|---|---|---|
| | (unaudited) | |
| Revenues | $348,637 | $325,497 |
| Operating expenses | | |
| Direct cost of revenues | 193,204 | 175,309 |
| Selling, general and administrative expense | 84,976 | 91,513 |
| Amortization of other intangible assets | 6,171 | 5,664 |
| | 284,351 | 272,486 |
| Operating income | 64,286 | 53,011 |
| Other income (expense) | | |
| Interest income and other | 3,330 | 1,942 |
| Interest expense | (11,434) | (10,942) |
| Litigation settlement gains (losses), net | - | (275) |
| | (8,104) | (9,275) |
| Income before income tax provision | 56,182 | 43,736 |
| Income tax provision | 18,626 | 17,383 |
| Net income | $37,556 | $26,353 |
| Earnings per common share - basic | $0.74 | $0.53 |
| Weighted average common shares outstanding - basic | 50,696 | 49,541 |
| Earnings per common share - diluted | $0.70 | $0.48 |
| Weighted average common shares outstanding - diluted | 53,896 | 54,460 |

(1) As of January 1, 2009 we adopted FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1) which addresses the accounting for convertible debt instruments that may be settled in cash upon conversion. Our 3 3/4% Convertible Senior Notes due 2012 issued in August 2005 are subject to

FSP APB 14-1. The adoption of FSP APB 14-1 requires retrospective application of its effects to all previous years. The adoption of FSP APB 14-1 resulted in a $1.0 million increase in interest expense, a $0.4 million decrease in income tax provision, a $0.6 million decrease in net income and a $.02 decrease in basic and fully diluted earnings per share for the quarter ended September 30, 2008 as compared to the amounts previously reported.

(2) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports. The impact of the correction of these errors resulted in a decrease in net income of $0.6 million and a decrease in basic and fully diluted earnings per share of $0.01 for the three months ended September 30, 2008.

FTI CONSULTING, INC.
OPERATING RESULTS BY BUSINESS SEGMENT
(Unaudited)

| | Revenues | EBITDA (1) | Margin | Utilization(3) |
|---|---|---|---|---|
| | (in thousands) | | | |
| **Three Months Ended September 30, 2009** | | | | |
| Corporate Finance/ Restructuring | $127,808 | $43,584 | 34.1% | 68% |
| Forensic and Litigation Consulting | 65,040 | 14,867 | 22.9% | 73% |
| Strategic Communications | 47,493 | 6,557 | 13.8% | N/M |
| Technology | 48,708 | 15,230 | 31.3% | N/M |
| Economic Consulting | 59,588 | 13,957 | 23.4% | 73% |
| | $348,637 | 94,195 | 27.0% | N/M |
| Corporate | | (16,324) | | |
| EBITDA (1) | | $77,871 | 22.3% | |
| **Nine Months Ended September 30, 2009** | | | | |
| Corporate Finance/ Restructuring | $389,320 | $131,750 | 33.8% | 76% |
| Forensic and Litigation Consulting | 197,392 | 46,818 | 23.7% | 74% |
| Strategic Communications | 134,814 | 18,232 | 13.5% | N/M |
| Technology | 163,935 | 58,360 | 35.6% | N/M |
| Economic Consulting | 171,547 | 34,621 | 20.2% | 75% |
| | $1,057,008 | 289,781 | 27.4% | N/M |
| Corporate | | (53,368) | | |

| | | | | |
|---|---|---|---|---|
| EBITDA (1) | | $236,413 | 22.4% | |
| | | ======== | | |

| Three Months Ended September 30, 2008 | | | | |
|---|---|---|---|---|
| Corporate Finance/ Restructuring | $91,818 | $25,463 | 27.7% | 72% |
| Forensic and Litigation Consulting | 65,786 | 14,932 | 22.7% | 68% |
| Strategic Communications | 56,099 | 12,405 | 22.1% | N/M |
| Technology | 55,385 | 15,371 | 27.8% | N/M |
| Economic Consulting | 56,409 | 15,751 | 27.9% | 86% |
| | ------ | ------ | | |
| | $325,497 | 83,922 | 25.8% | N/M |
| | ======== | | | |
| Corporate | | (18,709) | | |
| | | ------- | | |
| EBITDA (1) (2) | | $65,213 | 20.0% | |
| | | ======= | | |

| Nine Months Ended September 30, 2008 | | | | |
|---|---|---|---|---|
| Corporate Finance/ Restructuring | $267,224 | $76,997 | 28.8% | 76% |
| Forensic and Litigation Consulting | 195,351 | 45,305 | 23.2% | 72% |
| Strategic Communications | 172,910 | 39,674 | 22.9% | N/M |
| Technology | 168,195 | 59,906 | 35.6% | N/M |
| Economic Consulting | 166,589 | 43,054 | 25.8% | 86% |
| | ------- | ------ | | |
| | $970,269 | 264,936 | 27.3% | N/M |
| | ======== | | | |
| Corporate | | (55,971) | | |
| | | ------- | | |
| EBITDA (1) (2) | | $208,965 | 21.5% | |
| | | ======== | | |

| Three Months Ended September 30, 2009 | Average Billable Rate (3) | Revenue-Generating Headcount |
|---|---|---|
| Corporate Finance/ Restructuring | $455 | 776 |
| Forensic and Litigation Consulting | $329 | 656 |
| Strategic Communications | N/M | 547 |
| Technology | N/M | 350 |
| Economic Consulting | $460 | 302 |
| | | --- |
| | N/M | 2,631 |
| | | ===== |
| Corporate | | |
| EBITDA (1) | | |

-------------------
Nine Months Ended
September 30, 2009

| | | |
|---|---|---|
| Corporate Finance/ Restructuring | $436 | 776 |
| Forensic and Litigation Consulting | $337 | 656 |
| Strategic Communications | N/M | 547 |
| Technology | N/M | 350 |
| Economic Consulting | $457 | 302 |
| | | --- |
| | N/M | 2,631 |
| | | ===== |

Corporate
EBITDA (1)

-------------------
Three Months Ended
September 30, 2008

| | | |
|---|---|---|
| Corporate Finance/ Restructuring | $439 | 646 |
| Forensic and Litigation Consulting | $332 | 668 |
| Strategic Communications | N/M | 599 |
| Technology | N/M | 357 |
| Economic Consulting | $444 | 253 |
| | | --- |
| | N/M | 2,523 |
| | | ===== |

Corporate
EBITDA (1) (2)

-------------------
Nine Months Ended
September 30, 2008

| | | |
|---|---|---|
| Corporate Finance/ Restructuring | $433 | 646 |
| Forensic and Litigation Consulting | $332 | 668 |
| Strategic Communications | N/M | 599 |
| Technology | N/M | 357 |
| Economic Consulting | $447 | 253 |
| | | --- |
| | N/M | 2,523 |
| | | ===== |

Corporate
EBITDA (1) (2)

(1) We define EBITDA as operating income before depreciation and amortization of intangible assets plus non-operating litigation settlements. Although EBITDA is not a measure of financial condition or performance determined in accordance with generally accepted accounting principles (GAAP), we believe that it can be a useful operating performance measure for evaluating our results of operations as compared from period to period and as compared to our competitors. EBITDA is a common alternative measure of operating performance used by investors, financial analysts and credit rating agencies to value and compare the financial performance of companies in our industry. We use EBITDA to evaluate and compare the operating performance of our segments and it is one of the primary measures used to determine employee bonuses. We also use EBITDA to value the businesses we acquire or anticipate acquiring. EBITDA is not defined

in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same. This non-GAAP measure should be considered in addition to, but not as a substitute for or superior to, the information contained in our statements of income. See also our reconciliation of Non-GAAP financial measures.

(2) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports.

(3) The majority of the Technology and Strategic Communications segments' revenues are not generated on an hourly basis. Accordingly, utilization and average billable rate metrics are not presented as they are not meaningful. Utilization where presented is based on a 2,032 hour year.

RECONCILIATION OF OPERATING INCOME AND NET INCOME TO EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION
(Unaudited)

| | Corporate Finance / Restructuring | Forensic and Litigation Consulting | Strategic Communi-cations | Technology |
|---|---|---|---|---|
| Three Months Ended September 30, 2009 | | | | |
| Net income | | | | |
| Interest income and other | | | | |
| Interest expense | | | | |
| Litigation settlement losses | | | | |
| Income tax provision | | | | |
| Operating income | $41,058 | $13,656 | $4,267 | $10,179 |
| Depreciation | 934 | 582 | 949 | 2,993 |
| Amortization of other intangible assets | 1,592 | 629 | 1,341 | 2,058 |
| Litigation settlement gains | - | - | - | - |
| EBITDA (1) | 43,584 | 14,867 | 6,557 | 15,230 |
| Nine Months Ended September 30, 2009 | | | | |
| Net income | | | | |
| Interest income and other | | | | |

| | | | | |
|---|---|---|---|---|
| Interest expense | | | | |
| Litigation settlement losses | | | | |
| Income tax provision | | | | |
| Operating income | $124,475 | $43,164 | $11,885 | $43,290 |
| Depreciation | 2,513 | 1,728 | 2,499 | 8,884 |
| Amortization of other intangible assets | 4,762 | 1,926 | 3,848 | 6,186 |
| Litigation settlement gains | - | - | - | - |
| EBITDA (1) | 131,750 | 46,818 | 18,232 | 58,360 |

Three Months Ended
September 30, 2008(2)(3)

| | | | | |
|---|---|---|---|---|
| Net income | | | | |
| Interest income and other | | | | |
| Interest expense | | | | |
| Litigation settlement losses | | | | |
| Income tax provision | | | | |
| Operating income | $23,904 | $13,521 | $10,163 | $10,519 |
| Depreciation | 693 | 621 | 955 | 2,752 |
| Amortization of other intangible assets | 866 | 790 | 1,337 | 2,100 |
| Litigation settlement losses | - | - | (50) | - |
| EBITDA (1) | 25,463 | 14,932 | 12,405 | 15,371 |

Nine Months Ended
September 30, 2008(2)(3)

| | | | | |
|---|---|---|---|---|
| Net income (loss) | | | | |
| Interest income and other | | | | |
| Interest expense | | | | |
| Litigation settlement losses | | | | |
| Income tax provision | | | | |
| Operating income | $72,745 | $41,318 | $33,703 | $49,656 |
| Depreciation | 1,880 | 1,885 | 2,313 | 7,560 |
| Amortization of other intangible assets | 2,372 | 2,102 | 3,909 | 2,925 |
| Litigation settlement losses | - | - | (251) | (235) |
| EBITDA (1) | 76,997 | 45,305 | 39,674 | 59,906 |

| | Economic Consulting | Corp HQ | Total |
|---|---|---|---|
| Three Months Ended September 30, 2009 | | | |
| Net income | | | $37,556 |
| Interest income and other | | | (3,330) |
| Interest expense | | | 11,434 |
| Litigation settlement losses | | | - |
| Income tax provision | | | 18,626 |
| Operating income | $12,925 | $(17,799) | 64,286 |
| Depreciation | 481 | 1,475 | 7,414 |
| Amortization of other intangible assets | 551 | - | 6,171 |
| Litigation settlement gains | - | - | - |
| EBITDA (1) | 13,957 | (16,324) | 77,871 |
| Nine Months Ended September 30, 2009 | | | |
| Net income | | | $106,453 |
| Interest income and other | | | (6,085) |
| Interest expense | | | 33,477 |
| Litigation settlement losses | | | (250) |
| Income tax provision | | | 62,675 |
| Operating income | $31,665 | $(58,209) | 196,270 |
| Depreciation | 1,308 | 4,591 | 21,523 |
| Amortization of other intangible assets | 1,648 | - | 18,370 |
| Litigation settlement gains | - | 250 | 250 |
| EBITDA (1) | 34,621 | (53,368) | 236,413 |
| Three Months Ended September 30, 2008(2)(3) | | | |
| Net income | | | $26,353 |
| Interest income and other | | | (1,942) |
| Interest expense | | | 10,942 |
| Litigation settlement | | | |

| | | | |
|---|---|---|---|
| losses | | | 275 |
| Income tax provision | | | 17,383 |
| Operating income | $14,798 | $(19,894) | 53,011 |
| Depreciation | 382 | 1,410 | 6,813 |
| Amortization of other intangible assets | 571 | - | 5,664 |
| Litigation settlement losses | - | (225) | (275) |
| EBITDA (1) | 15,751 | (18,709) | 65,213 |

| Nine Months Ended September 30, 2008(2)(3) | | | |
|---|---|---|---|
| Net income (loss) | | | $90,757 |
| Interest income and other | | | (7,536) |
| Interest expense | | | 33,848 |
| Litigation settlement losses | | | 711 |
| Income tax provision | | | 59,778 |
| Operating income | $40,096 | $(59,960) | 177,558 |
| Depreciation | 1,247 | 4,214 | 19,099 |
| Amortization of other intangible assets | 1,711 | - | 13,019 |
| Litigation settlement losses | - | (225) | (711) |
| EBITDA (1) | 43,054 | (55,971) | 208,965 |

(1) We define EBITDA as operating income before depreciation and amortization of intangible assets plus non-operating litigation settlements. Although EBITDA is not a measure of financial condition or performance determined in accordance with generally accepted accounting principles (GAAP), we believe that it can be a useful operating performance measure for evaluating our results of operations as compared from period to period and as compared to our competitors. EBITDA is a common alternative measure of operating performance used by investors, financial analysts and credit rating agencies to value and compare the financial performance of companies in our industry. We use EBITDA to evaluate and compare the operating performance of our segments and it is one of the primary measures used to determine employee bonuses. We also use EBITDA to value the businesses we acquire or anticipate acquiring. EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same. This non-GAAP measure should be considered in addition to, but not as a substitute for or superior to, the information contained in our statements of income.

(2) As of January 1, 2009 we adopted FSP No. APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1) which addresses the accounting for convertible debt that may be settled in

cash upon conversion. Our 3 3/4% Convertible Senior Subordinated Notes due 2012 issued in August 2005 are subject to FSP APB 14-1. The adoption of FSP APB 14-1 requires retrospective application of its effects to all previous years. The adoption of FSP APB 14-1 resulted in a $1.0 million increase in interest expense, a $0.4 million decrease in income tax provision, and a $0.6 million decrease in net income for the quarter ended September 30, 2008 as compared to the amounts previously reported. For the nine months ended September 30, 2008, the adoption of FSP APB 14-1 resulted in a $3.0 million increase in interest expense, a $1.2 million decrease in income tax provision, and a $1.8 million decrease in net income as compared to the amounts previously reported.

(3) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports.

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(in thousands)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2009 | 2008(1)(2) |
| | (unaudited) | |
| Operating activities | | |
| Net income | $106,453 | $90,757 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 21,523 | 19,099 |
| Amortization of other intangible assets | 18,370 | 13,019 |
| Provision for doubtful accounts | 15,040 | 13,107 |
| Non-cash share-based compensation | 18,439 | 21,392 |
| Excess tax benefits from share-based compensation | (3,647) | (5,653) |
| Non-cash interest expense | 5,449 | 5,311 |
| Other | (1,801) | 3,022 |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Accounts receivable, billed and unbilled | (30,120) | (81,898) |
| Notes receivable | (19,638) | (6,322) |
| Prepaid expenses and other assets | 3,451 | (8,319) |
| Accounts payable, accrued expenses and other | (16,218) | (4,382) |
| Income taxes | 30,761 | 20,812 |
| Accrued compensation | 18,017 | 25,224 |
| Billings in excess of services provided | (2,535) | 1,279 |
| Net cash provided by operating activities | 163,544 | 106,448 |
| Investing activities | | |
| Payments for acquisition of | | |

| | | |
|---|---|---|
| businesses, including contingent payments and acquisition costs, net of cash received | (38,152) | (313,402) |
| Purchases of property and equipment | (17,975) | (24,385) |
| Purchases of short-term investments | (35,717) | - |
| Other | 303 | 991 |
| | --- | --- |
| Net cash (used in) investing activities | (91,541) | (336,796) |
| | ------- | -------- |
| Financing activities | | |
| Payments of short-term borrowings of acquired subsidiary | - | (2,275) |
| Payments of long-term debt and capital lease obligations | (13,459) | (7,511) |
| Cash received for settlement of interest rate swaps | 2,288 | - |
| Net issuance of common stock under equity compensation plans | 15,671 | 22,476 |
| Excess tax benefit from share based compensation | 3,647 | 5,653 |
| Other | (4) | (171) |
| | -- | ---- |
| Net cash provided by financing activities | 8,143 | 18,172 |
| | ----- | ------ |
| Effect of exchange rate changes and fair value adjustments on cash and cash equivalents | 5,981 | (2,110) |
| | ----- | ------ |
| Net increase (decrease) in cash and cash equivalents | 86,127 | (214,286) |
| Cash and cash equivalents, beginning of period | 191,842 | 360,463 |
| | ------- | ------- |
| Cash and cash equivalents, end of period | $277,969 | $146,177 |
| | ======== | ======== |

(1) As of January 1, 2009 we adopted FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1) which addresses the accounting for convertible debt instruments that may be settled in cash upon conversion. Our 3 3/4% Convertible Senior Notes due 2012 issued in August 2005 are subject to FSP APB 14-1. The adoption of FSP APB 14-1 requires retrospective application of its effects to all previous years.

(2) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports.

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
(in thousands, except per share amounts)

--------------------------------------------

| | September 30, 2009 | December 31, 2008(1)(2) |
|---|---|---|
| Assets | (unaudited) | |
| Current assets | | |
| Cash and cash equivalents | $277,969 | $191,842 |
| Short term investments | 35,655 | - |
| Accounts receivable: | | |
| Billed receivables | 254,601 | 237,009 |
| Unbilled receivables | 119,172 | 98,340 |
| Allowance for doubtful accounts and unbilled services | (63,590) | (45,309) |
| Accounts receivable, net | 310,183 | 290,040 |
| Notes receivable | 20,472 | 15,145 |
| Prepaid expenses and other current assets | 28,376 | 34,989 |
| Deferred income taxes | 24,742 | 24,372 |
| Total current assets | 697,397 | 556,388 |
| Property and equipment, net of accumulated depreciation | 74,792 | 78,575 |
| Goodwill | 1,173,552 | 1,143,461 |
| Other intangible assets, net of amortization | 180,597 | 189,304 |
| Notes receivable, net of current portion | 71,093 | 56,500 |
| Other assets | 54,348 | 59,349 |
| Total assets | $2,251,779 | $2,083,577 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable, accrued expenses and other | $60,026 | $108,905 |
| Accrued compensation | 149,409 | 135,922 |
| Current portion of long-term debt and capital lease obligations | 137,613 | 132,915 |
| Billings in excess of services provided | 28,635 | 30,872 |
| Total current liabilities | 375,683 | 408,614 |
| Long-term debt and capital lease obligations, net of current portion | 417,532 | 418,592 |
| Deferred income taxes | 98,255 | 83,777 |
| Other liabilities | 48,970 | 45,037 |
| Total liabilities | 940,440 | 956,020 |
| Stockholders' equity | | |
| Preferred stock, $0.01 par value; 5,000 shares authorized, none outstanding | - | - |
| Common stock, $0.01 par value; 75,000 shares authorized; 75,000 shares issued and outstanding - 51,815 (2009) and 50,903 (2008) | 518 | 509 |

| | | |
|---|---|---|
| Additional paid-in capital | 776,870 | 733,520 |
| Retained earnings | 578,956 | 472,503 |
| Accumulated other comprehensive income | (45,005) | (78,975) |
| | ------- | ------- |
| Total stockholders' equity | 1,311,339 | 1,127,557 |
| | --------- | --------- |
| Total liabilities and stockholders' equity | $2,251,779 | $2,083,577 |
| | ========== | ========== |

(1) As of January 1, 2009 we adopted FSP APB 14-1, "Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1) which addresses the accounting for convertible debt instruments that may be settled in cash upon conversion. Our 3 3/4% Convertible Senior Notes due 2012 issued in August 2005 are subject to FSP APB 14-1. The adoption of FSP APB 14-1 requires retrospective application of its effects to all previous years. The adoption of this FSP resulted in a $0.6 million decrease in other assets, a $18.0 decrease in the current portion of long-term debt, a $7.0 million increase in deferred income taxes, an $18.0 million increase in additional paid in capital and a $7.6 million decrease in retained earnings from the amounts previously reported at December 31, 2008.

(2) These amounts are revised based upon our completion of an internal re-examination of our historical practices regarding our accounting for acquisition-related earnout payments. In connection with this re-examination, we concluded that we had reported immaterial errors in prior period financial statements. Further information related to these immaterial errors can be found in the Current Report on Form 8-K as filed by the Company with the Securities and Exchange Commission on August 10, 2009. This press release should be read in conjunction with such previously filed reports.

SOURCE FTI Consulting, Inc.

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