

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

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-14875

**FTI CONSULTING, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Maryland**  
(State or Other Jurisdiction of  
Incorporation or Organization)

777 South Flagler Drive, Suite 1500 West Tower,  
West Palm Beach, Florida  
(Address of Principal Executive Offices)

52-1261113  
(I.R.S. Employer  
Identification No.)

33401  
(Zip Code)

(561) 515-1900

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of Each Class</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, \$0.01 par value	New York Stock Exchange

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was \$836 million, based on the closing sales price of the registrant's common stock on June 30, 2012.

The number of shares of registrant's common stock outstanding on February 22, 2013 was 40,838,350.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of our definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of our 2012 fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

FTI CONSULTING, INC. AND SUBSIDIARIES

Annual Report on Form 10-K  
Fiscal Year Ended December 31, 2012

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**ITEM 1. BUSINESS****Forward-Looking Information**

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues, future results and performance, future capital expenditures, expectations, plans or intentions relating to acquisitions and other matters, business trends and other information that is not historical. Forward-looking statements often contain words such as *estimates*, *expects*, *anticipates*, *projects*, *plans*, *intends*, *believes*, *forecasts* and variations of such words or similar expressions. All forward-looking statements, including, without limitation, management’s examination of historical operating trends, are based upon our historical performance and our current plans, estimates and expectations at the time we make them and various assumptions. There can be no assurance that management’s expectations, beliefs and projections will result or be achieved. Our actual financial results, performance or achievements could differ materially from those expressed in, or implied by, any forward-looking statements. The inclusion of any forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Given these risks, uncertainties and other factors, you should not place undue reliance on any forward-looking statements.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in, or implied by, statements in this Annual Report. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Annual Report are set forth in this report, including under the heading “Risk Factors” in Part I — Item 1A. They include risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity, including the following:

- changes in demand for our services;
- our ability to attract and retain qualified professionals and senior management;
- conflicts resulting in our inability to represent certain clients;
- our former employees joining or forming competing businesses;
- our ability to manage our professionals’ utilization and billing rates and maintain or increase the pricing of our services and products;
- our ability to make acquisitions and integrate the operations of acquisitions as well as the costs of integration;
- our ability to adapt to and manage the risks associated with operating in non-United States markets;
- our ability to replace key personnel, including senior managers and practice and regional leaders, who have highly specialized skills and experience;
- our ability to identify suitable acquisition candidates, negotiate favorable terms and take advantage of opportunistic acquisition situations;
- our ability to protect the confidentiality of internal and client data and confidential information;
- legislation or judicial rulings, including rulings regarding data privacy and the discovery process;
- periodic fluctuations in revenues, operating income and cash flows;
- damage to our reputation as a result of claims involving the quality of our services;

- fee discounting or renegotiation, lower pricing, less advantageous contract terms and unexpected terminations of client engagements;
- competition;
- general economic factors, industry trends, restructuring and bankruptcy rates, legal or regulatory requirements, capital market conditions, merger and acquisition activity, major litigation activity and other events outside of our control;
- our ability to manage growth;
- risk of non-payment of receivables;
- the amount and terms of our outstanding indebtedness;
- changes in accounting principles;
- risks relating to the obsolescence of, changes to, or the protection of, our proprietary software products and intellectual property rights; and
- fluctuations in the mix of our services and the geographic locations in which our clients are located or our services are rendered.

There may be other factors that may cause our actual results to differ materially from our forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Annual Report and are expressly qualified in their entirety by the cautionary statements included herein. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances and do not intend to do so.

Unless otherwise indicated or required by the context, when we use the terms “Company,” “FTI Consulting,” “we,” “us” and “our” we mean FTI Consulting, Inc., a Maryland corporation, and its consolidated subsidiaries.

## **Company Overview**

We are a leading global business advisory firm dedicated to helping organizations protect and enhance their enterprise value in difficult and increasingly complex economic, legal and regulatory environments throughout the world. We operate through five operating segments:

- Corporate Finance/Restructuring;
- Forensic and Litigation Consulting;
- Economic Consulting;
- Technology; and
- Strategic Communications.

We work closely with our clients to help them anticipate, understand, manage and overcome complex business matters arising from such factors as the economy, financial and credit markets, governmental regulation and legislation and litigation. We assist clients in addressing a broad range of business challenges, such as restructuring (including bankruptcy), financing and credit issues and indebtedness, interim business management, forensic accounting and litigation matters, international arbitrations, mergers and acquisitions, or M&A, antitrust and competition matters, electronic discovery, or e-discovery, management and retrieval of electronically stored information, or ESI, reputation management and strategic communications. We also provide services to help our clients take advantage of economic, regulatory, financial and other business opportunities. We have expertise across our operating segments in highly specialized industries, including real estate and construction, automotive, telecommunications, healthcare, energy and utilities, chemicals, banking, insurance, pharmaceuticals, retail, information technology and communications, and media and entertainment. Our experienced professionals

include many individuals who are widely recognized as experts in their respective fields. Our professionals include PhDs, MBAs, JDs, CPAs, CPA-ABVs (who are CPAs accredited in business valuations), CPA-CFFs (who are CPAs certified in financial forensics), CRAs (certified risk analysts), Certified Turnaround Professionals, Certified Insolvency and Reorganization Advisers, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major law firms and local, state and national governments and agencies in the United States (U.S.) and other countries. In addition, major U.S. and international law firms refer us or engage us on behalf of their clients. We believe clients retain us because of our recognized expertise and capabilities in highly specialized areas, as well as our reputation for satisfying clients' needs.

In March 2011, we adopted a matrix organizational structure, which we believe appropriately emphasizes the global geography and industry drivers across our business segments. To implement that structure, we have organized our business segments within four geographic regions consisting of (i) the North America region, which is comprised of our 43 U.S. offices located in 19 states and three offices located in Calgary, Toronto and Vancouver Canada, (ii) the Latin America region, which is comprised of eight offices located in five countries — Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is comprised of 17 offices located in seven countries — Australia, China (including Hong Kong), India, Indonesia, Japan, Philippines and Singapore, and (iv) the Europe, Middle East and Africa (EMEA) region, which is comprised of 22 offices located in 10 countries — Belgium, France, Germany, Ireland, Qatar, Russia, South Africa, Spain, UAE and the United Kingdom. The regional leader for each of the four geographic regions has responsibility for business development, supporting our professionals through regional administrative services, and sharing responsibility with segment leaders for the delivery of services across business segments and industry lines within such region. We expect to continue to present our Management Discussion and Analysis on a segment basis as the segment structure is the way that our chief operating decision makers primarily assess and manage business performance. In addition, our segment structure provides more detailed information regarding the key drivers of our business in relation to specific lines of business.

From December 31, 2011, we increased our number of revenue-generating professionals by approximately 5% to 2,993 as of December 31, 2012, and we increased our total number of employees by approximately 3% to 3,915 as of December 31, 2012.

## **Our Operating Segments**

We discuss our five operating segments in greater detail below.

### **Corporate Finance/Restructuring**

Our Corporate Finance/Restructuring segment focuses on strategic, operational, financial and capital needs of businesses around the world. We address the full spectrum of financial and transactional challenges facing our clients, which include companies, boards of directors, private equity sponsors, banks, lenders and other financing sources and creditor groups, as well as other parties-in-interest. We advise on a wide range of areas, including restructuring (including bankruptcy), interim management, financings, M&A, post-acquisition integration, valuations, tax issues and performance improvement. We also provide expert witness testimony, bankruptcy and insolvency litigation support and trustee and examiner services. We have particular expertise in the automotive, chemicals, communications, media and entertainment, energy and utilities, healthcare, real estate, hospitality, government/municipal, financial services and retail industries.

A number of factors affect the demand for our corporate finance/restructuring services, including general economic conditions, the availability of credit, leverage levels, lending activity, over-expansion of businesses, competition, M&A activity and management crises. Lower corporate default rates as a result of the availability of debt modifications prior to default and maturity and the increased availability of financing at lower interest rates and on more advantageous terms are factors that decrease demand for certain services offered by our Corporate

Finance/Restructuring segment. In addition, our restructuring (bankruptcy) engagements have been affected by fewer large corporate bankruptcies and a shift to pre-planned/pre-packaged restructurings or bankruptcies, which limits the constituencies who have a need for advisory services. When demand for one or more of our corporate finance/restructuring services weakens, our objective is to manage utilization by shifting professionals to work on engagements in other service offerings or our other operating segments, if possible.

In 2012, the services offered by our Corporate Finance/Restructuring segment included:

**Restructuring and Turnaround Services.** We provide advisory services to companies, creditors and other stakeholders of companies confronting liquidity problems, excessive leverage, underperformance, over-expansion or other business or financial issues. We lead and manage the financial aspects of in-court restructuring processes by offering services that help our clients assess the impact of a bankruptcy filing on their financial condition and operations. We help our clients right-size infrastructure, improve cash-flow and working capital management, sell non-core assets or business units and recapitalize. We also perform due diligence reviews, financial statements and cash flow and EBITDA analyses, prepare liquidity forecasts and financial projections, recommend credit alternatives, assist in determining optimal capital structure, monitor portfolios of assets, assess collateral, provide crisis credit and securitized transaction assistance, and negotiate loan covenant waivers and guide complex debt restructurings.

**Bankruptcy Support Services.** We provide critical services specific to court-supervised insolvency and bankruptcy proceedings. We represent underperforming companies that are debtors-in-possession, creditors' committees and lenders. With a focus on minimizing disruption and rebuilding the business after an exit from bankruptcy or insolvency, we help clients accelerate a return to business as usual. We also work with creditors and other stakeholders to maximize recoveries from companies that have filed for bankruptcy or insolvency. Our services include bankruptcy preparation and reporting services, financial analysis in support of petitions and affiliated motions, strategies for monetizing a debtor's assets, the discovery of unidentified assets and liabilities, and expert witness testimony. We also provide trustee, examiner and receiver services to preserve the value of assets and maximize recoveries.

**Interim Management Services.** Our seasoned professionals fill the void when client companies face leadership, financial or operational challenges. Our experienced and credentialed professionals assume executive officer level roles, providing the leadership and strategic decision making ability to maintain momentum, stabilize financial position and protect enterprise value, resolve regulatory compliance issues, build morale, establish credibility with stakeholders and provide critical continuity. Our professionals serve in the following interim executive and management roles: chief executive officer, chief operating officer, chief financial officer, chief restructuring officer, controller and treasurer.

**Transaction Advisory Services.** Our Transaction Advisory Services practice combines the disciplines of financial accounting, investment banking, tax advice, valuation services and Securities and Exchange Commission, or SEC, regulatory experience to help our clients maximize value and minimize risk in M&A transactions. We provide many services relating to business acquisitions that include: performing due diligence reviews, evaluating key value drivers and risk factors, advising on the most advantageous tax and accounting structure for the transaction and assessing quality of earnings, quality of balance sheet and working capital requirements. We identify value enhancers and value issues. We provide comprehensive tax consulting intended to maximize a client's return on investment. We help structure post-acquisition earn-outs and price adjustment mechanisms to allow a client to realize optimal value. We advise clients regarding regulatory and SEC requirements and internal controls and compliance with the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. We help structure retention and exit strategies. We also perform services for clients involved in purchase price disputes such as assessing the consistent application of Generally Accepted Accounting Principles, or GAAP, earn-out issues, working capital issues, settlement ranges and allocation of purchase price for tax purposes. We have the capacity to provide investment banking services through our Financial Industry Regulatory Authority registered subsidiary, which focuses on identifying and executing value-added transactions for public and private middle market companies in the communications and media and entertainment industries.

**Performance Improvement Services.** Our Performance Improvement practice assists companies in developing and implementing programs designed to deliver accelerated value creation through increasing earnings and margins and improving cash flow. This is achieved by improving the underlying operational and financial metrics of a company by targeting specific drivers of margin growth leading to corresponding enterprise value enhancement. Our professionals achieve measurable, tangible improvement in areas such as revenue generation, finance organization optimization, operational process management, shared services and outsourcing, information technology, or IT, optimization, cost reduction, and working capital management. Our team has relevant skills across industries and helps companies and/or their equity sponsors with services such as outsourcing advisory services, complex merger integrations and carve-outs, business intelligence consulting and the reengineering of supply chains. Our performance improvement services represent high value-added and results oriented services marketed to our existing restructuring and transaction advisory clients as well as new clients.

**Private Equity Sponsor Services.** We help private equity sponsors and company management take proactive steps toward revitalizing businesses, achieving investment expectations and strengthening inexperienced management and weak leadership, by assisting in the development, modification and execution of business plans and offering unbiased assessments, thereby allowing a sponsor to minimize risks, maximize returns and focus on new opportunities. Our services include providing professionals to enhance management by supplementing the existing management team with turnaround specialists and other interim executives, performing due diligence and process improvement and implementation expertise, assisting with obtaining or modifying financing, providing credibility to support lender negotiations and credit concessions and a variety of other mission-critical services that may be key to a company's survival.

**Real Estate and Financial Advisory Practice.** Our Real Estate and Financial Advisory practice has a dedicated focus on the real estate and finance industries and the capital markets that serve them. Our services are designed to create integrated financial, tax and real estate solutions for clients with real estate operations, assets or investments. We provide a range of real estate and financial advisory services including M&A, due diligence, valuation, lease consulting, financial outsourcing, initial public offering, or IPO, real estate investment trust, or REIT, tax structuring and compliance, executive compensation, master planning and development services, cost segregation and private client services. The practice represents public and private real estate entities including REITs, financial institutions, investment banks, opportunity funds, insurance companies, hedge funds, pension advisors and owners/developers.

In 2012, we expanded our presence in Australia by acquiring the former restructuring practice of KordaMentha ("QLD"). We also acquired The Salter Group ("Salter"), which expanded our practice to include asset and business valuation services with an emphasis on the media and entertainment industry. In addition, we acquired the consulting business of ThinkFirst LLC ("ThinkFirst"), which expanded our offerings of operational and financial advisory services with an emphasis on the healthcare industry in the United States ("U.S."). Our Corporate Finance/Restructuring services are offered through a global network of 38 offices in twelve countries. From December 31, 2011, we increased the number of revenue-generating professionals in our Corporate Finance/Restructuring segment by approximately 21% to 836 professionals as of December 31, 2012.

#### **Forensic and Litigation Consulting**

Our Forensic and Litigation Consulting segment provides law firms, companies, government clients and other interested parties with dispute advisory, investigations, forensic accounting, business intelligence assessments, data analytics and risk mitigation services. We assist our clients in all phases of government and regulatory investigations, inquiries and litigation, regardless of the subject matter of the proceeding or investigation, including pre-filing assessments, discovery, trial preparation, expert testimony, investigation and forensic accounting services. We have particular expertise in the construction, energy, healthcare, financial and insurance services and pharmaceutical industries. We have the capacity to provide our full array of services across jurisdictional boundaries around the world.

A number of factors affect the demand for our forensic and litigation consulting services, including the volume of large complex litigations, governmental and regulatory investigations, class action suits, business espionage and illegal or fraudulent activities. If demand weakens for a particular service offering, our objective is to manage utilization by shifting professionals to work on engagements of our other operating segments, if possible.

In 2012, the services offered by our Forensic and Litigation Consulting segment included:

**Forensic Accounting and Advisory Services.** We combine investigative accounting and financial reporting skills with business and practical experience to provide forensic accounting and advisory services requested by boards of directors, audit committees, special litigation committees and other entities. We identify, collect, analyze and interpret financial and accounting data and information for accounting and financial reporting investigations, identify options, make recommendations and render opinions. We employ investigative skills, establish document and database controls, prepare analytical models, perform forensic accounting, present expert testimony and prepare written reports. We have particular expertise providing consulting assistance and expert witness services to securities counsel and their clients regarding inquiries and investigations initiated by the Division of Enforcement of the SEC. We perform anti-bribery and corruption risk assessments to help clients institute the necessary internal controls to comply with, and we investigate suspected violations of, the U.S. Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws, including the U.K Anti-Bribery Act, the Organization for Economic Co-operation and Development, or OECD, convention on combating bribery of foreign public officials in international business transactions, and the anti-corruption cross-debarment pact reached between the World Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank Group.

**Global Risk and Investigations Practice.** We have experience in complex factual and regulatory investigations combining teams of former federal prosecutors and regulators, law enforcement and intelligence officials, forensic accountants, industry specialists and computer forensic specialists. Our capabilities and services include white collar defense intelligence and investigations, complex commercial and financial investigations, business intelligence and investigative due diligence, FCPA and foreign anti-corruption investigations, political risk assessments, business risk assessments, fraud and forensic accounting investigations, computer forensics and electronics evidence, specialized fact-finding, domestic and international arbitration proceedings, asset searching and analysis, intellectual property and branding protection, anti-money laundering consulting and ethics and compliance program design. We help our clients navigate anti-bribery and corruption risk proactively (assessing and mitigating risk), and reactively (responding to allegations with multidisciplinary investigation, forensic accounting and information preservation experts). We also develop remediation and monitoring plans, including the design and testing of controls and negotiate settlement agreements. Through our services we uncover actionable intelligence and perform value-added analysis to help our clients and other decision-makers address and mitigate risk, protect assets, remediate compliance deficiencies, make informed decisions and maximize opportunities.

**Dispute Advisory Services.** We provide pre-trial, in-trial and post-trial dispute advisory services, as well as dispute advisory services in a broad range of alternative dispute resolution forums, to help clients assess potential, threatened and pending claims resulting from complex events and transactions. We analyze records and information, including electronic information, to locate assets, trace flows of funds, identify illegal or fraudulent activity, reconstruct events from incomplete and/or corrupt data, uncover vital evidence, quantify damages and prepare for trial or settlement. In many of our engagements we also act as an expert witness. Our services include:

- *Early Case Assessment.* We help determine what really happened and when, to assist with case strategy and possible early settlement.
- *Discovery Assistance.* We help to draft document requests, gather pertinent information and provide assistance during interrogatories and depositions.



- *Case Strategy Evaluation.* We analyze financial records and business conduct to help counsel understand potential causes of action and quantify potential recoveries.
- *Damages Analyses.* We provide damages quantification and expert testimony for a wide variety of cases including lost profits, breach of contract, purchase price disputes, business interruption, environmental claims, government contract matters and construction disputes and fraud cases.
- *Settlement Services.* We help clients mitigate the cost of or avoid litigation by evaluating claims and risks, coordinating business expertise with legal and technical analysis, developing cost-effective settlement strategies and implementing successful business resolutions.

**Intellectual Property.** Our intellectual property team consists of professionals who are dedicated to intellectual property matters, including litigation support and damages quantification as well as intellectual property valuation, royalty compliance, licensing and technology and intellectual property management and commercialization.

**Trial Services.** Our trial technology professionals advise and support clients in large and highly complex civil trials. Through the use of our proprietary information technology, we help control litigation costs, expedite the in-trial process and provide our clients with the ability to readily organize, access and present case-related data. Our proprietary TrialMax® software integrates documents, photographs, animations, deposition video, audio and demonstrative graphics into a single trial preparation and presentation tool. Our graphics consulting services select the most appropriate presentation formats to maximize impact and memorability, and then create persuasive graphic presentations that support, clarify and emphasize the key themes of a case. We provide illustrations and visual aids that help simplify complex technical subjects for jurors, through opening and closing statement consulting, witness presentations, research presentations, exhibit plans and outlines, hardboards, scale models, storyboards, timelines and technical and medical illustrations.

**Construction Services.** Our construction services team offers a broad range of dispute resolution services to assist owners and contractors, and the law firms that advise them, to prevent, mitigate and resolve construction related disputes. We work with our clients to identify risks and help achieve a cost-effective, trouble-free project from planning to completion.

**Financial and Data Enterprise Analysis, or FEDA.** Our structured data experts deliver strategic business solutions for clients requiring in-depth analysis of large, disparate sets of financial, operational and transactional data. Among the services offered are:

- identifying, acquiring, synthesizing, mining, analyzing and reporting upon relevant data;
- identifying the relationships among multiple sources and types of data;
- designing and implementing accounting, economic and financial settlement or damages models;
- transforming large-scale data sets into workable databases;
- distributing or sharing information among interested parties such as experts, corporate and outside counsel and codefendants; and
- developing dashboards and summary analysis to enhance the productivity related to subsequent analysis and use of the information.

In addition, our professionals provide e-discovery, process consulting and project management, by assisting clients to manage the various phases of e-discovery, develop cost estimates to support excess burden claims, publish litigation holds, select e-discovery and information management technology and develop defensible and repeatable procedures for handling electronically stored information, or ESI. In addition, we provide strategic discovery advice to counsel and conduct system inventories to develop data map and provide expert testimony.

**Compliance, Monitoring and Receivership.** Our expert industry professionals provide full-scale assessments, process improvement and support services for compliance programs and in support of monitors and receivers. In matters involving the appointment of monitors, receivers or examiners by courts or regulators, our experts possess the necessary independence to monitor compliance with and the continuing effectiveness of the terms of settlements across many industries and professions. We have particular expertise in the banking and financial services industries and have the expertise to prepare and advise large financial institutions regarding the U.S. “living will” requirements, which state that large banks and financial institutions have a plan in place to explain how they would divide up their assets if they fail.

Our Forensic Litigation and Consulting services are offered through a global network of 47 offices in fifteen countries. From December 31, 2011, we decreased the number of revenue-generating professionals in our Forensic and Litigation Consulting segment by approximately 5% to 813 professionals as of December 31, 2012, primarily due to the reduction in workforce implemented in the second quarter of 2012.

### **Economic Consulting**

Our Economic Consulting segment provides law firms, companies, government entities and other interested parties with analysis of complex economic issues for use in legal, regulatory and international arbitration proceedings, strategic decision making and public policy debates in the U.S. and around the world. We deliver sophisticated economic analysis and modeling of issues arising in M&A transactions, complex antitrust litigation, commercial disputes, international arbitration, regulatory proceedings and a wide range of securities litigation. Our statistical and economic experts help clients analyze complex economic issues such as the economic impact of deregulation on a particular industry or the amount of damages suffered by a business as a result of particular events. We have deep industry experience in such areas as commercial and investment banking, telecommunications, media and entertainment, energy and electric power, transportation, healthcare, IT/Internet and pharmaceuticals. Our professionals regularly provide expert testimony on damages, rates and prices, valuations (including valuations of complex derivatives), competitive effects and intellectual property disputes. They also provide analyses and advice relating to antitrust and competition cases, regulatory proceedings, business valuations and public policy.

A number of factors affect the demand for our economic consulting services, including M&A activity (particularly large mergers of firms that are perceived to compete with each other in providing goods and services), general economic conditions, competition and governmental investigations.

In 2012, the services offered by our Economic Consulting segment included:

**Antitrust and Competition Economics.** We provide financial, economic and econometric consulting services to assist clients in public policy debates, and regulatory proceedings and litigation. We apply our models to complex data in order to evaluate the likely effects of transactions on prices, costs and competition. Our professionals are expert at analyzing and explaining the antitrust and competition impact of diverse transactions and proceedings relating to M&A, price fixing, monopolization and anti-competition, exclusionary conduct, bundling and tying, and predatory pricing. Our services include financial and economic analyses of policy, regulatory and litigation matters. We provide expert testimony and quantification of damages analyses for corporations, governments and public-sector entities in the U.S. and around the world.

**Business Valuation.** We provide business valuation and expert testimony services relating to traditional commercial disputes and other matters as diverse as transaction pricing and structuring, securities fraud, valuations for financial reporting, tax and regulatory compliance, solvency issues and fraudulent transfers, post-acquisition M&A disputes and transactions and disputes between shareholders.

**Intellectual Property.** We help clients understand and maximize the value of their intangible business assets. We calculate losses from intellectual property (IP) infringement, apply econometrics to develop pricing structures for IP valuation and licensing, manage the purchase or sale of IP assets, negotiate with tax authorities and determine IP-related losses in legal disputes and arbitrations.

**International Arbitration.** Our international arbitration practice works with companies, governments and members of the international bar to provide independent advice and expert testimony, relating to valuation and damages in a wide variety of commercial and treaty disputes before international arbitration tribunals, including London, Washington D.C., Stockholm, Paris, Geneva and Dubai.

**Labor and Employment.** We prepare economic and statistical analyses for clients facing disputes relating to wage and hour issues, class-action, class certification, lost earnings and discrimination. Our experienced labor and employment team provide statistical analyses of data and damage exposure, review and rebut expert reports, calculate the economic value of a claim, and determine if the purported class in labor/employment litigation meets legal requirements for certification.

**Public Policy.** We advise clients regarding the impact of legislation and political considerations on industries and commercial transactions. Our services include financial and economic analyses of policy and regulatory matters, including the effect of regulations on the environment, taxation and other matters on competitiveness, comparative analyses of proposed policy alternatives, division of responsibilities of federal and local regulators, the effects of regulations on risk sharing among constituencies or geographies and analyses of unintended consequences.

**Regulated Industries.** Our regulated industries practice advises major network and regulated industry participants on pricing, valuation, risk management and strategic and tactical challenges. We also advise clients on the transition of regulated industries to more competitive environments. We have extensive regulated industry expertise in telecommunications, healthcare and life sciences, railroad, airline and pipeline transportation, energy, electric power and transmission and financial services and trading.

**Securities Litigation and Risk Management.** Our professionals apply economic theory and econometrics to advise clients and testify on issues relating to securities fraud, insider trading, initial public offering (IPO) allocations, market efficiency, market manipulation and other forms of securities litigation. We also evaluate the risks of financial products such as derivatives, securitized products, collateralized obligations, special purpose entities and structured financial instruments and transactions.

**Energy Solutions.** Our energy solutions practice advises clients regarding business issues related to regulatory frameworks, transactions, restructurings, contractual disputes and litigation in the gas, oil and electric power sectors.

Our Economic Consulting services are offered through a global network of 23 offices in eight countries. From December 31, 2011, we increased the number of revenue-generating professionals in our Economic Consulting segment by approximately 9% to 474 professionals as of December 31, 2012.

## **Technology**

Our Technology segment is a leading e-discovery and information management consulting, software and service provider. We provide software services and discovery consulting to companies, law firms, courts and government agencies worldwide. We assist clients with internal, regulatory and global investigations, early case assessment, litigation and joint defense, antitrust and competition investigations, including “second requests” under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and the secure management, analysis and use of critical corporate information. We provide a comprehensive suite of software and services to help clients locate, review and produce ESI, including e-mail, computer files, voicemail, instant messaging, and financial and transactional data.

Our proprietary Ringtail® software and Acuity™ offering are used for e-discovery and document review, including litigation support and secure information management. Ringtail® is also used in transactional settings to support information “deal rooms” and M&A activity. Our Ringtail® technology is designed to ensure quality,

reduce risk, increase productivity and support cost-effective review, preparation and production of ESI. Acuity™ is an integrated legal review offering that reduces the cost and complexity of e-discovery. Acuity™ provides processing through production e-discovery workflow, including document review, at a single, predictable price and in a collaborative manner that integrates the client, counsel and service provider.

Our e-discovery software can be deployed either on-premises by the company, law firm, government agency or other client, or on-demand as a hosted solution through us or our network of third-party service providers. This hybrid deployment capability helps clients scale to the unique demands of their individual case requirements while maintaining a consistent and cost-effective e-discovery process.

A number of factors affect the demand for our technology services, including competing services and products, price and the number of large complex litigations, class action proceedings, M&A activity and governmental and internal investigations.

In 2012, the software and services offered by our Technology segment included:

**Computer Forensics and Investigations.** We design and implement defensible strategies to forensically collect and analyze data. We understand the intricacies and implications of company data under legal scrutiny, and the international protection and privacy issues that apply to electronic documents. Our service offerings include:

- *Litigation Readiness.* Our experienced professionals work with a wide variety of systems and sources of ESI across multiple industries and jurisdictions to better position organizations facing critical investigative, litigation or dispute related demands. Our litigation readiness services include the development of proactive information privacy and security programs, plain-English records policies, retention schedules, litigation hold strategies, archiving software selection and backup tape disposition strategies.
- *Identification, Preservation and Collection.* We assist companies facing time-sensitive demands placed upon electronic data, networks and systems. We help our clients meet requirements for uncovering, analyzing and producing data from a variety of sources, including e-mail, voicemail, backup tapes, shared server files and databases, often on multiple continents. We provide both proactive and reactive support using expert services, methodologies and tools that help companies and their legal advisers understand technology-related issues. Our technical experts work closely with our forensic accountants and financial investigation professionals to recover, organize and analyze ESI, regardless of the format or language of the data, and forensically reconstruct complex transaction data. Through our direct work with clients, we have developed proprietary technology to meet the demands of emerging data types, including cloud-based applicable data and Microsoft SharePoint.
- *Second Requests.* “Second requests” refer to requests from the Department of Justice or Federal Trade Commission for additional information and documentary support relevant to the government’s assessment under the HSR Act of proposed acquisitions and business combinations. A “second request” can probe every area of a company’s operations and communications, including e-mail, electronic documents, products, markets, sales, customers, advertising, patents and trademarks, management and accounting systems data. We offer advanced technology and related services to identify, collect, process and review relevant electronic data and produce documents responsive to the government-based request. We also help determine what tools, software, document formats and metadata will satisfy the request.
- *Early Case Assessments.* Our Technology segment offers a flexible and customizable set of early case assessment tools and services to help companies and their legal teams evaluate each case.
- *Global Investigations.* Investigations can range widely, including those relating to whistleblower allegations, government inquiries and subpoenas, corporate due diligence, FCPA violations and financial fraud. Often, the only consistent requirements across investigations are short response times

and an urgent need to keep sensitive data secure. Other increasingly common variables, such as foreign data privacy laws and high data volumes, create significant challenges for companies to conduct investigations in a defensible and secure manner. In response, in 2010, we introduced FTI Consulting Investigate™, which combines our industry-leading software and expert forensic investigations to deliver a quick understanding of the case facts, secure control of sensitive data and defensible preservation and review strategies in compliance with local data privacy laws.

**Discovery Consulting.** We plan, design and manage discovery approaches and projects to maximize responsiveness and minimize costs and risks. Our professionals consult on a wide-range of legal, regulatory and investigative situations and the discovery project capabilities span a broad spectrum of size and complexity. Our professionals work as an extension of our clients and their advisors to establish immediate solutions and best practices. Our professionals identify, forensically collect and analyze data, oversee processing, review and production of data, manage the discovery lifecycle from identification through production, advise outside and in-house counsels, prepare cost estimates to support excess burden claims, provide expert testimony, develop repeatable and cross matter procedures for legal departments and conduct corporate system inventories to develop sustainable data maps. In 2012, we launched a new service offering — Predictive Discovery – which combines interdisciplinary expert teams with predictive coding software to help our clients review and produce documents for commercial litigation and regulatory investigations in a more timely and cost effective manner.

**E-Discovery Software and Services.** We offer software and services designed to lower the total cost of e-discovery and, in particular, the most costly component of the process, document review. Our Acuity™ document review offering provides clients with an integrated and comprehensive suite of e-discovery services and software, which includes document review and is delivered at a fixed price. Our Ringtail® software incorporates leading-edge concept and visual analytics technology to increase the accuracy and speed of document reviewers during litigation, investigations and regulatory inquiries. Our software products and services include the following e-discovery capabilities:

- *Data Acquisition and Conversion.* Ringtail® provides clients with advanced e-discovery and analysis techniques, as well as native format data processing services. These services can quickly extract e-mail and other data from a number of sources and provide the data in the client's specified format. Data can be delivered for use in the client's Ringtail® on-premise system or hosted in a Ringtail® on-demand environment by FTI Consulting or an FTI Consulting service provider.
- *Data Culling.* We provide de-duplication and near-duplication detection services for Ringtail® on-demand clients to help reduce the document set prior to review. In some cases, Ringtail® incorporates third party software to provide these solutions. On premises clients use our Workbench product to automate the process of preparing electronic content for review. Workbench includes patented suppression and de-duplication technology along with other features to help clients manage and reduce larger data sets.
- *Data Review and Analysis.* Our Ringtail® product is a scalable and configurable web-centric platform that facilitates rapid review and coding of documents. Clients can install Ringtail® on their own servers or quickly launch a case from dedicated FTI Consulting or third party servers. Ringtail® provides multi-lingual support as one of the distinctive aspects of its capabilities. Ringtail's® document mapper interface groups similar documents together to help reviewers make faster and more accurate document decisions. Document mapper is a component of the Ringtail® analytics module, which provides clients with advanced methods to review and organize large sets of data during legal, investigative and regulatory events.
- *Data Production.* Ringtail® has the power and flexibility to scale and meet large and small document production needs and produce documents in all electronic formats for its clients.

Our Technology services are offered through a global network of 25 offices in six countries. From December 31, 2011, we decreased the number of revenue-generating professionals in our Technology segment

by approximately 4% to 277 professionals as of December 31, 2012, primarily due to the reduction in workforce implemented in the second quarter of 2012.

### **Strategic Communications**

We provide advice and consulting services relating to financial and corporate communications and investor relations, reputation management and brand communications, public affairs, business consulting and digital design and marketing. We believe our integrated offering, which includes a broad scope of services, diverse sector coverage and global reach, is unique and distinguishes us from other strategic communications consultancies.

A number of factors affect the demand for the practices and services of our strategic communications segment, including M&A activity, public stock offerings and capital market transactions, business crises and governmental legislation and regulation, and a slow recovery of discretionary spending by companies' on such services as branding, communications, marketing and media and investor relations.

In 2012, the services provided by our Strategic Communications segment included:

**Financial Communications.** We specialize in advising clients on their communications to investors and other financial audiences to help them achieve fair valuations in capital markets through ongoing investor relations advice and support and strategic consulting on issues that can impact enterprise value. We provide advice on M&A communications, investment positioning, corporate governance and disclosure policy, strategic boardroom and investor issues, capital markets intelligence, research and analysis of shareholder demographics, investor targeting, institutional investor and financial analyst meetings, investor perception audits, financial news and calendar management, peer monitoring and initial public offering communications. We also advise clients in situations that present threats to their valuation and reputation with investors such as proxy contests, financial restatements, shareholder activism, unplanned management changes and other crises.

**Corporate Communications.** We provide solutions to our clients' mission critical communications needs. Our services include, business-to-business communications consultancy, thought leadership consultancy, consumer and business-to-business brands building, including corporate brand positioning advice, strategic media relations and marketing advice, employee engagement and change communications, media and presentation coaching, qualitative and quantitative research, sponsorship consultancy and launch and event management. Our business-to-business communications consultancy services help companies develop a differentiated business identity and narrative. Our media relations services integrate traditional and digital media. We advise and assist clients with respect to financial, business and trade media programs, broadcast placement, market commentary, executive visibility, regional media programs, editorial placement, media monitoring, intelligence gathering and online media programs. We provide advice and services for internal communications in connection with important strategic initiatives such as identity design, re-branding, culture change, restructuring, facility closures, workforce rationalization and mergers and takeovers. We also provide training courses aimed at directors and senior management in media communications, executive presentation, speech writing and conference management and facilitation. Our special situations communications practice works in collaboration with practitioners in our other disciplines such as financial communications and investor relations, corporate communications and public and regulatory affairs to offer an integrated consultancy service to clients that are facing critical issues such as bankruptcy/restructuring, M&A, regulatory investigations, litigation and unplanned management turnover. We believe our offerings in this area provide a unique ability to handle complex cross-border multi-stakeholder communications programs.

**Public Affairs.** We advise senior business leaders and leading organizations across the world on how to manage relationships with, and make substantive contributions to, governments, politicians and policy-makers at the most senior levels in key jurisdictions. Our integrated global team is based in leading political centers

including Beijing, Brussels, London and Washington. We combine public affairs, economic consulting and capital markets expertise with strategic communications and business advisory skills. We offer the full range of engagement programs, ranging from crisis management of imminent legislation to longer-term shaping of the policy environment. We use a range of qualitative and quantitative tools to establish our clients' case and support their political engagement strategies, whether in terms of message refinement, policy mapping or reputation benchmarking. Our team incorporates many of the world's foremost economic experts in disciplines such as financial economics, antitrust, regulation and the economics of public policy.

**Creative Engagement.** Our design and marketing teams specialize in brand identity development, website development, advertising and using new digital media channels to enhance the impact of traditional communications and marketing channels. We help clients with print and digital communications with a focus on corporate identity, website development, advertising, interactive marketing campaigns, video and animation, brochures, fact sheets, testimonials and other marketing materials and annual report development. Our social media experts work with clients to identify and engage stakeholders through the most appropriate and useful paid and non-paid social and digital media outlets. Corporate social responsibility (CSR) is one of the most powerful drivers of business culture and brand value. We help clients develop creative and multi-dimensional CSR campaigns to assure they are aligned with business objectives, brand position and the needs of all stakeholders. Our approach includes defining corporate and brand positioning, surveying the audience to gauge social sentiments and needs, selecting a program that resonates with the marketplace, building the communications plan, launching the initiative for maximum visibility and evaluating the success of the program.

**Strategy Consulting and Research.** Our strategic business consulting practice helps solve and manage business problems that companies face. Our services include business plan development, market sizing and discovery research, marketing segmentation research and analysis, change management counsel, surveys and polling. Our dedicated research group works with professionals from across our practices and other disciplines, including public relations, investor relations and public affairs, to conduct customized research to identify perceptions, trends and opportunities within key stakeholder audiences. Our research services include reputation benchmarking, peer analysis, benchmarking and financial market valuations, brand awareness studies and brand extension audits, including customer focus groups, shareholder analysis and investor targeting, consumer trend analysis, public opinion polling and policymaker perception audits.

Our Strategic Communications services are offered through a global network of 36 offices in fifteen countries. From December 31, 2011, the number of revenue-generating professionals in our Strategic Communications segment increased by 2% to 593 professionals as of December 31, 2012.

### **Our Industry Specializations**

We employ professionals expert in a broad range of industries within our operating segments. These professionals provide a wide array of services across our operating segments that address the strategic, reputational, operational, financial, regulatory, legal and other needs of specific industries. We advise domestic and international organizations and companies in specific industries on such matters as turnaround and restructuring, conflict resolution, regulations and the resolution of conflicting regulatory frameworks, contractual disputes, litigation and proceedings, expert testimony and asset and business valuations. We also provide interim management services staffed with professionals with experience in the relevant industry. In addition, we furnish strategic communications services to industries across all the disciplines, from capital markets to investor relations. The major industries we service include, banking and financial, energy, healthcare, media and entertainment, and pharmaceutical and life sciences.

### **Our Business Drivers**

Factors that drive demand for our services include:

- **Financial Markets and the Economy.** Rapidly changing financial markets and the strength of the economy, credit and financing availability, terms and conditions, the willingness of financial

institutions to provide debt modifications or relief, corporate debt levels, default rates and capital market transactions, including M&A transactions, drive demand for certain of our service offerings. Demand for our restructuring, bankruptcy, turnaround and related services typically weakens, and our engagements shift to more middle market transactions, in a recovering or strong economy, as credit markets ease and debt relief or modifications become more available. Demand for our restructuring, bankruptcy, turnaround and related services is higher when companies face covenant compliance and similar problems that make it difficult to amend existing credit facilities or refinance without incurring substantial costs and significantly more restrictive terms; and tightening credit markets force companies and lenders into more frequent negotiations as borrowers experience covenant or liquidity issues and lenders express greater concern over protecting their positions.

- **Operational Challenges and Opportunities.** Businesses face significant challenges that necessitate the evaluation and reevaluation of strategy, risks and opportunities both as a result of crisis driven situations and in the normal course of business. These challenges include enterprise risk management, global expansion, competition from both established companies and emerging economies and new and changing regulatory requirements and legislation. Management, companies and their boards need outside help to recognize, understand and evaluate such events and effect change, which drives demand for independent expertise that can combine general business acumen with specialized technical expertise driving demand for services offered by our Corporate Finance/Restructuring, Economic Consulting and Forensic and Litigation Consulting segments.
- **Global Demand for Independent Expertise.** As a result of increased public scrutiny, regulatory complexity and complex disputes and litigation, businesses, boards of directors, creditors, stakeholders, regulators and their advisors increasingly engage independent consulting firms to provide objective and expert analyses and advice. This is particularly true in highly complex and sophisticated areas such as restructurings, bankruptcies, economic consulting, forensic accounting, corporate mismanagement and fraud-related investigations and high-stakes litigation and regulatory proceedings. Stockholder activism and limitations on the ability of traditional accounting firms to provide certain consulting services, especially after enactment of Sarbanes-Oxley and the Dodd-Frank Wall Street Reform and Consumer Protection Act, have contributed to the demand for independent expertise. A desire to avoid actual and perceived conflicts of interest also drives the use of consultants and experts who are unaffiliated with a company's management and outside legal, accounting and other advisors.
- **Regulatory Complexity, Public Scrutiny and Investigations.** Increasingly complex global regulations and legislation, greater scrutiny of corporate governance, instances of corporate malfeasance and more stringent and complex reporting requirements drive demand for our services. The need to understand and address the impact of regulation and legislation as well as the increasing costs of doing business have prompted companies to focus on better assessing and managing risks and opportunities. In addition, boards of directors, audit committees and independent board committees have been increasingly tasked with conducting internal investigations of financial wrongdoing, regulatory non-compliance and other issues. These factors drive demand for independent consultants and experts to investigate and provide analyses and to support the work of outside legal counsel, accountants and other advisors. The current environment also increasingly demands the use of multiple disciplinary service offerings like ours, which combine skills and expertise, such as financial reporting skills, forensic accounting investigative skills like those offered by our Corporate Finance/Restructuring and Forensic and Litigation Consulting segments and technology management services like those offered by our Technology segment, with business and practical experience. In efforts to advance legislative and policy objectives, clients also increasingly rely on our Economic Consulting segment to provide substantive economic analyses and white papers that demonstrate the economic effects of various alternative scenarios.
- **Financial Fraud and Reform.** The pace at which alleged and actual fraudulent activities are investigated or come to light may put significant strain on the resources of law enforcement and other agencies. As a result, outside resources have increasingly been engaged to help law enforcement and



prosecutors identify and recover illegal financial and other benefits and prosecute the perpetrators. We believe that the investigation of financial frauds and the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act could continue to drive demand for forensic accounting investigative skills like those offered by our Forensic and Litigation Consulting segment and e-discovery tools like those offered by our Technology segment.

- **M&A Activity.** The overall strength of the economy and M&A activity are important drivers for our businesses. In a weak economy and during periods of decreased M&A activity, we experience weaker demand for our economic consulting experts and our forensic and litigation consulting and transaction advisory services offered by our Corporate Finance/Restructuring segment, as transactions are delayed or abandoned and fewer transactions come to fruition. However, companies may need our services if transactions are renegotiated, or transactions that have been completed do not perform as expected. In times of strong economic growth and increased M&A activity, companies and regulators engage our Economic Consulting segment for advice on issues such as antitrust regulations and enforcement and intellectual property matters. M&A clients employ our Corporate Finance/Restructuring segment for services such as due diligence investigations, asset valuations and financing advice. Our Economic Consulting professionals provide antitrust/competition and expert advisory services globally for large and multi-national M&A transactions. M&A clients also utilize our Strategic Communications segment for services such as public relations, media and investor communications.
- **Litigation and Disputes.** The volume of litigation and business disputes, the complexity of the issues presented, and the amount of potential damages and penalties drive demand for the services offered by our Forensic and Litigation Consulting, Technology and Economic Consulting segments. Law firms and their clients as well as government regulators and other interested third parties rely on independent outside resources to evaluate claims, facilitate discovery, assess damages, provide expert reports and testimony, manage the pre-trial and in-trial process and effectively present evidence.
- **Integrated and Consultative Approach to Managing Events.** Our breadth and depth of service offerings and industry expertise across the globe drive demand by multinational corporations who seek our integrated services and consultative approach covering different aspects of event driven occurrences, reputational issues and transactions across different jurisdictions.
- **Multinational Firms and Changes in Non-U.S. Markets.** The growth of multinational firms and global consolidation can precipitate increased antitrust and competition scrutiny and the spread internationally of issues and practices that historically have been more common in the U.S., such as increased and complex litigation, government regulation and corporate restructuring activities. These developments help drive demand for the services offered by our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting and Technology segments. The need to store, retrieve and transmit data among different jurisdictions that have different languages, privacy and other laws also drives demand for the services offered by our Technology segment. Multinational firms also need to establish global branding, investor relations and communications strategies, which drive demand for our communications services.
- **Growth of Companies in the Developing World.** Growth companies in the developing world that access markets in developed countries recognize that the need for capital and compliance with the regulatory and other requirements of multiple countries necessitate expert advice and services, which drives demand for the services of our Corporate Finance/Restructuring, Economic Consulting and Strategic Communications segments.

## Our Competitive Strengths

We compete primarily on the basis of the breadth of our services, the quality of our work, the prominence of our professionals, our geographic reach, our reputation and performance record, our specific industry expertise, our ability to staff multiple significant engagements across disciplines and industries in multiple locations, and our strong client relationships. We believe our success is driven by a combination of long-standing competitive strengths, including:

- **Preeminent Practices and Professionals.** We believe that our operating segments include some of the preeminent practices and professionals in our industry today. The Deal Pipeline bankruptcy league tables published in November 2012, ranked our Corporate Finance/Restructuring segment as the number two crisis management firm based on the value of active bankruptcy cases as of September 30, 2012. In October 2012, Mergermarket ranked our Strategic Communications segment at the top of the global, Europe and Asia-Pacific (excluding Japan) league tables as the most active public relations adviser on M&A transactions by number of matters for the first three quarters of 2012. Our Economic Consulting segment includes six former chief economists of the Antitrust Division of the Department of Justice, one former chief economist of the Federal Trade Commission, two former chief economists of the Federal Communications Commission, and two former chief economists of the Securities and Exchange Commission, and maintains access to numerous other high-profile academic consultants, including three Nobel Prize winners.
- **Diversified Revenue Sources.** We believe we offer a diversified portfolio of services, which we have organized into five operating segments. In 2012, we expanded the capabilities of our Corporate Finance/Restructuring segment to provide restructuring services in the Asia-Pacific region through the acquisition of the former KordaMentha (QLD) restructuring practice. We also acquired The Salter Group, which expanded our Corporate Finance/Restructuring segment to include asset and business valuation services with an emphasis on the media and entertainment industry. In addition, we acquired the consulting business of ThinkFirst LLC, which expanded our offerings of operational and financial advisory services to the healthcare industry in the U.S. We have organized our business segments within four geographic regions consisting of (i) the North America region, which is managed by David Bannister, and is comprised of our 43 U.S. offices located across 19 states and three offices located in Calgary, Toronto and Vancouver Canada, (ii) the Latin America region, which is managed by Frank Holder, and is comprised of eight offices located across five countries — Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is managed by Rod Sutton, and is comprised of 17 offices located across seven countries — Australia, China (including Hong Kong), India, Indonesia, Japan, Philippines and Singapore and (iv) the Europe, Middle East and Africa (EMEA) region, which is managed by Mark Malloch-Brown, and is comprised of 22 offices located across ten countries — Belgium, France, Germany, Ireland, Qatar, Russia, South Africa, Spain, UAE and the United Kingdom. We believe that our broad service offerings, diversity of our revenue streams and global locations help to manage fluctuations due to market conditions in any one of our segments. We believe our diversity helps to mitigate the impact of crises, events and changes in a particular service sector or country.
- **Diversified Portfolio of Elite Clients.** We provide services to a diverse group of clients, including global Fortune 500 companies, FTSE 100 companies, global banks, and local, state and national governments and agencies in the U.S. and other countries. Additionally, a number of major U.S. and internationally recognized law firms refer or engage us on behalf of multiple clients on multiple matters.
- **High Level of Repeat and Referral Business and Attractive, Financial Model.** We derive a substantial portion of our revenues from referrals or repeat clients. Many of our client relationships are long-standing and include multiple contact points within an organization, increasing the depth and continuity of these relationships. We cultivate critical relationships with financial institutions and law firms, which have served as entry points into significant, high-profile and reputation-enhancing engagements. In addition, our Strategic Communications segment has a financial model that includes recurring retainer based engagements. Clients of this segment are typically billed on a fixed-fee basis that reflects

the value added by the business rather than on a time-and-expense basis. Our Technology segment also bills on a unit basis or derives revenues from license fees.

- **Strong Cash Flow.** Our business model has several characteristics that produce consistent cash flows and a relatively low level of capital expenditures. Our strong cash flow supports business operations, capital expenditures, research and development efforts in our Technology segment, and our ability to service our indebtedness and pursue our acquisition and growth strategies.

## Our Business Strategy

We build long-term repeat client relationships based on the quality of our services, our reputation and the recognition of our professionals. We provide diverse complimentary services to meet our clients' needs around the world. We emphasize client service and satisfaction. We aim to build strong brand recognition. The following are key elements of our business strategy:

- **Leverage Our Relationships and Expertise.** We work hard to maintain our existing client relationships and develop new ones. We believe that the strength of our existing client relationships and the quality of our reputation coupled with our recognized industry expertise, successful track record and size are the most critical elements in a decision to retain us. We believe the significant amount of repeat business and referrals that we receive from our clients demonstrates this. We strive to build client relationships on a company-wide basis and encourage cross-selling among our operating segments. Many of our professionals are recognized experts in their respective fields. By successfully leveraging our reputation, experience and broad client base and the expertise of our professionals, we expect to continue to obtain engagements from both existing and new clients.
- **Expand the Breadth of Our Services and Geographic Presence.** We strive to offer our clients comprehensive solutions to their most complex problems, wherever they are in the world. Increasingly, our clients demand expertise across multiple markets and continents. To meet this demand, we provide our clients with a complete suite of services across all five operating segments. In order to better serve our clients and to capitalize on markets for our services across our operating segments, in 2011 we organized our operating segments within four geographic regions consisting of (i) the North America region, which is managed by Dave Bannister and is comprised of our 43 U.S. offices located across 19 states and three offices located in Calgary, Toronto and Vancouver Canada, (ii) the Latin America region, which is managed by Frank Holder, and is comprised of eight offices located across five countries — Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is managed by Rod Sutton, and is comprised of 17 offices located across seven countries — Australia, China (including Hong Kong), India, Indonesia, Japan, Philippines and Singapore and (iv) the Europe, Middle East and Africa (EMEA) region, which is managed by Mark Malloch-Brown, and is comprised of 22 offices located across ten countries — Belgium, France, Germany, Ireland, Qatar, Russia, South Africa, Spain, UAE and the United Kingdom. The regional leader for each of the four geographic regions has responsibility for the business development, supporting our professionals through regional administrative services, and sharing responsibilities with segment leaders for the delivery of services across operating segment and industry lines within such region. FTI Consulting's professionals service clients across regional locations. We also expanded our Corporate Finance/Restructuring segment to offer restructuring services in the Asia-Pacific region through the acquisition of the former QLD practice in Australia, added asset and business valuation services through the acquisition of Salter, with an emphasis on the media and entertainment industry, and added operational and financial consulting expertise through the acquisition of the consulting business of ThinkFirst, with an emphasis on the healthcare industry in the U.S.
- **Selectively Acquire Companies and Integrate Our New Professionals and Capabilities.** We follow a disciplined approach to executing and integrating acquisitions, targeting those that complement our business strategy or operate in an attractive specialized niche. From 2005 through December 31, 2012, we have completed 41 acquisitions that have enhanced and expanded our businesses. In 2012, we expanded our presence in Australia by acquiring the former restructuring practice of QLD. We also acquired Salter,

which expanded our practice to include asset and business valuation services with an emphasis on the media and entertainment industry. In addition, we acquired the consulting business of ThinkFirst, which expanded our offerings of operational and financial advisory services with an emphasis on the healthcare industry in the U.S. We intend to continue to selectively pursue strategic acquisitions. We seek to integrate acquisitions in a way that fosters organic growth and provides synergies or cross-segment, cross-service or cross-geographic growth opportunities. We typically structure our acquisitions to retain the services of key individuals from the acquired companies.

- **Attract and Retain Highly Qualified Professionals.** Our professionals are crucial to delivering our services to clients and generating new business. As of December 31, 2012, we employed 2,993 revenue-generating professionals, many of whom have established and widely recognized names in their respective practice areas and specialized industry expertise. Through our substantial staff of highly qualified professionals, we can handle a number of large, complex assignments simultaneously. To attract and retain highly qualified senior managing directors and managing directors, we offer significant compensation opportunities, including sign-on bonuses, forgivable loans, retention bonuses, incentive bonuses and equity compensation, along with a competitive benefits package and the chance to work on challenging engagements with other highly skilled professionals. We have employment arrangements with substantially all of our senior managing directors that include non-competition and non-solicitation obligations.
- **Optimize Utilization and Billing Rates of FTI Consulting Professionals who Bill on an Hourly Basis.** The professionals in our Corporate Finance/Restructuring, Economic Consulting and Forensic and Litigation Consulting segments primarily bill on an hourly basis. Our goal is to manage growth to maintain high utilization rates rather than intermittently expand our staff in anticipation of short-term increased demand. We carefully monitor and strive to attain utilization rates that allow us to maintain our profitability, make us less vulnerable to fluctuations in our workload and minimize seasonal factors affecting utilization. A significant number of our professionals have skill sets that allow us to reassign them to new engagements in different operating segments or practices within segments as staffing needs may arise. The nature of our services also allows us to bill premium rates for the services of certain revenue-generating professionals or with respect to certain engagements, which enhances our profitability. As we have expanded our business offerings and our mix of business has changed, utilization has become a less meaningful measure of productivity and profitability as we enter into more flexible client arrangements that may not be billed on a per hour basis. This is true, particularly with respect to our Strategic Communications segment, which has a larger proportion of retainer-based or fixed-fee revenues, and our Technology segment, which also bills on a unit basis or derives revenues from license fees.
- **Build Brand Recognition.** We primarily market our services through the FTI Consulting brand around the world. Our branding initiatives include investment in corporate sponsorships, such as our golf sponsorship arrangements with Charles Howell III and Webb Simpson, strategic placement of print media in specialty journals, the publication of the FTI Consulting Journal, a dedicated magazine that is available on the Internet and free of charge to our clients and stakeholders, brand placement in strategic locations where our clients are likely to congregate, and sponsorships of participation in high profile conferences and seminars. We also advertise on select network and cable television programs and in select sports venues that we believe are of interest to the companies that use or have need for services. Our professionals are also widely published.

## Our Employees

Our success depends on our ability to attract and retain our expert professional work force. Our professionals include PhDs, MBAs, JDs, CPAs, CPA-ABVs (who are CPAs accredited in business valuations), CPA-CFFs (who are CPAs certified in financial forensics), CRAs (certified risk analysts), Certified Turnaround Professionals, Certified Insolvency and Reorganization Advisers, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. During the period from

December 31, 2011 to December 31, 2012, we increased the number of revenue-generating professionals by approximately 5% to 2,993 and we increased our total number of employees by approximately 3% to 3,915. We also engage independent contractors to supplement our professionals on client engagements as needed. Most of our professionals have many years of experience in their respective fields of practice, and are well recognized for their expertise and experience. None of our employees are subject to collective bargaining contracts or are represented by a union, except that our 107 employees in Brazil are unionized, of which 32 and 75, respectively, are subject to collective bargaining agreements that are renegotiable in August and January of each year. We believe our relationship with our employees, including our employees in Brazil, is good.

### **Employment Agreements**

As of December 31, 2012, we had written employment arrangements with substantially all of our 379 senior managing directors and senior vice presidents (collectively, "SMDs"), of which 219 employment agreements have fixed terms ending between 2013 and 2022. Of such written agreements, 209 provide that at the end of the initial term they automatically renew for successive year-to-year terms, unless either party provides advance written notice of non-renewal. Of the 219 agreements, 78 will come up for renewal in 2013 and 29 will come up for renewal in 2014, primarily as a result of such agreements being subject to the year to year annual extension terms for participants who joined the Senior Managing Director Incentive Compensation Program, or the ICP, in 2006 or because the initial five year terms for participants who joined the ICP in 2007 are coming to an end. All of our written employment arrangements with SMDs include covenants providing for restrictions on the SMD's ability to compete and solicit the employees of the Company following the end of their employment. Employment arrangements under the ICP are discussed below.

The employment agreements with employees at the SMD and equivalent level generally provide for fixed salary and participation in incentive payment programs (which in some cases may be based on financial measures such as earnings before interest, taxes, depreciation and amortization, or EBITDA). They may also provide for long-term equity incentives in the form of stock options and/or restricted stock awards. In some cases, we extend unsecured general recourse forgivable loans to professionals. We believe that the loan arrangements enhance our ability to attract and retain professionals. Some or all of the principal amount and accrued interest of the loans we make to employees will be forgiven by us upon the passage of time, provided that the professional is an employee on the forgiveness date, and upon other specified events, such as death, disability and, in some cases, retirement or termination without cause, as applicable to such loan. Our executive officers are not eligible to receive loans and no loans have been made to them.

Generally, our employment agreements with SMDs provide for salary continuation benefits, accrued bonuses and other benefits beyond the termination date if such professional leaves our employ for specified reasons prior to the expiration date of the employment agreement. The length and amount of payments to be paid by us following the termination or resignation of a professional varies depending on whether the person resigned for "good reason" or was terminated by us with "cause," resigned without "good reason," retires or does not renew, or was terminated by us without "cause," died or became "disabled," or was terminated as a result of a "change in control" (all such terms as defined in such professional's employment agreement). These employment agreements contain non-competition and non-solicitation covenants, which under specified circumstances may extend beyond the expiration or termination of the employment term. Under the non-competition covenants, the professional generally agrees not to offer or perform services of the type performed during his employment with us, directly or indirectly through another person or entity, in competition with us, within specified geographic areas, subject, in some cases, to specified exceptions. Generally, such professionals also agree not to solicit business regarding any case, matter or client with or on which such professional worked on our behalf, or to solicit, hire, or influence the departure of any of our employees, consultants or independent contractors. In these employment agreements, the professionals also agree to maintain the confidentiality of our proprietary information and affirm that we are the owners of copyrights, trademarks, patents and inventions developed during the course of their employment.

## Senior Managing Director Incentive Compensation Program and Employment Terms

In 2006, we implemented our ICP, which is designed to align the interests of SMDs with the interests of our company and its stakeholders. As of December 31, 2012, there were 89 SMDs participating in the ICP from our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications segments, representing approximately 36%, 23%, 4%, 43% and 10%, respectively, of the total SMDs within each segment participating in the ICP. Senior management designates the participants in the ICP, subject to approval by the Compensation Committee of our Board of Directors. As current written employment agreements approach the end of their initial terms or one-year automatic renewal periods, or as part of our annual performance evaluation process, we consider whether current participants should be eligible for additional benefits by promoting participating SMDs to higher participation levels within the ICP and annually we consider admitting new SMDs into the program. We intend to continue to admit SMDs from our operating segments into the ICP on a case-by-case basis. Our executive officers are not eligible to participate in the ICP.

The benefits under our ICP include a cash payment in the form of an unsecured general recourse forgivable loan. We also provide significant additional equity awards upon participants entering the program and during the term of their employment in the form of annual and recurring stock option and restricted stock awards or, alternatively, cash payments if we do not have adequate equity securities available under stockholder approved equity plans, upon admission to the program and execution of a new employment agreement or upon moving up to a higher tier in the ICP.

We funded unsecured general recourse forgivable loans in an aggregate amount of approximately \$23.0 million in 2006, \$22.0 million in 2007, \$7.3 million in 2008, \$7.9 million in 2009, \$9.3 million in 2010, \$8.7 million in 2011, and \$9.9 million in 2012 to SMDs participating in the ICP. In each of those years, we also funded approximately \$8.0 million, \$13.0 million, \$19.0 million, \$31.3 million, \$37.4 million, \$34.3 million and \$51.5 million, respectively, of unsecured forgivable loans to other key professionals. We continue to fund forgivable loans to new hires and professionals who join us in connection with acquisitions as well as current employees on a case-by-case basis. The amount of forgivable loans we make could be significant.

We awarded stock options to purchase an aggregate of 685,000 shares of our common stock and awarded 99,500 shares of restricted stock in 2006, stock options to purchase an aggregate of 730,000 shares of our common stock and 140,000 shares of restricted stock in 2007, stock options to purchase an aggregate of 117,000 shares of common stock and 19,620 shares of restricted stock in 2008, stock options to purchase an aggregate of 219,000 shares of common stock and 37,500 shares of restricted stock in 2009, stock options to purchase an aggregate of 237,000 shares of common stock and 37,500 shares of restricted stock in 2010, stock options to purchase an aggregate of 207,000 shares of our common stock, cash settled stock appreciation rights of 63,000 and 43,500 shares of restricted stock in 2011, and stock options to purchase an aggregate of 322,000 shares of our common stock, and awarded 51,500 shares of restricted stock in 2012 to SMDs upon their first joining the ICP or qualifying to move up to a higher participation tier. We also awarded additional stock options to purchase an aggregate of 42,000 shares of our common stock and 46,000 shares of restricted stock in 2007, stock options to purchase an aggregate of 61,480 shares of our common stock and 94,840 shares of restricted stock in 2008, stock options to purchase an aggregate of 117,750 shares of our common stock and 177,178 shares of restricted stock in 2009, stock options to purchase an aggregate of 220,582 shares of common stock and 299,890 shares of restricted stock in 2010, stock options to purchase an aggregate of 178,815 shares of our common stock and 199,008 shares of restricted stock in 2011, and stock options to purchase an aggregate of 145,075 shares of our common stock, cash settled stock appreciation rights of 2,834 and 191,136 shares of restricted stock in 2012, in substitution of a portion of such year's annual bonus payments and as matching equity awards to SMDs participating in the ICP. Additional ICP awards will also be granted in 2013 and years thereafter to previously admitted participants based on each participant's annual bonus award for the prior bonus year and as SMDs join or move to higher tiers under the program. We also anticipate making equity awards to members of management and other employees during 2013 and such awards may be significant.

## **Sales of Services**

We rely primarily on our senior professionals to identify and pursue business opportunities. Referrals from clients, law firms and other intermediaries and our reputation from prior engagements are also key factors in securing new business. Our professionals often learn about new business opportunities from their frequent contacts and close working relationships with clients. In marketing our services, we emphasize our experience, the quality of our services and our professionals' particular areas of expertise, as well as our ability to quickly staff new and large engagements. While we aggressively seek new business opportunities, we maintain high professional standards and carefully evaluate potential new client relationships and engagements before accepting them.

We have a dedicated staff of 25 marketing and sales professionals who are tasked primarily with marketing the services of our Forensic and Litigation Consulting, Strategic Communications and Technology segments. These and other segments may also directly market their services through dedicated marketing professionals employed at such segment level.

## **Clients**

We provide services to a diverse group of clients, including global Fortune 500 companies, FTSE 100 companies, global banks, major law firms and local, state and national governments and agencies in the U.S. and other countries throughout the world.

A substantial portion of our revenues are derived from repeat or referral business. From December 31, 2011 through December 31, 2012, no single client accounted for more than 10% of our consolidated revenues. For the same period, no single client accounted for more than 10% of the revenues of any of our operating segments, except for two clients who accounted for approximately 46% of the revenues of our Technology segment. The loss of one or more such clients by the Technology segment would not have a material adverse effect on FTI Consulting and our subsidiaries as a whole but could have a material adverse effect on such segment if that business was not quickly replaced. In some cases, we may have engagements through law firms that represent a larger percentage of our overall revenue or the revenue of a segment; however, each law firm engages us on behalf of multiple clients.

## **Competition**

We do not compete against the same companies across all of our segments, practices or services. Instead we compete with different companies or businesses of companies depending on the particular nature of a proposed engagement and the requested types of service(s) or the location of the client or delivery of the services. Our businesses are highly competitive. Our competitors include large organizations, such as the global accounting firms and large management and financial consulting companies, which offer a broad range of consulting services, investment banking firms, consulting and software companies, which offer niche services that are the same or similar to services or products offered by one or more of our segments, and small firms and independent contractors that provide one or more specialized services.

We compete primarily on the basis of the breadth of our services, the quality of our work, the prominence of our professionals, our geographic reach, our reputation and performance record, our specific industry expertise, our ability to staff multiple significant engagements across disciplines and industries in multiple locations, and our strong client relationships. Our Technology segment, and to a lesser extent our other segments, may also compete on price, although the critical nature of our services, particularly those provided by our Corporate Finance/Restructuring, Forensic and Litigation Consulting and Economic Consulting segments, typically makes price a secondary consideration. Since our businesses depend in a large part on professional relationships, there are low barriers of entry for professionals, including our professionals, electing to work independently, start their own firms or change employers.

Our Corporate Finance/Restructuring segment primarily competes with specialty boutiques providing restructuring or M&A services, and to a lesser extent large investment banks and global accounting firms. Our Forensic and Litigation Consulting segment primarily competes with other large consulting companies with service offerings similar to ours. Our Economic Consulting segment primarily competes with individually recognized economists, specialty boutiques and large consulting companies with service offerings similar to ours. Our Technology segment primarily competes with consulting and software providers specializing in the discovery of specific electronic information and the management of electronic content. There continues to be significant consolidation of companies providing services similar to our Technology segment, through M&A and other transactions with larger, diversified technology and other companies, which may provide some competitors access to greater financial and other resources than those of the Company. In addition, new and existing competitors have competed more aggressively against the Technology segment on the basis of price, particularly with respect to hosting and e-discovery services. Our Strategic Communications segment competes with the large public relations firms and boutique M&A and crisis management communications firms. Our Strategic Communications segment has been experiencing competitive downward fee pressure on higher margin types of engagements.

Some service providers are larger than we are and on certain engagements may have an advantage over us with respect to one or more competitive factors. Specialty boutiques or smaller local or regional firms, while not offering the range of services we provide, may compete with us on the basis of geographic proximity, specialty services or pricing advantages.

### **Patents, Licenses and Trademarks**

We consider the Ringtail® software and other technologies and software to be proprietary and confidential. We have also developed other e-discovery software products under the Ringtail® brand, which we consider proprietary and confidential. We consider our TrialMax® comprehensive trial preparation software to be proprietary and confidential. The Ringtail® and TrialMax® software and technology are not protected by patents. We rely upon non-disclosure agreements and contractual agreements and internal controls, including confidentiality and invention disclosure agreements with our employees and independent contractors, and license agreements with third parties, to protect our proprietary information. Despite these safeguards, there is a risk that competitors may obtain and seek to use such intellectual property.

We hold 38 U.S. patents and have 24 U.S. patent applications pending, including one U.S. provisional patent application, covering various aspects of certain software of our Technology segment. We do not have any pending international patent applications filed under the Patent Cooperation Treaty. However, we hold seven non-U.S. patents issued in Canada and Europe and 31 non-U.S. patent applications pending in Canada and Europe. No additional patent applications have been issued or are pending in other countries, covering various aspects of software of our Technology segment. We have one pending U.S. patent application and no pending foreign patent applications, covering clock auctions. We also rely upon non-disclosure, license and other agreements to protect our interests in these products.

We have also developed marketing language, such as “The Company Behind the Headlines” and “Critical Thinking at the Critical Time” and logos and designs that we have registered or taken steps to register and protect. In some cases, but not all, the trademarks have been registered in the U.S. and/or foreign jurisdictions, or, in some cases, applications have been filed and are pending. In the case of “FTI,” we use the trademark pursuant to a Consent and Coexistence Agreement entered into in May 2003. We believe we take the appropriate steps to protect our trademarks and brands.

### **Corporate Information**

We incorporated under the laws of the State of Maryland in 1982. We are a publicly traded company with common stock listed on the New York Stock Exchange, or NYSE, under the symbol “FCN.” Our executive offices are located at 777 South Flagler Drive, Suite 1500 West Tower, West Palm Beach, Florida 33401. Our telephone number is 561-515-1900. Our website is <http://www.fticonsulting.com>.



## Financial Information on Industry Segments and Geographic Areas

We manage and report operating results through five reportable operating segments. We also administratively manage our business through four geographic regions. See “Risk Factors — Risks Related to our Operations” for a discussion of risks related to international operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 19 in the “Notes to Consolidated Financial Statements” for a discussion of revenues, net income and total assets by business segment and revenues for the U.S. and all foreign countries as a group.

## Available Information

We are subject to the information requirements of the Exchange Act. Therefore, we file periodic reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

We make available, free of charge, on or through our website at [www.fticonsulting.com](http://www.fticonsulting.com), our annual, quarterly and current reports and any amendments to those reports, as well as our other filings with the SEC, as soon as reasonably practicable after electronically filing them with the SEC. Information posted on our website is not part of this Annual Report on Form 10-K or any other report filed with the SEC in satisfaction of the requirements of the Exchange Act. Copies of this Annual Report on Form 10-K as well as other periodic reports filed with the SEC may also be requested at no charge from our Corporate Secretary, FTI Consulting, Inc. 777 South Flagler Drive, Suite 1500 West Tower, West Palm Beach, Florida, telephone number 561-515-1900.

## ITEM 1A. RISK FACTORS

*All of the following risks could materially and adversely affect our business, financial condition and results of operations. In addition to the risks discussed below and elsewhere in this Annual Report on Form 10-K, other risks and uncertainties not currently known to us or that we currently consider immaterial could, in the future, materially and adversely affect our business, financial condition and financial results.*

### **Risks Related to Our Operating Segments**

***Changes in capital markets, M&A activity and legal or regulatory requirements and general economic or other factors beyond our control could reduce demand for our services, in which case our revenues and profitability could decline.***

A number of factors outside of our control affect demand for our services. These include:

- fluctuations in U.S. and global economies in general and the strength and rate of any general economic recovery from the economic recessions experienced by the U.S. and other countries;
- the U.S. or global financial markets and the availability, costs and terms of credit;
- the level of leverage incurred by countries or businesses;
- M&A activity;
- over-expansion by businesses causing financial difficulties;
- business and management crises;
- new and complex laws and regulations or changes of enforcement of existing laws, rules and regulations;
- other economic and geographic factors; and
- general business conditions.

Our Corporate Finance/Restructuring segment provides various restructuring and restructuring-related services to companies in financial distress or their creditors or other stakeholders. In 2012, the Corporate Finance/Restructuring segment continued to experience a decline of revenues derived from restructuring (including bankruptcy) engagements and a reduction in large cases, which resulted in a greater portion of that segment's business being comprised of bankruptcy and restructuring engagements involving mid-size companies and other services. In our experience, mid-size bankruptcy and restructuring engagements are smaller and are more susceptible to cyclical factors such as holidays and vacations and lower utilization during those periods.

Factors outside of our control also drive demand for the services of our operating segments. For example, decreases in litigation filings, class-action suits and regulatory investigations and settlements of proceedings may adversely affect our Forensic and Litigation Consulting, Economic Consulting and Technology segments. Fewer large M&A transactions also negatively affect our Economic Consulting segment. Our Strategic Communications segment has been negatively impacted by the slow economic recovery, the slow recovery of M&A and capital markets transactions and public stock offering activity, and client decisions to reduce, postpone or curtail discretionary spending, resulting in fewer or lower fee retainer engagements.

We are not able to predict the positive or negative effects that future events or changes to the U.S. or global economies, financial markets and business environments could have on our operations. Changes to any of the factors described above as well as other events, including by way of example, continuing contractions of world economies, banking, credit markets, real estate and retail or other industries, credit defaults by businesses and countries, new legislation, changes to laws and regulations, including changes to the bankruptcy code, tort reform, banking reform, or a decline in government enforcement or litigation or monetary damages or remedies that are sought, may have adverse effects on one or more of our segments.

***Our revenues, operating income and cash flows are likely to fluctuate.***

We experience periodic fluctuations in our revenues, operating income and cash flows and expect that this will continue to occur in the future. We experience fluctuations in our annual or quarterly revenues and operating income because of the timing and duration of our client assignments, utilization of our revenue-generating professionals, the types of assignments we are working on at different times, the geographic locations of our clients or where the services are rendered, the length of billing and collection cycles, new hiring, business and asset acquisitions, decreased productivity because of vacations taken by our professionals and economic factors beyond our control. Our profitability is likely to decline if we experience an unexpected variation in the number or timing of client assignments or in the utilization rates of our professionals, especially during the third and fourth quarters when substantial numbers of our professionals take vacations. We may also experience future fluctuations in our cash flows because of increases in employee compensation, including changes to our incentive compensation structure and the timing of incentive payments, which we generally pay during the first quarter of each year, or hiring or retention payments which are paid throughout the year. Also, the timing of future acquisitions and the cost of integrating them may cause fluctuations in our operating results.

***Our segments may face risks of fee non-payment, clients may seek to renegotiate existing fees and contract arrangements, and clients may not accept billable rate or price increases, which could result in loss of clients, fee write-offs, reduced revenues and less profitable business.***

Our segments are engaged by certain clients who are experiencing or anticipate experiencing financial distress or are facing complex challenges that could result in financial liabilities. This is particularly true in light of the current slow economic recovery, and lingering effects of the financial market and real estate downturns and the recession. Such clients may not have sufficient funds to continue operations or to pay for our services. We typically do not receive retainers before we begin performing services on a client's behalf in connection with a significant number of engagements in our Forensic and Litigation Consulting and Economic Consulting segments, including with respect to bankruptcy engagements. In the cases where we have received retainers, we cannot assure the retainers will adequately cover our fees for the services we perform on behalf of these clients. With respect to bankruptcy cases, bankruptcy courts have the discretion to require us to return all, or a portion of, our fees.

We have received requests to discount our fees or to negotiate lower rates for our services and to agree to contract terms relative to the scope of services and other terms that may limit the size of an engagement or our ability to pass through costs. We consider these requests on a case-by-case basis. We have been receiving these types of requests and negotiations more frequently as the economy has deteriorated and recovered slowly. In addition, our clients and prospective clients may not accept rate increases that we put into effect or plan to implement in the future. Fee discounts, pressure to not increase or even decrease our rates and less advantageous contract terms, could result in the loss of clients, lower revenues and operating income, higher costs and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations. There is no assurance that significant client engagements will be renewed or replaced in a timely manner or if at all, or that client engagements will generate the same volume of work or revenues, and be as profitable as past engagements. In addition, certain of our segments have been experiencing more competitive downward fee pressures.

The clients of certain of our sub-practices prefer fixed and other alternative fee arrangements that place cost ceilings or other limitations on our fee structure or may shift more of our revenue generating potential to back end "success fee" or contingent arrangements. With respect to such alternative arrangements, we may discount our rates initially, which could mean that the cost of providing services exceeds the fees collected by the Company during the term of the engagement. In such cases, the Company's failure to manage the engagement efficiently or collect the success or performance fees could expose the Company to a greater risk of loss on such engagement than other fee arrangements, or may cause variations in the Company's revenues and operating results due to the timing of achieving the performance-based criteria, if achieved at all. Our segment's ability to service clients with these fee arrangements at a cost that does not directly correlate to time and materials may

negatively impact or result in a loss of the profitability of such engagement, adversely affecting the financial results of the segment. In addition, our Technology segment has experienced significant price competition from lower cost competitors.

***Our Technology segment faces certain risks, including the risk that (i) its proprietary software products may be subject to technological changes and obsolescence, which would make it more difficult for us to compete and (ii) we may not effectively protect the intellectual property used by that segment.***

The success of our technology business and its ability to compete depends, in part, upon our technology and other intellectual property, including our proprietary Ringtail® software, Acuity™ e-discovery offering and other proprietary information and intellectual property rights. The software and products of our Technology segment are subject to rapid technological innovation. There is no assurance that we will successfully develop new versions of our Ringtail® software or other products. Our software may not keep pace with industry changes and innovation. There is no assurance that new, innovative or improved software or products will be developed, compete effectively with the software and technology developed and offered by competitors, or be accepted by our clients or the marketplace. If our Technology segment is unable to develop and offer competitive software and products or is otherwise unable to capitalize on market opportunities, the revenues, net income and growth of the Technology segment and the Company could decline.

We rely on a combination of copyright, trademark, patent laws, trade secrets, confidentiality procedures and contractual provisions to protect these assets. Our Ringtail® software and related documentation are protected principally under trade secret and copyright laws, which afford only limited protection, and the laws of some foreign jurisdictions provide less protection for our proprietary rights than the laws of the U.S. Certain aspects of our Technology segment software are protected by patents granted in the U.S. and foreign jurisdictions. Unauthorized use and misuse of our intellectual property could have a material adverse effect on our business, financial condition and results of operations and the legal remedies available to us may not adequately compensate us for the damages caused by unauthorized use.

***We may not manage our growth effectively and our profitability may suffer.***

We experience fluctuations in growth of various operating segments with periods of rapid or declining growth. Periods of rapid expansion of our business may strain our management team, human resources and information systems. We cannot assure that we can successfully manage the integration of the companies and assets we acquire or that they will result in the financial, operational and other benefits that we anticipate. To manage growth successfully, we may need to add qualified managers and employees and periodically update our operating, financial and other systems, as well as our internal procedures and controls. We also must effectively motivate, train and manage a larger professional staff. Some acquisitions may not be immediately accretive to earnings and some expansion may result in significant expenditures, which may adversely affect profitability in the near term. If we fail to add qualified managers, employees and contractors, estimate costs or manage our growth effectively, our business, financial results and financial condition may be harmed.

In periods of declining growth, underutilized employees and contractors may result in expenses and costs being a greater percentage of revenues. In such situations, we will have to weigh the benefits of decreasing our workforce or limiting our service offerings and saving costs against the detriment that the Company could experience from losing valued professionals and their industry expertise and clients.

#### **Risks Related to Our Operations**

***If we do not effectively manage the utilization of our professionals our financial results could decline.***

If we fail to manage the utilization of our professionals who bill on an hourly basis or maintain or increase the hourly rates we charge our clients for our services, we may experience adverse consequences, such as non- or lower-revenue-generating professionals, the loss of clients and engagements, the inability to appropriately staff

engagements, or special charges associated with reductions in staff or operations. In such event, our financial results may decline or be adversely impacted. A number of factors affect the utilization of our professionals. Some of these factors we cannot predict with certainty, including general economic and financial market conditions, the number, size and timing of client engagements, the level of demand for our services, appropriate professional staffing levels in light of changing client demands, utilization of professionals across segments and geographic regions, acquisitions and staff vacations. Factors that could negatively affect utilization in our Corporate Finance/Restructuring segment include the completion of bankruptcy proceedings, completion of current engagements, fewer and smaller restructuring (including bankruptcy) cases, a recovering or strong economy, easy credit availability, low interest rates and less M&A or capital markets activity. Factors that could negatively affect utilization in our Forensic and Litigation Consulting segment include the settlement of litigation, fewer and less complex legal disputes, fewer class action suits, the timing of the completion of engagements, less government regulation or fewer regulatory investigations and the timing of government investigations and litigation. Factors that could adversely affect utilization in our Economic Consulting segment include less M&A or capital markets activity or fewer complex transactions, a reduced number of regulatory filings and less litigation, reduced antitrust and competition regulation, fewer government investigations and proceedings and timing of client utilization of our services. Our global expansion into or within locations where we are not well known or where demand for our services is not well developed could also contribute to low or lower utilization rates in certain locations.

Our Technology segment derives revenue from consulting services, e-discovery services, recurring licensing fees and the amount of data hosted for a client. Factors that could adversely affect our Technology segment's revenues include the settlement of litigation and a decline in and less complex litigation proceedings and governmental investigations. Our Strategic Communications segment derives revenues from fixed fee and retainer based contracts. Factors that could adversely affect our Strategic Communications segment's revenues include a decline in M&A or capital markets activity, fewer event driven crises affecting businesses, fewer public securities offerings and general economic decline that may reduce certain discretionary spending by clients.

Our segments may enter into engagements on a fixed-fee basis. Failure to effectively manage professional hours and other aspects of fixed-fee engagements may result in the costs of providing such services exceeding the fees collected by the Company. Failure to successfully complete or reach milestones with respect to contingent fee or success fee assignments may also lead to less revenue or the costs of providing services under those types of arrangements exceeding the fees collected by the Company.

***Our international operations involve special risks.***

Primarily as a result of acquisitions, we operate in 23 countries in addition to the U.S. We expect to continue our international expansion, and our international revenues are expected to account for an increasing portion of our revenues in the future. For the year ended December 31, 2012, operations outside of the U.S. accounted for approximately 26% of our total revenues, of which approximately 30% were generated by our Strategic Communications segment, 25% were generated by our Corporate Finance/Restructuring segment, 21% were generated by our Forensic and Litigation Consulting segment, 19% were generated by our Economic Consulting segment, and 5% were generated by our Technology consulting segment.

Our international operations involve financial and business risks that differ from or are in addition to those faced by our U.S. operations, including:

- cultural and language differences;
- limited "brand" recognition of FTI Consulting in non-U.S. markets;
- employment laws and rules and related social and cultural factors that could result in lower utilization rates and cyclical fluctuations in utilization and revenues;
- currency fluctuations between the U.S. dollar and foreign currencies that could adversely affect financial and operating results;

- different regulatory requirements and other barriers to conducting business;
- greater difficulties in resolving the collection of receivables when legal proceedings are necessary;
- greater difficulties in managing our non-U.S. operations in certain locations;
- higher operating costs;
- longer sales and payment cycles;
- restrictions or adverse tax consequences for the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- different or less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

If we are not able to quickly adapt to or effectively manage our geographic markets outside of the U.S., our business prospects and results of operations could be negatively impacted.

### **Risks Related to Our People**

***Our failure to retain and recruit qualified professionals could negatively affect our financial results and our ability to staff client engagements, maintain relationships with clients and drive future growth.***

We deliver sophisticated professional services to our clients. To attract and retain clients, we need to demonstrate professional acumen and build trust and strong relationships. Our professionals have highly specialized skills. They also develop strong bonds with the clients they serve. Our continued success depends upon our ability to attract and retain professionals who have expertise, reputations and client relationships critical to maintaining and developing our business. We face intense competition in recruiting and retaining highly qualified professionals to drive our organic growth and support expansion of our services and geographic footprint. We cannot assure that we will be able to attract and retain enough qualified professionals to maintain or expand our business. Moreover, competition has been increasing our costs of retaining and hiring qualified professionals, a trend which could adversely affect our operating margins and financial results.

As of December 31, 2012, we had written employment arrangements with substantially all of our 379 SMDs, of which 219 employment agreements have fixed terms ending between 2013 and 2022. Of such written agreements, 209 provide that at the end of the initial term they automatically renew for successive year-to-year terms, unless either party provides advance written notice of non-renewal. Of the 219 agreements, 78 will come up for renewal in 2013 and 29 will come up for renewal in 2014, primarily as a result of such agreements being subject to the year to year annual extension terms for participants who joined the Senior Managing Director Incentive Compensation Program, or the ICP, in 2006 or because the initial five year terms for participants who joined the ICP in 2007 are coming to an end. All of our written employment arrangements with SMDs include covenants providing for restrictions on the SMD's ability to compete and solicit the employees of the Company following the end of their employment.

Despite the renewal provisions, we could face retention issues at the end of the terms of those agreements and large compensation expenses to secure extensions. There is no assurance we will enter into new long-term employment agreements with other SMDs, although that is our intention. We monitor contract expirations carefully to commence dialogues with professionals regarding their employment well in advance of the actual contract expiration dates. Our goal is to renew employment agreements when advisable and to stagger the expirations of the agreements if possible. Because of the concentration of contract expirations in certain years, we may experience high turnover or other adverse consequences, such as higher costs, loss of clients and engagements or difficulty staffing engagements, if we are unable to renegotiate employment arrangements or the costs of retaining qualified professionals become higher. The admission of additional ICP may result in the concentration of expirations in future years.

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

We make unsecured general recourse forgivable loans and grant stock option and restricted stock awards to attract and retain our professional employees. In 2006, we implemented our ICP, which is designed to align the interests of our professionals with the interests of our Company and its stakeholders. The cost of implementing and retaining our ICP Program has been significant. Participants receive cash payments in the form of unsecured general recourse forgivable loans. We also make forgivable loans to new hires and professionals who join us in connection with acquisitions as well as current employees on a case-by-case basis. Some or all of the principal amount and accrued interest of the loans we make to employees will be forgiven by us upon the passage of time, provided that the professional is an employee on the forgiveness date, and upon other specified events, such as death, disability, termination by us without cause, termination by the employee with good reason or retirement or contract non-renewal, as may be applicable to the relevant employment agreement or loan grant. We expect to continue issuing significant amounts of unsecured general recourse forgivable loans. We also provide significant additional payments under the ICP Program in the form of stock options and restricted stock awards or, alternatively, cash if we do not have adequate equity securities available under stockholder approved equity plans.

In addition, our Economic Consulting segment has contracts with its economists that provide for compensation equal to such professionals annual collected client fees plus a percentage of the annual fees generated by junior professionals working on engagements managed by such professionals, which results in compensation expense for that segment being a higher percentage of revenues and EBITDA than the compensation paid by other segments. We expect that these arrangements will continue and that the Company will enter into similar arrangements with other economists hired by the Company.

***We rely heavily on our executive officers and the heads of our operating segments and geographic regions for the success of our business.***

We rely heavily on our executive officers, the heads of our operating segments and our regional leaders to manage our operations. Given the highly specialized nature of our services and the scale of our operations, our executive officers and senior managers must have a thorough understanding of our service offerings as well as the skills and experience necessary to manage a large organization in diverse geographic locations. If one or more members of our management team leaves and we cannot replace them with suitable candidates quickly, we could experience difficulty in managing our business properly. This could harm our business prospects, client relationships, employee morale and financial results.

***Professionals may leave our company to form or join competitors and we may not have, or may choose not to pursue, legal recourse against such professionals.***

Our professionals typically have close relationships with the clients they serve, based on their expertise and bonds of personal trust and confidence. Therefore, the barriers to our professionals pursuing independent business opportunities or joining our competitors should be considered low. Although our clients generally contract for services with us as a company, and not with individual professionals, in the event that professionals leave, such clients may decide that they prefer to continue working with a professional rather than with our Company. Substantially all of our written employment arrangements with our SMDs include non-competition and non-solicitation covenants. These restrictions have generally been drafted to comply with state "reasonableness" standards. However, states generally interpret restrictions on competition narrowly and in favor of employees. Therefore, a state may hold certain restrictions on competition to be unenforceable. In the case of employees outside of the U.S., we draft non-competition provisions in an effort to comply with applicable foreign law. In the event an employee departs and acts in a way that we believe violates his or her non-competition or non-solicitation agreement, we will consider any legal remedies we may have against such person on a case-by-case basis. We may decide that preserving cooperation and a professional relationship with the former employee or client, or other concerns, outweigh the benefits of any possible legal recourse. We may also decide that the likelihood of success does not justify the costs of pursuing a legal remedy. Therefore, we may, in rare circumstances decide not to pursue legal action, even if it is available to us.

## **Risks Related to Our Client Relationships**

***If we are unable to accept client engagements due to real or perceived relationship issues, our revenues, growth, client engagements and prospects may be negatively affected.***

Our inability to accept engagements from clients or prospective clients, represent multiple clients in connection with the same or competitive engagements, and any requirement that we resign from client engagements may negatively impact our revenues, growth and financial results. While we follow internal practices to assess real and potential issues in the relationships between and among our clients, engagements, practices and professionals, such concerns cannot always be avoided. For example, we generally will not represent parties adverse to each other in the same matter. Under federal bankruptcy rules, we generally may not represent both a debtor and its creditors in the same proceeding, and we are required to notify the U.S. Trustee of real or potential conflicts. Even if we begin a bankruptcy-related engagement, the U.S. Trustee could find that we no longer meet the disinterestedness standard because of real or potential changes in our status as a disinterested party, and order us to resign, which could result in disgorgement of fees. Acquisitions may require us to resign from a client engagement because of relationship issues that are not currently identifiable. In addition, businesses that we acquire or employees who join us may not be free to accept engagements they could have accepted prior to our acquisition or hire because of relationship issues.

***Claims involving our services could harm our overall professional reputation and our ability to compete and attract business and hire and retain qualified professionals.***

Our engagements involve matters that may result in a severe impact on a client's business, cause the client a substantial monetary loss or prevent the client from pursuing business opportunities. Our ability to attract new clients and generate new and repeat engagements or hire professionals depends upon our ability to maintain a high degree of client satisfaction as well as our reputation among industry professionals. As a result, any claims against us involving the quality of our services may be more damaging than similar claims against businesses in other industries.

***We may incur significant costs and may lose engagements as a result of claims by our clients regarding our services.***

Many of our engagements involve complex analysis and the exercise of professional judgment, including litigation and governmental investigatory matters where we act as experts. Therefore, we are subject to the risk of professional liability. Although we believe we maintain an appropriate amount of liability insurance, it is limited. Any claim by a client or a third party against us could expose us to professional or other liabilities in excess of the amount of our insurance limits as well as reputational issues that adversely affect our ability to attract new or maintain existing engagements or clients. Damages and/or expenses resulting from any successful claims against us, for indemnity or otherwise, in excess of the amount of insurance coverage we maintain, would have to be borne directly by us and could harm our profitability and financial resources.

***Our clients may terminate our engagements with little or no notice and without penalty, which may result in unexpected declines in our utilization and revenues.***

Our engagements center on transactions, disputes, litigation and other event-driven occurrences that require independent analysis or expert services. Transactions may be postponed or cancelled, litigation may be settled or be dismissed, and disputes may be resolved, in each case with little or no prior notice to us. If we cannot manage our backlog, our professionals may be underutilized until we can reassign them or obtain new engagements, which can adversely affect financial results.

The engagement letters that we typically enter into with clients do not obligate them to continue to use our services. Typically, our engagement letters permit clients to terminate our services at any time without penalties. In addition, our business involves large client engagements that we staff with a substantial number of professionals. At any time, one or more client engagements may represent a significant portion of a segment's



revenues. For the year ended December 31, 2012, two clients of our Technology segment accounted for approximately 46% of that segment's annual revenues. No other single client accounted for more than 10% of the 2012 revenues of any of our other operating segments. If we are unable to replace clients or revenues as engagements end, clients unexpectedly cancel engagements with us or curtail the scope of our engagements, and we are unable to replace the revenues from those engagements, eliminate the costs associated with those engagements or find other engagements to utilize our professionals, the financial results and profitability of a segment or the Company could be adversely affected.

***We may not have, or may choose not to pursue, legal remedies against clients who terminate their engagements.***

The engagement letters that we typically have with clients do not obligate them to continue to use our services and permit them to terminate the engagement without penalty at any time. Even if the termination of an ongoing engagement by a client could constitute a breach of the client's engagement agreement, we may decide that preserving the overall client relationship is more important than seeking damages for the breach, and for that or other reasons, decide not to pursue any legal remedies against a client, even though such remedies may be available to us. We make the determination whether to pursue any legal actions against a client on a case-by-case basis.

***Failures of our internal information technology systems controls or compromise of confidential client or company information could damage our reputation, harm our businesses and adversely impact our results of operations.***

Our reputation for providing secure information storage and maintaining the confidentiality of proprietary and trade secret information is critical to the success of our businesses, especially our Technology segment which hosts client information as a service. We routinely face attempts by hackers and similar unauthorized users to gain access to our information technology systems, which have been unsuccessful. We expect to continue to face such attempts. Although we seek to prevent, detect and investigate these security incidents and have taken steps to prevent such security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective.

In addition, the Company's own confidential information and that of our clients could be compromised, whether intentionally or unintentionally, by our employees, consultants or vendors. A successful breach compromise of the security of our information technology systems leading to theft or misuse of our own or our clients' proprietary or confidential information, or the public disclosure or use of such information by others, could result in losses, third party claims against us and reputational harm. If our reputation is damaged due to a data security breach or theft or compromise of confidential information, our ability to attract new engagements may be impaired or we may be subjected to damages or penalties, which could negatively impact our businesses, financial condition or results of operations. In addition, if our reputation is damaged, we may become less competitive, which could negatively impact our businesses, financial condition or results of operations.

***Governmental focus on data security could increase our costs of operations.***

In reaction to publicized incidents in which electronically stored information has been lost, illegally accessed or stolen, many states and federal governmental authorities have adopted breach of data security statutes or regulations. In addition, many non-U.S. jurisdictions have data privacy laws applicable to personal information. Continued governmental focus on data security may lead to additional legislative and regulatory action. The increased emphasis on information security and the requirements to comply with applicable U.S. and foreign data privacy laws and regulations may increase our costs of doing business and negatively impact our results of operations.

## **Risks Related to Competition**

***If we fail to compete effectively, we may miss new business opportunities or lose existing clients and our revenues and profitability may decline.***

The market for our consulting services is highly competitive. We do not compete against the same companies across all of our segments, practices, services or geographic regions. Instead we compete with different companies or businesses of companies depending on the particular nature of a proposed engagement and the types of requested service(s) and the location of the client or delivery of the service(s). Our businesses are highly competitive. Our competitors include large organizations, such as the global accounting firms and the large management and financial consulting companies that offer a broad range of consulting services, investment banking firms, consulting and software companies, which offer niche services that are the same or similar to services or products offered by one or more of our segments, and small firms and independent contractors that focus on specialized services. Some of our competitors have significantly more financial resources, a larger national or international presence, larger professional staffs and greater brand recognition than we do. Some have lower overhead and other costs and can compete through lower cost service offerings. Since our business depends in large part on professional relationships, our business has low barriers of entry for professionals electing to start their own firms or work independently. In addition, it is relatively easy for professionals to change employers. If we cannot compete effectively with our competitors or if the costs of competing, including the costs of retaining and hiring professionals, becomes too expensive, our expected revenue growth and financial results may differ materially from our expectations.

***We may face competition from parties who sell us their businesses and from professionals who cease working for us.***

In connection with our acquisitions, we generally obtain non-solicitation agreements from the professionals we hire, as well as non-competition agreements from senior managers and professionals. The agreements prohibit such individuals from competing with us during the term of their employment and for a fixed period afterwards and seeking to solicit our employees or clients. In some cases, but not all, we may obtain non-competition or non-solicitation agreements from parties who sell us their business or assets. The duration of post-employment non-competition and non-solicitation agreements typically range from six- to 12-months. Non-competition agreements with the sellers of businesses or assets that we acquire typically continue longer than 12-months. Certain activities may be carved out of or otherwise may not be prohibited by these arrangements. We cannot assure that one or more of the parties from whom we acquire assets or a business or who do not join us or leave our employment will not compete with us or solicit our employees or clients in the future. Such persons, because they have worked for our Company or a business that we acquire, may be able to compete more effectively with us, or be more successful in soliciting our employees and clients, than unaffiliated third parties.

## **Risks Relating to our Acquisition Strategy**

***If we fail to find suitable acquisition candidates, or if we are unable to take advantage of opportunistic acquisition situations, our ability to expand our business may be slowed or curtailed.***

If the competition for acquisitions increases, or if the cost of acquiring businesses or assets becomes too expensive, the number of suitable acquisition opportunities may decline, the cost of making an acquisition may increase or we may be forced to agree to less advantageous acquisition terms for the companies that we are able to acquire. Alternatively, at the time an acquisition opportunity presents itself, internal and external pressures (including, but not limited to, borrowing capacity under our senior secured bank credit facility or the availability of alternative financing), may cause us to be unable to pursue or complete an acquisition. Our ability to grow our business, particularly through acquisitions, may depend on our ability to raise capital by selling equity or debt securities or obtaining additional debt financing. There can be no assurance that we will be able to obtain financing when we need it or on terms acceptable to us. As a result of these factors, we may be unable to grow our business or expand our client offerings as quickly as we have in the past or as we currently plan.

***We may have difficulty integrating our acquisitions or convincing clients to allow assignment of their engagements to us, which can reduce the benefits we receive from acquisitions.***

A substantial amount of our growth has resulted from acquisitions. The process of managing and integrating our acquisitions into our existing operations may result in unforeseen operating difficulties and may require significant financial, operational and managerial resources that would otherwise be available for the operation, development and expansion of our existing business. To the extent that we misjudge our ability to integrate and properly manage acquisitions, we may have difficulty achieving our operating, strategic and financial objectives.

Acquisitions also may involve a number of special financial, business and operational risks, such as:

- difficulties in integrating diverse corporate cultures and management styles;
- disparate company policies and practices;
- client relationship issues;
- decreased utilization during the integration process;
- loss of key existing or acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial and administrative systems;
- dilutive issuances of equity securities, including convertible debt securities, to finance acquisitions;
- the assumption of legal liabilities;
- future earn-out payments or other price adjustments; and
- potential write-offs relating to the impairment of goodwill or other acquired intangible assets.

In addition to the integration challenges mentioned above, our acquisitions of non-U.S. companies offer distinct integration challenges relating to foreign laws and governmental regulations, including tax and employee benefit laws, and other factors relating to operating in countries other than the U.S., which have been discussed above in the discussion regarding the difficulties we may face operating globally.

Asset transactions may require us to seek client consents to the assignment of their engagements to us or a subsidiary. All clients may not consent to an assignment. In certain cases, such as government contracts and bankruptcy engagements, the consents of clients cannot be solicited until after the acquisition has closed. Further, such engagements may be subject to security clearance requirements or bidding provisions with which we might not be able to comply. There is no assurance that local, state, federal or foreign governments will agree to novate their contracts to us.

***Strategic acquisitions may not be accretive in the near term.***

To compete for strategic acquisitions, competitive market conditions may require us to pay prices that represent a higher multiple of revenues or profits. As a result of these competitive dynamics, certain acquisitions may not be accretive to our overall financial results in the near term.

***We may have a different system of governance and management from the companies we acquire or their parents, which could cause professionals who join us from acquired companies to leave us.***

Our governance and management practices and policies do not mirror the policies and practices of acquired companies or their parents. In some cases, different management practices and policies may lead to workplace dissatisfaction on the part of professionals who join our Company. Some professionals may choose not to join our Company or leave after joining us. Existing professionals may leave us as well. The loss of key professionals may harm our business and results of operations and cause us not to realize the anticipated benefits of the acquisition.

***Due to fluctuations in our stock price, acquisition candidates may be reluctant to accept shares of our common stock as purchase price consideration, use of our shares as purchase price consideration may be more dilutive, and the owners of certain companies we seek to acquire may insist on stock price guarantees.***

We structure many acquisitions to pay a portion of the purchase price in shares of our common stock. The number of shares issued as consideration is typically based on an average closing price per share of our common stock for a number of days prior to the closing of such acquisition. We believe that payment in the form of shares of common stock of FTI Consulting, Inc. provides the acquired entity and its principals with a vested interest in the future success of the acquisition and the Company. The recent extreme volatility of stock markets and the recent decline and volatility of the price per share of common stock of FTI Consulting, Inc. may result in acquisition candidates being reluctant to accept our shares as consideration. In such cases, we may have to issue more shares, if stock constitutes part of the consideration, pay the entire purchase price in cash, or negotiate an alternative price structure. The result may be an increase in the cost of an acquisition.

Certain acquisition related agreements contain stock price guarantees that may result in cash payments in the future if the price per share of FTI Consulting, Inc. common stock falls below a specified per share market value on the date restrictions lapse. Acquisition candidates may continue to negotiate stock price guarantees, particularly in light of stock price volatility, which may increase the cash paid for an acquisition.

#### **Risks Related to our Indebtedness**

***Our leverage could adversely affect our financial condition or operating flexibility and prevent us from fulfilling our obligations under our outstanding Notes, Senior Bank Credit Facility and other outstanding indebtedness.***

Our total consolidated long-term debt as of December 31, 2012 was approximately \$723.0 million, and we have \$348.6 million of undrawn availability under our senior secured bank revolving credit facility entered into in November 2012, or Senior Bank Credit Facility.

Our level of indebtedness could have important consequences on our future operations, including:

- making it more difficult for us to satisfy our payment and other obligations under the notes or our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other covenants contained in the indenture governing the notes and our other outstanding debt agreements, which could result in all of our debt becoming immediately due and payable and could permit the lenders under our Senior Bank Credit Facility to foreclose on the assets securing such debt;
- subjecting us to the risk of increased sensitivity to interest rate increases on our debt with variable interest rates, including the Senior Bank Credit Facility;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our Senior Bank Credit Facility or otherwise in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs.

***Despite our current level of indebtedness, we and our subsidiaries may still incur significant additional indebtedness, which could further exacerbate the risks associated with our substantial indebtedness.***

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The terms of the indentures governing our senior notes due 2020, or 2020 Notes, senior notes due 2022, or 2022 Notes, and collectively referred to as the Notes, and our Senior Bank Credit Facility, limit, but do not prohibit, us from incurring additional indebtedness. In addition, the indentures that govern the Notes will allow us to issue additional indebtedness under certain circumstances which may also be guaranteed by our domestic subsidiaries that guarantee the Notes and the Senior Bank Credit Facility. The indentures for the Notes also allow us to incur certain other additional secured debt, which would be effectively senior to the Notes. In addition, the indentures for the Notes do not prevent us from incurring other liabilities that do not constitute indebtedness. Our ability to incur additional indebtedness may have the effect of reducing the amounts available to pay amounts due with respect to our indebtedness, including the Notes. If we incur new debt or other liabilities, the related risks that we and our subsidiaries now face could intensify.

***We may not be able to generate sufficient cash to service our indebtedness, including the Notes, and we may be forced to take other actions to satisfy our payment obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or to refinance our indebtedness depends on the future performance of FTI Consulting, Inc. and the performance of its subsidiaries, which will be affected by financial, business and economic conditions and other factors. We will not be able to control many of these factors, such as the general economy, economic conditions in the industries in which we operate and competitive pressures. Our cash flow may not be sufficient to allow us to pay principal and interest on our debt and to meet our other obligations, including with respect to the Notes. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, the terms of existing or future debt agreements, including our Senior Bank Credit Facility and the indentures that govern the Notes, may restrict us from pursuing any of these alternatives.

In the event that we need to refinance all or a portion of our outstanding debt before maturity or as it matures, we may not be able to obtain terms as favorable as the terms of our existing debt or refinance our existing debt at all. If interest rates or other factors existing at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to the refinanced debt would increase. Furthermore, if any rating agency changes our credit rating or outlook, our debt and equity securities could be negatively affected, which could adversely affect our financial condition and results of operations.

***Our indebtedness is guaranteed by substantially all of our domestic subsidiaries and will be required to be guaranteed by future domestic subsidiaries, including those that join us in connection with acquisitions.***

Substantially all of our U.S. subsidiaries guarantee our obligations under our Notes and Senior Bank Credit Facility. Future U.S. subsidiaries will be required to provide similar guarantees and, in the case of the Senior Bank Credit Facility, similar security. If we default on any guaranteed indebtedness, our U.S. subsidiaries could be required to make payments under their guarantees, and our senior secured creditors could foreclose on their assets to satisfy unpaid obligations, which would materially adversely affect our business and financial results.

***Our variable rate indebtedness will subject us to interest rate risk, which could cause our annual debt service obligations to increase significantly.***

Borrowings under our Senior Bank Credit Facility will be at variable rates of interest, which expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would

increase even though the amount borrowed remained the same, and our net income would decrease. An increase in debt service obligations under our variable rate indebtedness could affect our ability to make payments required under the terms of the Senior Bank Credit Facility, Notes or our other indebtedness.

***The covenants in our Senior Bank Credit Facility and the indentures governing our Notes impose restrictions that may limit our operating and financial flexibility.***

The Senior Bank Credit Facility includes negative covenants that may, subject to exceptions, limit our ability and the ability of our subsidiaries to, among other things:

- create, incur, assume or suffer to exist liens;
- make investments and loans;
- create, incur, assume or suffer to exist additional indebtedness or guarantees;
- engage in mergers, acquisitions, consolidations, sale-leasebacks and other asset sales and dispositions;
- pay dividends or redeem or repurchase our capital stock;
- alter the business that we and our subsidiaries conduct;
- engage in certain transactions with affiliates;
- modify the terms of certain indebtedness, including the indentures governing the Notes;
- prepay, redeem or purchase certain indebtedness, including the Notes; and
- make material changes to accounting and reporting practices.

In addition, the Senior Bank Credit Facility includes financial covenants that require us (i) not to exceed a maximum leverage ratio, (ii) not to exceed a maximum senior secured leverage ratio, and (iii) to maintain a minimum fixed charge coverage ratio.

The indentures governing the Notes contain a number of significant restrictions and covenants that may limit our ability and our subsidiaries' ability to, among other things:

- incur or guarantee additional indebtedness;
- make certain restricted payments;
- create or incur certain liens;
- create restrictions on the payment of dividends or other distributions to us from our restricted subsidiaries;
- engage in certain sale and leaseback transactions;
- transfer all or substantially all of our assets or the assets of any restricted subsidiary or enter into merger or consolidation transactions with third parties; and
- engage in certain transactions with affiliates.

Operating results below current levels or other adverse factors, including a significant increase in interest rates, could result in us being unable to comply with certain debt covenants. If we violate these covenants and are unable to obtain waivers, our debt under these agreements would be in default and could be accelerated and could permit, in the case of secured debt, the lenders to foreclose on our assets securing the debt thereunder. If the indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason, our cash flows, results of operations or financial condition could be materially and adversely affected. In addition, complying with these covenants may also

cause us to take actions that are not favorable to holders of the Notes and may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

***We may not have sufficient funds to repurchase Notes upon a change of control, and certain strategic transactions may not constitute a change of control.***

The terms of the Notes will require us to make an offer to repurchase the Notes upon the occurrence of a change of control triggering event (as defined under the applicable indentures), in some cases at a premium in excess of the principal amount of such Notes plus accrued interest to the date of the purchase. It is possible that we will not have sufficient funds at the time of the change of control triggering event to make the required repurchase of Notes and will be required to obtain third party financing to do so. We may not be able to obtain this financing on commercially reasonable terms, or on terms acceptable to us, or at all. In addition, the occurrence of certain change of control events may constitute an event of default under the terms of our Senior Bank Credit Facility. Such an event of default would entitle the lenders under our Senior Bank Credit Facility to, among other things, cause all outstanding debt to become due and payable.

We continuously evaluate and may in the future enter into strategic transactions. Any such transaction could happen at any time, could be material to our business and could take any number of forms, including, for example, an acquisition, merger or a sale of all or substantially all of our assets. Moreover, such strategic transactions may or may not be deemed to constitute a change of control triggering event as defined in the indentures that govern the Notes and/or the credit agreement governing our Senior Bank Credit Facility.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None

**ITEM 2. PROPERTIES**

Our executive offices located in West Palm Beach, Florida consist of 16,103 square feet under a lease expiring August 2018. Under leases expiring August 2017, we lease 54,402 square feet of office space for our principal corporate facilities located in Annapolis, Maryland. We also lease offices to support our operations in 34 other cities across the U.S., including New York, Chicago, Denver, Houston, Dallas, Los Angeles, San Francisco and Washington, D.C., and we lease office space to support our international locations in 23 countries—the UK, Ireland, France, Germany, Spain, Belgium, Russia, Australia, China (including Hong Kong), Japan, Singapore, the Philippines, the United Arab Emirates, South Africa, Argentina, Brazil, Colombia, Panama, Mexico, Canada, India, Indonesia and Qatar. We believe our existing facilities are adequate to meet our current requirements and that suitable space will be available as needed.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time in the ordinary course of business, we are subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation, in general, and intellectual property and securities litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings cannot be predicted with any certainty and in the case of more complex legal proceedings, such as intellectual property and securities litigation, the results are difficult to predict at all. We are not aware of any asserted or unasserted legal proceedings or claims that we believe would have a material adverse effect on our financial condition or results of our operations.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable



**PART II**

**ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Price of and Dividends on Our Common Equity and Related Stockholder Matters**

**Market Information.** Our common stock trades on the New York Stock Exchange under the symbol “FCN.” The following table lists the high and low sale prices per share for our common stock based on the closing sales price as reported on the New York Stock Exchange for the periods indicated.

Quarter Ended	2012		2011	
	High	Low	High	Low
March 31	\$44.22	\$37.52	\$38.33	\$32.99
June 30	\$38.09	\$27.59	\$40.48	\$36.39
September 30	\$29.75	\$23.11	\$38.39	\$34.14
December 31	\$33.44	\$24.82	\$43.77	\$34.84

**Number of Stockholders of Record.** As of January 31, 2013, the number of holders of record of our common stock was 262.

**Dividends.** We have not declared or paid any cash dividends on our common stock to date and we do not anticipate paying any cash dividends on our shares of common stock in the foreseeable future because we intend to retain our earnings, if any, to finance the expansion of our business, make acquisitions and for general corporate purposes. Moreover, our Senior Bank Credit Facility and the indentures governing our Notes restrict our ability to pay dividends. See Note 14—“Long-Term Debt and Capital Lease Obligations” to our consolidated financial statements for more information.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table lists information regarding outstanding stock options and authorized shares of common stock reserved for future issuance under our equity compensation plans as of December 31, 2012. None of the plans have outstanding warrants or rights other than options, except for stock awards, including shares of restricted and unrestricted stock, and deferred stock awards, including stock units and restricted stock units. We have not issued any shares of our common stock to employees as compensation under plans that have not been approved by our security holders. The number of securities to be issued upon exercise of outstanding options, warrants and rights included in Column (a) of the following table excludes:

- 60,797 shares of common stock issued as unvested stock awards under our 2004 Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008), or the 2004 Plan;
- 106,144 shares of common stock issued as unvested stock awards under our 2006 Global Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008), or the 2006 Plan;
- 1,502,457 shares of common stock issued as unvested stock awards, restricted stock awards, stock units and restricted stock unit awards under our 2009 Omnibus Incentive Compensation Plan (f/k/a the FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors (as Amended and Restated Effective as of June 2, 2010 (2009 Omnibus Plan))); and
- 137,895 shares of common stock sold under our 2007 Employee Stock Purchase Plan, as amended (ESPP), and 1,255,735 shares deregistered with the SEC on January 30, 2009 upon termination of our ESPP effective January 1, 2009.

**Equity Compensation Plan Information as of December 31, 2012**

<u>Plan Category</u>	<u>(a)</u> Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <u>(in thousands)</u>	<u>(b)</u> Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	<u>(c)</u> Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <u>(in thousands)</u>
Equity compensation plans approved by our security holders	5,140 <sup>(1)</sup>	\$ 35.58	1,701 <sup>(2)</sup>
Equity compensation plans not approved by our security holders	—	—	—
<b>Total</b>	<b>5,140</b>	<b>\$ 35.58</b>	<b>1,701</b>

<sup>(1)</sup> Includes 116,797 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 1997 Stock Option Plan, 1,505,892 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2004 Plan, 1,562,628 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2006 Plan, and 1,954,952 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2009 Omnibus Plan.

<sup>(2)</sup> Includes 17,107 shares of common stock available for issuance under our 2004 Plan, all of which are available for stock-based awards (including deferred stock unit and restricted stock unit awards), 182,668 shares of common stock available for issuance under our 2006 Plan, including 62,810 shares of common stock available for stock-based equity awards, and all shares of common stock available for issuance under our 2009 Omnibus Plan, all of which are available for stock-based awards (including deferred stock unit and restricted stock unit awards).

**Issuances of Unregistered Securities**

As part of the acquisition consideration related to our 2012 acquisitions, we issued an aggregate of 180,649 unregistered shares of our common stock. Below is a discussion of unregistered shares of our common stock issued in connection with acquisitions made in the fourth quarter of 2012, which have not been previously reported in filings with the SEC.

Effective October 1, 2012 (U.S. time), FTI Consulting, Inc. issued an aggregate of 103,347 shares of common stock in payment of \$2,625,000 (Australian Dollars), representing a portion of the purchase price for the acquisition of substantially all of the assets of KMQ Insolvency Pty Ltd., trustee of KordaMentha (QLD) Unit Trust. Based on the formula in the Purchase Agreement, the \$2,625,000 (Australian Dollars) was converted to \$2,732,100 U.S. Dollars by applying an exchange rate of approximately 1.0408 Australian Dollars for one U.S. Dollar (the average exchange rates for the five consecutive trading days ended September 28, 2012). The number of shares issued was determined by dividing (a) \$2,732,100 U.S. dollars by (b) \$26.436 per share (the average closing price per share of common stock of FTI Consulting, Inc. as reported on the New York Stock Exchange, or NYSE, for the five consecutive trading days ended September 28, 2012). The 103,347 shares of common stock were offered, sold and issued without registration in a private placement in reliance on the exemption from registration under Regulation S promulgated by the SEC under the Securities Act, in offshore transactions. FTI Consulting, Inc. did not engage in general solicitation, advertising and directed selling efforts in connection with the offering of these shares of our common stock.

Effective December 28, 2012, FTI Consulting, Inc. issued an aggregate of 77,302 shares of our common stock in payment of \$2,500,000 representing a portion of the purchase price for the acquisition of substantially all of the assets of The Salter Group, LLC. The number of shares issued was determined by dividing (a) \$2,500,000

by (b) \$32.34 per share (the average closing price per share of common stock of FTI Consulting, Inc. as reported on the NYSE for the 20 consecutive trading days ending two days prior to December 28, 2012). The 77,302 shares of common stock were offered, sold and issued without registration in a private placement in reliance on the exemption from registration under Section 4(2) of the Securities Act. FTI Consulting, Inc. did not engage in general solicitation, advertising and directed selling efforts in connection with the offering of these shares of our common stock.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to purchases we made of our common stock during the fourth quarter of 2012 (in thousands except per share amounts).

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(4)</sup>	Approximate Dollar Value that May Yet Be Purchased Under the Program <sup>(4)</sup>
October 1 through October 31, 2012	6 <sup>(1)</sup>	\$25.79	—	\$ 229,987
November 1 through November 30, 2012	60 <sup>(2)</sup>	\$27.38	58	\$ 228,202
December 1 through December 31, 2012	894 <sup>(3)</sup>	\$32.98	865	\$ 199,968
Total	<u>960</u>		<u>923</u>	

<sup>(1)</sup> Represents 6,265 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

<sup>(2)</sup> Represents 58,000 shares of common stock repurchased pursuant to our stock repurchase program announced in June 2012 and 2,382 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

<sup>(3)</sup> Represents 865,379 shares of common stock repurchased pursuant to our stock repurchase program announced in June 2012 and 28,880 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

<sup>(4)</sup> In June 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million (the "2012 Repurchase Program"). During the year ended December 31, 2012, we repurchased and retired 1,681,029 shares of common stock, using cash on hand, with a value equivalent to approximately \$50.0 million. At December 31, 2012, a balance of approximately \$200.0 million remained available under the 2012 Repurchase Program.

**ITEM 6. SELECTED FINANCIAL DATA**

We derived the selected financial data presented below for the periods or dates indicated from our consolidated financial statements. Our consolidated financial statements as of and for the years ended December 31, 2012, 2011, 2010, 2009, and 2008 were audited by KPMG LLP, an independent registered public accounting firm. The data below should be read in conjunction with our consolidated financial statements, related notes and other financial information appearing in “—Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “—Item 8. Financial Statements and Supplementary Data.”

A number of factors have caused our results of operations and financial position to vary significantly from one year to the next and can make it difficult to evaluate period-to-period comparisons because of a lack of comparability. The most significant of these factors are as follows:

**Acquisitions**

Our results of operations and financial position were impacted by our significant acquisition activities during 2008. The results of operations for acquired businesses have been included in our results of operations since the date of their acquisitions.

**Goodwill Impairment Charge**

For the year ended December 31, 2012, we recorded a \$110.4 million non-deductible goodwill impairment charge related to the Strategic Communications segment. The impairment charge was non-cash in nature and did not affect the Company’s current liquidity. This charge is further described under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” below, and in Note 13 “Goodwill and Other Intangible Assets” in the notes to Consolidated Financial Statements under “Item 8. Financial Statements and Supplementary Data.”

**Special Charges**

During the year ended December 31, 2012, we recorded special charges of \$29.6 million, of which \$5.0 million was non-cash. The charges reflect actions we took to realign our workforce to address current business demands and global macro-economic conditions impacting our Forensic and Litigation Consulting, Strategic Communications and Technology segments, to address certain targeted practices within our Corporate Finance/Restructuring and Economic Consulting segments, and to reduce excess real estate capacity. These actions include the termination of 116 employees, the consolidation of leased office space within nine office locations and certain other actions.

During the year ended December 31, 2011, we recorded special charges of \$15.2 million, of which \$4.8 million was non-cash. The charges reflect actions we took to reduce overhead in connection with the realignment of certain senior management on a global basis and to align our workforce with expected market trends, primarily in our Corporate Finance/Restructuring segment.

During the year ended December 31, 2010, we recorded special charges of \$51.1 million, of which \$31.4 million was non-cash. The non-cash charges primarily included trade name impairment charges related to our global FTI Consulting branding strategy and other strategic branding decisions. The remaining charges related to a realignment of our workforce and a consolidation of four office locations. The charges reflect actions we took to support our corporate positioning, as well as actions taken to better align capacity with expected demand, to eliminate certain redundancies resulting from acquisitions and to provide for appropriate levels of administrative support.

## Stockholders' Equity

In June 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million. During the year ended December 31, 2012, we repurchased and retired 1,681,029 shares of our common stock for an average price per share of \$29.76, using cash on hand, with a value equivalent to approximately \$50.0 million. At December 31, 2012, a balance of approximately \$200.0 million remained available under the Repurchase Program.

In the first quarter of 2011, we entered into a supplemental confirmation with Goldman Sachs for a \$209.4 million accelerated stock buyback transaction (the "2011 ASB"), pursuant to the November 2009 collared accelerated stock buyback master confirmation agreement between us and Goldman Sachs (the "Master Agreement"). On March 7, 2011, we paid \$209.4 million to Goldman Sachs using available cash on hand and received approximately 4.4 million shares of FTI Consulting common stock, representing a majority of the total number of shares expected to be delivered pursuant to the 2011 ASB. On May 17, 2011, we received additional shares bringing the total number of shares of our common stock delivered pursuant to the 2011 ASB to approximately 5.1 million shares. As permitted by the Master Agreement and the 2011 ASB, on September 2, 2011, Goldman Sachs accelerated the termination date of the 2011 ASB which was to occur no later than December 2, 2011. Additionally, on September 8, 2011, we received approximately 0.7 million shares of FTI Consulting common stock, bringing the total number of shares of our common stock delivered pursuant to the 2011 ASB to approximately 5.7 million. The repurchase of shares was accounted for as a share retirement resulting in a reduction of common stock issued and outstanding of approximately 5.7 million shares and a corresponding reduction in common stock and additional paid-in capital of \$209.4 million. The completion of the 2011 ASB completed the \$500 million stock repurchase program authorized by the Board of Directors in November 2009.

In the fourth quarter of 2009 we repurchased approximately 4.9 million shares of common stock for \$250.0 million using cash on hand pursuant to the Master Agreement. The repurchase of shares was accounted for as a share retirement resulting in a reduction in stockholders' equity of \$250.0 million. In 2010 we repurchased approximately 1.2 million shares of common stock for \$40.6 million. See Note 17—"Stockholders' Equity" to our consolidated financial statements for more information.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
(in thousands, except per share data)					
<b>INCOME STATEMENT DATA</b>					
<b>Revenues</b>	\$ 1,576,871	\$ 1,566,768	\$ 1,401,461	\$ 1,399,946	\$ 1,293,145
<b>Operating Expenses</b>					
Direct cost of revenues	980,532	956,908	825,599	772,191	711,775
Selling, general and administrative expense	378,016	373,295	341,239	344,871	330,539
Special charges	29,557	15,212	51,131	—	—
Acquisition-related contingent consideration	(3,064)	(6,465)	1,190	—	—
Amortization of other intangible assets	22,407	22,371	23,910	24,701	18,824
Goodwill impairment charge	110,387	—	—	—	—
	<u>1,517,835</u>	<u>1,361,321</u>	<u>1,243,069</u>	<u>1,141,763</u>	<u>1,061,138</u>
<b>Operating income</b>	<u>59,036</u>	<u>205,447</u>	<u>158,392</u>	<u>258,183</u>	<u>232,007</u>
Interest income and other	5,659	6,304	4,423	8,408	8,179
Interest expense	(56,731)	(58,624)	(50,263)	(44,923)	(45,105)
Loss on early extinguishment of debt	(4,850)	—	(5,161)	—	—
<b>Income from continuing operations, before income tax provision</b>	3,114	153,127	107,391	221,668	195,081
Income tax provision	40,100	49,224	41,407	81,825	76,135
<b>Net income (loss)</b>	<u>\$ (36,986)</u>	<u>\$ 103,903</u>	<u>\$ 65,984</u>	<u>\$ 139,843</u>	<u>\$ 118,946</u>
<b>Earnings (loss) per common share — basic</b>	<u>\$ (0.92)</u>	<u>\$ 2.53</u>	<u>\$ 1.45</u>	<u>\$ 2.80</u>	<u>\$ 2.42</u>
<b>Earnings (loss) per common share — diluted</b>	<u>\$ (0.92)</u>	<u>\$ 2.39</u>	<u>\$ 1.38</u>	<u>\$ 2.63</u>	<u>\$ 2.22</u>
<b>Weighted average number of common shares outstanding</b>					
Basic	<u>40,316</u>	<u>41,131</u>	<u>45,557</u>	<u>49,963</u>	<u>49,193</u>
Diluted	<u>40,316</u>	<u>43,473</u>	<u>47,664</u>	<u>53,127</u>	<u>53,603</u>

	2012	2011	December 31, 2010	2009	2008
	(in thousands)				
<b>BALANCE SHEET DATA</b>					
Cash and cash equivalents	\$ 156,785	\$ 264,423	\$ 384,570	\$ 118,872	\$ 191,842
Working capital <sup>(1)</sup>	370,178	273,117	504,680	96,817	150,409
Total assets	2,275,452	2,411,084	2,405,488	2,071,637	2,079,684
Long-term debt and capital lease obligations, including current portion and fair value hedge adjustments	723,045	796,960	793,122	555,498	551,507
Stockholders' equity	1,068,232	1,106,202	1,167,606	1,102,699	1,126,218

<sup>(1)</sup> Working capital is defined as current assets less current liabilities.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our consolidated financial condition, results of operations, liquidity and capital resources for each of the three years in the period ended December 31, 2012 and significant factors that could affect our prospective financial condition and results of operations. You should read this discussion together with our consolidated financial statements and notes included in "—Item 8. Financial Statements and Supplementary Data." Historical results and any discussion of prospective results may not indicate our future performance.

### Business Overview

We are a leading global business advisory firm dedicated to helping organizations protect and enhance their enterprise value. We work closely with our clients to help them anticipate, understand, manage and overcome complex business matters arising from such factors as the economy, financial and credit markets, governmental regulation and legislation and litigation. We assist clients in addressing a broad range of business challenges, such as restructuring (including bankruptcy), financing and credit issues and indebtedness, interim business management, forensic accounting and litigation matters, international arbitrations, M&A, antitrust and competition matters, e-discovery, management and retrieval of electronically stored information, reputation management and strategic communications. We also provide services to help our clients take advantage of economic, regulatory, financial and other business opportunities. Our experienced teams of professionals include many individuals who are widely recognized as experts in their respective fields. We believe clients retain us because of our recognized expertise and capabilities in highly specialized areas as well as our reputation for satisfying client needs.

We report financial results for the following five operating segments:

Our **Corporate Finance/Restructuring** segment focuses on strategic, operational, financial and capital needs of businesses around the world and provides consulting and advisory services on a wide range of areas, such as restructuring (including bankruptcy), interim management, financings, M&A, post-acquisition integration, valuations, tax issues and performance improvement.

Our **Forensic and Litigation Consulting** segment provides law firms, companies, government clients and other interested parties with dispute advisory, investigations, forensic accounting, business intelligence assessments, data analytics and risk mitigation services.

Our **Economic Consulting** segment provides law firms, companies, government entities and other interested parties with analysis of complex economic issues for use in legal, regulatory and international arbitration proceedings, strategic decision making and public policy debates in the U.S. and around the world.

Our **Technology** segment provides e-discovery and information management consulting, software and services to its clients. It provides products, services and consulting to companies, law firms, courts and government agencies worldwide. Its comprehensive suite of software and services help clients locate, review and produce ESI, including e-mail, computer files, voicemail, instant messaging and financial and transactional data.

Our **Strategic Communications** segment provides advice and consulting services relating to financial and corporate communications and investor relations, reputation management and brand communications, public affairs, business consulting and digital design and marketing.

We derive substantially all of our revenues from providing professional services to both U.S. and global clients. Over the past several years the growth in our revenues and profitability has resulted from our ability to attract new and recurring engagements and the acquisitions we have completed.

Most of our services are rendered under time-and-expense arrangements that obligate the client to pay us a fee for the hours that we incur at agreed upon rates. Under this arrangement, we typically bill our clients for reimbursable expenses, which may include the cost of producing our work product and other direct expenses that we incur on behalf of the client, such as travel costs. We also render services for which certain clients may be required to pay us a fixed fee or recurring retainer. These arrangements are generally cancellable at any time. Some of our engagements contain performance-based arrangements in which we earn a success fee when and if certain predefined outcomes occur. This type of success fee may supplement a time-and-expense or fixed-fee arrangement. Success fee revenues may cause variations in our revenues and operating results due to the timing of achieving the performance-based criteria. In our Technology segment, certain clients are also billed based on the amount of data stored on our electronic systems, the volume of information processed and the number of users licensing our Ringtail® software products for installation within their own environments. We license these products directly to end users as well as indirectly through our channel partner relationships. Seasonal factors, such as the timing of our employees' and clients' vacations and holidays, impact the timing of our revenues.

Our financial results are primarily driven by:

- the number, size and type of engagements we secure;
- the rate per hour or fixed charges we charge our clients for services;
- the utilization rates of the revenue-generating professionals we employ;
- the number of revenue-generating professionals;
- fees from clients on a retained basis or other;
- licensing of our software products and other technology services;
- the types of assignments we are working on at different times;
- the length of the billing and collection cycles, and
- the geographic locations of our clients or locations in which services are rendered.

We define Adjusted EBITDA as net income before income tax provision, other income (expense), depreciation, amortization of intangible assets, special charges and goodwill impairment charges. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, special charges and goodwill impairment charges. We define Total Adjusted Segment EBITDA as the total of Adjusted Segment EBITDA for all segments. We define Adjusted Net Income and Adjusted Earnings Per Diluted Share as net income and earnings per diluted share, respectively, excluding the impact of the special charges, goodwill impairment and loss on early extinguishment of debt that were incurred in that period. Adjusted EBITDA, Adjusted Segment EBITDA, Total Adjusted Segment EBITDA, Adjusted Earnings Per Share and Adjusted Net Income are 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. These non-GAAP measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our Consolidated Statements of Comprehensive Income (Loss). We believe that these measures 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 rating agencies to value and compare the financial performance of companies in our industry. We use Adjusted EBITDA and Adjusted Segment EBITDA to evaluate and compare the operating performance of our segments. Reconciliations of GAAP to non-GAAP financial measures are included elsewhere in this Annual Report on Form 10-K.

We define acquisition growth as the results of operations of acquired companies in the first twelve months following the effective date of an acquisition. Our definition of organic growth is the change in the results of operations excluding the impact of all such acquisitions.



## Executive Highlights

	Year Ended December 31,		
	2012	2011	% Growth
	(dollar amounts in thousands, except per share amounts)		
Revenues	\$ 1,576,871	\$ 1,566,768	0.6%
Special charges <sup>(1)</sup>	\$ 29,557	\$ 15,212	94.3%
Acquisition-related contingent consideration	\$ (3,064)	\$ (6,465)	-52.6%
Goodwill impairment charge <sup>(1)</sup>	\$ 110,387	\$ —	100.0%
Adjusted EBITDA	\$ 250,991	\$ 271,612	-7.6%
Net income (loss)	\$ (36,986)	\$ 103,903	-135.6%
Earnings (loss) per common share — diluted	\$ (0.92)	\$ 2.39	-138.5%
Adjusted earnings per common share — diluted	\$ 2.30	\$ 2.60	-11.5%
Net cash provided by operating activities	\$ 120,188	\$ 173,828	-30.9%
Total number of employees at December 31,	3,915	3,817	2.6%

<sup>(1)</sup> Excluded from non-GAAP measures.

## Full Year 2012 Executive Highlights

### Revenues

Revenues for the year ended December 31, 2012 increased \$10.1 million, or 0.6%, to \$1,576.9 million, compared to \$1,566.8 million in the same prior year period. Revenues in our Technology segment were impacted by unit-based service price declines relative to our mix of clients. Revenue declined in our Forensic and Litigation Consulting segment due to a slowdown in regulatory cases. These revenue declines were significantly offset by strength in our Economics antitrust and financial economics practices as well as strength in our Corporate Finance restructuring business in both the U.S. and Asia markets. Additionally, revenue from our Strategic Communications segment declined with fewer M&A engagements and pricing pressure on portions of our retained business.

### Special Charges

Special charges for the years ended December 31, 2012 and 2011 were \$29.6 million and \$15.2 million, respectively. In the second quarter of 2012 we recorded special charges of \$26.8 million, which reduced our diluted earnings per share by \$0.42. These charges primarily consisted of salary continuation, loan forgiveness and equity acceleration associated with a reduction in workforce totaling 116 employees to realign our workforce to address current business demands and global macro-economic conditions, impacting our Forensic and Litigation Consulting, Strategic Communications and Technology segments to address certain targeted practices within our Corporate Finance/Restructuring and Economic Consulting segments, and to reduce excess real estate capacity. In the third quarter of 2012 we recorded an additional special charge of \$2.8 million which reduced our fully diluted earnings per share by \$0.05. This charge relates to net curtailment costs related to three real estate leases in North America as we continue our efforts to make more efficient use of our office space.

### Goodwill Impairment Charge

During the fourth quarter, we conducted our annual impairment analysis with respect to the carrying value of our goodwill. We compared the estimated fair values of the reporting units to their respective carrying values. Our analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value. As a result, we recorded a \$110.4 million non-deductible charge related to the Strategic Communications segment. The Strategic Communications reporting unit fair value was unfavorably impacted by a combination of lower current and projected cash flows. The impairment charge was non-cash in nature and did not affect the Company's liquidity, nor did it impact the debt covenants under the Company's existing credit facility.

## **Adjusted EBITDA**

Adjusted EBITDA decreased \$20.6 million, or 7.6%, to \$251.0 million, or 15.9% of revenues, compared to \$271.6 million, or 17.3% of revenues, in the prior year period. Adjusted EBITDA decreased primarily as a result of the revenue declines in Forensic and Litigation Consulting and Technology segments described above and related impacts of staff underutilization and pricing pressure in certain segments. SG&A increased in line with our revenue growth.

## **Earnings (loss) per share and Adjusted Earnings Per Share**

Earnings (loss) per diluted share for the year ended December 31, 2012 were (\$0.92), which included \$110.4 million of goodwill impairment charge, \$29.6 million of special charges, and a \$4.9 million loss on early extinguishment of debt compared to \$2.39 in the prior year period. Adjusted earnings per diluted share, which excludes the impact of the goodwill impairment, special charge and loss on early extinguishment of debt, were \$2.30, compared to \$2.60 in the prior year period due to the impact of the operating results described above.

## **Operating cash flows**

Cash provided by operating activities for the year ended December 31, 2012 was \$120.2 million compared to \$173.8 million for the year ended December 31, 2011. We experienced strong cash collections in the fourth quarter with improved days sale outstanding compared to the prior year. The positive collections were offset by higher variable compensation and employee forgivable loan payments, as well as the timing of accounts payable disbursements.

## **Headcount**

Headcount increased by 98, or 2.6% to 3,915. Billable headcount increased in Corporate Finance/Restructuring and in Economic Consulting due to growing operations. Additionally, Corporate Finance/Restructuring added 80 headcount related to the KMQ and Salter acquisitions in the fourth quarter. Forensic and Litigation Consulting and Technology headcount decreased due to the reduction in workforce completed in the second quarter of 2012. Non-billable headcount also decreased due to the centralization and elimination of certain redundant positions.

## **Other strategic activities**

On June 6, 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million (the "2012 Repurchase Program"). During the year ended December 31, 2012, we repurchased and retired 1,681,029 shares of our common stock for an average price per share of \$29.76, using cash on hand, with a value equivalent to approximately \$50.0 million. At December 31, 2012, a balance of approximately \$200.0 million remained available under the 2012 Repurchase Program.

## **Critical Accounting Policies**

**General.** Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which we have prepared in accordance with accounting principles generally accepted in the US. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to bad debts, goodwill, income taxes and contingencies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. These results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that the following critical accounting policies reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

**Revenue Recognition.** Revenue is recognized when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed or determinable and collectability is reasonably assured. We generate the majority of our revenues from providing professional services under four types of billing arrangements: time-and-expense, fixed-fee, performance-based and unit-based.

Time-and-expense billing arrangements require the client to pay based on the number of hours worked by our revenue-generating professionals at contractually agreed-upon rates. We recognize revenues for our professional services rendered under time-and-expense engagements based on the hours incurred at agreed-upon rates as work is performed.

In fixed-fee billing arrangements, we agree to a pre-established fee in exchange for a pre-determined set of professional services. Generally, the client agrees to pay a fixed fee every month over the specified contract term. These contracts are for varying periods and generally permit the client to cancel the contract before the end of the term. We recognize revenues for our professional services rendered under these fixed-fee billing arrangements monthly over the specified contract term or, in certain cases, revenue is recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours, which we consider to be the best available indicator of the pattern and timing in which such contract obligations are fulfilled.

In performance-based or contingent billing arrangements, fees are tied to the attainment of contractually defined objectives. Often this type of arrangement supplements a time-and-expense or fixed-fee engagement, where payment of a performance-based fee is deferred until the conclusion of the matter or upon the achievement of performance-based criteria. We do not recognize revenues under performance-based billing arrangements until all related performance criteria are met and collection of the fee is reasonably assured.

In our Technology segment, unit-based revenues are based on either the amount of data stored or processed, the number of concurrent users accessing the information, or the number of pages or images processed for a client. We recognize revenues for our professional services rendered under unit-based engagements as the services are provided based on agreed-upon rates. We also generate certain revenue from software licenses and maintenance. We have vendor-specific objective evidence of fair value for support and maintenance separate from software for the majority of our products. Accordingly, when licenses of certain offerings are included in an arrangement with support and maintenance, we recognize the license revenue upon delivery of the license and recognize the support and maintenance revenue over the term of the maintenance service period. Substantially all of our software license agreements do not include any acceptance provisions. If an arrangement allows for customer acceptance of the software, we defer revenue until the earlier of customer acceptance or when the acceptance provisions lapse. Revenues from hosting fees are recognized ratably over the term of the hosting agreement. We have certain arrangements with clients in which we provide multiple elements of services under one engagement contract. Revenues under these types of arrangements are accounted for in accordance ASC 605-25, *Multiple-Element Arrangements*, and recognized pursuant to the criteria described above.

Some clients pay us retainers before we begin any work for them. We hold retainers on deposit until we have completed the work. We generally apply these retainers to final billings and refund any excess over the final amount billed to clients, as appropriate, when we complete our work. If the client is in bankruptcy, fees for our services may be subject to approval by the court. In some cases, a portion of the fees to be paid to us by a client is required by a court to be held until completion of our work and final fee settlements have been negotiated. We make a determination whether to record all or a portion of such holdback as revenue prior to collection on a case-by-case basis.

If at the outset of an arrangement we determine that the arrangement fee is not fixed or determinable, revenue is deferred until all criteria for recognizing revenue are met. Reimbursable expenses, including those relating to travel, out-of pocket expenses, outside consultants and other similar costs, are generally included in

revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred. Any taxes assessed on revenues relating to services provided to our clients are recorded on a net basis. Revenues recognized, but not yet billed to clients, have been recorded as “Unbilled receivables” in the Consolidated Balance Sheets.

**Allowance for Doubtful Accounts and Unbilled Services.** We maintain an allowance for doubtful accounts and unbilled services for estimated losses resulting from the inability of clients to pay our fees or for disputes that affect our ability to fully collect our billed accounts receivable, as well as potential fee reductions negotiated by clients or imposed by bankruptcy courts. Even if a bankruptcy court approves our services, the court has the discretion to require us to refund all or a portion of our fees due to the outcome of the case or a variety of other factors. We estimate the allowance for all receivable risks by reviewing the status of each matter and recording reserves based on our experience and knowledge of the particular client and historical collection patterns. However, our actual experience may vary significantly from our estimates. If the financial condition of our clients were to deteriorate, resulting in their inability or unwillingness to pay our fees, or bankruptcy courts require us to refund certain fees, we may need to record additional allowances or write-offs in future periods. This risk related to a client’s inability to pay is mitigated to the extent that we may receive retainers from some of our clients prior to performing services.

The provision for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we discover that full collectability is not reasonably assured. It is classified in “Selling, general and administrative expense” on the Consolidated Statements of Comprehensive Income (Loss) and totaled \$14.2 million, \$12.6 million, and \$10.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The provision for unbilled services is normally recorded prior to customer billing and is recorded as a reduction to revenues. This provision normally relates to fee adjustments, estimates of fee reductions that may be imposed by bankruptcy courts and other discretionary pricing adjustments.

**Goodwill and Other Intangible Assets.** Goodwill represents the purchase price of acquired businesses in excess of the fair market value of net assets acquired. Other intangible assets include trade names, customer relationships, contract backlog, non-competition agreements and software.

We test our goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Factors we consider important that could trigger an interim impairment review include, but are not limited to, the following:

- significant underperformance relative to expected historical or projected future operating results;
- a significant change in the manner of our use of the acquired asset or the strategy for our overall business;
- a significant market decline related to negative industry or economic trends; and/or
- our market capitalization relative to net carrying value.

We assess our goodwill for impairment using a fair value approach at the reporting unit level. The goodwill impairment test is a two-step process, if necessary. The provisions for the accounting standard of goodwill provide an entity with the option to assess qualitative factors to determine whether the existence of events or circumstances leads to the determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. This qualitative assessment is referred to as a “step zero” approach. If, based on the review of the qualitative factors, an entity determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying value, the entity may skip the two-step impairment test required by prior accounting guidance. If an entity determines otherwise, Step 1 of the two-step impairment test is required. Step 1 involves determining whether the estimated fair value of the reporting units exceeds the respective carrying value. If the fair value exceeds the carrying value, goodwill of that reporting unit is not impaired. However, if the

carrying value exceeds the fair value of the reporting unit, goodwill may be impaired and additional analysis is required. Step 2 of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill to its carrying value. The implied fair value of goodwill is derived by performing a hypothetical purchase price allocation for the reporting unit as of the measurement date, allocating the reporting unit's estimated fair value to its net assets and identifiable intangible assets. The residual amount from performing this allocation represents the implied fair value of goodwill. To the extent this amount is below the carrying value of goodwill, an impairment charge is recorded.

In performing Step 1 of the goodwill impairment test, we compare the carrying amount of our reporting units to their estimated fair values. When available and as appropriate, we use market multiples derived from a set of competitors with comparable market characteristics and/or guideline transactions to establish the fair value (market approaches) for a particular reporting unit. We may also estimate fair value using a combination of the market approaches and discounted cash flows (an income approach), using appropriate weighting factors.

The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment and estimates, as our businesses operate in a number of markets and geographical regions. The assumptions utilized in the evaluation of the impairment of goodwill under the market approach include the selection of comparable or "guideline" companies, which are subject to change based on the economic characteristics of our reporting units and the selection of reference transactions, if any, for which a fair value impact may be assessed based on market prices realized in an actual transaction. The assumptions utilized in the evaluation of the impairment of goodwill under the income approach include revenue growth and EBITDA (earnings before interest expense, income taxes, depreciation and amortization), tax rates, capital expenditures, weighted average cost of capital (WACC) and related discount rates and expected long-term growth rates. The assumptions which have the most significant effect on our valuations derived using the income approach are: (1) the expected long-term growth rate of our reporting units' cash flows and (2) the discount rate.

For the 2012 annual goodwill impairment test performed as of October 1, 2012, we utilized the quantitative test for all our reporting units. The fair values of the Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting and Technology reporting units were estimated using a market approach while the fair value of the Strategic Communications reporting unit was estimated using a combination of appropriately weighted income and market approaches. The cash flows employed in the income approach are based on our most recent budgets, forecasts and business plans, as well as various growth rate assumptions for years beyond the current business plan period, discounted using an estimated WACC. Our discount rate assumptions are based on an assessment of the risk inherent in the future revenue streams and cash flows and our WACC. The risk adjusted discount rate used represents the estimated WACC for our reporting units. The WACC is comprised of (1) a risk free rate of return, (2) an equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable to our reporting units, (3) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt, and (4) an appropriate size premium.

We evaluate the reasonableness of the fair value calculations of our reporting units by reconciling the total of the fair values of all of our reporting units to our total market capitalization, taking into account a reasonable control premium.

The results of the Step 1 goodwill impairment analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value while the estimated fair values of our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting and Technology reporting units significantly exceeded their respective carrying values. The Strategic Communications reporting unit fair value was unfavorably impacted by a combination of lower current and projected cash flows. Because our Strategic Communications reporting unit's fair value estimate was lower than its carrying value, we applied the second step of the goodwill impairment test.

The second step of the goodwill impairment analysis indicated that the carrying values of the goodwill associated with the Strategic Communications reporting unit exceeded its implied fair value, resulting in a \$110.4 million non-deductible goodwill impairment charge. The impairment charge was non-cash in nature and did not affect the Company's current liquidity, nor did it impact the debt covenants under the Company's existing credit facility. After the goodwill impairment charge, the Strategic Communications reporting unit's goodwill balance was \$226.3 million. See Note 13 to the Consolidated Financial Statements.

There can be no assurance that the estimates and assumptions used in our goodwill impairment testing will prove to be accurate predictions of the future. If our assumptions regarding forecasted cash flows are not achieved or market conditions significantly deteriorate, we may be required to record goodwill impairment charges in future periods, whether in connection with our next annual impairment test or prior to that, if a triggering event occurs outside of the quarter during which the annual goodwill impairment test is performed. It is not possible at this time to determine if any future impairment charge would result or, if it does, whether such charge would be material.

Intangible assets with definite lives are amortized over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. We amortize our acquired definite-lived intangible assets on a straight-line basis over periods ranging from 1 to 15 years.

**Business Combinations.** For business combinations consummated on or after January 1, 2009, we adopted the new accounting principles for business combinations. These accounting principles require that identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree be recognized and measured as of the acquisition date at fair value. Fair value measurements require extensive use of estimates and assumptions, including estimates of future cash flows to be generated by the acquired assets. In addition, while in the past we only recorded contingent consideration when paid, we now must recognize and measure the contingent consideration at fair value as of the acquisition date. Contingent consideration obligations that are classified as liabilities are remeasured at fair value each reporting period with the changes in fair value resulting from either the passage of time, revisions, or ultimate settlement of the amount payable or the timing of the initial measurement recognized in income.

**Share-Based Compensation.** We recognize share-based compensation using a fair value based recognition method. Share-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period or performance period of the award. The amount of share-based compensation expense recognized at any date must at least equal the portion of grant date value of the award that is vested at that date.

We use the Black-Scholes pricing model to determine the fair value of stock options on the dates of grant. The Black-Scholes pricing model requires various highly judgmental assumptions, including volatility and expected term, which are based on our historical experience. We also make assumptions regarding the risk-free interest rate and the expected dividend yield. The risk-free interest rate is based on the U.S. Treasury interest rate whose term is consistent with the expected term of the share-based award. The dividend yield on our common stock is assumed to be zero since we do not pay dividends and have no current plans to do so in the future.

Restricted stock is measured based on the fair market values of the underlying stock on the dates of grant. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee's continued employment. We recognize the estimated fair value of performance-based awards as share-based compensation expense over the performance period. We consider each performance period separately, based upon our determination of whether it is probable that the performance target will be achieved. At each reporting period, we reassess the probability of achieving the performance targets. If a performance target is not met, no compensation cost is ultimately recognized against

that target, and, to the extent previously recognized, compensation expense is reversed. For all our share-based awards, we estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. We estimate the forfeiture rate based on historical experience. Groups of share-based award holders that have similar historical behavior with regard to option exercise timing and forfeiture rates are considered separately for valuation and attribution purposes. Forfeitures are estimated at the time an award is granted and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

**Income Taxes.** Our income tax provision consists principally of federal, state and international income taxes. We generate income in a significant number of states located throughout the U.S., as well as foreign countries in which we conduct business. Our effective income tax rate may fluctuate due to changes in the mix of earnings between higher and lower state or country tax jurisdictions and the impact of non-deductible expenses. Additionally, we record deferred tax assets and liabilities using the asset and liability method of accounting, which requires us to measure these assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The evaluation of the need for a valuation allowance requires management judgment and could impact our financial results and effective tax rate.

### Significant New Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2012-02, Intangibles — Goodwill and Other (Topic 350): *Testing Indefinite — Lived Intangible Assets for Impairment* (“ASU 2012-02”). ASU 2012-02 permits an entity to make a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. If the entity determines, on the basis of all relevant qualitative factors, that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, it will not be required to perform a quantitative impairment test for that asset. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this ASU will not have an impact on the Company’s consolidated financial position, results of operations or cash flows.

In February 2013, the FASB issued Accounting Standards Update (“ASU”) No. 2013-02 — *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* — (“ASU 2013-02”). Under ASU 2013-02, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to the related footnotes that provide additional detail about those amounts. The Company is required to adopt this ASU for the interim period ending March 31, 2013. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income; accordingly, we do not expect the guidance to have a material effect on the Company’s consolidated financial statements.

## RESULTS OF OPERATIONS

### Segment and Consolidated Operating Results:

	Year Ended December 31,		
	2012	2011	2010
	(in thousands, except per share amounts)		
<b>Revenues</b>			
Corporate Finance/Restructuring	\$ 459,231	\$ 427,813	\$ 451,518
Forensic and Litigation Consulting	343,074	365,326	324,478
Economic Consulting	391,622	353,981	255,660
Technology	195,194	218,738	176,607
Strategic Communications	187,750	200,910	193,198
<b>Total revenues</b>	<u>\$1,576,871</u>	<u>\$ 1,566,768</u>	<u>\$ 1,401,461</u>
<b>Operating income</b>			
Corporate Finance/Restructuring	\$ 87,367	\$ 78,923	\$ 88,499
Forensic and Litigation Consulting	39,412	62,499	64,121
Economic Consulting	71,992	60,890	39,180
Technology	33,642	57,917	27,569
Strategic Communications	(97,298)	19,066	11,602
<b>Segment operating income</b>	135,115	279,295	230,971
Unallocated corporate expenses	(76,079)	(73,848)	(72,579)
<b>Operating income</b>	<u>59,036</u>	<u>205,447</u>	<u>158,392</u>
<b>Other income (expense)</b>			
Interest income and other	5,659	6,304	4,423
Interest expense	(56,731)	(58,624)	(50,263)
Loss on early extinguishment of debt	(4,850)	—	(5,161)
	<u>(55,922)</u>	<u>(52,320)</u>	<u>(51,001)</u>
<b>Income before income tax provision</b>	3,114	153,127	107,391
<b>Income tax provision</b>	40,100	49,224	41,407
<b>Net income (loss)</b>	<u>\$ (36,986)</u>	<u>\$ 103,903</u>	<u>\$ 65,984</u>
<b>Earnings (loss) per common share — basic</b>	\$ (0.92)	\$ 2.53	\$ 1.45
<b>Earnings (loss) per common share — diluted</b>	\$ (0.92)	\$ 2.39	\$ 1.38

### Reconciliation of Net Income (Loss) to Adjusted EBITDA:

	Year Ended December 31,		
	2012	2011	2010
	(in thousands)		
<b>Net income (loss)</b>	\$ (36,986)	\$ 103,903	\$ 65,984
Add back:			
Income tax provision	40,100	49,224	41,407
Other income (expense), net	51,072	52,320	45,840
Depreciation and amortization	29,604	28,582	31,334
Amortization of other intangible assets	22,407	22,371	23,910
Special charges	29,557	15,212	51,131
Loss on early extinguishment of debt	4,850	—	5,161
Goodwill impairment charge	110,387	—	—
<b>Adjusted EBITDA</b>	<u>\$250,991</u>	<u>\$271,612</u>	<u>\$264,767</u>



**Reconciliation of Net Income (Loss) and Earnings (Loss) Per Share to Adjusted Net Income and Adjusted Earnings Per Share:**

	Year Ended December 31,		
	2012	2011	2010
<b>Net income (loss)</b>	\$ (36,986)	\$ 103,903	\$ 65,984
Add back:			
Special charges, net of tax <sup>(1)</sup>	19,115	9,285	32,733
Goodwill impairment charge <sup>(2)</sup>	110,387	—	—
Loss on early extinguishment of debt, net of tax <sup>(3)</sup>	2,910	—	3,019
<b>Adjusted Net Income</b>	<u>\$ 95,426</u>	<u>\$ 113,188</u>	<u>\$ 101,736</u>
<b>Earnings (loss) per common share — diluted</b>	\$ (0.92)	2.39	1.38
Add back:			
Special charges, net of tax <sup>(1)</sup>	0.47	0.21	0.69
Goodwill impairment charge <sup>(2)</sup>	2.74	—	—
Loss on early extinguishment of debt, net of tax <sup>(3)</sup>	0.07	—	0.06
Impact of denominator for diluted adjusted earnings per common share <sup>(4)</sup>	(0.06)	—	—
<b>Adjusted earnings per common share — diluted</b>	<u>\$ 2.30</u>	<u>\$ 2.60</u>	<u>\$ 2.13</u>
<b>Weighted average number of common shares outstanding — diluted <sup>(4)</sup></b>	<u>41,578</u>	<u>43,473</u>	<u>47,664</u>

<sup>(1)</sup> The tax effect takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). As a result, the effective tax rates for the adjustments for the years ended December 31, 2012, 2011 and 2010 were 35.3%, 39.0% and 36.0%, respectively. The tax expense related to the adjustments for the years ended December 31, 2012, 2011 and 2010 were \$10.4 million or \$0.26 impact on diluted earnings per share, \$5.9 million or \$0.14 impact on diluted earnings per share, and \$18.4 million or \$0.39 impact on diluted earnings per share, respectively.

<sup>(2)</sup> The goodwill impairment charge is non-deductible for income tax purposes and resulted in no tax benefit for the year ended December 31, 2012.

<sup>(3)</sup> The tax effect takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). As a result, the effective tax rate for the adjustments for the years ended December 31, 2012 and 2010 were 40.0% and 41.5%, respectively. The tax expense related to the adjustments for the years ended December 31, 2012 and 2010 were \$1.9 million or \$0.05 impact on diluted earnings per share and \$2.1 million or \$0.04 impact on diluted earnings per share, respectively.

<sup>(4)</sup> For the year ended December 31, 2012, the Company reported a net loss. For the period, the basic weighted average common shares outstanding equals the diluted weighted average common shares outstanding for purposes of calculating U.S. GAAP earnings per share because potentially dilutive securities would be antidilutive. For non-GAAP purposes, the per share and share amounts presented herein reflect the impact of the inclusion of share-based awards and convertible notes that are considered dilutive based on the impact of the add backs included in Adjusted Net Income above.

**Year Ended December 31, 2012 compared to December 31, 2011**
**Revenues and Operating income**

See “Segment Results” for an expanded discussion of segment operating revenues and operating income.

## Special charges

During the year ended December 31, 2012, we recorded special charges totaling \$29.6 million, of which \$5.0 million was non-cash. The charges reflect actions we took to realign our workforce to address current business demands and global macro-economic conditions impacting our Forensic and Litigation Consulting, Strategic Communications and Technology segments, to address certain targeted practices within our Corporate Finance/Restructuring and Economic Consulting segments, and to reduce excess real estate capacity. These actions include the termination of 116 employees, the consolidation of leased office space within nine office locations and certain other actions. The special charges consisted of:

- \$18.4 million of salary continuance and other contractual employee related costs, including loan forgiveness and accelerated recognition of compensation cost of share-based awards, associated with the reduction in workforce of 116 employees; and
- \$11.2 million of expense associated with lease costs related to the consolidation of leased office space in nine office locations

During the year ended December 31, 2011, we recorded special charges of \$15.2 million, of which \$4.8 million was non-cash. The charges reflect actions we took to reduce overhead in connection with the realignment of certain senior management on a global basis and to align our workforce with expected market trends, primarily in our Corporate Finance/Restructuring segment.

The total cash outflow associated with the 2012 special charges is expected to be \$24.3 million, of which \$9.3 million has been paid as of December 31, 2012. \$6.9 million is expected to be paid in 2013, \$2.6 million is expected to be paid in 2014, \$1.2 million is expected to be paid in 2015, and the remaining balance of \$4.3 million related to lease costs will be paid from 2016 to 2025. In addition, the remaining liability of \$0.2 million related to the 2011 and 2010 special charges is expected to be paid during 2013. A liability for the current and noncurrent portions of the amounts has been included in "Accounts payable, accrued expenses and other" and "Other liabilities," respectively, on the Consolidated Balance Sheets.

The following table details the special charges by segment and the decrease in total headcount:

	2012		2011	
	Special Charges	Headcount	Special Charges	Headcount
	(dollars in thousands)		(dollars in thousands)	
Corporate Finance/Restructuring	\$ 11,936	6	\$ 9,440	22
Forensic and Litigation Consulting	7,672	41	839	7
Economic Consulting	991	8	2,093	6
Technology	3,114	42	—	—
Strategic Communications	4,712	15	—	—
	28,425	112	12,372	35
Unallocated Corporate	1,132	4	2,840	2
Total	\$29,557	116	\$15,212	37

## Unallocated corporate expenses

Unallocated corporate expenses increased \$2.2 million, or 3.0%, to \$76.1 million for 2012 from \$73.8 million for 2011. Excluding the impact of special charges of \$1.1 million recorded in 2012 and \$2.8 million recorded in 2011, unallocated corporate expenses increased \$3.9 million in 2012, or 5.5%. The increase was primarily due to an increase related to our global leadership costs, higher compensation and benefit costs, and strategic planning activities that took place in the three months ended March 31, 2012. The increase was partially offset by lower marketing event spending and a higher allocation of regional shared office costs in 2012.

**Interest income and other**

Interest income and other, which includes foreign currency transaction gains and losses, decreased by \$0.6 million, or 10%, to \$5.7 million for 2012 from \$6.3 million for 2011. The decrease includes a write off of certain liabilities related to unclaimed property which favorably impacted other income in 2011 and lower income from joint ventures in 2012, partially offset by a favorable movement in foreign currency transaction gains and losses in 2012 relative to 2011.

**Interest expense**

Interest expense decreased \$1.9 million, or 3%, to \$56.7 million for 2012 from \$58.6 million for 2011. Interest expense in 2012 was favorably impacted by lower average borrowings in 2012 as compared to 2011, primarily due to the repayment, in full, of our outstanding 3<sup>3</sup>/<sub>4</sub>% senior subordinated convertible notes (“Convertible Notes”) in July 2012, redemption of the aggregate principal amount of \$215.0 million of 7<sup>3</sup>/<sub>4</sub>% senior notes due 2016 (“2016 Notes”), and a decrease in notes payable to former shareholders of acquired businesses. This was partially offset by lower interest rates in 2011 due to an interest rate swap agreement which was entered into in March 2011 and terminated in December 2011.

**Income tax provision**

Our effective tax rate for the year ended December 31, 2012 was not meaningful due to the impact of the non-deductible goodwill impairment charge of \$110.4 million. The effective tax rate for 2012 excluding goodwill impairment charges from pre-tax income was 35.3%. Our effective tax rate was 32.1% for the year ended December 31, 2011. The effective tax rate in the current year was unfavorably impacted by a higher effective U.S. state income tax rate due to the mix of earnings by jurisdiction in 2012 as compared to 2011, and an increase in non-deductible expenses. In addition, the effective tax rate in the prior year included a larger benefit related to income from changes in the fair value of acquisition-related contingent consideration, which is not taxable.

**Year Ended December 31, 2011 compared to December 31, 2010****Revenues and Operating income**

See “Segment Results” for an expanded discussion of segment operating revenues and operating income.

**Special charges**

During the year ended December 31, 2011, we recorded special charges of \$15.2 million, of which \$4.8 million was non-cash. The charges reflect actions we took to reduce senior management related overhead in connection with the realignment of our segment management on a global basis and the alignment of our workforce with expected market trends, primarily in our Corporate Finance/Restructuring segment.

During the year ended December 31, 2010, we recorded special charges of \$51.1 million, of which \$31.4 million was non-cash. The non-cash charges primarily included trade name impairment charges related to our global FTI Consulting branding strategy and other strategic branding decisions. The remaining charges related to a realignment of our workforce and a consolidation of four office locations. The charges reflect actions we took to support our corporate positioning, as well as actions taken to better align capacity with expected demand, to eliminate certain redundancies resulting from acquisitions and to provide for appropriate levels of administrative support.

The remaining liability of \$0.2 million related to the 2011 and 2010 special charges is expected to be paid during 2013.

The following table details the special charges by segment and the decrease in total headcount:

	2011		2010	
	Special Charges	Headcount	Special Charges	Headcount
	(dollars in thousands)		(dollars in thousands)	
Corporate Finance/Restructuring	\$ 9,440	22	\$ 9,936	71
Forensic and Litigation Consulting	839	7	4,821	20
Economic Consulting	2,093	6	6,667	19
Technology	—	—	15,913	16
Strategic Communications	—	—	9,044	1
	<u>12,372</u>	<u>35</u>	<u>46,381</u>	<u>127</u>
Unallocated Corporate	2,840	2	4,750	17
Total	<u>\$15,212</u>	<u>37</u>	<u>\$51,131</u>	<u>144</u>

#### **Unallocated corporate expenses**

Unallocated corporate expenses increased \$1.3 million, or 1.7%, to \$73.8 million for 2011 from \$72.6 million for 2010. Excluding the impact of special charges of \$2.8 million recorded in 2011 and \$4.7 million recorded in 2010, unallocated corporate expenses increased \$3.2 million in 2011, or 4.7%. The increase was primarily due to \$6.0 million of regional infrastructure investment, \$2.9 million related to global brand integration, and \$1.7 million of higher compensation and benefits costs. These increases were partially offset by a \$3.6 million increase in allocation of certain system development and support costs and a \$3.1 million reclassification of certain personnel costs to the operating segments.

#### **Interest income and other**

Interest income and other, which includes foreign currency transaction gains and losses, increased by \$1.9 million, or 43%, to \$6.3 million for 2011 from \$4.4 million for 2010. This increase is primarily due to higher value interest bearing assets and equity in earnings of affiliates in 2011 of \$1.4 million. In addition, there was a \$0.5 million positive impact on other non-operating income in 2011 relative to 2010 primarily due to the write-off of certain liabilities due to the escheatment of unclaimed property.

#### **Interest expense**

Interest expense increased \$8.3 million, or 17%, to \$58.6 million for 2011 from \$50.3 million for 2010. Interest expense increased due to the issuance of \$400.0 million aggregate principal amount 6 <sup>3</sup>/<sub>4</sub>% senior notes due 2020 in September 2010, the proceeds of which we used to redeem the aggregate principal amount of \$200.0 million of 7 <sup>5</sup>/<sub>8</sub>% senior notes, and fund the issuance of the aggregate principal amount of \$35.0 million loan notes issued as a portion of the consideration in connection with the acquisition we completed in August 2010. This increase was partially offset by the favorable impact of lower rates on variable hedge contracts which we entered into in March 2011. On December 16, 2011, we negotiated the right to terminate the interest rate swap agreements. Upon termination of these interest rate swaps we received cash proceeds of approximately \$6.6 million, including \$1.0 million of accrued interest. The net proceeds of \$5.6 million have been recorded in "Long-term debt and capital lease obligations" on the Consolidated Balance Sheets and will be amortized as a reduction to interest expense over the remaining term of the 2016 Notes, resulting in an effective interest rate of 7.1% per annum.

#### **Income tax provision**

Our effective tax rate was 32.1% for the year ended December 31, 2011 as compared to 38.6% for the year ended December 31, 2010. The decrease in the effective tax rate from the previous year is primarily due to the favorable impact of lower taxes on foreign earnings, a lower effective state tax rate and the benefit related to income from changes in the fair value of acquisition-related contingent consideration, which is not taxable. Our effective U.S. state income tax rate was lower due to the mix of earnings by jurisdiction in 2011 as compared to 2010.

## SEGMENT RESULTS

### Total Adjusted Segment EBITDA

We evaluate the performance of our operating segments based on Adjusted Segment EBITDA which is a non-GAAP measure. The following table reconciles Net Income (Loss) to Total Adjusted Segment EBITDA for the years ended December 31, 2012, 2011, and 2010.

	Year Ended December 31,		
	2012	2011	2010
<b>Net income (loss)</b>	\$ (36,986)	\$ 103,903	\$ 65,984
Add back:			
Income tax provision	40,100	49,224	41,407
Other income (expense), net	51,072	52,320	45,840
Loss on early extinguishment of debt	4,850	—	5,161
Unallocated corporate expense	76,079	73,848	72,579
<b>Segment operating income</b>	<b>\$ 135,115</b>	<b>\$ 279,295</b>	<b>\$ 230,971</b>
Add back:			
Segment depreciation expense	25,058	23,620	26,102
Amortization of other intangible assets	22,407	22,371	23,910
Special charges	28,425	12,372	46,381
Goodwill impairment charge	110,387	—	—
<b>Total Adjusted Segment EBITDA</b>	<b>\$ 321,392</b>	<b>\$ 337,658</b>	<b>\$ 327,364</b>

### Other Segment Operating Data

	Year Ended December 31,		
	2012	2011	2010
<b>Number of revenue-generating professionals: (at period end)</b>			
Corporate Finance/Restructuring	836	692	725
Forensic and Litigation Consulting	813	852	806
Economic Consulting	474	433	297
Technology	277	290	257
Strategic Communications	593	582	583
<b>Total revenue-generating professionals</b>	<b>2,993</b>	<b>2,849</b>	<b>2,668</b>
<b>Utilization rates of billable professionals: <sup>(1)</sup></b>			
Corporate Finance/Restructuring	71%	70%	70%
Forensic and Litigation Consulting	68%	69%	72%
Economic Consulting	81%	85%	79%
<b>Average billable rate per hour: <sup>(2)</sup></b>			
Corporate Finance/Restructuring	\$ 416	\$ 427	\$ 435
Forensic and Litigation Consulting	370	330	324
Economic Consulting	493	482	472

<sup>(1)</sup> We calculate the utilization rate for our billable professionals by dividing the number of hours that all of our billable professionals worked on client assignments during a period by the total available working hours for all of our billable professionals during the same period. Available hours are determined by the standard hours worked by each employee, adjusted for part-time hours, local country standard work weeks and local country holidays. Available working hours include vacation and professional training days, but exclude holidays. Utilization rates are presented for our segments that primarily bill clients on an hourly basis. We have not presented a utilization rate for our Technology and Strategic Communications segments as most of the revenues of these segments are not based on billable hours.

<sup>(2)</sup> For engagements where revenues are based on number of hours worked by our billable professionals, average billable rate per hour is calculated by dividing revenues for a period by the number of hours worked on client assignments during the same period. We have not presented an average billable rate per hour for our Technology and Strategic Communications segments as most of the revenues of these segments are not based on billable hours.

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands, except rate per hour)		
<b>Revenues</b>	<u>\$459,231</u>	<u>\$427,813</u>	<u>\$451,518</u>
<b>Operating expenses:</b>			
Direct cost of revenues	284,186	269,139	275,860
Selling, general and administrative expense	72,773	70,406	69,658
Special charges	11,936	9,440	9,936
Acquisition-related contingent consideration	(3,270)	(5,890)	1,102
Amortization of other intangible assets	6,239	5,795	6,463
	<u>371,864</u>	<u>348,890</u>	<u>363,019</u>
<b>Segment operating income</b>	<u>87,367</u>	<u>78,923</u>	<u>88,499</u>
Add back:			
Depreciation and amortization of intangible assets	9,663	9,275	10,199
Special charges	11,936	9,440	9,936
<b>Adjusted Segment EBITDA</b>	<u>\$108,966</u>	<u>\$ 97,638</u>	<u>\$108,634</u>
Gross profit <sup>(1)</sup>	<u>\$175,045</u>	<u>\$158,674</u>	<u>\$175,658</u>
Gross profit margin <sup>(2)</sup>	38.1%	37.1%	38.9%
Adjusted Segment EBITDA as a percent of revenues	23.7%	22.8%	24.1%
Number of revenue generating professionals (at period end)	836	692	725
Utilization rates of billable professionals	71%	70%	70%
Average billable rate per hour	\$ 416	\$ 427	\$ 435

<sup>(1)</sup> Revenues less direct cost of revenues.

<sup>(2)</sup> Gross profit as a percent of revenues.

#### Year ended December 31, 2012 compared to December 31, 2011

Revenues increased \$31.4 million, or 7.3%, to \$459.2 in 2012 compared to \$427.8 million in 2011. Acquisition-related revenue from KMQ, Think First and LECG was \$9.8 million, or 2.3% growth from the prior year. Revenue increased organically \$21.6 million, or 5.0%, primarily due to higher realization and demand in our bankruptcy and restructuring practice in North America, greater demand for our restructuring practice in the EMEA, higher success fees, and higher average bill rates in our communications, media and entertainment practice.

Gross profit increased \$16.3 million, or 10.3%, to \$175.0 million in 2012 compared to \$158.7 million for 2011. Gross profit margin increased 1.0 percentage point to 38.1% for 2012 compared to 37.1% for 2011 primarily due to higher revenue and lower average personnel costs.

SG&A expense increased \$2.4 million, or 3.4%, to \$72.8 million for 2012 compared to \$70.4 million for 2011. SG&A expense was 15.8% of revenue for 2012, down from 16.5% for 2011. The increase in SG&A expense included a \$2.4 million Australian valuation tax related to the transfer of assets associated with the KMQ acquisition.

Amortization of other intangible assets increased to \$6.2 million for 2012 compared to \$5.8 million for 2011.

Adjusted Segment EBITDA increased \$11.3 million, or 11.6%, to \$109.0 million for 2012 compared to \$97.6 million for 2011. 2011 Adjusted Segment EBITDA included a gain of \$9.0 million related to the fair value adjustment to contingent consideration for the acquired FS Advisory practice in Asia compared to a similar gain of \$5.2 million in 2012.

#### **Year ended December 31, 2011 compared to December 31, 2010**

Revenues decreased \$23.7 million, or 5.3%, to \$427.8 million in 2011 from \$451.5 million in 2010. Acquisition related revenue from the Asia practice acquired in the third quarter of 2010 and the European tax practice from LECG acquired in the first quarter of 2011 totaled \$21.0 million, or 4.7%. Organic revenue declined \$46.7 million, or 10.3%, due to fewer consulting hours and lower average billable rates per hour as the demand for bankruptcy and restructuring services decreased in North America and Europe along with lower volumes in the real estate advisory practice. These declines were partially offset by higher healthcare practice revenue.

Gross profit decreased \$17.0 million, or 9.7%, to \$158.7 million in 2011 from \$175.7 million in 2010. Gross profit margin decreased 1.8 percentage points to 37.1% in 2011 from 38.9% in 2010. The gross profit margin decline was primarily due to lower revenue from the higher margin bankruptcy and restructuring practices in North America and Europe, partially offset by margin improvement in healthcare practice and gross profit from acquired practices in 2011.

SG&A expense increased \$0.7 million, or 1.1%, to \$70.4 million in 2011 from \$69.7 million in 2010. SG&A expense was 16.5% of revenue in 2011, up from 15.4% in 2010. The increase in SG&A expense in 2011 was due to the operating expenses of the 2011 acquired practices and higher bad debt expense, partially offset by lower personnel costs, marketing, recruiting expenses and facilities costs. Bad debt expense was 0.4% of revenue in 2011 compared to 0.1% in 2010.

Amortization of other intangible assets decreased \$0.7 million to \$5.8 million in 2011 from \$6.5 million in 2010.

Adjusted Segment EBITDA decreased \$11.0 million, or 10.1%, to \$97.6 million in 2011 from \$108.6 million in 2010.

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands, except rate per hour)		
<b>Revenues</b>	<u>\$343,074</u>	<u>\$365,326</u>	<u>\$324,478</u>
<b>Operating expenses:</b>			
Direct cost of revenues	224,744	231,306	192,112
Selling, general and administrative expense	69,096	68,838	59,683
Special charges	7,672	839	4,821
Acquisition-related contingent consideration	206	(575)	88
Amortization of other intangible assets	1,944	2,419	3,653
	<u>303,662</u>	<u>302,827</u>	<u>260,357</u>
<b>Segment operating income</b>	<u>39,412</u>	<u>62,499</u>	<u>64,121</u>
Add back:			
Depreciation and amortization of intangible assets	5,659	5,842	6,978
Special charges	7,672	839	4,821
<b>Adjusted Segment EBITDA</b>	<u>\$ 52,743</u>	<u>\$ 69,180</u>	<u>\$ 75,920</u>
Gross profit <sup>(1)</sup>	<u>\$ 118,330</u>	<u>\$134,020</u>	<u>\$132,366</u>
Gross profit margin <sup>(2)</sup>	34.5%	36.7%	40.8%
Adjusted Segment EBITDA as a percent of revenues	15.4%	18.9%	23.4%
Number of revenue generating professionals (at period end)	813	852	806
Utilization rates of billable professionals	68%	69%	72%
Average billable rate per hour	\$ 370	\$ 330	\$ 324

<sup>(1)</sup> Revenues less direct cost of revenues.

<sup>(2)</sup> Gross profit as a percent of revenues.

#### Year Ended December 31, 2012 compared to December 31, 2011

Revenues decreased \$22.2 million, or 6.1%, to \$343.1 million for 2012 from \$365.3 million for 2011. Acquisition-related revenue from the disputes and forensic accounting and environmental solutions practices in North America acquired from LECG late in the first quarter of 2011 was \$4.7 million, or 1.3% of the segment revenue from the prior year period. Revenue declined organically \$27.0 million, or 7.4%, primarily due to weak demand in our North America and data analytics practices, partially offset by growth in our global risk and investigations practice in the Latin America region. The revenue decline is also largely impacted by the decline of certain large event-driven investigative matters.

Gross profit decreased \$15.7 million, or 11.7%, to \$118.3 million for 2012 from \$134.0 million for 2011. Gross profit margin decreased 2.2 percentage points to 34.5% for 2012 from 36.7% for 2011. The decrease in gross profit margin was due to lower utilization, partially offset by lower personnel costs in our North America practice as a result of headcount reductions taken in the second quarter of 2012.

SG&A expense increased \$0.3 million to \$69.1 million from \$68.8 million for 2011. SG&A expense was 20.1% of revenue for 2012, compared to 18.8% for 2011. The increase in bad debt expense was partially offset by lower personnel costs. Bad debt expense was 1.4% of revenues for 2012 up from 1.0% for 2011.

Amortization of other intangible assets decreased to \$1.9 million for 2012, compared to \$2.4 million for 2011.

Adjusted Segment EBITDA decreased \$16.4 million, or 23.8%, to \$52.7 million for 2012, compared to \$69.2 million for 2011.



## Year Ended December 31, 2011 compared to December 31, 2010

Revenues increased \$40.8 million, or 12.6%, to \$365.3 million in 2011 from \$324.5 million in 2010. Revenue from the practices acquired from LECG in the first quarter of 2011 was \$18.5 million, or 5.7%, primarily driven by the disputes and forensic accounting and environmental solution practices in North America. Excluding the estimated positive impact of foreign currency translation, organic revenue growth of \$20.5 million, or 6.3%, was attributed to increases in demand for construction solutions, global risk, forensic accounting and litigation support services in the Asia Pacific and EMEA regions, and data analytics services.

Gross profit increased \$1.6 million, or 1.2%, to \$134.0 million in 2011 from \$132.4 million in 2010. Gross profit margin decreased 4.1 percentage points to 36.7% in 2011 from 40.8% in 2010. The gross profit margin decline was due to lower utilization and increased headcount from investments in key practices, which offset higher consulting volumes and higher average billable rates per hour.

SG&A expense increased \$9.1 million, or 15.3%, to \$68.8 million in 2011 from \$59.7 million in 2010. SG&A expense was 18.8% of revenue in 2011, up from 18.4% in 2010. The increase in SG&A expense in 2011 was due to overhead expenses related to the 2011 acquired practices and increased facilities and information technology costs to support growing operations. Bad debt expense was 1.0% of revenues in 2011 compared to 0.9% in 2010.

Amortization of other intangible assets decreased \$1.3 million to \$2.4 million in 2011 from \$3.7 million in 2010.

Adjusted Segment EBITDA decreased \$6.8 million, or 8.9%, to \$69.2 million in 2011 from \$76.0 million in 2010.

## ECONOMIC CONSULTING

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands, except rate per hour)		
<b>Revenues</b>	<b>\$ 391,622</b>	<b>\$ 353,981</b>	<b>\$ 255,660</b>
<b>Operating expenses:</b>			
Direct cost of revenues	265,112	242,703	170,718
Selling, general and administrative expense	51,912	46,802	37,879
Special charges	991	2,093	6,667
Amortization of other intangible assets	1,615	1,493	1,216
	<u>319,630</u>	<u>293,091</u>	<u>216,480</u>
<b>Segment operating income</b>	<b>71,992</b>	<b>60,890</b>	<b>39,180</b>
<b>Add back:</b>			
Depreciation and amortization of intangible assets	4,478	4,045	3,634
Special charges	991	2,093	6,667
<b>Adjusted Segment EBITDA</b>	<b>\$ 77,461</b>	<b>\$ 67,028</b>	<b>\$ 49,481</b>
Gross profit <sup>(1)</sup>	\$ 126,510	\$ 111,278	\$ 84,942
Gross profit margin <sup>(2)</sup>	32.3%	31.4%	33.2%
Adjusted Segment EBITDA as a percent of revenues	19.8%	18.9%	19.4%
Number of revenue generating professionals (at period end)	474	433	297
Utilization rates of billable professionals	81%	85%	79%
Average billable rate per hour	\$ 493	\$ 482	\$ 472

<sup>(1)</sup> Revenues less direct cost of revenues.

<sup>(2)</sup> Gross profit as a percent of revenues.

**Year ended December 31, 2012 compared to December 31, 2011**

Revenues increased \$37.6 million, or 10.6%, to \$391.6 million for 2012 compared to \$354.0 million for 2011. Acquisition-related revenue from the competition policy, financial advisory, international arbitration and electric power and airline competition practices acquired from LECG late in the first quarter of 2011 was \$17.6 million, or 5.0%, of segment revenue growth from the prior year period. Revenue grew organically \$20.0 million, or 5.6%, primarily due to increased demand in our antitrust litigation & financial economics practices in North America, coupled with higher average bill rates in our antitrust and litigation practice in North America.

Gross profit increased \$15.2 million, or 13.7%, to \$126.5 million for 2012 compared to \$111.3 million for 2011. Gross profit margin increased 0.9 percentage points to 32.3% for 2012 from 31.4% for 2011. The increase in gross margin was impacted by lower variable compensation expense.

SG&A expense increased \$5.1 million, or 10.9%, to \$51.9 million for 2012 compared to \$46.8 million for 2011. SG&A was 13.3% of revenue for 2012 and compared to 13.2% for 2011. The increase in SG&A expense was due to higher corporate allocations in support of growing operations, facilities and bad debt partially offset by lower legal expense. Bad debt expense was 1.7% of revenue for 2012 compared to 1.5% for 2011.

Amortization of other intangible assets was \$1.6 million for 2012, compared to \$1.5 million for 2011.

Adjusted Segment EBITDA increased \$10.4 million, or 15.6%, to \$77.4 million for 2012, compared to \$67.0 million for 2011.

**Year ended December 31, 2011 compared to December 31, 2010**

Revenues increased \$98.3 million, or 38.5%, to \$354.0 million in 2011 from \$255.7 million in 2010. Revenue from the competition policy, financial advisory, international arbitration, and electric power and airline competition practices acquired from LECG in 2011 was \$55.2 million, or 21.6%, of revenues. Excluding the estimated positive impact of foreign currency translation, organic revenue growth was \$42.3 million, or 16.5%, due to increased demand in the antitrust and M&A, financial economics and European international arbitration, regulatory and valuation practices compared to 2010.

Gross profit increased \$26.4 million, or 31.0%, to \$111.3 million in 2011 from \$84.9 million in 2010. Gross profit margin decreased 1.8 percentage points to 31.4% in 2011 from 33.2% in 2010. The gross profit margin decline was primarily attributable to higher variable compensation costs relative to 2010 and, to a lesser degree, margin compression from the 2011 acquired practices, despite higher utilization and higher average billable rates per hour.

SG&A expense increased \$8.9 million, or 23.6%, to \$46.8 million in 2011 from \$37.9 million in 2010. SG&A expense was 13.2% of revenue in 2011, down from 14.8% in 2010. The increase in SG&A expense in 2011 was due to overhead expenses related to the 2011 acquired practices, partially offset by lower bad debt expense. Bad debt expense was 1.5% of revenue in 2011 compared to 2.7% in 2010.

Amortization of other intangible assets increased \$0.3 million to \$1.5 million in 2011 from \$1.2 million in 2010.

Adjusted Segment EBITDA increased \$17.5 million, or 35.5%, to \$67.0 million in 2011 from \$49.5 million in 2010.

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands)		
<b>Revenues</b>	<u>\$ 195,194</u>	<u>\$ 218,738</u>	<u>\$ 176,607</u>
<b>Operating expenses:</b>			
Direct cost of revenues	88,056	87,573	65,925
Selling, general and administrative expense	62,436	65,322	59,721
Special charges	3,114	—	15,913
Amortization of other intangible assets	7,946	7,926	7,479
	<u>161,552</u>	<u>160,821</u>	<u>149,038</u>
<b>Segment operating income</b>	<u>33,642</u>	<u>57,917</u>	<u>27,569</u>
<b>Add back:</b>			
Depreciation and amortization of intangible assets	20,447	19,094	20,876
Special charges	3,114	—	15,913
<b>Adjusted Segment EBITDA</b>	<u>\$ 57,203</u>	<u>\$ 77,011</u>	<u>\$ 64,358</u>
Gross profit <sup>(1)</sup>	<u>\$ 107,138</u>	<u>\$ 131,165</u>	<u>\$ 110,682</u>
Gross profit margin <sup>(2)</sup>	54.9%	60.0%	62.7%
Adjusted Segment EBITDA as a percent of revenues	29.3%	35.2%	36.4%
Number of revenue generating professionals (at period end) <sup>(3)</sup>	277	290	257

<sup>(1)</sup> Revenues less direct cost of revenues.

<sup>(2)</sup> Gross profit as a percent of revenues.

<sup>(3)</sup> Includes personnel involved in direct client assistance and revenue generating consultants.

#### Year Ended December 31, 2012 compared to December 31, 2011

Revenues decreased \$23.5 million, or 10.8%, to \$195.2 million in 2012 from \$218.7 million in 2011. Revenue declined due to lower pricing for hosting and processing, lower volume for consulting, and lower licensing revenues related to several settlements received in the prior year. The revenue decline is also largely impacted by the decline of certain large matters.

Gross profit decreased by \$24.0 million, or 18.3%, to \$107.1 million in 2012 from \$131.1 million in 2011. Gross profit margin decreased 5.1 percentage points to 54.9% for 2012 from 60.0% for 2011 due to the related revenue declines in our higher margin services.

SG&A expense decreased by \$2.9 million, or 4.4%, to \$62.4 million in 2012 from \$65.3 million in 2011. SG&A expense was 32.0% of revenue in 2012, up from 29.9% in 2011. The decrease in SG&A expense was primarily due to lower personnel costs for fewer headcount and lower variable compensation, bad debt expense, and legal costs, partially offset by higher facilities expense. Bad debt recoveries were \$0.2 million in 2012 compared to bad debt expense of \$0.7 million in 2011. Research and development expense was \$20.2 million in 2012, compared to \$23.7 million in 2011.

Amortization of other intangible assets of \$7.9 million was unchanged for 2012 compared to 2011.

Adjusted Segment EBITDA decreased \$19.8 million, or 25.7%, to \$57.2 million in 2012 from \$77.0 million in 2011.

## Year Ended December 31, 2011 compared to December 31, 2010

Revenues increased \$42.1 million, or 23.9%, to \$218.7 million in 2011 from \$176.6 million in 2010. Excluding the estimated positive impact of foreign currency translation, organic revenue growth of \$41.8 million, or 23.6%, was due to increased revenue from our Acuity™ offering, unit-based services and our consulting practice. Unit-based revenues increased as a result of greater demand for hosting and review services, partially offset by lower per unit pricing related to a change in the mix of offerings. Consulting revenues increased due to higher volumes and average billable rates per hour from certain litigation matters.

Unit-based revenue is defined as revenue billed on a per-item, per-page, or some other unit-based method and includes revenue from data processing and storage, software usage and software licensing. Unit-based revenue includes revenue associated with our proprietary software that is made available to customers, either via a web browser (“on-demand”) or installed at our customer or partner locations (“on-premise”). On-demand revenue is charged on a unit or monthly basis and includes, but is not limited to, processing and review related functions. On-premise revenue is comprised of up-front license fees, with recurring support and maintenance fees.

Gross profit increased \$20.5 million, or 18.5%, to \$131.2 million in 2011 from \$110.7 million in 2010. Gross profit margin decreased 2.7 percentage points to 60.0% in 2011 from 62.7% in 2010. The gross profit margin decline was due to a change in the mix of revenue with higher third party costs related to an increase in certain litigation engagements relative to 2010.

SG&A expense increased \$5.6 million, or 9.4%, to \$65.3 million in 2011 from \$59.7 million in 2010. SG&A expense was 29.9% of revenue in 2011, down from 33.8% of revenue in 2010. The increase in SG&A expense in 2011 was primarily due to higher personnel costs from increased headcount and higher bad debt expense. Bad debt expense was \$0.7 million in 2011 compared to net recoveries of bad debt of \$0.9 million in 2010. Research and development expense in 2011 was \$23.7 million, compared to \$25.3 million in 2010. Research and development expense in 2010 includes a charge of \$2.8 million (of which \$1.4 million was recorded to depreciation expense) related to the Company’s decision to expense certain previously capitalized development efforts and prepaid software licensing costs for a product offering that was replaced with alternative technologies. Excluding the charge from 2010, research and development expense was similar to the prior year.

Amortization of other intangible assets increased \$0.4 million to \$7.9 million in 2011 from \$7.5 million in 2010.

Adjusted Segment EBITDA increased \$12.6 million, or 19.7%, to \$77.0 million in 2011 from \$64.4 million in 2010.

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands)		
<b>Revenues</b>	<u>\$ 187,750</u>	<u>\$ 200,910</u>	<u>\$ 193,198</u>
<b>Operating expenses:</b>			
Direct cost of revenues	118,434	126,187	120,984
Selling, general and administrative expense	46,852	50,919	46,469
Special charges	4,712	—	9,044
Amortization of other intangible assets	4,663	4,738	5,099
Goodwill impairment charge	110,387	—	—
	<u>285,048</u>	<u>181,844</u>	<u>181,596</u>
<b>Segment operating income (loss)</b>	(97,298)	19,066	11,602
Add back:			
Depreciation and amortization of intangible assets	7,218	7,735	8,325
Special charges	4,712	—	9,044
Goodwill impairment charge	110,387	—	—
<b>Adjusted Segment EBITDA</b>	<u>\$ 25,019</u>	<u>\$ 26,801</u>	<u>\$ 28,971</u>
Gross profit <sup>(1)</sup>	<u>\$ 69,316</u>	<u>\$ 74,723</u>	<u>\$ 72,214</u>
Gross profit margin <sup>(2)</sup>	36.9%	37.2%	37.4%
Adjusted Segment EBITDA as a percent of revenues	13.3%	13.3%	15.0%
Number of revenue generating professionals (at period end)	593	582	583

<sup>(1)</sup> Revenues less direct cost of revenues.

<sup>(2)</sup> Gross profit as a percent of revenues.

#### Year Ended December 31, 2012 compared to December 31, 2011

Revenues decreased \$13.1 million, or 6.6%, to \$187.8 million for 2012 from \$200.9 million for 2011 with 1.4% decline from the estimated negative impact of foreign currency translation, which was primarily due to the weakening of the Euro and British pound relative to the U.S. dollar. Excluding the impact of foreign currency translation, revenue declined \$10.3 million, or 5.2%, due to fewer M&A-related projects in the Asia Pacific region, lower project income in North America and pricing pressures on retainer fees in the North America and EMEA regions, offset by higher project income in EMEA and higher retainer income in Latin America.

Gross profit decreased \$5.4 million, or 7.2%, to \$69.3 million for 2012 from \$74.7 million for 2011. Gross profit margin decreased 0.3 percentage points to 36.9% for 2012 from 37.2% for 2011. The decline in gross profit margin was primarily due to fewer high-margin project engagements partially offset by lower variable compensation expenses compared to prior year.

SG&A expense decreased \$4.0 million, or 8.0%, to \$46.9 million for 2012 from \$50.9 million for 2011. SG&A expense was 25.0% of revenue for 2012, down from 25.3% of revenue for 2011. The decrease in SG&A expense was primarily related to lower personnel costs from reduced headcount.

Amortization of other intangible assets of \$4.7 million was unchanged for 2012 compared to 2011.

Adjusted Segment EBITDA, which excludes the impact of the goodwill impairment charge, decreased \$1.8 million, or 6.6%, to \$25.0 million for 2012 from \$26.8 million for 2011.

During the fourth quarter, we conducted our annual impairment analysis with respect to the carrying value of our goodwill. Our analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value. As a result, we recorded a \$110.4 million non-deductible charge related to the Strategic Communications segment. The Strategic Communications reporting unit fair value was unfavorably impacted by a combination of lower current and projected cash flows.

#### Year Ended December 31, 2011 compared to December 31, 2010

Revenues increased \$7.7 million, or 4.0%, to \$200.9 million in 2011 from \$193.2 million in 2010 with 3.3% growth from the estimated positive impact of foreign currency translation, which was primarily due to the strengthening of the British pound, the Australian dollar and the Euro relative to the U.S. dollar. Organic revenue grew \$1.4 million, or 0.7%, primarily due to increases in retainer revenue partially offset by lower reimbursable third party expenses and a decline in project income in the Americas and the Asia Pacific practices.

Gross profit increased \$2.5 million, or 3.5%, to \$74.7 million in 2011 from \$72.2 million in 2010. Gross profit margin decreased 0.2 percentage points to 37.2% in 2011 from 37.4% in 2010. The gross profit margin decline was primarily due to competitive fee pressure on high margin project engagements relative to 2010.

SG&A expense increased \$4.4 million to \$50.9 million in 2011 from \$46.5 million in 2010. SG&A expense was 25.3% of revenue in 2011, up from 24.1% of revenue in 2010. The increase in SG&A expense in 2011 was primarily due to the estimated negative impact of foreign currency, higher facilities costs, internal allocations of corporate costs incurred in direct support of segment operations and marketing expenses. Bad debt expense was 0.6% of revenues in 2011 compared to 0.7% in 2010.

Amortization of other intangible assets decreased \$0.4 million to \$4.7 million in 2011 from \$5.1 million in 2010.

Adjusted Segment EBITDA decreased \$2.2 million, or 7.5%, to \$26.8 million in 2011 from \$29.0 million in 2010.

#### Liquidity and Capital Resources

##### Cash Flows

	Year Ended December 31,		
	2012	2011	2010
	(dollars in thousands)		
Net cash provided by operating activities	\$ 120,188	\$ 173,828	\$ 195,054
Net cash used in investing activities	(90,406)	(93,648)	(71,086)
Net cash provided by (used in) financing activities	(138,246)	(198,729)	143,852

We have generally financed our day-to-day operations, capital expenditures and acquisitions through cash flows from operations. During the first quarter of our fiscal year, our cash needs generally exceed our cash flows from operations due to the payment of annual incentive compensation and acquisition-related contingent payments. Our operating cash flows generally exceed our cash needs subsequent to the first quarter of each year.

Our operating assets and liabilities consist primarily of billed and unbilled accounts receivable, notes receivable from employees, accounts payable, accrued expenses and accrued compensation expense. The timing of billings and collections of receivables as well as payments for compensation arrangements affect the changes in these balances.

**Year Ended December 31, 2012 Compared to Year Ended December 31, 2011**

Net cash provided by operating activities decreased by \$53.6 million to \$120.2 million in 2012 from \$173.8 million in 2011. Increased cash collections versus the prior year were offset by higher variable compensation and employee forgivable loan payments as well as the timing of accounts payable disbursements.

Net cash used in investing activities for 2012 was \$90.4 million as compared to \$93.6 million for 2011. Payments for acquisitions of businesses were \$62.9 million in the current year as compared to \$62.3 million for 2011. Payments for acquisitions completed in 2012 were \$30.0 million, net of cash received, related to the acquisitions by our Corporate Finance/Restructuring segment. Payments for acquisitions completed in 2011 included \$25.7 million, net of cash received, related to the acquisition of practices from LECG in the first quarter of 2011 and \$3.8 million of purchase price adjustments related to prior year acquisitions. Payments of acquisition-related contingent consideration and stock floors were \$28.8 million and \$4.1 million, respectively for 2012 as compared to \$26.5 million and \$6.3 million, respectively for 2011. Capital expenditures were \$27.8 million for 2012 as compared to \$31.1 million for 2011.

Net cash used in financing activities for 2012 was \$138.2 million as compared to \$198.7 million for 2011. Our financing activities for 2012 included cash outflows of \$377.9 million for the repayment of long-term debt and capital lease obligations, including repayment of our 2016 Notes and our Convertible Notes and approximately \$50 million in cash used to purchase and retire 1,681,029 shares of the Company's common stock pursuant to the Repurchase Program, partially offset by proceeds of \$292.6 million from the issuance of the 6.0% senior notes due in 2022. Our financing activities for 2011 included \$209.4 million in cash used to repurchase and retire 5,733,205 million shares of the Company's common stock pursuant to the 2011 ASB.

**Year Ended December 31, 2011 Compared to Year Ended December 31, 2010**

Net cash provided by operating activities decreased by \$21.3 million to \$173.8 million in 2011 from \$195.1 million in 2010. The change was primarily due to higher receivable collections and lower forgivable loan payments to employees more than offset by higher operating costs and interest payments. An increase in revenue in 2011 relative to 2010 translated into higher collections but at a slower collection rate than in prior years, due to a shift in the relative mix of receivables to geographic regions that traditionally have longer billing and collection cycles, such as in our Asia-Pacific region, and from clients with longer payment cycles, such as within our Economic Consulting segment, relative to other segments or regions.

Net cash used in investing activities for 2011 was \$93.6 million as compared to \$71.1 million for 2010. Payments for acquisitions of businesses were \$62.3 million for 2011 as compared to \$63.1 million for 2010. Payments for acquisitions completed in 2011 were \$25.7 million, net of cash received, related to the acquisition of practices from LECG in the first quarter of 2011 and \$3.8 million of purchase price adjustments related to prior year acquisitions. Payments for acquisitions completed in 2010 included \$30.1 million for businesses located in Asia, including \$8.6 million of cash held in escrow, payable upon final determination of the acquired working capital balance. Payments of acquisition-related contingent consideration and stock floors were \$26.5 million and \$6.3 million, respectively for 2011 as compared to \$29.6 million and \$3.4 million, respectively for 2010. Capital expenditures were \$31.1 million for 2011 as compared to \$22.6 million for 2010. In addition, the Company received \$15.0 million from the maturity of short-term investments in 2010.

Net cash used in financing activities for 2011 was \$198.7 million as compared to net cash provided by financing activities of \$143.9 million for 2010. Our financing activities for 2011 included \$209.4 million in cash used to repurchase and retire 5,733,205 million shares of the Company's common stock pursuant to the 2011 ASB. Financing activities in 2010 included \$390.4 million in proceeds from the issuance of the 6 <sup>3</sup>/<sub>4</sub>% senior notes due in 2020, partially offset by cash outflows of \$209.7 million for the repayment of long-term debt and \$40.6 million for the purchase and retirement of common stock pursuant to our stock repurchase program authorized in February, 2009.

## **Capital Resources**

As of December 31, 2012, our capital resources included \$156.8 million of cash and cash equivalents and available borrowing capacity of \$348.6 million under a \$350.0 million revolving line of credit under our Senior Bank Credit Facility. As of December 31, 2012, we had no outstanding borrowings under our Senior Bank Credit Facility; however, \$1.4 million of outstanding letters of credit reduced the availability of borrowings under the Senior Bank Credit Facility by such amount. We use letters of credit primarily in lieu of security deposits for our leased office facilities. The \$350 million revolving line of credit under the Senior Bank Credit Facility includes a \$75 million sublimit for borrowings in currencies other than U.S. dollars, including Euro, Sterling, Australian dollars and Canadian dollars.

The availability of borrowings, as well as issuances and extensions of letters of credit, under our Senior Bank Credit Facility are subject to specified conditions. We may choose to repay outstanding borrowings under the Senior Bank Credit Facility at any time before maturity without premium or penalty. Borrowings under the Senior Bank Credit Facility in U.S. dollars, Euros, Sterling and Australian dollars, bear interest at an annual rate equal to the LIBOR rate plus an applicable margin or an alternative base rate plus an applicable margin. The alternative base rate means a fluctuating rate per annum equal to the highest of (1) the rate of interest in effect for such day as the prime rate announced by Bank of America, (2) the federal funds rate plus the sum of 50 basis points and (3) the one-month LIBOR rate plus 100 basis points. Borrowings under the Senior Bank Credit Facility in Canadian dollars bear interest at an annual rate equal to the Canadian bankers' acceptance rate plus an applicable margin or the Canadian prime rate plus an applicable margin. The Canadian prime rate means a fluctuating rate per annum equal to the higher of (1) the rate of interest in effect for such day as the prime rate for loans in Canadian dollars announced by Bank of America and (2) the Canadian bankers' acceptance rate plus 100 basis points. Under the Senior Bank Credit Facility, the lenders have a security interest in substantially all of the assets of FTI Consulting, Inc. and substantially all of our domestic subsidiaries. Subject to certain conditions, at any time prior to maturity, we will be able to invite existing and new lenders to increase the size of the facility up to a maximum of \$425.0 million.

Our Senior Bank Credit Facility and the indentures governing our Notes contain covenants that, among other things, as applicable, limit our ability to: incur additional indebtedness; create liens; pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments; consolidate, merge or sell all or substantially all of our assets; guarantee obligations of other entities or our foreign subsidiaries; enter into hedging agreements; enter into transactions with affiliates or related persons; or engage in any business other than consulting-related businesses. In addition, the Senior Bank Credit Facility includes financial covenants that require us to (i) not exceed a maximum leverage ratio, (ii) not exceed a maximum senior secured leverage ratio and (iii) maintain a minimum fixed charge coverage ratio. At December 31, 2012, we were in compliance with all covenants as stipulated in the Senior Bank Credit Facility and the indentures governing our Notes.

## **Future Capital Needs**

We anticipate that our future capital needs will principally consist of funds required for:

- operating and general corporate expenses relating to the operation of our businesses;
- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service requirements, including interest payments on our long-term debt;
- compensating designated executive management and senior managing directors under our various long-term incentive compensation programs;
- discretionary funding of our Repurchase Program;



- contingent obligations related to our acquisitions;
- potential acquisitions of businesses that would allow us to diversify or expand our service offerings; and
- other known future contractual obligations.

We currently anticipate capital expenditures will be about \$31 million to \$37 million to support our organization during 2013, including direct support for specific client engagements. Our estimate takes into consideration the needs of our existing businesses but does not include the impact of any purchases that we may be required to make as a result of future acquisitions or specific client engagements that are not currently contemplated. Our capital expenditure requirements may change if our staffing levels or technology needs change significantly from what we currently anticipate, if we are required to purchase additional equipment specifically to support a client engagement or if we pursue and complete additional acquisitions.

In certain business combinations consummated prior to January 1, 2009, a portion of our purchase price was in the form of contingent consideration, often referred to as earn-outs. The use of contingent consideration allows us to shift some of the valuation risk, inherent at the time of acquisition, to the sellers based upon the outcome of future financial targets that the sellers contemplate in the valuations of the companies, assets or businesses they sell. Contingent consideration is payable annually as agreed upon performance targets are met and is generally subject to a maximum amount within a specified time period. Our obligations change from period-to-period primarily as a result of payments made during the current period, changes in the acquired entities' performance and changes in foreign currency exchange rates. In addition, certain acquisition related restricted stock agreements contain stock price guarantees that may result in cash payments in the future if our share price falls below a specified per share market value on the date the stock restrictions lapse. As of December 31, 2012, the Company had accrued \$5.9 million in contingent consideration payments which represents our estimate of the payments which will be made in the first half of 2013.

For business combinations consummated on or after January 1, 2009, contingent consideration obligations are recorded as liabilities on our condensed consolidated balance sheet and are re-measured to fair value at each subsequent reporting date with an offset to current period earnings. Contingent purchase price obligations for these business combinations are \$16.4 million at December 31, 2012, which represents the Company's estimate of the current fair value of future payments to be made from 2013 to 2017. We expect to pay \$0.7 million in 2013.

For the last several years, our cash flows from operations have exceeded our cash needs for capital expenditures and debt service requirements. We believe that our cash flows from operations, supplemented by short-term borrowings under our Senior Bank Credit Facility, as necessary, will provide adequate cash to fund our long-term cash needs from normal operations.

Our conclusion that we will be able to fund our cash requirements by using existing capital resources and cash generated from operations does not take into account the impact of any future acquisitions or any unexpected significant changes in numbers of employees. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if economic conditions change from those currently prevailing or from those now anticipated, or if other unexpected circumstances arise that may have a material effect on the cash flow or profitability of our business. Any of these events or circumstances, including any new business opportunities, could involve significant additional funding needs in excess of the identified currently available sources and could require us to raise additional debt or equity funding to meet those needs. Our ability to raise additional capital, if necessary, is subject to a variety of factors that we cannot predict with certainty, including:

- our future profitability;
- the quality of our accounts receivable;
- our relative levels of debt and equity;

- the volatility and overall condition of the capital markets; and
- the market prices of our securities.

Any new debt funding, if available, may be on terms less favorable to us than our Senior Bank Credit Facility or the indentures that govern our senior notes.

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

We have no off-balance sheet arrangements other than operating leases and we have not entered into any transactions involving unconsolidated subsidiaries or special purpose entities.

#### **Future Contractual Obligations**

The following table sets forth our estimates as to the amounts and timing of contractual payments for our most significant contractual obligations as of December 31, 2012. The information in the table reflects future unconditional payments and is based on the terms of the relevant agreements, appropriate classification of items under GAAP currently in effect and certain assumptions such as interest rates. Future events could cause actual payments to differ from these amounts.

Future contractual obligations related to our long-term debt assume that payments will be made based on the current payment schedule and exclude any additional revolving line of credit borrowings or repayments subsequent to December 31, 2012 and prior to the November 2017 maturity date of our Senior Bank Credit Facility.

The interest obligation on our long-term debt assumes that our Notes will bear interest at their stated rates.

<u>Contractual Obligations</u>	<u>Total</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
				(in thousands)			
Long-term debt	\$ 723,045	\$ 6,021	\$ 6,024	\$ 11,000	\$ —	\$ —	\$ 700,000
Interest on long-term debt	352,158	46,665	46,185	45,558	45,000	45,000	123,750
Operating leases	303,293	48,903	44,733	37,553	34,136	33,258	104,710
Total obligations	<u>\$ 1,378,496</u>	<u>\$ 101,589</u>	<u>\$ 96,942</u>	<u>\$ 94,111</u>	<u>\$ 79,136</u>	<u>\$ 78,258</u>	<u>\$ 928,460</u>

**Effect of Inflation.** Inflation is not generally a material factor affecting our business. General operating expenses such as salaries, employee benefits and lease costs are, however, subject to normal inflationary pressures.

#### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from changes in interest rates, changes in the price of our common stock and changes in foreign exchange rates.

##### **Interest Rate Risk**

We are exposed to interest rate risk related to debt obligations outstanding. Interest rate changes expose our fixed rate long-term borrowings to changes in fair value and expose our variable rate borrowings to changes in our interest expense. From time to time, we use derivative instruments, primarily consisting of interest rate swap agreements, to manage our interest rate exposure by achieving a desired proportion of fixed rate versus variable rate borrowings. All of our derivative transactions are entered into for non-trading purposes.

The following table presents principal cash flows and related interest rates by year of maturity for our fixed rate Notes and a comparison of the fair value of the debt at December 31, 2012 and 2011. The fair values have been determined based on quoted market prices for our Notes (in thousands).

							December 31, 2012		December 31, 2011	
	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value	Total	Fair Value
<b>Long-term debt</b>										
Fixed rate	\$6,000	\$6,000	\$11,000	\$ —	\$ —	\$700,000	\$723,000	\$762,000	\$793,940	\$881,832
Average interest rate	8.0%	8.0%	8.0%	—	—	6.4%	6.5%	—	6.5%	—
Variable rate	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 445	\$ 445
Average interest rate	—	—	—	—	—	—	—	—	0.8%	—

### Equity Price Sensitivity

The high and low sale prices per share for our common stock based on the closing sales price as reported on the New York Stock Exchange during 2012 were \$44.22 and \$23.11.

Certain acquisition related restricted stock agreements contain stock price guarantees that may result in cash payments in the future if our share price falls below a specified per share market value on the date the stock restrictions lapse (“the determination date”). The future settlement of any contingency related to our common stock price would require a cash outflow. Our remaining stock price guarantees have stock floor prices that range from \$54.33 to \$69.48 per share and have determination dates through 2013. The following table details by year the cash outflows that would result from the remaining stock price guarantee payments if, on the applicable determination dates, our common stock price was at \$33.00 per share (our closing share price on December 31, 2012, the last trading day of December), 20% above or 20% below that price.

	2013	Total
	(in thousands)	
<b>Cash outflow, assuming:</b>		
Closing share price of \$33.00 at December 31, 2012	\$4,735	\$4,735
20% increase in share price	\$3,759	\$3,759
20% decrease in share price	\$5,711	\$5,711

### Foreign Currency Exchange Rate Risk

#### Exchange Rate Risk

We consider our direct exposure to foreign exchange rate fluctuations to be minimal at this time. Our foreign currency exposure primarily relates to monetary assets and liabilities that are denominated in currencies other than the functional currency of our subsidiaries. Gains or losses from foreign currency transactions are included in interest income and other on our Consolidated Statements of Comprehensive Income (Loss) and to date have not been significant.

#### Translation of Financial Results

Most of our foreign subsidiaries operate in a functional currency other than the United States dollar (USD); therefore, increases or decreases in the value of the USD against other major currencies will affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. Changes in the exchange rate between the British pound and the USD and between the Euro and the USD had the most significant impact on the translation of our operating results for the year ended December 31, 2012. The net impact of a change in translation rates is recorded as a component of stockholders equity in “Accumulated Other Comprehensive Loss.” For the year ended December 31, 2012, consolidated revenues decreased by approximately 0.5%, operating income decreased by approximately 0.1% and diluted earnings per share decreased by approximately 0.2% due to fluctuating foreign exchange rates.

FTI Consulting, Inc. and Subsidiaries

Consolidated Financial Statements

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## Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2012. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2012 based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2012.

KPMG LLP, the independent registered public accounting firm that audited our financial statements, has issued an audit report on their assessment of internal control over financial reporting, which is included elsewhere in this Annual Report.

Date: February 28, 2013

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**Jack B. Dunn, IV**  
**President and Chief Executive Officer**  
**(principal executive officer)**

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**Roger D. Carlile**  
**Executive Vice President and Chief Financial Officer**  
**(principal financial officer)**

## Report of Independent Registered Public Accounting Firm—Internal Control over Financial Reporting

The Board of Directors and Stockholders  
FTI Consulting, Inc.:

We have audited FTI Consulting, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012, and our report dated February 28, 2013 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Baltimore, Maryland  
February 28, 2013

## Report of Independent Registered Public Accounting Firm—Consolidated Financial Statements

The Board of Directors and Stockholders  
FTI Consulting, Inc.

We have audited the accompanying consolidated balance sheets of FTI Consulting, Inc. and subsidiaries (the “Company”) as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income (loss), stockholders’ equity and cash flows for each of the years in the three-year period ended December 31, 2012. In connection with our audit of the consolidated financial statements, we also have audited financial statement Schedule II, Valuation and Qualifying Accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FTI Consulting, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2013 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG LLP

Baltimore, Maryland  
February 28, 2013

**FTI Consulting, Inc. and Subsidiaries**

**Consolidated Balance Sheets**

(in thousands, except per share data)

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 156,785	\$ 264,423
Restricted cash	1,190	10,213
Accounts receivable:		
Billed receivables	314,491	335,758
Unbilled receivables	208,797	173,440
Allowance for doubtful accounts and unbilled services	<u>(94,048)</u>	<u>(80,096)</u>
Accounts receivable, net	429,240	429,102
Current portion of notes receivable	33,194	26,687
Prepaid expenses and other current assets	50,351	40,529
Current portion of deferred tax assets	3,615	—
<b>Total current assets</b>	<b>674,375</b>	<b>770,954</b>
Property and equipment, net of accumulated depreciation	68,192	74,448
Goodwill	1,260,035	1,309,358
Other intangible assets, net of amortization	104,181	118,889
Notes receivable, net of current portion	101,623	81,748
Other assets	67,046	55,687
<b>Total assets</b>	<b><u>\$2,275,452</u></b>	<b><u>\$ 2,411,084</u></b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable, accrued expenses and other	\$ 98,109	\$ 132,773
Accrued compensation	168,392	180,366
Current portion of long-term debt and capital lease obligations	6,021	153,381
Billings in excess of services provided	31,675	19,063
Deferred income taxes	—	12,254
<b>Total current liabilities</b>	<b>304,197</b>	<b>497,837</b>
Long-term debt and capital lease obligations, net of current portion	717,024	643,579
Deferred income taxes	105,751	88,071
Other liabilities	80,248	75,395
<b>Total liabilities</b>	<b><u>1,207,220</u></b>	<b><u>1,304,882</u></b>
Commitments and contingent liabilities (notes 8, 14 and 15)		
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value; shares authorized — 5,000; none outstanding	—	—
Common stock, \$0.01 par value; shares authorized — 75,000; shares issued and outstanding — 40,755 (2012) and 41,484 (2011)	408	415
Additional paid-in capital	367,978	383,978
Retained earnings	741,215	778,201
Accumulated other comprehensive loss	<u>(41,369)</u>	<u>(56,392)</u>
<b>Total stockholders' equity</b>	<b><u>1,068,232</u></b>	<b><u>1,106,202</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$2,275,452</u></b>	<b><u>\$ 2,411,084</u></b>

See accompanying notes to consolidated financial statements



**FTI Consulting, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income (Loss)**  
(in thousands, except per share data)

	Year Ended December 31,		
	2012	2011	2010
<b>Revenues</b>	<u>\$1,576,871</u>	<u>\$ 1,566,768</u>	<u>\$ 1,401,461</u>
<b>Operating expenses</b>			
Direct cost of revenues	980,532	956,908	825,599
Selling, general and administrative expense	378,016	373,295	341,239
Special charges	29,557	15,212	51,131
Acquisition-related contingent consideration	(3,064)	(6,465)	1,190
Amortization of other intangible assets	22,407	22,371	23,910
Goodwill impairment charge	110,387	—	—
	<u>1,517,835</u>	<u>1,361,321</u>	<u>1,243,069</u>
<b>Operating income</b>	<u>59,036</u>	<u>205,447</u>	<u>158,392</u>
<b>Other income (expense)</b>			
Interest income and other	5,659	6,304	4,423
Interest expense	(56,731)	(58,624)	(50,263)
Loss on early extinguishment of debt	(4,850)	—	(5,161)
	<u>(55,922)</u>	<u>(52,320)</u>	<u>(51,001)</u>
<b>Income before income tax provision</b>	3,114	153,127	107,391
<b>Income tax provision</b>	40,100	49,224	41,407
<b>Net income (loss)</b>	<u>\$ (36,986)</u>	<u>\$ 103,903</u>	<u>\$ 65,984</u>
<b>Earnings (loss) per common share — basic</b>	<u>\$ (0.92)</u>	<u>\$ 2.53</u>	<u>\$ 1.45</u>
<b>Earnings (loss) per common share — diluted</b>	<u>\$ (0.92)</u>	<u>\$ 2.39</u>	<u>\$ 1.38</u>
<b>Other comprehensive income (loss) net of tax:</b>			
Foreign currency translation adjustments, net of tax expense (benefit) of \$654, (\$1,568) and \$1,484 for the years ended December 31, 2012, 2011 and 2010, respectively	15,023	(2,902)	(5,951)
<b>Other comprehensive income (loss), net of tax</b>	<u>15,023</u>	<u>(2,902)</u>	<u>(5,951)</u>
<b>Comprehensive income (loss)</b>	<u>\$ (21,963)</u>	<u>\$ 101,001</u>	<u>\$ 60,033</u>

See accompanying notes to consolidated financial statements

**FTI Consulting, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<b>Balance December 31, 2009</b>	46,985	\$ 470	\$ 541,453	\$ 608,314	\$ (47,539)	\$1,102,698
Net income				65,984		\$ 65,984
Other comprehensive income:						
Cumulative translation adjustment	—	—	—		(5,951)	\$ (5,951)
Issuance of common stock in connection with:						
Exercise of options, net of income tax expense from share-based awards of \$227	408	4	10,512	—	—	\$ 10,516
Restricted share grants, less net settled shares of 106	510	5	(4,099)	—	—	\$ (4,094)
Stock units issued under incentive compensation plan	—	—	6,531	—	—	\$ 6,531
Business combinations	—	—	(2,931)	—	—	\$ (2,931)
Purchase and retirement of common stock	(1,759)	(18)	(40,616)	—	—	\$ (40,634)
Share-based compensation	—	—	35,487	—	—	\$ 35,487
<b>Balance December 31, 2010</b>	<u>46,144</u>	<u>\$ 461</u>	<u>\$ 546,337</u>	<u>\$ 674,298</u>	<u>\$ (53,490)</u>	<u>\$1,167,606</u>
Net income	—	—	—	103,903	—	\$ 103,903
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—		(2,902)	\$ (2,902)
Issuance of common stock in connection with:						
Exercise of options, net of income tax expense from share-based awards of \$846	637	7	16,416	—	—	\$ 16,423
Restricted share grants, less net settled shares of 119	436	4	(4,470)	—	—	\$ (4,466)
Stock units issued under incentive compensation plan	—	—	4,241	—	—	\$ 4,241
Business combinations	—	—	(5,455)	—	—	\$ (5,455)
Purchase and retirement of common stock	(5,733)	(57)	(209,343)	—	—	\$ (209,400)
Share-based compensation	—	—	36,252	—	—	\$ 36,252
<b>Balance December 31, 2011</b>	<u>41,484</u>	<u>\$ 415</u>	<u>\$ 383,978</u>	<u>\$ 778,201</u>	<u>\$ (56,392)</u>	<u>\$1,106,202</u>
Net income (loss)	—	—	—	(36,986)	—	\$ (36,986)
Other comprehensive income:						
Cumulative translation adjustment	—	—	—		15,023	\$ 15,023
Issuance of common stock in connection with:						
Exercise of options, net of income tax expense from share-based awards of \$994	328	4	7,039	—	—	\$ 7,043
Restricted share grants, less net settled shares of 178	443	4	(6,389)	—	—	\$ (6,385)
Stock units issued under incentive compensation plan	—	—	3,079	—	—	\$ 3,079
Business combinations	181	2	1,033	—	—	\$ 1,035
Reacquisition of equity component of convertible debt	—	—	(108)	—	—	\$ (108)
Purchase and retirement of common stock	(1,681)	(17)	(50,015)	—	—	\$ (50,032)
Share-based compensation	—	—	29,361	—	—	\$ 29,361
<b>Balance December 31, 2012</b>	<u>40,755</u>	<u>\$ 408</u>	<u>\$ 367,978</u>	<u>\$ 741,215</u>	<u>\$ (41,369)</u>	<u>\$1,068,232</u>

See accompanying notes to consolidated financial statements

**FTI Consulting, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,		
	2012	2011	2010
<b>Operating activities</b>			
Net income (loss)	\$ (36,986)	\$ 103,903	\$ 65,984
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	33,919	28,582	31,334
Amortization and impairment of other intangible assets	22,586	22,371	47,666
Goodwill impairment charge	110,387	—	—
Acquisition-related contingent consideration	(3,064)	(6,465)	1,190
Provision for doubtful accounts	14,179	12,586	10,720
Non-cash share-based compensation	29,361	37,352	35,246
Excess tax benefits from share-based compensation	(515)	(1,597)	(204)
Non-cash interest expense and loss on extinguishment of debt	9,824	8,439	12,670
Other	27	(471)	482
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, billed and unbilled	(3,691)	(94,178)	(18,881)
Notes receivable	(25,730)	(3,781)	(22,159)
Prepaid expenses and other assets	(1,895)	3,933	1,136
Accounts payable, accrued expenses and other	(12,458)	11,472	18,611
Income taxes	(6,816)	22,227	8,033
Accrued compensation	(21,074)	38,073	9,357
Billings in excess of services provided	12,134	(8,618)	(6,131)
Net cash provided by operating activities	<u>120,188</u>	<u>173,828</u>	<u>195,054</u>
<b>Investing activities</b>			
Payments for acquisition of businesses, net of cash received	(62,893)	(62,346)	(63,086)
Purchases of property and equipment	(27,759)	(31,091)	(22,600)
Proceeds from sale or maturity of short-term investments	—	—	15,000
Other	246	(211)	(400)
Net cash used in investing activities	<u>(90,406)</u>	<u>(93,648)</u>	<u>(71,086)</u>
<b>Financing activities</b>			
Borrowings under revolving line of credit	75,000	25,000	20,000
Payments of revolving line of credit	(75,000)	(25,000)	(20,000)
Payments of long-term debt and capital lease obligations	(377,859)	(6,994)	(209,747)
Issuance of debt securities, net	292,608	—	390,445
Payments of debt financing fees	(2,848)	—	(3,054)
Cash received for settlement of interest rate swaps	—	5,596	—
Purchase and retirement of common stock	(50,032)	(209,400)	(40,634)
Net issuance of common stock under equity compensation plans	1,598	11,109	6,196
Excess tax benefit from share-based compensation	515	1,597	204
Other	(2,228)	(637)	442
Net cash (used in) provided by financing activities	<u>(138,246)</u>	<u>(198,729)</u>	<u>143,852</u>
Effect of exchange rate changes and fair value adjustments on cash and cash equivalents	826	(1,598)	(2,122)
Net (decrease) increase in cash and cash equivalents	<u>(107,638)</u>	<u>(120,147)</u>	<u>265,698</u>
Cash and cash equivalents, beginning of period	264,423	384,570	118,872
Cash and cash equivalents, end of period	<u>\$ 156,785</u>	<u>\$ 264,423</u>	<u>\$ 384,570</u>
<b>Supplemental cash flow disclosures</b>			
Cash paid for interest	\$ 57,082	\$ 50,655	\$ 35,441
Cash paid for income taxes, net of refunds	46,918	38,742	33,237
Non-cash investing and financing activities:			
Issuance of common stock to acquire businesses	5,193	—	—
Issuance of notes payable to acquire businesses	—	—	39,772
Issuance of stock units under incentive compensation plans	3,079	4,241	6,531

See accompanying notes to consolidated financial statements

## FTI Consulting, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(dollar and share amounts in tables expressed in thousands, except per share data)

#### 1. Description of Business and Summary of Significant Accounting Policies

##### Description of Business

FTI Consulting, Inc. including its consolidated subsidiaries (collectively, the “Company,” “we,” “our” or “FTI Consulting”), is a leading global business advisory firm dedicated to helping organizations protect and enhance their enterprise value. Our experienced teams of professionals include many individuals who are widely recognized as experts in their respective fields. We believe clients retain us because of our recognized expertise and capabilities in highly specialized areas as well as our reputation for satisfying our clients’ needs. We operate through five operating segments: Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications.

##### Accounting Principles

Our financial statements are prepared in conformity with United States (“U.S.”) generally accepted accounting principles (“GAAP”).

##### Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

##### Consolidation

The consolidated financial statements include the accounts of FTI Consulting and all of our subsidiaries that we control or variable interest entities for which we have determined that we are the primary beneficiary. All significant intercompany transactions and balances have been eliminated.

##### Foreign Currency

Results of operations for our non-U.S. subsidiaries are translated from the designated functional currency to the reporting currency of the U.S. dollar. Revenues and expenses are translated at average exchange rates for each month while assets and liabilities are translated at balance sheet date exchange rates. Resulting translation adjustments are recorded as a component of stockholders’ equity in “Accumulated other comprehensive loss.”

Transaction gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in “Interest income and other” on our Consolidated Statements of Comprehensive Income (Loss). Such transaction gains and losses may be realized or unrealized depending upon whether the transaction settled during the period or remains outstanding at the balance sheet date.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Due to the inherent uncertainty involved in making those assumptions, actual results could differ from those estimates. The most significant estimates made and assumptions used are the determination of the allowance for doubtful accounts and unbilled services, the valuation of stock-based compensation, accruals for incentive compensation, the fair value of acquisition-related contingent consideration, the measurement of

deferred tax assets and the assessment of recoverability of intangible assets and goodwill. Management bases its estimates on historical trends, current experience and other assumptions that it believes are reasonable.

## Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed or determinable and collectability is reasonably assured. We generate the majority of our revenues from providing professional services under four types of billing arrangements: time-and-expense, unit-based and to a lesser extent, fixed-fee and performance-based.

Time-and-expense billing arrangements require the client to pay based on the number of hours worked by our revenue-generating professionals at contractually agreed-upon rates. We recognize revenues for our professional services rendered under time-and-expense engagements based on the hours incurred at agreed-upon rates as work is performed.

In fixed-fee billing arrangements, we agree to a pre-established fee in exchange for a pre-determined set of professional services. Generally, the client agrees to pay a fixed-fee every month over the specified contract term. These contracts are for varying periods and generally permit the client to cancel the contract before the end of the term. We recognize revenues for our professional services rendered under these fixed-fee billing arrangements monthly over the specified contract term or, in certain cases, revenue is recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours, which we consider to be the best available indicator of the pattern and timing in which such contract obligations are fulfilled.

In performance-based or contingent billing arrangements, fees are tied to the attainment of contractually defined objectives. Often this type of arrangement supplements a time-and-expense or fixed-fee engagement, where payment of a performance-based fee is deferred until the conclusion of the matter or upon the achievement of performance-based criteria. We do not recognize revenues under performance-based billing arrangements until all related performance criteria are met and collection of the fee is reasonably assured.

In our Technology segment, unit-based revenues are based on either the amount of data stored or processed, the number of concurrent users accessing the information, or the number of pages or images processed for a client. We recognize revenues for our professional services rendered under unit-based engagements as the services are provided based on agreed-upon rates. We also generate certain revenue from software licenses and maintenance. We have vendor-specific objective evidence of fair value for support and maintenance separate from software for the majority of our products. Accordingly, when licenses of certain offerings are included in an arrangement with support and maintenance, we recognize the license revenue upon delivery of the license and recognize the support and maintenance revenue over the term of the maintenance service period. Substantially all of our software license agreements do not include any acceptance provisions. If an arrangement allows for customer acceptance of the software, we defer revenue until the earlier of customer acceptance or when the acceptance provisions lapse. Revenues from hosting-fees are recognized ratably over the term of the hosting agreement. We have certain arrangements with clients in which we provide multiple elements of services under one engagement contract. Revenues under these types of arrangements are accounted for in accordance ASC 605-25, *Multiple-Element Arrangements*, and recognized pursuant to the criteria described above.

Some clients pay us retainers before we begin any work for them. We hold retainers on deposit until we have completed the work. We generally apply these retainers to final billings and refund any excess over the final amount billed to clients, as appropriate, when we complete our work. If the client is in bankruptcy, fees for our services may be subject to approval by the court. In some cases, a portion of the fees to be paid to us by a client is required by a court to be held until completion of our work and final fee settlements have been negotiated. We make a determination whether to record all or a portion of such holdback as revenue prior to collection on a case-by-case basis.

If at the outset of an arrangement we determine that the arrangement fee is not fixed or determinable, revenue is deferred until all criteria for recognizing revenue are met. Reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other similar costs, are generally included in revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred. Any taxes assessed on revenues relating to services provided to our clients are recorded on a net basis. Revenues recognized, but not yet billed to clients, have been recorded as “Unbilled receivables” in the Consolidated Balance Sheets.

### **Direct Cost of Revenues**

Direct cost of revenues consists primarily of billable employee compensation and related payroll benefits, the cost of consultants assigned to revenue-generating activities and direct expenses billable to clients. Direct cost of revenues also includes depreciation expense on the equipment of our Technology segment that is used to host and process client information. Direct cost of revenues does not include an allocation of overhead costs.

### **Share-Based Compensation**

We measure share-based compensation using a fair value based recognition method. Share-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense over the requisite service period or performance period of the award. The amount of share-based compensation expense recognized at any date must at least equal the portion of grant date value of the award that is vested at that date.

We use the Black-Scholes pricing model to determine the fair value of stock options on the dates of grant. The Black-Scholes pricing model requires various judgmental assumptions including volatility and expected term, which are based on our historical experience. We also make assumptions regarding the risk-free interest rate and the expected dividend yield. The risk-free interest rate is based on the term of U.S. Treasury interest rates that is consistent with the expected term of the share-based award. The dividend yield on our common stock is assumed to be zero since we do not pay dividends and have no current plans to do so in the future.

Restricted stock is measured based on the closing price of the underlying stock on the dates of grant. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee’s continued employment. We recognize the estimated fair value of performance-based awards as share-based compensation expense over the performance period. We consider each performance period separately, based upon our determination of whether it is probable that the performance target will be achieved. At each reporting period, we reassess the probability of achieving the performance targets. If a performance target is not met, no compensation cost is ultimately recognized against that target, and, to the extent previously recognized, compensation expense is reversed.

For all our share-based awards, we estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. We estimate the forfeiture rate based on historical experience. Groups of share-based award holders that have similar historical behavior with regard to option exercise timing and forfeiture rates are considered separately for valuation and attribution purposes. Forfeitures are estimated at the time an award is granted and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

### **Selling, General, and Administrative Expense**

#### ***Research and Development***

Research and development costs related to software development are expensed as incurred. Development activities involve a plan or design for the production of new or substantially improved products. When we have determined that technological feasibility for our software products is reached, costs related to the project are capitalized until such products are available for general release to customers as discussed in “Capitalized Software to be Sold, Leased or Otherwise Marketed” below.

### **Advertising Costs**

Advertising costs consist of marketing, advertising through print and other media, professional event sponsorship and public relations. These costs are expensed as incurred. Advertising costs totaled \$21.8 million, \$23.3 million, and \$20.7 million for the years ended December 31, 2012, 2011 and 2010, respectively.

### **Acquisition-related Contingent Consideration**

The fair value of acquisition-related contingent consideration is estimated at the acquisition date utilizing a probability weighted estimated cash flow stream adjusted for the expected timing of each payment. Subsequent to the acquisition date, on a quarterly basis, the contingent consideration liability is remeasured at current fair value with any changes recorded in earnings. Any remeasurement gain or loss and the accretion expense related to the increase in the net present value of the contingent liability are included in "Acquisition-related contingent consideration" on our Consolidated Statements of Comprehensive Income (Loss).

### **Income Taxes**

Our income tax provision consists of federal, state and international income taxes. We generate income in a significant number of states located throughout the U.S. as well as foreign countries in which we conduct business. Our effective income tax rate may fluctuate due to a change in the mix of earnings between higher and lower state or country tax jurisdictions and the impact of non-deductible expenses. Additionally, we record deferred tax assets and liabilities using the asset and liability method of accounting which requires us to measure these assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided to reduce such deferred tax assets to amounts more-likely-than-not to be ultimately realized.

### **Cash Equivalents and Short-Term Investments**

Cash equivalents consist of highly liquid short-term investments, principally money market funds, commercial paper and certificates of deposit with maturities of three months or less at the time of purchase. In addition, we also may invest in short-term investments with maturities greater than three months, consisting primarily of certificates of deposit and treasury bills. Any short-term investments are classified as available-for-sale and carried at fair value, based on quoted market prices or other readily available market information. Unrealized gains and losses, net of taxes, are included in "Accumulated other comprehensive loss," which is reflected as a separate component of stockholders' equity. Gains on the sale of commercial paper or treasury bills are recognized when realized in our Consolidated Statements of Comprehensive Income (Loss). Losses are recognized as realized or when we have determined that an "other-than-temporary" decline in fair value has occurred. Gains and losses are determined using the specific identification method. There were no short-term investments at December 31, 2012 or 2011.

### **Restricted Cash**

We classify cash that is restricted as to usage or withdrawal as restricted cash on our Consolidated Balance Sheets. Restricted cash is typically held in short-term interest-bearing accounts until disbursed. Restricted cash totaled \$1.2 million and \$10.2 million at December 31, 2012 and 2011, respectively.

### **Allowance for Doubtful Accounts and Unbilled Services**

We maintain an allowance for doubtful accounts and unbilled services for estimated losses resulting from the inability of clients to pay our fees or for disputes that affect our ability to fully collect our billed accounts receivable, as well as potential fee reductions negotiated by clients or imposed by bankruptcy courts. Even if a bankruptcy court approves our services, the court has the discretion to require us to refund all or a portion of our

fees due to the outcome of the case or a variety of other factors. We estimate the allowance for all receivable risks by reviewing the status of each matter and recording reserves based on our experience and knowledge of the particular client and historical collection patterns. However, our actual experience may vary significantly from our estimates. If the financial condition of our clients were to deteriorate, resulting in their inability or unwillingness to pay our fees, or bankruptcy courts require us to refund certain fees, we may need to record additional allowances or write-offs in future periods. This risk related to a client's inability to pay is mitigated to the extent that we may receive retainers from some of our clients prior to performing services.

The provision for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we discover that full collectability is not reasonably assured. It is classified in "Selling, general and administrative expense" on the Consolidated Statements of Comprehensive Income (Loss) and totaled \$14.2 million, \$12.6 million, and \$10.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The provision for unbilled services is normally recorded prior to customer billing and is recorded as a reduction to revenues. This provision normally relates to fee adjustments, estimates of fee reductions that may be imposed by bankruptcy courts and other discretionary pricing adjustments.

### **Property and Equipment**

We record property and equipment, including improvements that extend useful lives, at cost, while maintenance and repairs are charged to operations as incurred. We calculate depreciation using the straight-line method based on estimated useful lives ranging from three to seven years for furniture, equipment and internal use software. We amortize leasehold improvements over the shorter of the estimated useful life of the asset or the lease term. We capitalize costs incurred during the application development stage of computer software developed or obtained for internal use. Capitalized software developed for internal use is classified within furniture, equipment and software and is amortized over the estimated useful life of the software, which is generally three years.

### **Notes Receivable from Employees**

Notes receivable due from employees principally include unsecured general recourse forgivable loans which are provided to attract and retain certain of our senior, highly-skilled professionals. Some or all of the principal amount and accrued interest of the loans we make to employees will be forgiven by us upon the passage of time, provided that the professional is an employee on the forgiveness date, and upon other specified events, such as death or disability. Professionals who terminate their employment with us prior to the end of the forgiveness period are required to repay the outstanding, unforgiven loan balance and any accrued but unforgiven interest, except, in most cases, if the termination was by the Company without cause or by the employee with good reason, or, subject to certain conditions, if the employee terminates his or her employment due to retirement or non-renewal of his or her employment agreement, the loan may be forgiven or continue to be forgivable, in whole or in part. We amortize forgivable loans to expense on a straight-line basis over their requisite service periods of one to ten years. The accrued interest is calculated based on the note's effective interest rate and is recorded as interest income.

### **Goodwill and Other Intangible Assets**

Goodwill represents the purchase price of acquired businesses in excess of the fair market value of net assets acquired. Other intangible assets include trade names, customer relationships, contract backlog, non-competition agreements and software.

We test our goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter or whenever events or changes in circumstances indicate that the carrying value of an asset



may not be recoverable. Factors we consider important that could trigger an interim impairment review include, but are not limited to, the following:

- significant underperformance relative to expected historical or projected future operating results;
- a significant change in the manner of our use of the acquired asset or the strategy for our overall business;
- a significant market decline related to negative industry or economic trends; and/or
- our market capitalization relative to net carrying value.

We assess our goodwill for impairment using a fair value approach at the reporting unit level. A reporting unit is an operating segment or a business one level below that operating segment if discrete financial information is available and regularly reviewed by the chief operating decision makers. When available and as appropriate, we use market multiples derived from a set of guideline companies and/or guideline transactions to establish fair value (market approaches). We may also estimate fair value using discounted cash flows (an income approach) or a combination of appropriately weighted income and market approaches.

Intangible assets with definite lives are amortized over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable. We amortize our acquired definite-lived intangible assets on a straight-line basis over periods ranging from 1 to 15 years.

During the fourth quarter of 2012, we recorded a non-deductible goodwill impairment charge of \$110.4 million related to our Strategic Communications reporting unit. The impairment charge was non-cash in nature and did not affect the Company's current liquidity, nor did it impact the debt covenants under the Company's existing credit facility. See Note 13 "Goodwill and Other Intangible Assets" for information regarding the goodwill impairment charge.

### **Impairment of Long-Lived Assets**

We review long-lived assets such as property and equipment and definite-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These events or changes in circumstances may include a significant deterioration of operating results, changes in business plans, or changes in anticipated future cash flows. If an impairment indicator is present, we evaluate recoverability of assets to be held and used by a comparison of the carrying value of the assets to future undiscounted net cash flows expected to be generated by the assets. We group assets at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows generated by other asset groups. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset group, we estimate the fair value of the asset group to determine whether an impairment loss should be recognized. An impairment loss will be recognized for the difference between the fair value and carrying value of the asset group.

### **Debt Financing Fees**

We amortize the costs we incur to obtain debt financing over the terms of the underlying obligations on a straight-line basis, which approximates the effective interest method. The amortization of debt financing costs is included in "Interest expense" in our Consolidated Statements of Comprehensive Income (Loss). Unamortized debt financing costs are classified within "Other assets" on our Consolidated Balance Sheets.

### **Capitalized Software to be Sold, Leased or Otherwise Marketed**

We expense costs for software products that will be sold, leased or otherwise marketed until technological feasibility has been established. Thereafter, all software development costs are capitalized and subsequently

reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized based on current and future revenue for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product. We classify software products to be sold, leased or otherwise marketed as noncurrent "Other assets" on our Consolidated Balance Sheets. Unamortized capitalized software costs were \$12.7 million and \$9.3 million at December 31, 2012 and 2011, respectively. Amortization of capitalized software costs was \$3.7 million, \$2.6 million, and \$1.7 million for the years ended December 31, 2012, 2011 and 2010, respectively.

## **Leases**

We lease office space and equipment under non-cancelable operating leases. The leases normally provide for the payment of minimum annual rentals and may include scheduled rent increases. Some leases include provisions for renewal options of up to five years. Some of our leases for office space contain provisions whereby the future rental payments may be adjusted for increases in operating expenses above specified amounts.

We recognize rent expense under operating leases on a straight-line basis over the non-cancelable lease term. For leases with scheduled rent increases this treatment results in a deferred rent liability, which is classified within "Other liabilities" on the Consolidated Balance Sheets. Lease inducements such as tenant improvement allowances, cash inducements, and rent abatements are amortized on a straight-line basis over the life of the lease. Unamortized lease inducements are also included in deferred rent. Deferred rent at December 31, 2012 and 2011 totaled \$40.3 million and \$43.7 million, respectively.

## **Interest Rate Swaps**

We sometimes use derivative instruments, consisting primarily of interest rate swap agreements, to manage our exposure to changes in the fair values or future cash flows of some of our long-term debt. We may enter into interest rate swap transactions with financial institutions acting as the counter-party. We do not use derivative instruments for trading or other speculative purposes. At December 31, 2012 and 2011, we were not a party to any derivative instruments.

## **Billings in Excess of Services Provided**

Billings in excess of services provided represent amounts billed to clients, such as retainers, in advance of work being performed. Clients may make advance payments, which are held on deposit until completion of work or are applied at predetermined amounts or times. Excess payments are either applied to final billings or refunded to clients upon completion of work. Payments in excess of related accounts receivable and unbilled receivables are recorded as billings in excess of services provided within the liabilities section of our Consolidated Balance Sheets.

## **2. New Accounting Standards Not Yet Adopted**

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2012-02, Intangibles — Goodwill and Other (Topic 350): *Testing Indefinite — Lived Intangible Assets for Impairment* ("ASU 2012-02"). ASU 2012-02 permits an entity to make a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. If the entity determines, on the basis of all relevant qualitative factors, that it is not more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, it will not be required to perform a quantitative impairment test for that asset. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this ASU will not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, the FASB issued Accounting Standards Update (“ASU”) No. 2013-02 — *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. Under ASU 2013-02, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to the related footnotes that provide additional detail about those amounts. The Company is required to adopt this ASU for the interim period ending March 31, 2013. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income; accordingly, we do not expect the guidance to have a material effect on the Company’s consolidated financial statements.

### 3. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share are calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per common share adjust basic earnings per share for the effects of potentially dilutive common shares. Potentially dilutive common shares include the dilutive effects of shares issuable under our equity compensation plans, including stock options and restricted stock, and shares issuable upon conversion of our 3 3/4% senior subordinated convertible notes due 2012 (“Convertible Notes”) prior to their maturity on July 15, 2012 and payment in full on July 16, 2012 assuming the conversion premium was converted into common stock based on the average closing price per share of our stock during the period, each using the treasury stock method. Due to a net loss applicable to common shareholders for the year ended December 31, 2012, we excluded 1,263 potentially dilutive securities from the computation as their effect would be anti-dilutive.

	Year Ended December 31,		
	2012	2011	2010
<b>Numerator — basic and diluted</b>			
Net income (loss)	\$ (36,986)	\$ 103,903	\$ 65,984
<b>Denominator</b>			
Weighted average number of common shares outstanding — basic	40,316	41,131	45,557
Effect of dilutive stock options	—	915	915
Effect of dilutive convertible notes	—	836	863
Effect of dilutive restricted shares	—	591	329
Weighted average number of common shares outstanding — diluted	40,316	43,473	47,664
<b>Earnings (loss) per common share — basic</b>	<b>\$ (0.92)</b>	<b>\$ 2.53</b>	<b>\$ 1.45</b>
<b>Earnings (loss) per common share — diluted</b>	<b>\$ (0.92)</b>	<b>\$ 2.39</b>	<b>\$ 1.38</b>
<b>Antidilutive stock options and restricted shares</b>	<b>4,943</b>	<b>2,119</b>	<b>1,606</b>

### 4. Special Charges

During the year ended December 31, 2012, we recorded special charges totaling \$29.6 million, of which \$5.0 million was non-cash. The charges reflect actions we took to realign our workforce to address current business demands and global macro-economic conditions impacting our Forensic and Litigation Consulting, Strategic Communications and Technology segments, to address certain targeted practices within our Corporate Finance/Restructuring and Economic Consulting segments, and to reduce excess real estate capacity. These actions include the termination of 116 employees, the consolidation of leased office space within nine office locations and certain other actions. The special charges consisted of:

- \$18.4 million of salary continuance and other contractual employee related costs, including loan forgiveness and accelerated recognition of compensation cost of share-based awards, associated with the reduction in workforce of 116 employees; and

- \$11.2 million of expense associated with lease costs related to the consolidation of leased office space in nine office locations.

During the year ended December 31, 2011, we recorded special charges of \$15.2 million, of which \$4.8 million was non-cash. The charges reflect actions we took to reduce overhead in connection with the realignment of certain senior management on a global basis and to align our workforce with expected market trends, primarily in our Corporate Finance/Restructuring segment.

During the year ended December 31, 2010, we recorded special charges of \$51.1 million, of which \$31.4 million was non-cash. The non-cash charges primarily included trade name impairment charges related to our global FTI Consulting branding strategy and other strategic branding decisions. The remaining charges related to a realignment of our workforce and a consolidation of four office locations. The charges reflect actions we took to support our corporate positioning, as well as actions taken to better align capacity with expected demand, to eliminate certain redundancies resulting from acquisitions and to provide for appropriate levels of administrative support.

The following table details the special charges by segment:

	<b>For the years ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Corporate Finance/Restructuring	\$11,936	\$ 9,440	\$ 9,936
Forensic and Litigation Consulting	7,672	839	4,821
Economic Consulting	991	2,093	6,667
Technology	3,114	—	15,913
Strategic Communications	4,712	—	9,044
	<u>28,425</u>	<u>12,372</u>	<u>46,381</u>
Unallocated Corporate	1,132	2,840	4,750
Total	<u>\$29,557</u>	<u>\$15,212</u>	<u>\$51,131</u>

The total cash outflow associated with the 2012 special charges is expected to be \$24.3 million, of which \$9.3 million has been paid as of December 31, 2012. \$6.9 million is expected to be paid in 2013, \$2.6 million is expected to be paid in 2014, \$1.2 million is expected to be paid in 2015, and the remaining balance of \$4.3 million related to lease costs will be paid from 2016 to 2025. In addition, the remaining liability of \$0.2 million related to the 2011 and 2010 special charges is expected to be paid during 2013. A liability for the current and noncurrent portions of the amounts has been included in "Accounts payable, accrued expenses and other" and "Other liabilities," respectively, on the Consolidated Balance Sheets. Activity related to the liability for these costs for the years ended December 31, 2012 and 2011 is as follows:

	<b>Employee Termination Costs</b>	<b>Lease Termination Costs</b>	<b>Total</b>
Balance December 31, 2010	\$ 1,920	\$ 2,762	\$ 4,682
Additions	10,370	—	10,370
Payments	(7,388)	(2,646)	(10,034)
Foreign currency translation adjustment and other	(144)	(116)	(260)
Balance December 31, 2011	<u>4,758</u>	<u>—</u>	<u>4,758</u>
Additions	14,276	10,274	24,550
Payments	(11,803)	(1,757)	(13,560)
Foreign currency translation adjustment and other	(535)	—	(535)
Balance December 31, 2012	<u>\$ 6,696</u>	<u>\$ 8,517</u>	<u>\$ 15,213</u>

## 5. Interest Income and Other

The table below presents the components of “Interest income and other” as shown on the Consolidated Statements of Comprehensive Income (Loss).

	Year Ended December 31,		
	2012	2011	2010
Interest income	\$6,350	\$6,200	\$5,442
Foreign exchange transaction gains (losses), net	250	(560)	(542)
Other	(941)	664	(477)
<b>Interest income and other</b>	<b>\$5,659</b>	<b>\$6,304</b>	<b>\$4,423</b>

## 6. Share-Based Compensation

### Share-Based Incentive Compensation Plans

The FTI Consulting, Inc. 2004 Long-Term Incentive Plan (“2004 Plan”) authorizes common stock for stock options, stock appreciation rights, restricted or unrestricted shares, performance awards or other share-based or cash-based awards to our officers, employees, non-employee directors and individual service providers, subject to the discretion of the administrator to make awards. We are authorized to issue up to 3,000,000 shares of common stock under the 2004 Plan, of which no more than 600,000 shares of common stock may be issued in the form of restricted or unrestricted shares or other share-based awards. At December 31, 2012, there are 17,107 shares of common stock available for grant under our 2004 Plan, all of which may be granted as share-based awards.

The FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan (“2006 Plan”) authorizes common stock for stock options, stock appreciation rights, restricted or unrestricted shares, performance awards or other share-based or cash-based awards to our officers, employees, non-employee directors and individual service providers, subject to the discretion of the administrator to make awards. We are authorized to issue up to 3,500,000 shares of common stock under the 2006 Plan, of which no more than 1,100,000 shares of common stock may be issued in the form of restricted or unrestricted shares or other share-based awards. At December 31, 2012, 182,688 shares of common stock were available for grant under our 2006 Plan, of which 62,810 shares may be granted as share-based awards.

The amendment and restatement of the FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors, as previously amended (the “Deferred Compensation Plan”), (renamed the FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan (“2009 Omnibus Plan,” and together with the 2004 Plan and the 2006 Plan, the “Equity Compensation Plans”)), was approved by the stockholders of FTI Consulting on June 3, 2009 and was amended and restated as of June 2, 2010. The 2009 Omnibus Plan authorizes common stock for stock options, stock appreciation rights, restricted or unrestricted shares, performance awards or other share-based or cash-based awards to our officers, employees, non-employee directors and individual service providers, subject to the discretion of the administrator to make awards. The 2009 Omnibus Plan also authorizes common stock in connection with the issuance of deferred stock units or deferred restricted stock units on account of certain eligible compensation electively deferred by our non-employee directors and certain key employees (excluding executive officers of FTI Consulting). We are authorized to issue up to 6,000,000 shares of common stock under the 2009 Omnibus Plan, of which no more than 5,400,000 shares of common stock may be issued in the form of restricted or unrestricted shares or other share-based awards. At December 31, 2012, 1,501,210 shares of common stock were available for grant under our 2009 Omnibus Plan, all of which may be granted as share-based awards.

Options have been granted to employees with exercise prices not less than the market value of our common stock on the grant date and expire ten years subsequent to award. Vesting provisions for individual awards are established at the grant date at the discretion of the administrator of the applicable plan, which currently is the

compensation committee of our board of directors. Options and restricted shares granted under our Equity Compensation Plans typically vest over three to six years and are generally contingent on continued employment. Some stock options and restricted stock and other stock-based awards vest upon the earlier of the achievement of a service condition or a performance condition. Our Equity Compensation Plans generally provide for accelerated vesting if there is a change in control, as defined in the applicable plan. The employment agreements and award agreements with executive officers and other employees may provide for accelerated vesting or continued vesting, subject to certain conditions, on other termination events, such as death, disability, termination without good cause, termination by the employee with good reason, retirement or non-renewal of the employment agreement. We issue new shares of our common stock whenever stock options are exercised or share awards are granted. Shares of common stock under the 2009 Omnibus Plan will also be issued on account of deferred stock units and deferred restricted stock units upon an event of separation from service or an elected payment date pursuant to Section 409A of the Internal Revenue Code of 1986, as amended, and the plan (“Code Section 409A”).

Periodically, we award equity to employees upon employment or in connection with performance evaluations. The fair market value of restricted shares on the date of issuance is charged to compensation expense ratably over the remaining service period as the restrictions lapse. The fair market value of unrestricted shares on the date of issuance is immediately charged to compensation expense.

Cash-based stock appreciation rights or other cash-based awards under the Equity Compensation Plans may be awarded by the administrator to employees. For the years ended December 31, 2012 and 2011, respectively, a total of 5,668 and 63,000 cash-based awards were made to employees in certain foreign countries. At December 31, 2012, there was \$0.6 million of unrecognized compensation cost related to unvested cash-based awards. These grants do not result in the issuance of common stock and are considered *de minimis*.

### Share-Based Compensation Expense

The table below reflects the total share-based compensation expense recognized in our Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2012, 2011 and 2010:

Income Statement Classification	2012		2011		2010	
	Options <sup>(a)</sup>	Restricted Shares <sup>(b)</sup> <sup>(c)</sup>	Options <sup>(a)</sup>	Restricted Shares <sup>(b)</sup>	Options	Restricted Shares <sup>(b)</sup>
Direct cost of revenues	\$ 6,012	\$ 10,000	\$ 10,436	\$ 14,382	\$ 8,771	\$ 13,659
Selling, general and administrative expense	1,836	10,347	2,649	9,052	2,154	8,732
Special charges <sup>(d)</sup>	584	230	534	299	714	1,216
Share-based compensation expense before income taxes	8,432	20,577	13,619	23,733	11,639	23,607
Income tax benefit	3,104	6,870	5,014	8,749	4,201	8,466
Share-based compensation, net of income taxes	\$ 5,328	\$ 13,707	\$ 8,605	\$ 14,984	\$ 7,438	\$ 15,141

<sup>(a)</sup> Includes options and cash-settled stock appreciation rights.

<sup>(b)</sup> Includes restricted share awards and deferred restricted share units and performance and market condition restricted share units.

<sup>(c)</sup> Includes cash-settled restricted stock units.

<sup>(d)</sup> Relates to accelerated recognition of compensation cost of share-based awards (See Note 4 to the Consolidated Financial Statements for information related to the special charges).

## Stock Options

We use the Black-Scholes option-pricing model to value our option grants using the assumptions in the following table:

Assumptions	Year Ended December 31,		
	2012	2011	2010
Risk-free interest rate	0.54% – 1.11%	0.88% – 2.58%	1.55% – 2.96%
Dividend yield	0%	0%	0%
Expected term	4 – 6 years	5 – 6 years	5 – 6 years
Stock price volatility	37.94% – 40.04%	39.23% – 40.82%	38.27% – 42.06%

The following table summarizes the option activity under our Equity Compensation Plans as of and for the year ended December 31, 2012. The aggregate intrinsic value in the table below represents the total pre-tax intrinsic value (the difference between the closing price of our common stock on the last trading day of 2012 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2012. The aggregate intrinsic value changes based on fluctuations in the fair market value per share of our common stock.

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
<b>Options outstanding, December 31, 2011</b>	5,171	\$ 34.84		
Options granted during the period:				
Exercise Price = fair market value	640	\$ 35.60		
Options exercised	(329)	\$ 24.22		
Options forfeited	(276)	\$ 35.19		
<b>Options outstanding, December 31, 2012</b>	<u>5,206</u>	\$ 35.58	5.6 years	<u>\$ 15,674</u>
<b>Options exercisable, December 31, 2012</b>	<u>2,953</u>	\$ 33.79	4.3 years	<u>\$ 13,282</u>

Cash received from option exercises for the years ended December 31, 2012, 2011 and 2010 was \$7.9 million, \$15.6 million and \$10.3 million, respectively. The actual tax benefit realized from stock options exercised totaled \$1.4 million, \$3.6 million and \$2.0 million, respectively, for the years ended December 31, 2012, 2011 and 2010.

The intrinsic value of stock options exercised is the amount by which the market value of our common stock on the exercise date exceeds the exercise price. The total intrinsic value of stock options exercised for the years ended December 31, 2012, 2011 and 2010 was \$3.1 million, \$10.3 million and \$6.0 million, respectively.

The table below reflects the weighted-average grant date fair value per share of stock options and restricted shares and stock units awarded during the years ended December 31, 2012, 2011 and 2010:

Weighted average fair value of grants	Year Ended December 31,		
	2012	2011	2010
Stock options:			
Grant price = fair market value	\$12.99	\$13.68	\$15.93
Restricted shares	\$36.55	\$37.45	\$38.84

Following is a summary of the status of stock options outstanding and exercisable at December 31, 2012:

Exercise Price Range	Options Outstanding			Options Exercisable	
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Shares	Weighted-Average Exercise Price
\$14.50 – \$26.68	1,050	\$ 24.10	3.3 years	1,005	\$ 23.99
\$26.73 – \$28.82	1,048	\$ 27.90	3.6 years	759	\$ 27.83
\$28.86 – \$37.23	1,136	\$ 33.93	7.3 years	336	\$ 33.47
\$37.39 – \$42.35	1,078	\$ 39.45	7.8 years	278	\$ 39.07
\$43.13 – \$70.55	894	\$ 55.50	5.8 years	575	\$ 56.41
	<u>5,206</u>			<u>2,953</u>	

As of December 31, 2012, there was \$16.9 million of unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized ratably over a weighted-average period of 2.9 years.

#### Share Awards

A summary of our unvested restricted stock-based activity during the year ended December 31, 2012 is presented below. The fair value of unvested restricted stock-based awards is determined based on the closing market price per share of our common stock on the grant date.

	Shares	Weighted-Average Grant-Date Fair Value
<b>Unvested restricted stock-based awards outstanding, December 31, 2011</b>	<u>1,261</u>	<u>\$ 38.54</u>
Restricted stock-based awards granted	583	\$ 36.80
Restricted stock-based awards vested	(478)	\$ 38.08
Restricted stock-based awards forfeited	(54)	\$ 50.28
<b>Unvested restricted stock-based awards outstanding, December 31, 2012</b>	<u>1,312</u>	<u>\$ 37.43</u>

As of December 31, 2012, there was \$25.4 million of unrecognized compensation cost related to unvested restricted stock-based awards. That cost is expected to be recognized ratably over a weighted-average period of 2.9 years. The total fair value of restricted stock-based awards that vested during the years ended December 31, 2012, 2011 and 2010 was \$16.9 million, \$14.0 million, and \$12.6 million, respectively.

#### Deferred Restricted Stock Units

Deferred stock units and deferred restricted stock units (collectively, "Restricted Stock Units") under the deferred compensation provisions of the 2009 Omnibus Plan may be granted to certain key employees and to non-employee directors who elect to defer their annual retainer payment and/or annual equity payment, payable on the date of our annual stockholders meeting each year. Each Restricted Stock Unit is equivalent to one share of FTI Consulting common stock. The Restricted Stock Units granted to key employees who elect to defer a portion of their annual bonus payment under the eligible bonus plan are immediately vested upon issuance and are settled in common stock with the participants at either their date of separation from service or the individual's elected payment date pursuant Code Section 409A. Restricted Stock Units issued to non-employee directors on account of the director's annual equity payment vest on the first anniversary of the grant date, provided that the non-employee director is serving in that capacity on the applicable vesting date, subject to accelerated vesting rights on the event of (i) the director's cessation of service due to the Board's failure to nominate such individual as a director, (ii) the director's decision not to stand for re-election or to voluntarily resign, or (iii) our stockholders not reelecting him or her as a director. Restricted Stock Units issued to non-employee directors on account of their annual retainer payments are not subject to any time-based vesting conditions. Restricted Stock Units scheduled to vest in a year



in which the director is not nominated for election or a director is not elected by stockholders will vest and not be forfeited. Upon a separation from service event or an elected payment date pursuant to Code Section 409A, such non-employee director will receive one share of common stock for each Restricted Stock Units credited to his or her account on the books of the Company.

A summary of our Restricted Stock Units activity during the year ended December 31, 2012 is presented below. The aggregate intrinsic value in the table below represents the total pre-tax intrinsic value based on the closing price of our common stock on the last trading day of 2012. The fair value of Restricted Stock Units is determined based on the closing market price per share of our common stock on the grant date.

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value</u>	<u>Intrinsic Value</u>
<b>Restricted Stock Units outstanding, December 31, 2011</b>	781	\$ 39.66	
Restricted Stock Units granted	202	\$ 35.84	
Restricted Stock Units released	(91)	\$ 40.96	
Restricted Stock Units forfeited	(17)	\$ 37.64	
<b>Restricted Stock Units outstanding, December 31, 2012</b>	<u>875</u>	\$ 38.18	\$28,887

The intrinsic value of Restricted Stock Units released reflects the market value of our common stock on the date of release. The total intrinsic value of Restricted Stock Units released was \$3.5 million, \$1.7 million and \$1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

As of December 31, 2012, there was \$3.4 million of unrecognized compensation cost related to unvested Restricted Stock Units. That cost is expected to be recognized ratably over a weighted-average period of 2.0 years. The total fair value of Restricted Stock Units that vested during the years ended December 31, 2012, 2011 and 2010 was \$4.0 million, \$5.3 million, and \$7.0 million, respectively.

## 7. Research and Development Costs

Research and development costs related to software development totaled \$20.2 million, \$23.7 million, and \$25.3 million for the years ended December 31, 2012, 2011 and 2010, respectively. Research and development costs are included in "Selling, general and administrative expense" on the Consolidated Statements of Comprehensive Income (Loss).

## 8. Acquisitions

In certain business combinations consummated prior to January 1, 2009, a portion of our purchase price is in the form of contingent consideration. The contingent consideration represents the difference between the seller's and our perceived values of the business based upon our respective future performance estimates at the time of acquisition. The use of contingent consideration allows the buyer to shift some of the valuation risk, inherent at the time of acquisition, to the seller based upon the outcome of future financial targets that the seller contemplates in its valuation. Contingent consideration is payable annually if agreed upon performance targets are met and is generally subject to a maximum amount within a specified time period. Contingent consideration related to acquisitions consummated prior to January 1, 2009 is recorded as additional purchase price with the adjustment recorded as an increase to goodwill if the contingency is satisfied. Additional consideration related to businesses acquired prior to January 1, 2009 that was recorded as an adjustment to goodwill was \$18.6 million and \$27.3 million for the years ended December 31, 2012 and 2011, respectively.

Certain acquisition related restricted stock agreements entered into prior to January 1, 2009 contained stock price guarantees that may result in cash payments in the future if our share price falls below a specified per share market value on the date that the applicable stock restrictions lapse (the "determination date"). For those

acquisitions, the future settlement of any contingency related to our common stock price will be recorded as a reduction to additional paid-in capital. During 2012, we paid \$4.2 million in cash in relation to the stock price guarantees on certain shares of common stock that became unrestricted, which was recorded as a reduction to additional paid-in capital. Our remaining common stock price guarantees have stock floor prices that range from \$54.33 to \$69.48 per share and have determination dates through 2013.

### **2012 Acquisitions**

In December 2012, we completed an acquisition in the United States for our Corporate Finance/Restructuring segment. The purchase price includes initial consideration with a value of \$10.0 million plus acquisition-related contingent consideration, which is payable annually through December 31, 2017 if the acquired business meets certain performance measures, and is subject to an approximate \$15 million aggregate cap. We are currently evaluating the fair values of the consideration transferred, assets acquired and liabilities assumed.

In October 2012, we completed an acquisition in Australia for our Corporate Finance/Restructuring segment. The purchase price includes initial consideration with a value of \$25.4 million plus acquisition-related contingent consideration, which is payable annually through December 31, 2017 if the acquired business meets certain performance measures, and is subject to an approximate \$16 million aggregate cap. We are currently evaluating the fair values of the consideration transferred, assets acquired and liabilities assumed.

In March 2012, we completed an acquisition in the United States for our Corporate Finance/Restructuring segment. The acquisition price of \$3.1 million consisted of \$2.0 million in cash and contingent consideration with an estimated fair value of \$1.1 million. The fair value of the acquisition related contingent consideration is recorded in "Other liabilities" on the Consolidated Balance Sheets.

For acquisitions completed during 2012, as part of the preliminary purchase price allocations, we recorded \$6.5 million in identifiable intangible assets and \$31.6 million in goodwill. Pro forma results of operations have not been presented because these acquisitions were not material in relation to our consolidated financial position or results of operations for the periods presented.

### **2011 Acquisitions**

In March 2011, we completed acquisitions of certain business operations of LECG Corporation in Europe, the United States and Latin America with services relating to those provided through our Economic Consulting, Forensic and Litigation Consulting, and Corporate Finance/Restructuring segments. The acquisition-date fair value of the total consideration transferred is approximately \$30.0 million, which consisted of \$27.1 million of cash paid at the closings of these acquisitions, a portion of which is subject to certain working capital and other adjustments, and contingent consideration with an estimated fair value of \$2.9 million. As part of the purchase price allocation, we recorded an aggregate of \$24.2 million of accounts receivable, \$6.3 million of identifiable intangible assets, \$20.6 million of assumed liabilities and \$14.8 million of goodwill. The identifiable intangible assets consisted of customer relationships with a weighted average amortization period of 12.4 years. Aggregate acquisition-related costs of approximately \$1.5 million have been recognized in earnings in 2011. Pro forma results of operations have not been presented because the acquisitions were not material in relation to our consolidated financial position or results of operations for the periods presented.

### **2010 Acquisitions**

During the third quarter of 2010, we acquired FS Asia Advisory Limited (formerly Ferrier Hodgson Hong Kong Group) with operations in Hong Kong and other non-U.S. jurisdictions for our Corporate Finance/Restructuring segment. The initial acquisition price of \$86.4 million consisted of approximately \$20.2 million in cash paid at closing, \$8.6 million in cash held in escrow, \$35.0 million in loan notes to selling shareholders, \$3.8 million cash payable in the first quarter of 2011, \$0.6 million reimbursement of seller expenses and contingent

consideration with an estimated fair value of \$18.2 million. The cash held in escrow is recorded as “Restricted cash” as of December 31, 2011 and the contingent consideration is recorded as “Accounts payable, accrued expenses and other” or “Other liabilities” on the Consolidated Balance Sheets based on the expected timing of the payments. During the second quarter of 2012, the cash held in escrow was settled between the Company and the sellers as a result of the final determination of the acquired working capital balance. The contingent consideration will become payable annually at December 31 of 2010 through 2015 if the acquired business achieves certain annual and cumulative financial performance measures based on EBITDA, and is subject to a \$37.1 million cap. The accretion of the contingent consideration to the expected cash payments is included within “Acquisition-related contingent consideration” in the Consolidated Statements of Comprehensive Income (Loss).

As part of the purchase price allocation, we recorded \$6.9 million of identifiable intangible assets and \$47.2 million of goodwill. Pro forma results of operations have not been presented because the acquisition was not material in relation to our consolidated financial position or results of operations for the periods presented.

During the second quarter of 2010, we acquired Baker Tilly Hong Kong Business Recovery Ltd. with operations in Hong Kong for our Forensic and Litigation Consulting segment. The acquisition price of \$2.8 million consisted of \$2.3 million in cash paid at closing and contingent consideration with an estimated fair value of \$0.5 million payable at December 31, 2010. As part of the purchase price allocation, we recorded \$0.2 million in identifiable intangible assets and \$2.6 million in goodwill. Pro forma results of operations have not been presented because the acquisition was not material in relation to our consolidated financial position or results of operations for the periods presented.

For acquisitions completed during 2010, the aggregate amount of purchase price assigned to intangible assets other than goodwill consisted of customer relationships with a fair value of \$5.8 million and a weighted average amortization period of five years and non-competition agreements with a fair value of \$1.3 million and a weighted average amortization period of six years.

## 9. Concentrations of Risk

We derive the majority of our revenues from providing professional services to clients in the U.S. For the year ended December 31, 2012, we derived approximately 26% of our revenues from non-U.S. sources. We believe that the geographic and industry diversity of our customer base throughout the U.S. and internationally minimizes the risk of incurring material losses due to concentrations of credit risk. We do not have a single customer that represents ten percent or more of our consolidated revenues.

## 10. Balance Sheet Details

	December 31,	
	2012	2011
<b>Prepaid expenses and other current assets</b>		
Prepaid expenses	\$27,647	\$ 22,566
Other current assets	8,701	7,882
Income tax receivable	14,003	10,081
	<u>\$50,351</u>	<u>\$ 40,529</u>
<b>Accounts payable, accrued expenses and other</b>		
Accounts payable	\$10,139	\$ 14,327
Accrued expenses	44,424	41,474
Accrued contingent consideration	8,201	21,578
Accrued interest payable	9,048	14,369
Accrued taxes payable	11,114	14,950
Other current liabilities	15,183	26,075
	<u>\$98,109</u>	<u>\$132,773</u>

## 11. Financial Instruments

### Derivative Financial Instruments

From time to time, we hedge the cash flows and fair values of some of our long-term debt using interest rate swaps. We enter into these derivative contracts to manage our exposure to interest rate changes by achieving a desired proportion of fixed rate versus variable rate debt.

Accordingly, to achieve the desired mix of fixed and floating interest rate debt, we entered into four interest rate swap agreements in March 2011, which we designated as fair value hedges of changes in the fair value of our 7<sup>3/4</sup>% senior notes due 2016, (“2016 Notes”). Under the terms of the interest rate swaps, we received interest on the \$215.0 million notional amount at a fixed rate of 7<sup>3/4</sup>% and paid a variable rate of interest, which varied between 5.43% and 5.56% for the year ended December 31, 2011. The variable rate was based on the London Interbank Offered Rate (“LIBOR”) as the benchmark interest rate. The maturity, payment dates and other critical terms of these swaps exactly matched those of the hedged 2016 Notes. These interest rate swaps qualified for hedge accounting using the short-cut method under ASC 815-20-25, *Derivatives and Hedging*, which assumes no hedge ineffectiveness. As a result, the changes in the fair value of the interest rate swaps and the changes in fair value of the hedged debt were assumed to be equal and offsetting. For the year ended December 31, 2011, the impact of effectively converting the interest rate of \$215.0 million of our senior notes from fixed rate to variable rate decreased interest expense by \$3.6 million.

On December 16, 2011, we negotiated the right to terminate the interest rate swap agreements. Upon termination of these interest rate swaps we received cash proceeds of approximately \$6.6 million, including \$1.0 million of accrued interest. The net proceeds of \$5.6 million was recorded in “Long-term debt and capital lease obligations” on the Consolidated Balance Sheets at December 31, 2011 and was being amortized as a reduction to interest expense over the remaining term of the 2016 Notes, which resulted in an effective interest rate of 7.1% per annum.

During the year ended December 31, 2012, we amortized \$1.0 million of the deferred gain as a reduction of interest expense, which is included within “Interest income and other” on the Consolidated Statements of Comprehensive Income (Loss). The remaining balance of \$4.6 million was recognized upon the purchase and redemption of all our outstanding 2016 Notes and is included within “Loss on early extinguishment of debt” on the Consolidated Statements of Comprehensive Income (Loss). See Note 14 to the Consolidated Financial Statements for information on the purchase and redemption of the 2016 Notes. At December 31, 2011 and 2012, there were no derivative instruments designated as fair value hedges.

### Fair Value of Financial Instruments

We consider the recorded value of certain of our financial assets and liabilities, which consist primarily of cash equivalents, accounts receivable and accounts payable, to approximate the fair value of the respective assets and liabilities at December 31, 2012 and 2011, based on the short-term nature of the assets and liabilities. We determine the fair value of our long-term debt primarily based on quoted market prices for our 6<sup>3/4</sup>% Senior Notes Due 2020, (“2020 Notes”), 6.0% Senior Notes Due 2022, (“2022 Notes”), at December 31, 2012 and our 2016, 2020, and the 3<sup>3/4</sup>% convertible senior subordinated notes due 2012, (“Convertible Notes”) at December 31, 2011. The fair value of our long-term debt is classified within Level 2 of the fair value hierarchy, because it is traded in less active markets. Our Convertible Notes matured on July 15, 2012 and were paid in full on July 16, 2012.

The following table presents the carrying amounts and estimated fair values of our other financial instruments at December 31, 2012 and 2011:

	December 31,			
	2012		2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Liabilities:</b>				
Acquisition-related contingent consideration, including current portion <sup>(a)</sup>	\$ 16,426	\$ 16,426	\$ 14,990	\$ 14,990
Long-term debt, including current portion <sup>(b)</sup>	723,000	762,000	814,885	882,277
<b>Total</b>	<u>\$ 739,426</u>	<u>\$ 778,426</u>	<u>\$ 829,875</u>	<u>\$ 897,267</u>

<sup>(a)</sup> The short-term portion is included in “Accounts payable, accrued expenses and other.” The long-term portion is included in “Other liabilities.”

<sup>(b)</sup> At December 31, 2011, the carrying amount includes the equity component of Convertible Notes recorded in “Additional paid-in capital” of \$18 million.

For business combinations consummated on or after January 1, 2009, we estimate the fair value of acquisition-related contingent consideration using a probability-weighted discounted cash flow model. This fair value measure is based on significant inputs not observed in the market and thus represents a Level 3 measurement. Fair value measurements characterized within Level 3 of the fair value hierarchy are measured based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair value.

The significant unobservable inputs used in the fair value measurements of our acquisition-related contingent consideration are our measures of the future profitability and related cash flows and discount rates. Significant increases (decreases) in any of these inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumptions used for the discount rates is accompanied by a directionally opposite change in the fair value measurement and a change in the assumptions used for the future cash flows is accompanied by a directionally similar change in the fair value measurement. The fair value of the contingent consideration is reassessed on a quarterly basis by the Company based on a collaborative effort of the Company’s operations, finance and accounting groups based on additional information as it becomes available. Any change in the fair value adjustment is recorded in the earnings of that period.

During the years ended December 31, 2012 and 2011, management determined that the fair value of the acquisition-related contingent consideration liability had declined. This remeasurement of the contingent consideration was based on management’s probability-adjusted present value of the consideration expected to be transferred during the remainder of the earnout period, based on the acquired operations’ forecasted results. The resulting reduction in the liability during the years ended December 31, 2012 and 2011, of \$5.2 million and \$10 million respectively, is recorded as income and is included within “Acquisition-related contingent consideration” in the Consolidated Statements of Comprehensive Income (Loss).

Accretion expense for acquisition-related contingent consideration totaled \$2.2 million, \$3.5 million and \$1.2 million for years ended December 31, 2012, 2011 and 2010, respectively, and is included within “Acquisition-related contingent consideration” in the Consolidated Statements of Comprehensive Income (Loss).

The following table represents the change in the acquisition-related contingent consideration liability during the years ended December 31, 2012 and 2011:

	December 31,	
	2012	2011
<b>Beginning balance</b>	<b>\$14,990</b>	<b>\$19,864</b>
Acquisition date fair value measurement	8,171	2,900
Adjustments to fair value recorded in earnings <sup>(a)</sup>	(3,064)	(6,465)
Payments	(1,287)	(1,217)
Elimination of contingency <sup>(b)</sup>	(2,534)	—
Unrealized gains related to currency translation in other comprehensive income	150	(92)
<b>Ending balance</b>	<b>\$16,426</b>	<b>\$14,990</b>

<sup>(a)</sup> Adjustments to fair value related to accretion expense and remeasurement of contingent consideration are recorded in “Acquisition-related contingent consideration” on the Consolidated Statements of Comprehensive Income (Loss).

<sup>(b)</sup> During the year ended December 31, 2012, we fixed an acquisition-related contingent consideration liability in the amount of \$2.5 million. The non-contingent consideration liability is no longer required to be remeasured to fair value and, accordingly, is not classified as a Level 3 measurement.

The following table presents financial assets and liabilities measured at fair value:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>As of December 31, 2012</b>				
<b>Liabilities:</b>				
Acquisition-related contingent consideration, including current portion	\$ —	\$ —	\$ 16,426	\$16,426
<b>As of December 31, 2011</b>				
<b>Liabilities:</b>				
Acquisition-related contingent consideration, including current portion	\$ —	\$ —	\$ 14,990	\$14,990

## 12. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2012	2011
Leasehold improvements	\$ 62,906	\$ 56,504
Construction in progress	2,883	3,472
Furniture and equipment	34,781	33,661
Computer equipment and software	92,563	85,962
	193,133	179,599
Accumulated depreciation and amortization	(124,941)	(105,151)
Property and equipment, net	<u>\$ 68,192</u>	<u>\$ 74,448</u>

Depreciation expense totaled \$30.2 million, \$26.0 million and \$29.6 million during the years ended December 31, 2012, 2011 and 2010, respectively.

### 13. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by reportable segment are as follows:

	<u>Corporate Finance/ Restructuring</u>	<u>Forensic and Litigation Consulting</u>	<u>Economic Consulting</u>	<u>Technology</u>	<u>Strategic Communications</u>	<u>Total</u>
<b>Balance December 31, 2010</b>	\$ 434,439	\$ 197,234	\$ 202,689	\$ 117,960	\$ 317,125	\$ 1,269,447
Goodwill acquired during the year	2,054	760	11,749	—	—	14,563
Contingent consideration <sup>(a)</sup>	—	499	15,512	—	11,326	27,337
Foreign currency translation adjustment and other	(450)	(446)	(463)	(2)	(628)	(1,989)
<b>Balance December 31, 2011</b>	<u>\$ 436,043</u>	<u>\$ 198,047</u>	<u>\$ 229,487</u>	<u>\$ 117,958</u>	<u>\$ 327,823</u>	<u>\$ 1,309,358</u>
Goodwill acquired during the year	31,644	—	—	—	—	31,644
Contingent consideration <sup>(a)</sup>	905	23	17,708	—	—	18,636
Goodwill impairment	—	—	—	—	(110,387)	(110,387)
Foreign currency translation adjustment and other	458	887	523	77	8,839	10,784
<b>Balance December 31, 2012</b>	<u>\$ 469,050</u>	<u>\$ 198,957</u>	<u>\$ 247,718</u>	<u>\$ 118,035</u>	<u>\$ 226,275</u>	<u>\$ 1,260,035</u>

<sup>(a)</sup> Contingent consideration related to business combinations consummated prior to January 1, 2009.

For the 2012 annual goodwill impairment test performed as of October 1, 2012, we utilized the quantitative test for all our reporting units. The fair values of the Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting and Technology reporting units were estimated using a market approach while the fair value of the Strategic Communications reporting unit was estimated using a combination of appropriately weighted income and market approaches. The cash flows employed in the income approach are based on our most recent budgets, forecasts and business plans developed in the fourth quarter, as well as various growth rate assumptions for years beyond the current business plan period, discounted using an estimated WACC. Our discount rate assumptions are based on an assessment of the risk inherent in the future revenue streams and cash flows and our WACC. The risk adjusted discount rate used represents the estimated WACC for our reporting units. The WACC is comprised of (1) a risk free rate of return, (2) an equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable to our reporting units, (3) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt, and (4) an appropriate size premium.

The results of the Step 1 goodwill impairment analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value while the estimated fair values of our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting and Technology reporting units significantly exceeded their respective carrying values. The Strategic Communications reporting unit fair value was unfavorably impacted by a combination of lower current and projected cash flows. Because our Strategic Communications reporting unit's fair value estimate was lower than its carrying value, we applied the second step of the goodwill impairment test.

The second step of the goodwill impairment analysis indicated that the carrying values of the goodwill associated with the Strategic Communications reporting unit exceeded its implied fair value, resulting in a \$110.4 million non-deductible goodwill impairment charge. The impairment charge was non-cash in nature and did not

affect the Company's current liquidity, nor did it impact the debt covenants under the Company's existing credit facility.

Other intangible assets with finite lives are amortized over their estimated useful lives. We recorded amortization expense of \$22.6 million, \$22.4 million, and \$23.9 million during the years ended December 31, 2012, 2011 and 2010, respectively. Based solely on the amortizable intangible assets recorded at December 31, 2012, we estimate amortization expense to be \$21.3 million in 2013, \$12.8 million in 2014, \$11.8 million in 2015, \$10.2 million in 2016, \$9.5 million in 2017 and an aggregate of \$33.0 million in years after 2017. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

	Useful Life in Years	December 31, 2012		December 31, 2011	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Amortized intangible assets</b>					
Customer relationships	1 to 15	\$ 151,990	\$ 64,095	\$ 144,696	\$ 49,381
Non-competition agreements	1 to 10	15,184	11,158	14,601	8,965
Software	2 to 10	33,979	27,424	33,549	21,211
Tradenames	2	180	75	—	—
		<u>201,333</u>	<u>102,752</u>	<u>192,846</u>	<u>79,557</u>
<b>Unamortized intangible assets</b>					
Tradenames	Indefinite	5,600	—	5,600	—
		<u>\$ 206,933</u>	<u>\$ 102,752</u>	<u>\$ 198,446</u>	<u>\$ 79,557</u>

During the fourth quarter of 2010, we made a strategic decision to discontinue the use of most of our acquired trade and product names. These names were recorded in connection with acquisitions in prior years, certain of which were not being amortized as the estimated useful life had been considered indefinite. The decision to discontinue using these names was primarily based on the Company's implementation of a global branding strategy as well as other strategic branding decisions. These decisions represented a change in circumstance indicating that the assets' carrying values might not be recoverable and, as a result, we evaluated the assets for impairment. Based on this assessment, we recorded non-cash impairment charges and accelerated amortization of \$23.8 million, representing the carrying amount of the affected trade and product names. These charges are included within "Special charges" in the Consolidated Statements of Comprehensive Income (Loss).



## 14. Long-Term Debt and Capital Lease Obligations

	December 31,	
	2012	2011
7 <sup>3</sup> / <sub>4</sub> % senior notes due 2016 <sup>(a)</sup>	—	220,555
6 <sup>3</sup> / <sub>4</sub> % senior notes due 2020	400,000	400,000
6.0% senior notes due 2022	300,000	—
3 <sup>3</sup> / <sub>4</sub> % convertible senior subordinated notes due 2012 <sup>(b)</sup>	—	146,867
Notes payable to former shareholders of acquired businesses	23,000	29,445
<b>Total debt</b>	<b>723,000</b>	<b>796,867</b>
Less current portion	6,000	153,312
<b>Long-term debt, net of current portion</b>	<b>717,000</b>	<b>643,555</b>
Total capital lease obligations	45	94
Less current portion	21	70
<b>Capital lease obligations, net of current portion</b>	<b>24</b>	<b>24</b>
<b>Long-term debt and capital lease obligations, net of current portion</b>	<b>\$717,024</b>	<b>\$643,579</b>

<sup>(a)</sup> Balance at December 31, 2011 includes \$215.0 million principal amount of our 2016 Notes plus unamortized deferred gain of \$5.6 million.

<sup>(b)</sup> Balance at December 31, 2011 includes \$149.9 million principal amount of Convertible Notes net of discount of \$3.1 million.

**Issuance of 6.0 % Senior Notes Due 2022.** On November 27, 2012, we completed the private offering of \$300.0 million aggregate principal amount of 6.0% Senior Notes due 2022. The 2022 Notes were issued at a price of 100% of their principal amount. The 2022 Notes and related guarantees were offered only to qualified institutional buyers in reliance on the exemption from registration set forth in Rule 144A under the Securities Act, and outside the United States to non-U.S. persons in reliance on the exemption from registration set forth in Regulation S under the Securities Act. The 2022 Notes and the related guarantees have not been registered under the Securities Act, or the securities laws of any state or other jurisdiction. The net proceeds from the issuance of the 2022 Notes were \$292.6 million after deducting debt issuance costs. The net proceeds were used to fund the purchase of our 7<sup>3</sup>/<sub>4</sub>% senior notes due 2016, or 2016 Notes, in a concurrent tender offer as described below. In addition, we used approximately \$75.3 million of the net proceeds to repay outstanding principal and accrued interest under our senior bank revolving credit facility that was replaced by the senior bank revolving credit facility entered into by the Company on November 27, 2012. The 2022 Notes are guaranteed, with certain exceptions, by our existing and future domestic subsidiaries. The 2022 Notes and the guarantees are our and the guarantors' general unsecured senior obligations. The indebtedness evidenced by the 2022 Notes and the guarantees (i) rank equally in right of payment with all of FTI Consulting, Inc.'s and the guarantors' existing and future senior indebtedness, (ii) rank senior in right of payment to any existing and future subordinated indebtedness, (iii) are effectively junior to all of FTI Consulting, Inc.'s and the guarantors' secured debt, including borrowings under the Senior Secured Credit Facility (as defined below), to the extent of the value of the collateral securing such indebtedness, and (iv) are structurally subordinated to all existing and future indebtedness and other liabilities of any current and future non-guarantor subsidiaries (other than indebtedness and liabilities owed to FTI Consulting, Inc. or one of its guarantor subsidiaries). Interest on the 2022 Notes accrues at the rate of 6.0% per year, payable semi-annually in cash in arrears on November 15 and May 15 of each year, commencing on May 15, 2013. The 2022 Notes will mature on November 15, 2022.

The 2022 Notes are subject to redemption at our option, in whole or in part, at any time after November 15, 2017, upon not less than 30 nor more than 60 days prior notice at the following redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

<u>Year</u>	<u>Redemption Price</u>
2017	103.000%
2018	102.000%
2019	101.000%
2020 and thereafter	100.000%

Debt issue costs of approximately \$7.4 million were capitalized and are being amortized over the term of the 2022 Notes.

**6<sup>3</sup>/<sub>4</sub>% Senior Notes Due 2020.** The 2020 Notes have been registered with the SEC. Cash interest is payable semi-annually beginning April 1, 2011 at a rate of 6<sup>3</sup>/<sub>4</sub>% per year. The 2020 Notes will mature on October 1, 2020. The 2020 Notes are guaranteed, with certain exceptions, by our existing and future domestic subsidiaries. The 2020 Notes and the guarantees are our and the guarantors' general unsecured senior obligations. The indebtedness evidenced by the 2020 Notes and the guarantees (i) rank equally in right of payment with all of FTI Consulting, Inc.'s and the guarantors' existing and future senior indebtedness, (ii) rank senior in right of payment to any existing and future subordinated indebtedness, (iii) are effectively junior to all of FTI Consulting, Inc.'s and the guarantors' secured debt, including borrowings under the Senior Secured Credit Facility (as defined below), to the extent of the value of the collateral securing such indebtedness, and (iv) are structurally subordinated to all existing and future indebtedness and other liabilities of any current and future non-guarantor subsidiaries (other than indebtedness and liabilities owed to FTI Consulting, Inc. or one of its guarantor subsidiaries). Interest on the 2020 Notes accrues at the rate of 6<sup>3</sup>/<sub>4</sub>% per year, payable semi-annually in cash in arrears on April 1 and October 1 of each year, commencing on April 1, 2011. The 2020 Notes will mature on October 1, 2020.

The 2020 Notes are subject to redemption at our option, in whole or in part, at any time after October 1, 2015, upon not less than 30 nor more than 60 days' prior notice at the following redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the redemption date:

<u>Year</u>	<u>Redemption Price</u>
2015	103.375%
2016	102.250%
2017	101.125%
2018 and thereafter	100.000%

Debt issue costs of approximately \$9.8 million were capitalized and are being amortized over the term of the 2020 Notes.

**7<sup>3</sup>/<sub>4</sub>% senior notes due 2016.** The 2016 Notes were registered with the SEC. Cash interest was payable semiannually beginning April 1, 2007 at a rate of 7.75% per year. We had the option to redeem some or all of these notes at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest on the notes redeemed to the applicable redemption date, if redeemed during the twelve month period beginning on October 1, of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest, if any, to, but excluding, the relevant interest payment date:

<u>Year</u>	<u>Percentage</u>
2011	103.875%
2012	102.583%
2013	101.292%
2014 and thereafter	100.000%

These notes were senior unsecured indebtedness of ours and rank equal in right of payment with all of our other unsubordinated, unsecured indebtedness.

On November 9, 2012, we commenced a cash tender offer, or Tender Offer, for any and all of the outstanding 2016 Notes. In connection with the Tender Offer, we solicited consents to certain proposed amendments to the indenture dated as of October 3, 2006, under which the 7<sup>5/8</sup>% senior notes due 2013, (“2013 Notes”), were issued, that would, among other modifications, eliminate substantially all of the restrictive covenants and certain events of default in the indenture. The total consideration for each \$1,000.00 principal amount of 2016 Notes validly tendered, and not validly withdrawn, prior to the consent payment deadline and accepted for purchase was \$1,029.58. The tender offer consideration for each \$1,000 principal amount of 2016 Notes validly tendered, and not validly withdrawn, after the consent payment deadline but prior to the expiration date and accepted for purchase was \$1,019.58. The tender offer consideration is the total consideration minus the consent payment. Holders who validly tendered, and did not validly withdraw, 2016 Notes accepted for payment by FTI Consulting, Inc. received accrued and unpaid interest from the most recent interest payment date for the 2016 Notes to, but not including, the applicable payment date.

At the expiration of the consent payment deadline on November 27, 2012, an aggregate principal amount of \$128.3 million of the 2016 Notes had been tendered. We used approximately \$133.7 million of the net proceeds from the offering of the 2022 Notes to fund the purchase of the 2016 Notes, pay the accrued and unpaid interest of approximately \$1.6 million on the purchased 2016 Notes and make the related consent payments. We also received consents from holders of the required majority of the principal amount of the 2016 Notes to, among other modifications, eliminate substantially all of the restrictive covenants and certain events of default in the indenture governing the 2016 Notes. On December 27, 2012, we redeemed all of the 2016 Notes that remained outstanding as of the tender offer expiration date of December 11, 2012 in the aggregate principal amount of approximately \$86.7 million. The redemption price for such 2016 Notes was 102.583% of the principal amount plus accrued and unpaid interest. Interest on the redeemed 2016 Notes ceased to accrue on and after December 11, 2012, and the only remaining right of the holders is to receive payment of the redemption price and interest accrued until, but not including, December 11, 2012 upon surrender to the paying agent of such 2016 Notes.

We recognized a total loss on our early extinguishment of debt of approximately \$4.9 million, which includes \$4.6 million from the recognition of the unamortized deferred gain related to the interest rate swap terminations. This loss has been recorded in “Loss on early extinguishment of debt” within the Consolidated Statements of Comprehensive Income (Loss).

**7<sup>5/8</sup>% senior notes due 2013.** The 2013 Notes with an aggregate principal amount of \$200.0 million were registered with the SEC. Cash interest was payable semi-annually beginning December 15, 2005 at a rate of 7<sup>5/8</sup>% per year. In August 2005, we entered into two interest rate swap contracts with an aggregate notional amount of \$60.0 million to receive interest at 7<sup>5/8</sup>% and pay a variable rate of interest based upon LIBOR as the benchmark interest rate. The swaps were designated as fair value hedges and were accounted for as effective hedges, in accordance with ASC 815-20-25, *Derivatives and Hedging*. No hedge ineffectiveness was recognized as the critical provisions of the interest rate swap agreements matched the applicable provisions of the debt. On June 15, 2009, the counterparties to the swaps exercised their right to terminate the swaps as which resulted in a \$2.3 million gain on termination. The gain was amortized as a reduction to interest expense over the remaining term of the 2013 Notes, resulting in an effective interest rate of 6.5% per annum on \$60.0 million of the 2013 Notes.

On September 14, 2010, we commenced a cash tender offer for any and all of our outstanding 2013 Notes for a price equal to \$1,021.56 per \$1,000 principal amount of the notes, which included \$1,001.56 as the tender offer consideration and \$20.00 as a consent payment (the “Tender Offer”). At the expiration of the consent payment deadline, an aggregate of \$185.8 million 2013 Notes had been tendered. On November 1, 2010, we redeemed all the 2013 Notes outstanding as of the Tender Offer expiration date of October 12, 2010 in the

aggregate principal amount of approximately \$14.2 million. The redemption price for such 2013 Notes was 101.906% of the principal plus accrued and unpaid interest.

We recognized a loss on our early extinguishment of debt of approximately \$5.2 million, consisting primarily of the consent payment and premium and write-off of unamortized deferred costs. This loss was recorded in "Loss on early extinguishment of debt" within the Consolidated Statements of Comprehensive Income (Loss).

**3 3/4% convertible senior subordinated notes due 2012.** The Convertible Notes were registered with the SEC. Cash interest was payable semiannually beginning January 15, 2006 at a rate of 3.75% per year. The Convertible Notes matured on July 15, 2012. On July 16, 2012, we repaid all amounts due on our outstanding Convertible Notes. The total repayment of approximately \$151.3 million, including \$2.8 million of accrued interest, was made using cash on hand and the proceeds of a \$75.0 million borrowing under our 2010 senior credit facility.

The following table summarizes the liability and equity components of our Convertible Notes at December 31, 2011:

	<u>December 31,</u> <u>2011</u>
<b>Liability component:</b>	
Principal	\$ 149,940
Unamortized discount	(3,073)
Balance of 3 3/4% convertible notes due 2012	<u>\$ 146,867</u>
<b>Equity component (recorded in additional paid-in capital)</b>	<u>\$ 18,019</u>

The discount on the liability component was amortized over the remaining term of the Convertible Notes through July 15, 2012 using the effective interest method. The effective interest rate on the Convertible Notes is 7 5/8%. The components of interest cost on the Convertible Notes for the years ended December 31, 2012 and 2011 were as follows:

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Contractual interest	\$3,038	\$ 5,623
Amortization of debt discount	3,073	5,352
Amortization of deferred note issue costs	251	641
Total interest expense	<u>\$6,362</u>	<u>\$11,616</u>

**Secured bank credit facility.** On November 27, 2012, we entered into a new revolving senior bank credit facility which matures on November 25, 2017 ("Senior Bank Credit Facility"). The Senior Bank Credit Facility consists of a \$350.0 million senior secured revolving line of credit. The former revolving credit facility entered into on September 27, 2010 provided for a five-year \$250.0 million senior secured revolving line of credit. We did not incur any early termination or prepayment penalties in connection with the replacement of the former credit facility in 2012. Borrowings under the Senior Bank Credit Facility bear interest at an annual rate equal to equal to the LIBOR rate plus an applicable margin or an alternative base rate plus an applicable margin. The alternative base rate means a fluctuating rate per annum equal to the highest of (1) the rate of interest in effect for such day as the prime rate announced by Bank of America, (2) the federal funds rate plus the sum of 50 basis points and (3) the one-month LIBOR rate plus 100 basis points. Under the Senior Bank Credit Facility, the lenders have a security interest in substantially all of the assets of FTI Consulting, Inc. and substantially all of our domestic subsidiaries. Subject to certain conditions, at any time prior to maturity, we will be able to invite

existing and new lenders to increase the size of the Senior Bank Credit Facility up to a maximum of \$425.0 million.

The credit agreement governing our Senior Bank Credit Facility and the indentures governing our Notes contain covenants which limit our ability to incur additional indebtedness, create liens, pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments, consolidate, merge or sell assets, guarantee obligations of other entities and our foreign subsidiaries, enter into hedging agreements, enter into transactions with affiliates or related persons and engage in any business other than consulting-related businesses. In addition, the credit agreement governing our Senior Bank Credit Facility includes financial covenants that require us to (i) not to exceed a maximum leverage ratio, (ii) not to exceed a maximum senior secured leverage ratio, and (iii) maintain a minimum fixed charge coverage ratio. At December 31, 2012, we were in compliance with all covenants as stipulated in the credit agreement governing our Senior Bank Credit Facility and the indentures governing our Notes. No borrowings were outstanding under the Senior Bank Credit Facility as of December 31, 2012 or December 31, 2011. However, \$1.4 million of the borrowing limit was used (and, therefore, unavailable) as of December 31, 2012 and December 31, 2011 for letters of credit.

**Notes payable to shareholders of acquired businesses.** In connection with the acquisition of FD International (Holdings) Limited in October 2006 ("FD"), we issued notes to former holders of FD capital shares who elected to receive notes in lieu of cash for acquisition and earn-out consideration. These notes are unsecured and bear interest based on the LIBOR that compounds quarterly. These notes are redeemable at any time prior to their maturity and accordingly they have been classified as a current obligation. The outstanding balance of these notes was \$0.4 million at December 31, 2011. No balance remained at December 31, 2012.

In connection with our third quarter 2010 acquisition of FS Asia Advisory Limited (formerly Ferrier Hodgson Hong Kong Group), we issued \$35.0 million of notes to selling shareholders as part of the total consideration paid. These notes are unsecured and bear interest at 8% per annum. Payments of unpaid principal and interest are to be made annually on August 19, 2011 through August 19, 2015. The principal payments have been classified as either current or non-current based on the timing of the payments. At December 31, 2012 \$12.0 million has been repaid.

**Guarantees.** Currently, we do not have any debt guarantees related to entities outside of the consolidated group. At December 31, 2012, substantially all of our domestic subsidiaries are guarantors of borrowings under our Senior Bank Credit Facility and our Notes in the amount of \$700.0 million.

### Future Maturities of Long-Term Debt

For years subsequent to December 31, 2012, scheduled annual maturities of long-term debt outstanding at December 31, 2012 are as follows:

	<u>Long-term Debt</u>	<u>Capital Lease Obligations</u>	<u>Total</u>
2013	\$ 6,000	\$ 21	\$ 6,021
2014	6,000	24	6,024
2015	11,000	—	11,000
2016	—	—	—
2017	—	—	—
Thereafter	700,000	—	700,000
	<u>\$723,000</u>	<u>\$ 45</u>	<u>\$723,045</u>

## 15. Commitments and Contingencies

### Operating Lease Commitments

Rental expense, net of rental income was \$57.0 million, \$57.0 million, and \$49.6 million during the years ended December 31, 2012, 2011 and 2010, respectively. For years subsequent to December 31, 2012, future minimum payments for all operating lease obligations that have initial non-cancelable lease terms exceeding one year, net of rental income from subleases of \$0.4 million in 2013, \$0.2 million in 2014, \$0.2 million in 2015, \$0.1 million in 2016 and \$0.1 million thereafter are as follows:

	Operating Leases
2013	\$ 48,903
2014	\$ 44,733
2015	\$ 37,553
2016	\$ 34,136
2017	\$ 33,258
Thereafter	\$104,710
	<u>\$303,293</u>

### Contingencies

We are subject to legal actions arising in the ordinary course of business. In management's opinion, we believe we have adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions. We do not believe any settlement or judgment relating to any pending legal action would materially affect our financial position or results of operations.

## 16. Income Taxes

Significant components of deferred tax assets and liabilities are as follows:

	Year Ended December 31,	
	2012	2011
<b>Deferred tax assets:</b>		
Allowance for doubtful accounts	\$ 9,204	\$ 8,886
Accrued vacation and bonus	8,016	6,631
Deferred rent	16,137	17,354
Share-based compensation	23,730	25,948
Notes receivable from employees	27,791	27,900
State net operating loss carryforward & credits	1,921	2,943
Foreign net operating loss carryforward	7,976	2,585
Foreign tax credits	1,253	—
Future foreign tax credit asset	8,406	8,603
Other — net	4,783	5,291
<b>Total deferred tax assets</b>	<u>109,217</u>	<u>106,141</u>
<b>Deferred tax liabilities:</b>		
Revenue recognition	(19,706)	(33,462)
Property, equipment and capitalized software	(819)	(1,383)
Goodwill and other intangible asset amortization	(188,737)	(169,471)
Deferred compensation	(152)	—
Discount on long term debt	—	(1,264)
<b>Total deferred tax liabilities</b>	<u>(209,414)</u>	<u>(205,580)</u>
Valuation allowance	(1,939)	(886)
<b>Net deferred tax assets (liabilities)</b>	<u>\$ (102,136)</u>	<u>\$ (100,325)</u>

As of December 31, 2012, we have not provided for deferred taxes on \$1.8 million of the undistributed non-U.S. subsidiary earnings that are considered permanently invested. If these earnings were repatriated, we do not anticipate that there would be any additional U.S. tax liability as foreign tax credits would offset the U.S. tax liability.

At December 31, 2012 and 2011, the Company believed certain deferred tax assets associated with foreign net operating loss and foreign tax credit carryforwards, which can be carried forward for periods ranging from 20 years to indefinite, would expire unused based on updated forward-looking financial information. Therefore, valuation allowances of \$1.9 million and \$0.9 million were recorded against the Company's net deferred tax assets at December 31, 2012 and 2011, respectively. We have not established a valuation allowance for any of our other deferred assets as we expect that future taxable income as well as the reversal of temporary differences will enable us to fully utilize our deferred tax assets.

The components of "Income before income tax provision" from continuing operations are as follows:

	Year Ended December 31,		
	2012	2011	2010
Domestic	\$ 40,275	\$ 123,439	\$ 81,371
Foreign	(37,161)	29,688	26,020
	<u>\$ 3,114</u>	<u>\$ 153,127</u>	<u>\$ 107,391</u>

The components of the income tax provision from continuing operations are as follows:

	Year Ended December 31,		
	2012	2011	2010
<b>Current</b>			
Federal	\$ 21,172	\$ 30,048	\$ 17,310
State	6,268	5,844	906
Foreign	7,021	5,977	7,468
	<u>34,461</u>	<u>41,869</u>	<u>25,684</u>
<b>Deferred</b>			
Federal	\$ 7,553	\$ 11,858	\$ 14,439
State	(719)	564	3,614
Foreign	(1,195)	(5,067)	(2,330)
	<u>5,639</u>	<u>7,355</u>	<u>15,723</u>
<b>Income tax provision</b>	<u>\$40,100</u>	<u>\$49,224</u>	<u>\$41,407</u>

Our income tax provision from continuing operations resulted in effective tax rates that varied from the statutory federal income tax rate as follows:

	Year Ended December 31,		
	2012	2011	2010
Income tax expense at federal statutory rate	\$ 1,090	\$ 53,595	\$ 37,587
State income taxes, net of federal benefit	3,607	4,166	3,895
Benefit from lower foreign tax rates	(5,357)	(7,115)	(2,246)
Non-deductible goodwill impairment	38,635	—	—
Other expenses not deductible for tax purposes	3,682	2,791	3,158
Changes in contingent consideration	(1,151)	(2,367)	—
Other adjustments, net	(406)	(1,846)	(987)
	<u>\$40,100</u>	<u>\$49,224</u>	<u>\$41,407</u>

We file numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and in many city, state and foreign jurisdictions. We are no longer subject to U.S. federal income tax examinations for years prior to 2008 and are no longer subject to state and local or foreign tax examinations by tax authorities for years prior to 2007. In addition, open tax years related to state and foreign jurisdictions remain subject to examination but are not considered material to our financial position, results of operations or cash flows.

Our liability for uncertain tax positions was \$3.8 million and \$2.9 million at December 31, 2012 and 2011, respectively. Interest and penalties related to uncertain tax positions are classified as operating expenses and are excluded from the income tax provision. At December 31, 2012, our accrual for the payment of tax-related interest and penalties was not material. Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. Although the timing of the resolution and closure of such examinations is not certain, the Company believes it is reasonably possible that tax audit resolutions could reduce its unrecognized tax benefits by approximately \$1.8 million in the next 12 months.

## **17. Stockholders' Equity**

### **Common Stock**

Holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders and share equally, share-for-share, if dividends are declared on the common stock. In the event of any liquidation, dissolution or winding up of our company or upon the distribution of our assets, all assets and funds remaining after payment in full of our debts and liabilities, and after the payment of all liquidation preferences, if any, applicable to any outstanding preferred stock, would be divided and distributed among the holders of our common stock ratably. There are no redemption or sinking fund requirements applicable to shares of our common stock.

### **Common Stock Repurchase Program**

#### ***2012 stock repurchase program.***

On June 6, 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million (the "2012 Repurchase Program"). During the year ended December 31, 2012, we repurchased and retired 1,681,029 shares of our common stock for an average price per share of \$29.76, using cash on hand, with a value equivalent to approximately \$50.0 million. At December 31, 2012, a balance of approximately \$200.0 million remained available under the 2012 Repurchase Program.

#### ***2009 stock repurchase program.***

On November 4, 2009, our Board of Directors authorized a two-year stock repurchase program (the "2009 Repurchase Program") of up to \$500.0 million and terminated the \$50.0 million stock repurchase program authorized in February 2009.

On November 9, 2009, we entered into an accelerated share buyback agreement ("Master Agreement") with an investment bank. On the same day, FTI Consulting and the investment bank executed a supplemental confirmation to effect a \$250.0 million accelerated stock buyback transaction pursuant to the Master Agreement.

On November 12, 2009, FTI Consulting paid \$250.0 million to the investment bank and received a substantial majority of the shares to be delivered by the investment bank in the accelerated buyback transaction. On December 10, 2009, FTI Consulting received additional shares bringing the total shares delivered in 2010 to 4,874,807 shares of FTI Consulting common stock. This transaction was accounted for as two separate transactions, a share repurchase and a forward contract indexed to our own stock.

The repurchase of shares was accounted for as a share retirement resulting in a reduction of common stock issued and outstanding of 4,874,807 shares and a corresponding reduction in common stock and additional paid-in capital of \$250.0 million. Final settlement of the repurchase transaction was scheduled for no later than July 9,



2010 and could occur earlier at the option of the investment bank or later under certain circumstances. On January 22, 2010, FTI Consulting received notice that the investment bank exercised its rights to terminate the accelerated buyback transaction. As a result, FTI Consulting received an additional 580,784 shares of common stock in January 2010, bringing the total shares repurchased pursuant to the accelerated buyback transaction to 5,455,591 shares at a purchase price of \$45.82 per share. No cash was required to complete the final delivery of shares. The additional shares received were accounted for as a share retirement in the first quarter of 2010.

For the year ended December 31, 2009, the forward contract was anti-dilutive as the forward contract represented a contingent number of shares that would be delivered to FTI Consulting by the investment bank. As the shares were anti-dilutive, their impact was not considered in the computation of earnings per share for the year ended December 31, 2009 in accordance with the guidance of ASC 260, *Earnings Per Share*. The shares were removed from the count used for the calculation of earnings per share after delivery to FTI Consulting.

After the accelerated buyback transaction settled in January 2010, a balance of \$250.0 million remained available under the stock repurchase program to fund stock repurchases by the Company. During 2010, we purchased and retired 1,178,089 shares of our common stock for a total cost of approximately \$40.6 million. We made no open market purchases in 2009.

On March 2, 2011, we entered into a supplemental confirmation with Goldman Sachs for a \$209.4 million accelerated stock buyback transaction (the "2011 ASB"), pursuant to the Master Agreement. On March 7, 2011, we paid \$209.4 million to Goldman Sachs using available cash on hand and received 4,433,671 shares of FTI Consulting common stock, representing a majority of the total number of shares expected to be delivered pursuant to the 2011 ASB. On May 17, 2011, we received additional shares bringing the total number of shares of our common stock delivered pursuant to the 2011 ASB to 5,061,558 shares. As permitted by the Master Agreement and the 2011 ASB, on September 2, 2011, Goldman Sachs accelerated the termination date of the 2011 ASB which was to occur no later than December 2, 2011. On September 8, 2011, we received an additional 671,647 shares of FTI Consulting common stock, bringing the total number of shares of our common stock delivered pursuant to the 2011 ASB to 5,733,205. The repurchase of shares was accounted for as a share retirement resulting in a reduction of common stock issued and outstanding of 5,733,205 shares and a corresponding reduction in common stock and additional paid-in capital of \$209.4 million. The completion of the 2011 ASB completed the 2009 Repurchase Program.

## **18. Employee Benefit Plans**

We maintain a qualified defined contribution 401(k) plan, which covers substantially all of our U.S. employees. Under the plan, participants are entitled to make pre-tax and/or Roth post-tax contributions up to the annual maximums established by the Internal Revenue Service. We match a certain percentage of participant contributions pursuant to the terms of the plan, which contributions are limited to a percent of the participant's eligible compensation. FTI Consulting matches each participant's eligible 401(k) plan contributions up to the annual limit specified by the Internal Revenue Service. We made contributions related to the plan of \$8.8 million, \$8.3 million and \$8.0 million during the years ended December 31, 2012, 2011 and 2010, respectively.

We also maintain several defined contribution pension schemes for our employees in the United Kingdom and other foreign countries. The assets of the schemes are held separately from those of FTI Consulting in independently administered funds. We contributed to these plans \$6.2 million, \$5.8 million and \$4.6 million during the years ended December 31, 2012, 2011 and 2010, respectively.

## **19. Segment Reporting**

We manage our business in five reportable operating segments: Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications.

Our Corporate Finance/Restructuring segment focuses on strategic, operational, financial and capital needs of businesses around the world and provides consulting and advisory services on a wide range of areas, such as restructuring (including bankruptcy), interim management, financings, M&A, post-acquisition integration, valuations, tax issues and performance improvement.

Our Forensic and Litigation Consulting segment provides law firms, companies, government clients and other interested parties with dispute advisory, investigations, forensic accounting, data analytics, business intelligence assessments and risk mitigation services.

Our Economic Consulting segment provides law firms, companies, government entities and other interested parties with analysis of complex economic issues for use in legal, regulatory, and international arbitration proceedings, strategic decision making and public policy debates in the U.S. and around the world.

Our Technology segment provides e-discovery and information management consulting, software and services to its clients. It provides products, services and consulting to companies, law firms, courts and government agencies worldwide. Its comprehensive suite of software and services help clients locate, review and produce ESI, including e-mail, computer files, voicemail, instant messaging, and financial and transactional data.

Our Strategic Communications segment provides advice and consulting services relating to financial and corporate communications and investor relations, reputation management and brand communications, public affairs, business consulting and digital design and marketing.

We evaluate the performance of our operating segments based on Adjusted Segment EBITDA. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, special charges and goodwill impairment charge. Although Adjusted Segment EBITDA is not a measure of financial condition or performance determined in accordance with GAAP, we use Adjusted Segment EBITDA to evaluate and compare the operating performance of our segments.

The table below presents revenues and Adjusted Segment EBITDA for our reportable segments for the three years ended December 31, 2012:

	Year Ended December 31,		
	2012	2011	2010
<b>Revenues</b>			
Corporate Finance/Restructuring	\$ 459,231	\$ 427,813	\$ 451,518
Forensic and Litigation Consulting	343,074	365,326	324,478
Economic Consulting	391,622	353,981	255,660
Technology	195,194	218,738	176,607
Strategic Communications	187,750	200,910	193,198
Total revenues	<u>\$ 1,576,871</u>	<u>\$ 1,566,768</u>	<u>\$ 1,401,461</u>
<b>Adjusted Segment EBITDA</b>			
Corporate Finance/Restructuring	\$ 108,966	\$ 97,638	\$ 108,634
Forensic and Litigation Consulting	52,743	69,180	75,920
Economic Consulting	77,461	67,028	49,481
Technology	57,203	77,011	64,358
Strategic Communications	25,019	26,801	28,971
Total Adjusted Segment EBITDA	<u>\$ 321,392</u>	<u>\$ 337,658</u>	<u>\$ 327,364</u>

The table below reconciles Total Adjusted Segment EBITDA to income before income tax provision. Unallocated corporate expenses include primarily indirect costs related to centrally managed administrative

functions which have not been allocated to the segments. These administrative costs include costs related to executive management, legal, corporate office support costs, information technology, accounting, marketing, human resources, and company-wide business development functions.

	Year Ended December 31,		
	2012	2011	2010
Total Adjusted Segment EBITDA <sup>(a)</sup>	\$ 321,392	\$ 337,658	\$ 327,364
Segment depreciation expense	(25,058)	(23,620)	(26,102)
Amortization of intangible assets	(22,407)	(22,371)	(23,910)
Special charges	(29,557)	(15,212)	(51,131)
Goodwill impairment charge	(110,387)	—	—
Unallocated corporate expenses, excluding special charges	(74,947)	(71,008)	(67,829)
Interest income and other	5,659	6,304	4,423
Interest expense	(56,731)	(58,624)	(50,263)
Loss on early extinguishment of debt	(4,850)	—	(5,161)
Income before income tax provision	<u>\$ 3,114</u>	<u>\$ 153,127</u>	<u>\$ 107,391</u>

<sup>(a)</sup> Total Adjusted Segment EBITDA is the total of Adjusted Segment EBITDA for all segments.

The table below presents assets by segment. Segment assets primarily include accounts and notes receivable, fixed assets purchased specifically for the segment, goodwill and other intangible assets:

	December 31,	
	2012	2011
Corporate Finance/Restructuring	\$ 696,617	\$ 638,085
Forensic and Litigation Consulting	355,260	360,898
Economic Consulting	477,430	437,677
Technology	203,117	213,817
Strategic Communications	342,198	471,008
Total segment assets	2,074,622	2,121,485
Unallocated corporate assets	200,830	289,599
Total assets	<u>\$ 2,275,452</u>	<u>\$ 2,411,084</u>

The table below details information on our revenues for the three years ended December 31, 2012. Revenues have been attributed to location based on the location of the legal entity generating the revenue:

	Year Ended December 31,		
	2012	2011	2010
United States	\$ 1,171,805	\$ 1,187,661	\$ 1,104,836
All foreign countries	405,066	379,107	296,625
Total revenue	<u>\$ 1,576,871</u>	<u>\$ 1,566,768</u>	<u>\$ 1,401,461</u>

We do not have a single customer that represents ten percent or more of our consolidated revenues.

The table below details information on our long-lived assets and net assets at December 31, 2012 and 2011 attributed to geographic location based on the location of the legal entity holding the assets:

	December 31, 2012		December 31, 2011	
	United States	All foreign countries	United States	All foreign countries
Property and equipment, net of accumulated depreciation	\$ 53,889	\$ 14,303	\$ 58,474	\$ 15,974
Net assets	\$ 534,680	\$ 533,552	\$ 547,965	\$ 558,237

## 20. Supplemental Condensed Consolidating Guarantor and Non-Guarantor Financial Information

Substantially all of our domestic subsidiaries are guarantors of borrowings under our senior bank credit facility, and senior notes. The Convertible Notes matured on July 15, 2012. The guarantees are full and unconditional and joint and several. All of our guarantors are 100% owned, direct or indirect, subsidiaries.

The following financial information presents condensed consolidating balance sheets, statements of comprehensive income (loss) and statements of cash flows for FTI Consulting, all the guarantor subsidiaries, all the non-guarantor subsidiaries and the eliminations necessary to arrive at the consolidated information for FTI Consulting and its subsidiaries. For purposes of this presentation, we have accounted for our investments in our subsidiaries using the equity method of accounting. The principal eliminating entries eliminate investment in subsidiary and intercompany balances and transactions.

### Condensed Consolidating Balance Sheet Information as of December 31, 2012

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
Cash and cash equivalents	\$ 66,663	\$ 610	\$ 89,512	\$ —	\$ 156,785
Restricted cash	—	—	1,190	—	1,190
Accounts receivable, net	140,254	149,253	139,733	—	429,240
Intercompany receivables	7,053	674,136	23,185	(704,374)	—
Other current assets	46,978	20,469	19,713	—	87,160
<b>Total current assets</b>	<u>260,948</u>	<u>844,468</u>	<u>273,333</u>	<u>(704,374)</u>	<u>674,375</u>
Property and equipment, net	37,411	16,477	14,304	—	68,192
Goodwill	558,473	418,789	282,773	—	1,260,035
Other intangible assets, net	36,826	23,975	74,967	(31,587)	104,181
Investments in subsidiaries	1,631,243	502,954	—	(2,134,197)	—
Other assets	85,109	66,170	28,318	(10,928)	168,669
<b>Total assets</b>	<u>\$ 2,610,010</u>	<u>\$1,872,833</u>	<u>\$ 673,695</u>	<u>\$(2,881,086)</u>	<u>\$2,275,452</u>
<b>Liabilities</b>					
Intercompany payables	\$ 549,339	\$ 112,137	\$ 42,898	\$ (704,374)	\$ —
Other current liabilities	118,865	79,533	105,799	—	304,197
<b>Total current liabilities</b>	<u>668,204</u>	<u>191,670</u>	<u>148,697</u>	<u>(704,374)</u>	<u>304,197</u>
Long-term debt, net	700,024	17,000	—	—	717,024
Other liabilities	173,550	10,479	12,898	(10,928)	185,999
<b>Total liabilities</b>	<u>1,541,778</u>	<u>219,149</u>	<u>161,595</u>	<u>(715,302)</u>	<u>1,207,220</u>
<b>Stockholders' equity</b>	<u>1,068,232</u>	<u>1,653,684</u>	<u>512,100</u>	<u>(2,165,784)</u>	<u>1,068,232</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 2,610,010</u>	<u>\$1,872,833</u>	<u>\$ 673,695</u>	<u>\$(2,881,086)</u>	<u>\$2,275,452</u>

**Condensed Consolidating Balance Sheet Information as of December 31, 2011**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
Cash and cash equivalents	\$ 161,180	\$ 197	\$ 103,046	\$ —	\$ 264,423
Restricted cash	8,632	—	1,581	—	10,213
Accounts receivable, net	148,698	165,871	114,533	—	429,102
Intercompany receivables	—	557,846	59,857	(617,703)	—
Other current assets	22,599	15,694	28,923	—	67,216
<b>Total current assets</b>	<b>341,109</b>	<b>739,608</b>	<b>307,940</b>	<b>(617,703)</b>	<b>770,954</b>
Property and equipment, net	44,233	14,240	15,975	—	74,448
Goodwill	547,667	439,068	322,623	—	1,309,358
Other intangible assets, net	38,913	34,692	45,284	—	118,889
Investments in subsidiaries	1,538,883	532,091	—	(2,070,974)	—
Other assets	70,551	48,529	18,355	—	137,435
<b>Total assets</b>	<b>\$2,581,356</b>	<b>\$1,808,228</b>	<b>\$ 710,177</b>	<b>\$(2,688,677)</b>	<b>\$2,411,084</b>
<b>Liabilities</b>					
Intercompany payables	\$ 433,284	\$ 93,947	\$ 90,472	\$ (617,703)	\$ —
Other current liabilities	316,559	109,651	71,627	—	497,837
<b>Total current liabilities</b>	<b>749,843</b>	<b>203,598</b>	<b>162,099</b>	<b>(617,703)</b>	<b>497,837</b>
Long-term debt, net	620,579	23,000	—	—	643,579
Other liabilities	104,732	43,297	15,437	—	163,466
<b>Total liabilities</b>	<b>1,475,154</b>	<b>269,895</b>	<b>177,536</b>	<b>(617,703)</b>	<b>1,304,882</b>
<b>Stockholders' equity</b>	<b>1,106,202</b>	<b>1,538,333</b>	<b>532,641</b>	<b>(2,070,974)</b>	<b>1,106,202</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,581,356</b>	<b>\$1,808,228</b>	<b>\$ 710,177</b>	<b>\$(2,688,677)</b>	<b>\$2,411,084</b>

**Condensed Consolidating Statement of Comprehensive Income (Loss) for the Year Ended  
December 31, 2012**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Revenues</b>	\$ 602,917	\$ 949,545	\$ 413,739	\$ (389,330)	\$1,576,871
<b>Operating expenses</b>					
Direct cost of revenues	389,619	713,305	261,936	(384,328)	980,532
Selling, general and administrative expense	160,919	112,697	109,402	(5,002)	378,016
Special charges	19,026	4,738	5,793	—	29,557
Acquisition-related contingent consideration	91	—	(3,155)	—	(3,064)
Amortization of other intangible assets	5,611	9,927	10,167	(3,298)	22,407
Goodwill impairment charge	—	37,987	72,400	—	110,387
	575,266	878,654	456,543	(392,628)	1,517,835
<b>Operating income (loss)</b>	<b>27,651</b>	<b>70,891</b>	<b>(42,804)</b>	<b>3,298</b>	<b>59,036</b>
<b>Other (expense) income</b>	<b>(65,698)</b>	<b>42,424</b>	<b>2,237</b>	<b>(34,885)</b>	<b>(55,922)</b>
<b>Income before (loss) before income tax provision</b>	<b>(38,047)</b>	<b>113,315</b>	<b>(40,567)</b>	<b>(31,587)</b>	<b>3,114</b>
<b>Income tax (benefit) provision</b>	<b>1,698</b>	<b>(47,623)</b>	<b>5,825</b>	<b>—</b>	<b>(40,100)</b>
<b>Equity in net earnings of subsidiaries</b>	<b>(637)</b>	<b>(30,438)</b>	<b>—</b>	<b>31,075</b>	<b>—</b>
<b>Net income (loss)</b>	<b>\$ (36,986)</b>	<b>\$ 35,254</b>	<b>\$ (34,742)</b>	<b>\$ (512)</b>	<b>\$ (36,986)</b>
<b>Other comprehensive income (loss), net of tax:</b>					
Foreign currency translation adjustments including tax expense of \$654	(654)	—	15,677	—	15,023
<b>Other comprehensive income (loss), net of tax:</b>	<b>(654)</b>	<b>—</b>	<b>15,677</b>	<b>—</b>	<b>15,023</b>
<b>Comprehensive income (loss)</b>	<b>\$ (37,640)</b>	<b>\$ 35,254</b>	<b>\$ (19,065)</b>	<b>\$ (512)</b>	<b>\$ (21,963)</b>

**Condensed Consolidating Statement of Comprehensive Income for the Year Ended December 31, 2011**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Revenues</b>	\$ 584,833	\$ 1,000,419	\$ 384,779	\$ (403,263)	\$ 1,566,768
<b>Operating expenses</b>					
Direct cost of revenues	380,479	718,826	249,126	(391,523)	956,908
Selling, general and administrative expense	160,336	123,488	101,211	(11,740)	373,295
Special charges	8,561	228	6,423	—	15,212
Acquisition-related contingent consideration	—	—	(6,465)	—	(6,465)
Amortization of other intangible assets	3,713	12,103	6,555	—	22,371
	<u>553,089</u>	<u>854,645</u>	<u>356,850</u>	<u>(403,263)</u>	<u>1,361,321</u>
<b>Operating income</b>	31,744	145,774	27,929	—	205,447
<b>Other (expense) income</b>	(53,649)	1,195	134	—	(52,320)
<b>Income before (loss) before income tax provision</b>	(21,905)	146,969	28,063	—	153,127
<b>Income tax (benefit) provision</b>	(12,776)	61,091	909	—	49,224
<b>Equity in net earnings of subsidiaries</b>	113,032	25,310	—	(138,342)	—
<b>Net income</b>	<u>\$ 103,903</u>	<u>\$ 111,188</u>	<u>\$ 27,154</u>	<u>\$ (138,342)</u>	<u>\$ 103,903</u>
<b>Other comprehensive income (loss), net of tax:</b>					
Foreign currency translation adjustments including tax benefit of \$1,568	1,568	—	(4,470)	—	(2,902)
<b>Other comprehensive income (loss), net of tax:</b>	1,568	—	(4,470)	—	(2,902)
<b>Comprehensive income</b>	<u>\$ 105,471</u>	<u>\$ 111,188</u>	<u>\$ 22,684</u>	<u>\$ (138,342)</u>	<u>\$ 101,001</u>

**Condensed Consolidating Statement of Comprehensive Income for the Year Ended December 31, 2010**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Revenues</b>	\$ 517,053	\$ 1,208,607	\$ 301,310	\$ (625,509)	\$ 1,401,461
<b>Operating expenses</b>					
Direct cost of revenues	310,070	938,332	199,321	(622,124)	825,599
Selling, general and administrative expense	147,526	128,265	68,833	(3,385)	341,239
Special charges	16,842	32,754	1,535	—	51,131
Acquisition-related contingent consideration	—	—	1,190	—	1,190
Amortization of other intangible assets	2,558	15,752	5,600	—	23,910
	<u>476,996</u>	<u>1,115,103</u>	<u>276,479</u>	<u>(625,509)</u>	<u>1,243,069</u>
<b>Operating income</b>	40,057	93,504	24,831	—	158,392
<b>Other (expense) income</b>	3,198	113,062	(9,697)	(157,564)	(51,001)
<b>Income before (loss) before income tax provision</b>	43,255	206,566	15,134	(157,564)	107,391
<b>Income tax (benefit) provision</b>	(4,440)	43,562	2,285	—	41,407
<b>Equity in net earnings of subsidiaries</b>	18,289	4,601	5,666	(28,556)	—
<b>Net income</b>	<u>\$ 65,984</u>	<u>\$ 167,605</u>	<u>\$ 18,515</u>	<u>\$ (186,120)</u>	<u>\$ 65,984</u>
<b>Other comprehensive income (loss), net of tax:</b>					
Foreign currency translation adjustments including tax expense of \$1,484	(1,484)	32,468	(36,935)	—	(5,951)
<b>Other comprehensive income (loss), net of tax:</b>	(1,484)	32,468	(36,935)	—	(5,951)
<b>Comprehensive income (loss)</b>	<u>\$ 64,500</u>	<u>\$ 200,073</u>	<u>\$ (18,420)</u>	<u>\$ (186,120)</u>	<u>\$ 60,033</u>

**Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2012**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidated
<b>Operating activities</b>				
Net cash (used in) provided by operating activities	\$ (63,218)	\$ 172,578	\$ 10,828	\$ 120,188
<b>Investing activities</b>				
Payments for acquisition of businesses, including contingent payments, net of cash received	(41,722)	—	(21,171)	(62,893)
Purchases of property and equipment	(8,310)	(15,689)	(3,760)	(27,759)
Other	246	—	—	246
Net cash used in investing activities	(49,786)	(15,689)	(24,931)	(90,406)
<b>Financing activities</b>				
Borrowings under revolving line of credit	75,000	—	—	75,000
Payments of revolving line of credit	(75,000)	—	—	(75,000)
Payments of long-term debt and capital lease obligations	(377,810)	(49)	—	(377,859)
Issuance of debt securities	292,608	—	—	292,608
Payments of debt financing fees	(2,848)	—	—	(2,848)
Net issuance of common stock and other	1,490	—	(2,120)	(630)
Purchase and retirement of common stock	(50,032)	—	—	(50,032)
Excess tax benefits from share based compensation	515	—	—	515
Intercompany transfers	154,564	(156,427)	1,863	—
Net cash provided by (used in) financing activities	18,487	(156,476)	(257)	(138,246)
Effects of exchange rate changes on cash and cash equivalents	—	—	826	826
<b>Net (decrease) increase in cash and cash equivalents</b>	(94,517)	413	(13,534)	(107,638)
<b>Cash and cash equivalents, beginning of year</b>	161,180	197	103,046	264,423
<b>Cash and cash equivalents, end of year</b>	\$ 66,663	\$ 610	\$ 89,512	\$ 156,785

**Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2011**

	FTI Consulting, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidated
<b>Operating activities</b>				
Net cash provided by (used in) operating activities	\$ 206,672	\$ (40,834)	\$ 7,990	\$ 173,828
<b>Investing activities</b>				
Payments for acquisition of businesses, net of cash received	(33,735)	—	(28,611)	(62,346)
Purchases of property and equipment and other	(9,868)	(13,829)	(7,605)	(31,302)
Net cash used in investing activities	(43,603)	(13,829)	(36,216)	(93,648)
<b>Financing activities</b>				
Borrowings under revolving line of credit	25,000	—	—	25,000
Payments of revolving line of credit	(25,000)	—	—	(25,000)
Payments of long-term debt and capital lease obligations	(6,788)	(206)	—	(6,994)
Cash received for settlement of interest rate swaps	5,596	—	—	5,596
Purchase and retirement of common stock	(209,400)	—	—	(209,400)
Net issuance of common stock and other	10,472	—	—	10,472
Excess tax benefits from share based compensation	1,597	—	—	1,597
Intercompany transfers	(96,104)	53,636	42,468	—
Net cash provided by (used in) financing activities	(294,627)	53,430	42,468	(198,729)
Effects of exchange rate changes on cash and cash equivalents	—	—	(1,598)	(1,598)
<b>Net (decrease) increase in cash and cash equivalents</b>	(131,558)	(1,233)	12,644	(120,147)
<b>Cash and cash equivalents, beginning of year</b>	292,738	1,430	90,402	384,570
<b>Cash and cash equivalents, end of year</b>	\$ 161,180	\$ 197	\$ 103,046	\$ 264,423

**Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2010**

	<u>FTI Consulting, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Consolidated</u>
<b>Operating activities</b>				
Net cash provided by operating activities	\$ 10,705	\$ 141,288	\$ 43,061	\$ 195,054
<b>Investing activities</b>				
Payments for acquisition of businesses, net of cash received	(60,958)	—	(2,128)	(63,086)
Purchases of property and equipment and other	(8,572)	(8,858)	(5,570)	(23,000)
Purchases of short-term investments, net of sales	15,000	—	—	15,000
Net cash used in investing activities	<u>(54,530)</u>	<u>(8,858)</u>	<u>(7,698)</u>	<u>(71,086)</u>
<b>Financing activities</b>				
Borrowings under revolving line of credit	20,000	—	—	20,000
Payments of revolving line of credit	(20,000)	—	—	(20,000)
Payments of long-term debt and capital lease obligations	(209,233)	(514)	—	(209,747)
Issuance of debt securities, net	390,445	—	—	390,445
Payments of debt financing fees	(3,054)	—	—	(3,054)
Purchase and retirement of common stock	(40,634)	—	—	(40,634)
Net issuance of common stock and other	6,638	—	—	6,638
Excess tax benefits from share based compensation	204	—	—	204
Intercompany transfers	131,477	(131,151)	(326)	—
Net cash provided by (used in) financing activities	<u>275,843</u>	<u>(131,665)</u>	<u>(326)</u>	<u>143,852</u>
Effects of exchange rate changes and fair value adjustments on cash and cash equivalents	—	—	(2,122)	(2,122)
<b>Net increase in cash and cash equivalents</b>	232,018	765	32,915	265,698
<b>Cash and cash equivalents, beginning of year</b>	60,720	665	57,487	118,872
<b>Cash and cash equivalents, end of year</b>	<u>\$ 292,738</u>	<u>\$ 1,430</u>	<u>\$ 90,402</u>	<u>\$ 384,570</u>



**21. Quarterly Financial Data (unaudited)**

	Quarter Ended			
	March 31	June 30	September 30	December 31
<b>2012</b>				
<b>Revenues</b>	395,228	396,243	386,055	399,345
<b>Operating expenses</b>				
Direct cost of revenues	245,618	248,220	241,614	245,080
Selling, general and administrative expenses	102,589	92,460	88,909	94,058
Special charges	—	26,782	2,775	—
Acquisition-related contingent consideration	557	(3,541)	403	(483)
Amortization of other intangible assets	5,517	5,490	5,766	5,634
Goodwill impairment charge	—	—	—	110,387
	<u>354,281</u>	<u>369,411</u>	<u>339,467</u>	<u>454,676</u>
<b>Operating income (loss)</b>	40,947	26,832	46,588	(55,331)
<b>Interest income and other</b>	3,282	(363)	1,584	1,156
<b>Interest expense</b>	(15,204)	(15,195)	(13,208)	(13,124)
<b>Loss on early extinguishment of debt</b>	—	—	—	(4,850)
<b>Income before income tax provision</b>	29,025	11,274	34,964	(72,149)
<b>Income tax provision</b>	10,594	3,527	12,251	13,728
<b>Net income (loss)</b>	<u>18,431</u>	<u>7,747</u>	<u>22,713</u>	<u>(85,877)</u>
<b>Earnings (loss) per common share—basic</b>	\$ 0.46	\$ 0.19	\$ 0.56	\$ (2.15)
<b>Earnings (loss) per common share—diluted</b>	<u>\$ 0.43</u>	<u>\$ 0.18</u>	<u>\$ 0.55</u>	<u>\$ (2.15)</u>
<b>Weighted average common shares outstanding</b>				
Basic	40,358	40,592	40,387	39,913
Diluted	<u>43,185</u>	<u>42,074</u>	<u>41,102</u>	<u>39,913</u>
	Quarter Ended			
	March 31	June 30	September 30	December 31
<b>2011</b>				
<b>Revenues</b>	361,816	400,437	413,802	390,713
<b>Operating expenses</b>				
Direct cost of revenues	223,084	250,844	249,975	233,005
Selling, general and administrative expenses	88,303	94,442	97,618	92,932
Special charges	—	15,212	—	—
Acquisition-related contingent consideration	796	799	944	(9,004)
Amortization of other intangible assets	5,454	5,498	5,843	5,576
	<u>317,637</u>	<u>366,795</u>	<u>354,380</u>	<u>322,509</u>
<b>Operating income</b>	44,179	33,642	59,422	68,204
<b>Interest income and other</b>	2,000	2,923	486	895
<b>Interest expense</b>	(15,310)	(14,500)	(14,319)	(14,495)
<b>Income before income tax provision</b>	30,869	22,065	45,589	54,604
<b>Income tax provision</b>	11,611	6,740	16,150	14,723
<b>Net income</b>	<u>19,258</u>	<u>15,325</u>	<u>29,439</u>	<u>39,881</u>
<b>Earnings per common share—basic</b>	\$ 0.44	\$ 0.38	\$ 0.73	\$ 1.00
<b>Earnings per common share—diluted</b>	<u>\$ 0.42</u>	<u>\$ 0.36</u>	<u>\$ 0.70</u>	<u>\$ 0.93</u>
<b>Weighted average common shares outstanding</b>				
Basic	43,877	40,587	40,182	39,932
Diluted	<u>45,939</u>	<u>42,912</u>	<u>42,267</u>	<u>42,857</u>

The sum of the quarterly earnings per share amounts may not equal the annual amounts due to changes in the weighted-average number of common shares outstanding during each quarterly period.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

An evaluation of the effectiveness of the design and operation of our “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Annual Report on Form 10-K was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act is timely recorded, processed, summarized and reported and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Management’s Report on Internal Control over Financial Reporting**

Management’s report on internal control over financial reporting is included in “Item 8. Financial Statements and Supplementary Data.”

**Changes in Internal Control over Financial Reporting**

There have not been any changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None

## PART III

Certain information required in Part III is omitted from this report, but is incorporated herein by reference from our definitive proxy statement for the 2013 Annual Meeting of Stockholders to be filed within 120 days after the end of our fiscal year ended December 31, 2012, pursuant to Regulation 14A with the Securities and Exchange Commission.

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information contained in our proxy statement under the captions “Information About the Board of Directors and Committees,” “Corporate Governance,” “Executive Officers and Compensation,” and “Section 16(a) Beneficial Ownership Reporting Compliance” is incorporated herein by reference.

We have adopted the FTI Consulting, Inc. Code of Ethics and Business Conduct, or Code of Ethics, which applies to our chairman of the board, president, chief executive officer, chief financial officer, corporate controller and our other financial professionals, as well as our chief operating officer, chief administrative officer, general counsel and chief risk officer and our other officers, directors, employees and independent contractors. The Code of Ethics is publicly available on our website at <http://www.fticonsulting.com>. If we make any substantive amendments to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Ethics to our chairman of the board, president, chief executive officer, chief operating officer, chief financial officer, corporate controller or persons performing similar functions, other executive officers or directors, we will disclose the nature of such amendment or waiver on that website or in a report on Form 8-K filed with the SEC. We will provide a copy of our Code of Ethics without charge upon request to our Corporate Secretary, FTI Consulting, Inc., 2 Hamill Road, North Building, Baltimore, Maryland 21210.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information contained in our proxy statement under the caption “Executive Officers and Compensation” is incorporated herein by reference.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information contained in our proxy statement under the captions “Security Ownership of Certain Beneficial Owners and Management” and this Annual Report on Form 10-K under the caption “Part II—Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Securities Authorized for Issuance under Equity Compensation Plans” is incorporated herein by reference.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information contained in our proxy statement under the captions “Certain Relationships and Related Party Transactions,” “Information About the Board of Directors and Committees” and “Corporate Governance” is incorporated herein by reference.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information contained in our proxy statement under the caption “Principal Accountant Fees and Services” is incorporated herein by reference.

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE**

- (a) (1) The following financial statements are included in this Annual Report on Form 10-K:  
Management's Report on Internal Control over Financial Reporting  
Report of Independent Registered Public Accounting Firm — Internal Control over Financial Reporting  
Reports of Independent Registered Public Accounting Firm — Consolidated Financial Statements  
Consolidated Balance Sheets — December 31, 2012 and 2011  
Consolidated Statements of Comprehensive Income (Loss) — Years Ended December 31, 2012, 2011 and 2010  
Consolidated Statements of Stockholders' Equity — Years Ended December 31, 2012, 2011 and 2010  
Consolidated Statements of Cash Flows — Years Ended December 31, 2012, 2011 and 2010  
Notes to Consolidated Financial Statements
- (2) The following financial statement schedule is included in this Annual Report on Form 10-K:  
Schedule II — Valuation and Qualifying Accounts  
All schedules, other than the schedule listed above, are omitted as the information is not required or is otherwise furnished.

**FTI Consulting, Inc. and Subsidiaries**  
**Schedule II — Valuation and Qualifying Accounts**  
(in thousands)

Description	Balance at Beginning of Period	Additions		Deductions**	Balance at End of Period
		Charged to Expense	Charged to Other Accounts*		
<b>Year Ended December 31, 2012</b>					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 80,096	\$ 14,179	\$ 13,054	\$ 13,281	\$ 94,048
Valuation allowance for deferred tax asset	\$ 886	\$ 1,053	\$ —	\$ —	\$ 1,939
<b>Year Ended December 31, 2011</b>					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 63,205	\$ 12,586	\$ 18,607	\$ 14,302	\$ 80,096
Valuation allowance for deferred tax asset	\$ —	\$ 886	\$ —	\$ —	\$ 886
<b>Year Ended December 31, 2010</b>					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 59,328	\$ 10,720	\$ 9,621	\$ 16,464	\$ 63,205

\* Includes estimated provision for unbilled services recorded as a reduction to revenues (i.e., fee, rate and other adjustments).

\*\* Includes estimated direct write-offs of uncollectible and unrealizable accounts receivable.

Exhibit Number	Description of Exhibits
1.1 **	Purchase Agreement, dated as of July 28, 2005, by and among FTI Consulting, Inc., the guarantors named therein and the Initial Purchasers named therein, relating to the 7 <sup>5/8</sup> % Senior Notes due 2013. (Filed with the Securities and Exchange Commission on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)
1.2 **	Purchase Agreement, dated as of July 28, 2005, by and among FTI Consulting, Inc., the guarantors named therein and the Initial Purchasers named therein, relating to the 3 <sup>3/4</sup> % Senior Subordinated Convertible Notes due July 15, 2012. (Filed with the Securities and Exchange Commission on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)
1.3 **	Purchase Agreement dated September 27, 2006, by and among FTI Consulting, Inc., the Guarantors named therein and the Initial Purchasers named therein, relating to the 7 <sup>3/4</sup> % Senior Notes due 2016. (Filed with the Securities and Exchange Commission, on October 3, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K/A (Amendment No. 2) dated September 27, 2006 and incorporated herein by reference.)

**Exhibit  
Number**

**Description of Exhibits**

- 1.4 Underwriting Agreement dated October 3, 2007, by and among FTI Consulting, Inc. and Deutsche Bank Securities Inc., Banc of America Securities LLC and Goldman, Sachs & Co. (Filed with the Securities and Exchange Commission on October 3, 2007 as an exhibit to FTI Consulting, Inc.'s Post-Effective Amendment to Registration Statement on Form S-3 (333-146366) dated October 3, 2007 and incorporated herein by reference.)
- 2.1 \*\* Agreement for the Purchase and Sale of Assets dated as of July 24, 2002, by and between PricewaterhouseCoopers LLP and FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on July 26, 2002 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 24, 2002 and incorporated herein by reference.)
- 2.2 \*\* LLC Membership Interests Purchase Agreement dated as of January 31, 2000, by and among FTI Consulting, Inc., and Michael Policano and Robert Manzo. (Filed with the Securities and Exchange Commission on February 15, 2000 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated February 4, 2000 and incorporated herein by reference.)
- 2.3 \*\* Asset Purchase Agreement dated October 22, 2003, by and among KPMG LLP, DAS Business LLC and FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on November 14, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 3, 2003 and incorporated herein by reference.)
- 2.4 \*\* Asset Purchase Agreement dated September 25, 2003, by and among FTI Consulting, Inc., LI Acquisition Company, LLC, Nextera Enterprises, Inc., Lexecon Inc., CE Acquisition Corp. and ERG Acquisition Corp. (Filed with the Securities and Exchange Commission on October 2, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 25, 2003 and incorporated herein by reference.)
- 2.5 \*\* Asset Purchase Agreement dated February 16, 2005, by and among FTI Consulting, Inc., FTI, LLC, FTI Repository Services, LLC, FTI Consulting Ltd., FTI Australia Pty Ltd, Edward J. O'Brien and Christopher R. Priestley, Messrs. Edward J. O'Brien and Christopher R. Priestley trading as the Ringtail Suite Partnership, Ringtail Solutions Pty Ltd, on its behalf and as trustee for Ringtail Unit Trust, Ringtail Solutions, Inc. and Ringtail Solutions Limited. (Filed with the Securities and Exchange Commission on February 23, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated February 16, 2005 and incorporated herein by reference.)
- 2.6 \*\* Asset Purchase Agreement, dated as of May 23, 2005, by and among Cambio Health Solutions, LLC, Cambio Partners, LLC, each of the individuals named in Exhibit A thereto that becomes a party thereto prior to the Closing (as defined therein) by executing a joinder agreement on or after the date thereof, FTI Consulting, Inc, FTI, LLC, FTI Cambio LLC, and the Seller Representative (as defined therein). (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 23, 2005 and incorporated herein by reference.)
- 2.7 \*\* Purchase Agreement, dated as of November 15, 2005, by and among FTI Compass, LLC, a Maryland limited liability company, FTI Consulting, Inc., a Maryland corporation, FTI, LLC, a Maryland limited liability company, Competition Policy Associates, Inc., a District of Columbia corporation (the "Company"), and the stockholders of the Company listed on Schedule I thereto. (Filed with the Securities and Exchange Commission on November 19, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 22, 2005 and incorporated by reference herein.)
- 2.8 Form of Irrevocable Undertaking entered into by Controlling Shareholder Group of FD International (Holdings) Limited. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)

**Exhibit  
Number**

**Description of Exhibits**

- 2.9 Form of Irrevocable Undertaking entered into by Executive Officers of FD International (Holdings) Limited. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 2.10 Form of Irrevocable Undertaking entered into by Other Shareholders of FD International (Holdings) Limited. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 2.11 Warranty Deed dated as of September 11, 2006 between FTI FD LLC and the Warrantors named therein. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 2.12 \*\* Asset Purchase Agreement dated March 31, 2008 by and among FTI Consulting, Inc., FTI SMC Acquisition LLC, The Schonbraun McCann Consulting Group LLC, the individuals listed on Schedule I thereto and Bruce Schonbraun as the Members' Representative. The registrant has requested confidential treatment with respect to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Act. Such portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission. (Filed with the SEC on April 4, 2008 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 31, 2008 and incorporated herein by reference.)
- 2.13 \*\* Agreement and Plan of Merger, dated as of June 9, 2008, by and among FTI Consulting, Inc., Attenex Corporation, Ace Acquisition Corporation, and Richard B. Dodd and William McAleer, as the Shareholder Representatives. (Filed with the SEC on June 12, 2008 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 9, 2008 and incorporated herein by reference.)
- 3.1 Articles of Incorporation of FTI Consulting, Inc., as amended and restated. (Filed with the Securities and Exchange Commission on May 23, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 21, 2003 and incorporated herein by reference.)
- 3.2 By-laws of FTI Consulting, Inc., as amended and restated through September 17, 2004. (Filed with the SEC on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
- 3.3 Amendment No. 6 to By-Laws of FTI Consulting, Inc. dated as of December 18, 2008. (Filed with the Securities and Exchange Commission on December 22, 2008 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 18, 2008 and incorporated herein by reference.)
- 3.4 Amendment No. 7 to By-Laws of FTI Consulting, Inc. dated as of February 25, 2009. (Filed with the Securities and Exchange Commission on March 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated February 25, 2009 and incorporated herein by reference.)
- 3.5 Articles of Amendment dated June 1, 2011 to Charter of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)
- 3.6 Bylaws of FTI Consulting, Inc., as Amended and Restated on June 1, 2011. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)
- 4.1 Indenture dated August 2, 2005 among FTI Consulting, Inc., the guarantors named therein and Wilmington Trust Company, as trustee, relating to 7<sup>5/8</sup>% Senior Notes due 2013. (Filed with the SEC on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)

**Exhibit  
Number**

**Description of Exhibits**

- 4.2 Indenture, dated as of August 2, 2005, by and among FTI Consulting, Inc., the guarantors named therein and Wilmington Trust Company, as trustee, relating to 3<sup>3/4</sup>% Senior Subordinated Convertible Notes due July 15, 2012. (Filed with the Securities and Exchange Commission on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)
- 4.3 Form of Note (included as Exhibit A to Exhibit 4.1). (Filed with the Securities and Exchange Commission on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)
- 4.4 Registration Rights Agreement, dated as of August 2, 2005, among FTI Consulting, Inc., Goldman, Sachs & Co. and Banc of America Securities LLC. (Filed with the Securities and Exchange Commission on August 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 28, 2005 and incorporated herein by reference.)
- 4.5 First Supplemental Indenture relating to the 7<sup>5/8</sup>% Senior Notes due 2013, dated as of December 16, 2005, by and among FTI Consulting, Inc., the guarantors named therein, FTI Compass, LLC, FTI Investigations, LLC and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc.'s Amendment no. 1 to its Registration Statement on Form S-3 and incorporated herein by reference.)
- 4.6 First Supplemental Indenture relating to the 3<sup>3/4</sup>% Senior Subordinated Convertible Notes due July 15, 2012, dated as of December 16, 2005, by and among FTI Consulting, Inc., the guarantors named therein, FTI Compass, LLC, FTI Investigations, LLC and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc.'s Amendment no. 1 to its Registration Statement on Form S-3 and incorporated herein by reference.)
- 4.7 Second Supplemental Indenture relating to the 3<sup>3/4</sup>% Senior Subordinated Convertible Notes due July 15, 2012, dated as of February 22, 2006, by and among FTI Consulting, Inc., the guarantors named therein, Competition Policy Associates, Inc. and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on February 24, 2006 as an exhibit to FTI Consulting, Inc.'s Post-Effective Amendment no. 2 to its Registration Statement on Form S-3 and incorporated herein by reference.)
- 4.8 Second Supplemental Indenture relating to 7<sup>5/8</sup>% Senior Notes due 2013, dated as of February 22, 2006, by and among FTI Consulting, Inc., Competition Policy Associates, Inc., a District of Columbia corporation, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 9, 2006 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference.)
- 4.9 Third Supplemental Indenture relating to 7<sup>5/8</sup>% Senior Notes due 2013, dated as of September 15, 2006, by and among FTI Consulting, Inc., FTI International Risk, LLC, a Maryland limited liability company, International Risk Limited, a Delaware corporation, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 9, 2006 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference.)
- 4.10 Third Supplemental Indenture relating to 3<sup>3/4</sup>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of September 15, 2006, by and among FTI Consulting, Inc., FTI International Risk, LLC, a Maryland limited liability company, International Risk Limited, a Delaware corporation, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 9, 2006 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and incorporated herein by reference.)



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- 4.11 Indenture dated as of October 3, 2006, relating to the 7 <sup>3</sup>/<sub>4</sub>% Senior Notes due 2016, by and among FTI Consulting, Inc., the guarantors named therein and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 4.12 Form of Note relating to 7 <sup>3</sup>/<sub>4</sub>% Senior Notes due 2016. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 4.13 Form of Put and Call Option Agreement. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
- 4.14 Fourth Supplemental Indenture relating to 7 <sup>5</sup>/<sub>8</sub>% Senior Notes due 2013, dated as of September 15, 2006, by and among FTI Consulting, Inc., FTI FD LLC, a Maryland limited liability company, FTI BKS Acquisition LLC, a Maryland limited liability company, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
- 4.15 Fourth Supplemental Indenture relating to 3 <sup>3</sup>/<sub>4</sub>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of November 7, 2006, by and among FTI Consulting, Inc., FTI FD LLC, a Maryland limited liability company, FTI BKS Acquisition LLC, a Maryland limited liability company, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
- 4.16 First Supplemental Indenture relating to the 7 <sup>3</sup>/<sub>4</sub>% Senior Notes due 2016, dated as of December 11, 2006, by and among FTI Consulting, Inc., FD U.S. Communications Inc., a New York corporation, FD MWA Holdings, Inc., a Delaware corporation, Dittus Communications Inc., a District of Columbia corporation, International Risk Limited, a Delaware Corporation, FTI Holder LLC, a Maryland limited liability company, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
- 4.17 Fifth Supplemental Indenture relating to 7 <sup>5</sup>/<sub>8</sub>% Senior Notes due 2013, dated as of December 7, 2006, by and among FTI Consulting, Inc., FD U.S. Communications Inc., a New York corporation, FD MWA Holdings, Inc., a Delaware corporation, Dittus Communications Inc., a District of Columbia corporation, FTI Holder LLC, a Maryland limited liability company, the other guarantors named therein, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
- 4.18 Fifth Supplemental Indenture relating to 3 <sup>3</sup>/<sub>4</sub>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of December 7, 2006, by and among FTI Consulting, Inc., FD U.S. Communications Inc., a New York corporation, FD MWA Holdings, Inc., a Delaware corporation, Dittus Communications Inc., a District of Columbia corporation, FTI Holder LLC, a Maryland limited liability company, and the other guarantors named therein, and Wilmington Trust Company. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)

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- 4.19 Release entered into as of January 2, 2007 by Wilmington Trust Company in favor of Teklicon, Inc. releasing Teklicon's unconditional guarantee of FTI Consulting, Inc.'s obligations under its 7<sup>5/8</sup>% Senior Notes due 2013. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)
- 4.20 Release entered into as of January 2, 2007 by Wilmington Trust Company in favor of Teklicon, Inc. releasing Teklicon's unconditional guarantee of FTI Consulting, Inc.'s obligations under its 3<sup>3/4</sup>% Convertible Senior Subordinated Notes due July 15, 2012. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)
- 4.21 Release entered into as of January 2, 2007 by Wilmington Trust Company in favor of Teklicon, Inc. releasing Teklicon's unconditional guarantee of FTI Consulting, Inc.'s obligations under its 7<sup>3/4</sup>% Senior Notes due 2016. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)
- 4.22 Sixth Supplemental Indenture relating to 7<sup>5/8</sup>% Senior Notes due 2013, dated as of December 27, 2007, among FTI Consulting, Inc., FTI General Partner LLC, a Maryland limited liability company, Stratcom Hispanic, Inc., a Florida corporation, FTI Consulting LLC, a Maryland limited liability company, FTI Hosting LLC, a Maryland limited liability company, Ashton Partners, LLC, an Illinois limited liability company, and FTI US LLC, a Maryland limited liability company, the other Guarantors and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on February 29, 2008 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.)
- 4.23 Sixth Supplemental Indenture relating to 3<sup>3/4</sup>% Convertible Senior Subordinated Notes due July 15, 2012, among FTI Consulting, Inc., FTI General Partner LLC, a Maryland limited liability company, Stratcom Hispanic, Inc., a Florida corporation, FTI Consulting LLC, a Maryland limited liability company, FTI Hosting LLC, a Maryland limited liability company, Ashton Partners, LLC, an Illinois limited liability company, and FTI US LLC, a Maryland limited liability company, the other Guarantors and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on February 29, 2008 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.)
- 4.24 Second Supplemental Indenture relating to the 7<sup>3/4</sup>% Senior Notes due 2016, dated as of December 31, 2007, by and among FTI Consulting, Inc., FTI General Partner LLC, a Maryland limited liability company, Stratcom Hispanic, Inc., Florida corporation, FTI Consulting LLC, a Maryland limited liability company, FTI Hosting LLC, a Maryland limited liability company, Ashton Partners, LLC, a Illinois limited liability company, and FTI US LLC, a Maryland limited liability company, the other Guarantors and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on February 29, 2008 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.)
- 4.25 Seventh Supplemental Indenture relating to 7<sup>5/8</sup>% Senior Notes due 2013, dated as of May 23, 2008, among FTI RMCG Acquisition LLC, a Maryland limited liability company, FTI SMC Acquisition LLC, a Maryland limited liability company, and RMCG Consulting, Inc., a Florida corporation, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)

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- 4.26 Seventh Supplemental Indenture relating to 3<sup>3</sup>/<sub>4</sub>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of May 23, 2008 among FTI RMCG Acquisition LLC, a Maryland limited liability company, FTI SMC Acquisition LLC, a Maryland limited liability company, and RMCG Consulting, Inc., a Florida corporation, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
- 4.27 Eighth Supplemental Indenture relating to 7<sup>5</sup>/<sub>8</sub>% Senior Notes due 2013, dated as of September 24, 2008, among Attenex Corporation, a Washington corporation and FD Kinesis, LLC, a New Jersey limited liability company, FTI Consulting, Inc., a Maryland corporation (the "Company"), the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
- 4.28 Eighth Supplemental Indenture relating to 3<sup>3</sup>/<sub>4</sub>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of September 24, 2008, among Attenex Corporation, a Washington corporation and FD Kinesis, LLC, a New Jersey limited liability company, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
- 4.29 Third Supplemental Indenture relating to the 7<sup>3</sup>/<sub>4</sub>% Senior Notes due 2016, dated as of May 22, 2008, among FTI RMCG Acquisition LLC, a Maryland limited liability company, FTI SMC Acquisition LLC, a Maryland limited liability company, and RMCG Consulting, Inc., a Florida corporation, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
- 4.30 Fourth Supplemental Indenture relating to the 7<sup>3</sup>/<sub>4</sub>% Senior Notes due 2016, dated as of September 26, 2008, among Attenex Corporation, a Washington corporation and FD Kinesis, LLC, a New Jersey limited liability company, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
- 4.31 Ninth Supplemental Indenture relating to 7<sup>5</sup>/<sub>8</sub>% Senior Notes due 2013, dated as of May 15, 2009, among FTI CXO Acquisition LLC, a Maryland limited liability company, and FTI Consulting Canada LLC, a Maryland limited liability company, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on August 10, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 and incorporated herein by reference.)

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- 4.32 Ninth Supplemental Indenture relating to 3<sup>3/4</sup>% Convertible Senior Subordinated Notes due July 15, 2012, dated as of May 15, 2009, among FTI CXO Acquisition LLC, a Maryland limited liability company, and FTI Consulting Canada LLC, a Maryland limited liability company, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on August 10, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 and incorporated herein by reference.)
- 4.33 Fifth Supplemental Indenture relating to 7<sup>3/4</sup>% Senior Notes due 2016, dated as of May 12, 2009, among FTI CXO Acquisition LLC, a Maryland limited liability company, and FTI Consulting Canada LLC, a Maryland limited liability company, FTI Consulting, Inc., a Maryland corporation, the other Guarantors (as defined in the Indenture referred to therein) and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on August 10, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 and incorporated herein by reference.)
- 4.34 Tenth Supplemental Indenture, dated September 28, 2010, among FTI Consulting, Inc., the guarantors party thereto and Wilmington Trust Company, as trustee, relating to FTI Consulting, Inc.'s 7<sup>5/8</sup>% Senior Notes due 2013. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
- 4.35 Indenture, dated September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto and Wilmington Trust Company, as trustee, relating to FTI Consulting, Inc.'s 6<sup>3/4</sup>% Senior Notes due 2020. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
- 4.36 Form of 6<sup>3/4</sup>% Senior Notes due 2020 (included in Exhibit 4.35). (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
- 4.37 Form of Notation of Guarantee (included in Exhibit 4.35). (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
- 4.38 Registration Rights Agreement, dated September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto and Banc of America Securities LLC. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
- 4.39 Tenth Supplemental Indenture relating to the 3<sup>3/4</sup>% Senior Subordinated Convertible Notes due July 15, 2012, dated as of July 10, 2012, by and among FTI Consulting, Inc., the other guarantors named therein, Sports Analytics LLC, a Maryland limited liability company, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 8, 2012 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference.)
- 4.40 Sixth Supplemental Indenture relating to the 7<sup>3/4</sup>% Senior Notes due 2016, dated as of July 10, 2012, by and among FTI Consulting, Inc., the other Guarantors, Sports Analytics LLC, a Maryland limited liability company, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 8, 2012 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference.)

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- 4.41 First Supplemental Indenture relating to the 6<sup>3/4</sup>% Senior Notes due 2020, dated as of July 10, 2012, by and among FTI Consulting, Inc., the other Guarantors, Sports Analytics LLC, a Maryland limited liability company, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 8, 2012 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference.)
- 4.42 Seventh Supplemental Indenture, dated as of November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and Wilmington Trust Company, as trustee, relating to FTI Consulting, Inc.'s 7<sup>3/4</sup>% Senior Notes due 2016. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
- 4.43 Indenture, dated as of November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, relating to FTI Consulting, Inc.'s 6.0% Senior Notes due 2022. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
- 4.44 Form of Notation of Guarantee of 6.0% Senior Notes due 2022 (included in Exhibit 4.2 to the Indenture, dated as of November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, relating to FTI Consulting, Inc.'s 6.0% Senior Notes due 2022 filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
- 4.45 Registration Rights Agreement, dated November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and J.P. Morgan Securities LLC. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
- 10.1 \* Employment Agreement dated as of November 5, 2002, between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 27, 2003 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 and incorporated herein by reference.)
- 10.2 \* Employment Agreement dated September 20, 2004 between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
- 10.3 \* Restricted Stock Agreement between FTI Consulting, Inc. and Dennis J. Shaughnessy dated October 18, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
- 10.4 \* Incentive Stock Option Agreement between FTI Consulting, Inc. and Dennis J. Shaughnessy dated October 18, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 filed and incorporated herein by reference.)
- 10.5 \* Amendment dated September 23, 2004 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 filed with the SEC on November 9, 2004 and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.6 *	Restricted Stock Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated September 23, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
10.7 *	Employment Agreement dated as of November 1, 2005 between Dominic DiNapoli and FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on November 2, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 1, 2005 and incorporated herein by reference.)
10.8 *	Restricted Stock Agreement between FTI Consulting, Inc. and Dominic DiNapoli, dated as of November 1, 2005. (Filed with the Securities and Exchange Commission on November 2, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 1, 2005 and incorporated herein by reference.)
10.9 *	Incentive Stock Option Agreement between FTI Consulting, Inc. and Dominic DiNapoli, dated as of November 1, 2005. (Filed with the Securities and Exchange Commission on November 2, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 1, 2005 and incorporated herein by reference.)
10.10 *	FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated as of April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)
10.11 *	Form of Incentive Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
10.12 *	Form of Restricted Stock Agreement used with 2004 Long-Term Incentive Plan, as amended. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)
10.13 *	Form of Incentive Stock Option Agreement used with 1997 Stock Option Plan, as amended. (Filed with the Securities and Exchange Commission on February 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 28, 2005 and incorporated herein by reference.)
10.14 *	Incentive Stock Option Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated as of October 28, 2004. (Filed with the Securities and Exchange Commission on February 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 28, 2005 and incorporated herein by reference.)
10.15 *	Incentive Stock Option Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated as of February 17, 2005. (Filed with the Securities and Exchange Commission on February 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 28, 2005 and incorporated herein by reference.)
10.16 *	Written Summary of Non-Employee Director Compensation approved by the Board of Directors of FTI Consulting, Inc. on April 27, 2005. (Filed with the Securities and Exchange Commission on May 3, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated April 27, 2005 and incorporated herein by reference.)
10.17 *	FTI Consulting, Inc. Non-Employee Director Compensation Plan, established effective April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)

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- 10.18 \* Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)
- 10.19 \* Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)
- 10.20 \* Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Unit Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)
- 10.21 \* Form of Nonqualified Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4/A and incorporated herein by reference.)
- 10.22 \* Restricted Stock Agreement between FTI Consulting, Inc. and John A. MacColl dated as of January 9, 2006. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4/A and incorporated herein by reference.)
- 10.23 \* Stock Option Agreement between FTI Consulting, Inc. and John A. MacColl dated as of January 9, 2006. (Filed with the Securities and Exchange Commission on March 7, 2006 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference.)
- 10.24 \* Amendment to FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated effective April 27, 2005. (Filed with the Securities and Exchange Commission on March 31, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 31, 2006 and incorporated herein by reference.)
- 10.25 \* Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. Non-Employee Director Compensation Plan. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 7, 2006 and incorporated herein by reference.)
- 10.26 \* Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated Effective as of April 27, 2005, as further amended. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 7, 2006 and incorporated herein by reference.)
- 10.27 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission, on June 6, 2006 as exhibit 4.3 to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)
- 10.28 \* Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)
- 10.29 \* Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)

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10.30 *	FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
10.31 *	Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)
10.32 *	Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)
10.33 *	FTI Consulting, Inc. 2007 Employee Stock Purchase Plan. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
10.34 *	Offer Letter dated January 9, 2006 to and accepted by John A. MacColl. (Filed with the Securities and Exchange Commission on June 9, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 6, 2006 and incorporated herein by reference.)
10.35 *	Offer Letter dated May 17, 2005 to and accepted by David G. Bannister. (Filed with the Securities and Exchange Commission on June 9, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 6, 2006 and incorporated herein by reference.)
10.36	Exchange and Registration Rights Agreement dated as of October 3, 2006, relating to 7 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2016, by and among FTI, the guarantors named therein and the Initial Purchasers named therein. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
10.37 **	Parent Guaranty Agreement dated as of October 4, 2006, between FTI Consulting, Inc. and FTI FD Inc. (Filed with the Securities and Exchange Commission on October 10, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 3, 2006 and incorporated herein by reference.)
10.38 *	FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, Amended and Restated Effective October 25, 2006. (Filed with the Securities and Exchange Commission on October 26, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 25, 2006 and incorporated herein by reference.)
10.39 *	FTI Consulting, Inc. Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
10.40 *	FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix II: Australian Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
10.41 *	FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix III: Ireland Sub-Plan. (Filed with the Securities Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)



**Exhibit  
Number**

**Description of Exhibits**

- 10.42 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix IV: United Kingdom Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)
- 10.43 \* FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)
- 10.44 \* FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)
- 10.45 \* FTI Consulting, Inc. Non-Qualified Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)
- 10.46 \* Amendment No. 1 made and entered into as of April 23, 2007 to the Employment Agreement dated as of September 20, 2004, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on April 26, 2007 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated April 23, 2007 and incorporated herein by reference.)
- 10.47 \* Offer Letter dated June 14, 2007 to and accepted by Jorge A. Celaya (Filed with the Securities and Exchange Commission on July 10, 2007 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 9, 2007 and incorporated herein by reference.)
- 10.48 \* FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarter Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)
- 10.49 \* FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarter Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)
- 10.50 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarter Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)
- 10.51 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarter Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)
- 10.52 \* FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors [Amended and Restated Effective as of May 14, 2008]. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.53 *	Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.54 *	Form of Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.55 *	FTI Consulting, Inc. 2004 Long-Term Incentive Plan [Amended and Restated Effective as of May 14, 2008]. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.56 *	Form of FTI Consulting, Inc. 2004 Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.57 *	FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan [Amended and Restated Effective as of May 14, 2008]. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.58 *	Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)
10.59 *	Form of Incentive Stock Option Agreement under the FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, as amended and restated. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
10.60 *** *	Amendment No. 2 effective as of August 11, 2008 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)
10.61 *	Amendment No. 3 as of December 31, 2008 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.62 *	Amendment No. 2 as of December 31, 2008 to the Employment Agreement dated as of September 20, 2004, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.63 *	Amendment No. 1 as of December 31, 2008 to the Employment Agreement dated as of November 1, 2005 by and between Dominic DiNapoli and FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.64 ** *	Employment Agreement by and among, FD U.S. Communications, Inc., FTI Consulting, Inc. and Declan Kelly. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.65 *	Amendment as of August 1, 2008 to the Employment Agreement by and among, FD U.S. Communications, Inc., FTI Consulting, Inc. and Declan Kelly. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.66 *	Second Amendment as of December 16, 2008 to the Employment Agreement by and among, FD U.S. Communications, Inc., FTI Consulting, Inc. and Declan Kelly. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.67 *	Amendment made and entered into as of December 31, 2008 to Offer Letter dated June 14, 2007 to and accepted by Jorge A. Celaya. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.68 *	Employment Letter dated as of December 31, 2008 to and accepted by Roger Carlile. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.69 *	Offer Letter dated April 26, 2006 to and accepted by Eric B. Miller. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.70 *	Amendment made and entered into as of December 31, 2008 to Offer Letter dated April 26, 2006 to and accepted by Eric B. Miller. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
10.71 *	Amendment No. 1 dated March 31, 2009 to the FTI Consulting, Inc. Non-Employee Director Compensation Plan (Amended and Restated Effective as of February 20, 2008). (Filed with the Securities and Exchange Commission on May 5, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and incorporated herein by reference.)
10.72 ** *	Amendment No. 3 to Employment Agreement made and entered into as of January 2, 2009 by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on May 5, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and incorporated herein by reference.)
10.73 *	FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 23, 2009 as an exhibit to FTI Consulting, Inc.'s Proxy Statement and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.74 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.75 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.76 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.77 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.78 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.79 *	Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Nonstatutory Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference).
10.80 *‡	Separation Agreement dated as of July 27, 2009, by and among FD U.S. Communications, Inc., FTI Consulting, Inc. and Declan Kelly (Filed with the Securities and Exchange Commission on November 6, 2009 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and incorporated herein by reference).
10.81 †**	Master Confirmation Accelerated Share Buyback Agreement dated November 9, 2009. (Filed with the Securities and Exchange Commission on November 13, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 9, 2009 and incorporated herein by reference).
10.82 †**	Supplemental Confirmation dated November 9, 2009. (Filed with the Securities and Exchange Commission on November 13, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 9, 2009 and incorporated herein by reference).
10.83 *	Separation Agreement dated March 24, 2010 between FTI Consulting, Inc. and Jorge A. Celaya. (Filed with the Securities and Exchange Commission on March 26, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 24, 2010 and incorporated herein by reference.)
10.84 *	FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Cash-Based Performance Award Agreement. (Filed with the Securities and Exchange Commission on March 29, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 25, 2010 and incorporated herein by reference.)
10.85 *	FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan [as Amended and Restated Effective as of June 2, 2010. (Filed with the Securities and Exchange Commission on April 23, 2010 as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement dated April 23, 2010 and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.86 *	Offer Letter, as amended, dated March 23, 2010, between FTI Consulting, Inc. and Eric B. Miller. (Filed with the Securities and Exchange Commission on May 6, 2010 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and incorporated herein by reference.)
10.87 *	Amendment No. 4 dated as of June 2, 2010 to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)
10.88 *	Amendment No. 4 dated as of June 2, 2010 to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)
10.89 *	Amendment No. 2 dated as of June 2, 2010 to Employment Agreement dated as of November 1, 2005, as amended, by and between FTI Consulting, Inc. and Dominic DiNapoli. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)
10.90 *	Amendment dated June 2, 2010 to Offer Letter dated May 17, 2005 to David G. Bannister. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)
10.91 *	Amendment dated June 2, 2010 to Employment Letter dated December 31, 2008 to Roger D. Carlile. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)
10.92 *	Second Amended Offer Letter dated June 2, 2010 to Eric B. Miller. (Filed with the Securities and Exchange Commission on August 5, 2010 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 and incorporated herein by reference.)
10.93 **	Credit Agreement, dated as of September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto, the lenders and letter of credit issuers party thereto, and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
10.94 **	Security Agreement, dated as of September 27, 2010, by and among grantors party thereto and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)
10.95	Pledge Agreement, dated as of September 27, 2010, by and among pledgors party thereto and Bank of America, N.A., as administrative agent
10.96 *	Amendment No. 5 dated as of February 23, 2011 to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on March 25, 2011 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (333-173096) and incorporated herein by reference.)
10.97 *	Amendment No. 5 dated as of February 23, 2011 to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 25, 2011 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (333-173096) and incorporated herein by reference.)

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.98 ‡‡	Supplemental Confirmation dated March 2, 2011. (Filed with the Securities and Exchange Commission on March 25, 2011 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (333-173096) and incorporated herein by reference.)
10.99 *	FTI Consulting, Inc. Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 11, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
10.100 *	Amendment No. 6 dated as of December 13, 2011, to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on December 15, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 13, 2011 and incorporated herein by reference.)
10.101 *	Amendment No. 4 dated as of October 31, 2011 to Employment Agreement dated as of November 1, 2005, as amended by and between FTI Consulting, Inc. and Dominic DiNapoli. (Filed with the Securities and Exchange Commission on February 26, 2012 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference.)
10.102 *	Amendment No. 3 dated as of March 21, 2011 to Employment Agreement dated as of November 1, 2005, as amended, by and between FTI Consulting, Inc. and Dominic DiNapoli. (Filed with the Securities and Exchange Commission on February 26, 2012 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference.)
10.103 *	Amendment No. 6 dated as of April 5, 2012, to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on April 10, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated April 4, 2012 and incorporated herein by reference.)
10.104	Amendment No. 1 dated as of May 29, 2012, to the Credit Agreement, dated as of September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto, the lenders and letter of credit issuers party thereto, and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on August 2, 2012 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and incorporated herein by reference.)
10.105 **	Credit Agreement, dated as of November 27, 2012, among FTI Consulting, Inc., the designated borrowers party thereto, the guarantors party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
10.106 **	Security Agreement, dated as of November 27, 2012, by and among grantors party thereto and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
10.107 **	Pledge Agreement, dated as of November 27, 2012, by and among pledgors party thereto and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)
11.1 †	Computation of Earnings Per Share (included in Note 1 to the Consolidated Financial Statements included in Part II — Item 8 herein).

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
14.0 †	FTI Consulting, Inc. Code of Ethics and Business Conduct, as amended and restated effective September 12, 2012.
21.1 †	Subsidiaries of FTI Consulting, Inc.
23.0 †	Consent of KPMG LLP
31.1 †	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15D-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002).
31.2 †	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15D-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002).
32.1 †	Certification of Principal Executive Officer Pursuant to 18 USC. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
32.2 †	Certification of Principal Financial Officer Pursuant to 18 USC. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
99.1	Policy on Disclosure Controls, as last amended and restated effective as of May 14, 2008. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)
99.2 †	Policy on Inside Information and Insider Trading, as amended and restated effective September 12, 2012.
99.3 †	Corporate Governance Guidelines, as last amended and restated effective as of March 28, 2012.
99.5	Categorical Standards of Director Independence, as last amended and restated effective as of February 25, 2009.
99.6	Charter of Audit Committee of the Board of Directors, as last amended and restated effective as of February 23, 2011. (Filed with the Securities and Exchange Commission on April 11, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
99.7	Charter of the Compensation Committee of the Board of Directors, as last amended and restated effective as of February 23, 2011. (Filed with the Securities and Exchange Commission on April 11, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
99.8	Charter of the Nominating and Corporate Governance Committee, as last amended and restated effective as of December 16, 2009. (Filed with the Securities and Exchange Commission on February 26, 2010 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for year ended December 31, 2009 and incorporated herein by reference.)
99.9 †	Anti-Corruption Policy, as amended and restated effective September 12, 2012.

**Exhibit  
Number**

**Description of Exhibits**

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The following financial information from the Annual Report on Form 10-K of FTI Consulting, Inc. for the year ended December 31, 2010, furnished electronically herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Income; (iii) Consolidated Statement of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

\* Management contract or compensatory plan or arrangement.

† Filed herewith.

\*\* With certain exceptions that were specified at the time of initial filing with the Securities and Exchange Commission, exhibits, schedules (or similar attachments) are not filed with the SEC. FTI Consulting, Inc. will furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

‡ Certain portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to our request for confidential treatment under Rule 24b-2 of the Securities Act of 1933, as amended, which was granted by the Securities and Exchange Commission on January 11, 2010.

‡‡ Certain portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to our request for confidential treatment under Rule 24b-2 of the Securities Act of 1933, as amended, which was granted by the Securities and Exchange Commission on May 24, 2011.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized this 28<sup>th</sup> day of February 2013.

FTI CONSULTING, INC.

By: \_\_\_\_\_ /s/ JACK B. DUNN, IV  
**Name:** Jack B. Dunn, IV  
**Title:** President and Chief Executive Officer

SIGNATURE	CAPACITY IN WHICH SIGNED	DATE
/s/ DENNIS J. SHAUGHNESSY Dennis J. Shaughnessy	Chairman of the Board	February 28, 2013
/s/ JACK B. DUNN, IV Jack B. Dunn, IV	Chief Executive Officer and President and Director (Principal Executive Officer)	February 28, 2013
/s/ ROGER D. CARLILE Roger D. Carlile	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2013
/s/ CATHERINE M. FREEMAN Catherine M. Freeman	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 28, 2013
/s/ BRENDA J. BACON Brenda J. Bacon	Director	February 28, 2013
/s/ DENIS J. CALLAGHAN Denis J. Callaghan	Director	February 28, 2013
/s/ CLAUDIO COSTAMAGNA Claudio Costamagna	Director	February 28, 2013
/s/ JAMES W. CROWNOVER James W. Crownover	Director	February 28, 2013
/s/ VERNON ELLIS Vernon Ellis	Director	February 28, 2013
/s/ GERARD E. HOLTHAUS Gerard E. Holthaus	Director	February 28, 2013
/s/ MARC HOLTZMAN Marc Holtzman	Director	February 28, 2013
/s/ HENRIQUE DE CAMPOS MEIRELLES Henrique de Campos Meirelles	Director	February 28, 2013
/s/ GEORGE P. STAMAS George P. Stamas	Director	February 28, 2013

**FTI Consulting, Inc. Code of Ethics and Business Conduct**

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## **A Letter from Our President and CEO, Jack Dunn**

My Fellow Colleagues,

I welcome you to join me in adopting the new FTI Consulting, Inc. Code of Ethics and Business Conduct. Our revised Code encompasses the many expectations under which we all operate — including our Core Values, Company policies and procedures, and the relevant laws and regulations that govern our work around the world — and acts as a guide for us to use when navigating rough ethical terrain.

This Code applies to each and every one of us, regardless of our title or tenure. We are each expected to know and follow not only the tenets of our Code, but also the guidelines set forth in our Company policies, and applicable laws and regulations in the locations where we live and work. When we are confident that we have read and understood our responsibilities under the Code, we will be asked to certify our commitment to this Code and other FTI Consulting policy documents.

Please read through the Code and the policies it references, taking care to ask questions as they arise. Throughout these pages, there are many available resources listed through which you can seek advice or perspective, raise a concern or make a report of known or suspected misconduct. I urge you, if you observe or otherwise become aware of illegal or unethical behavior within FTI Consulting, to come forward with such information. You will never be punished or retaliated against for making an honest, accurate report of your suspicions or concerns.

Thank you all for your continued effort in making FTI Consulting a reputable leader in the marketplace, and an all-around great place to work.

Sincerely,

/s/ Jack Dunn

Jack Dunn  
President and CEO  
FTI Consulting, Inc.

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**FTI Consulting, Inc. Core Values**

Since its founding, FTI Consulting has dedicated itself to providing its clients with market leading management consulting advisory services, performed in accordance with the highest ethical standards. By consistently delivering sophisticated and innovative solutions to the challenging and complex issues that impact enterprise value, FTI Consulting has earned its reputation as a premier consulting firm.

FTI Consulting's institutional reputation relates directly to our individual commitment to professional responsibility as well as professional excellence. Our continued status as a trusted and respected advisor to the business community and the law firms that serve it, as well as to institutions in the public sector, depends in large measure on our adherence to the highest standards of professionalism, independent judgment and expert advice. Those qualities, together with honesty, integrity and accountability, are the bedrock values that must govern all our conduct.

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## Introduction to Our Code

### Getting to Know Our Code

While working at FTI Consulting, Inc. and its subsidiary companies and affiliates (“FTI Consulting” or our “Company”), all of us are expected to perform our work with integrity, honesty and purpose. At FTI Consulting, we have developed and must maintain a superior reputation for professionalism and accountability. Our success hinges on our integrity as well as our expertise. These “first principles” are reflected in our *Code of Ethics and Business Conduct* (our “Code”) and our other practices and policies referred to within this document. Our Code, as well as referenced policies and procedures, should be followed at all times, wherever we do business or interact with the public.

Our Code is a guide for making sound decisions in complex situations. It provides information, support and resources to help us act ethically and comply with the laws and regulations that affect our business. Our conduct is the foundation of our reputation, and our individual business decisions help us to maintain the trust we have built with our clients and other stakeholders. For this reason, we have a continuing responsibility to understand and comply with our Code and seek guidance where appropriate. Our Company also encourages us to report violations that we observe. This is an important dimension of accountability.

If you are ever unsure whether an action or decision is ethical and acceptable under our Code, ask yourself:

- Am I adhering to the spirit and meaning of all applicable laws, regulations and our Code and Company policies?
- Do my actions reflect the highest standards of honesty, integrity and accountability?
- Is my decision responsible and in furtherance of long- and short-term Company goals?
- Are my actions explainable and justifiable to my colleagues, managers, senior management, clients and other stakeholders?

If the answer to any of the above questions is not a resounding “Yes,” you should reconsider your proposed course of action and seek guidance immediately.

Similarly, if the answer to any of the below questions is other than a resounding “No,” you should stop immediately.

- Would I be embarrassed if my actions were reported publicly?
- Would FTI Consulting suffer any potentially negative consequences due to my actions?

[Amended and Restated Effective September 12, 2012]

## **Applying Our Code**

FTI Consulting's reputation and continued success depend on our integrity and accountability, as individuals and as an institution. For this reason, our Code applies to all of us, including all FTI Consulting worldwide employees, officers and outside directors (collectively known as "personnel"). Our Company also expects all agents, vendors, contractors, consultants, business partners and all third-party representatives to uphold similar standards when working with our clients and representing our Company around the world. In short, we must all live up to the ethical standards outlined in our Code.

## **Complying with Our Code, Laws and Regulations**

FTI Consulting conducts business in many countries throughout the world. As a global organization, we must know and follow the laws and regulations that apply to our work in all locations where we operate. Because we are a public company based in the United States, U.S. laws govern our business operations and conduct. However, the global reach of our business means we are subject to the laws of other countries as well. If you ever have a question about which legal standard to follow, seek guidance from FTI Consulting's General Counsel and Chief Risk Officer before taking action.

FTI Consulting will use all reasonable means to prevent and immediately halt the occurrence of conduct that violates our Code. Anyone who directly or indirectly performs, facilitates, condones or approves of any illegal or unethical conduct will be subject to disciplinary measures, consistent with applicable laws and regulations.

## **Our Expectations Under the Code**

### **Understanding Our Shared Expectations**

We are all expected to read, understand, stay apprised of and comply with our Code, all other Company policies, and all applicable laws and regulations. Keep in mind that this Code reflects general principles to guide us in making ethical decisions. It is not intended to address every situation that may arise. In situations where customary conduct is at odds with our Code, other Company policies or applicable local laws or regulations, we must comply with the more stringent standard. Any violation of law or regulations will also be considered a violation of our Code. If you are unsure of which rule to follow, you may seek guidance from your manager, segment or region leader, the Chief Ethics and Compliance Officer or FTI Consulting's General Counsel and Chief Risk Officer.

Throughout our Code, references are made to various policies that are available on our Company's website or FTI Atlas. In addition to asking questions, we should all refer to these resources for additional guidance.

[Amended and Restated Effective September 12, 2012]



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## **Accepting Additional Responsibilities as Managers**

Holding a management position at FTI Consulting means accepting an additional set of responsibilities. Our managers, at all levels, are expected to demonstrate a strong commitment to professionalism and to lead by example. If you are a manager, you must:

- Act as a role model to inspire ethical conduct and compliance by others.
- Ensure that all of your direct reports understand their responsibilities under this Code.
- Create an “open-door” environment where your direct reports and other FTI Consulting personnel feel comfortable asking questions or making reports.
- Encourage your personnel to voice their opinions and concerns about Company policies and internal practices.
- Consider professionalism and accountability to be an integral part of the performance evaluations of your direct reports.
- Supervise your direct reports to ensure compliance with this Code, other Company policies and procedures, and applicable laws and regulations.

As a manager, you must also ensure that FTI Consulting personnel who voice their opinion or make reports are informed of FTI Consulting’s non-retaliation policy. Further, take appropriate action if you witness an act of retaliation or suspect one has occurred, and report such conduct immediately to your manager, segment or region leader or FTI Consulting’s Chief Ethics and Compliance Officer.

## **Addressing Our Questions and Concerns**

### **Seeking Advice and Making Reports**

If you become aware of an actual or potential violation of this Code, another corporate policy or any applicable law or regulation, you have a duty to report it promptly, where allowed by applicable law. Making such a report may allow FTI Consulting to manage the consequences of any illegal or unethical act before it becomes a bigger issue. It can also stop a situation from escalating. In addition, timely reporting helps FTI Consulting to assess the operation of its risk management programs and procedures and to prevent future misconduct. For these reasons, you are strongly encouraged to make a report when you know or suspect misconduct.

[Amended and Restated Effective September 12, 2012]

For more information on the how to make a report, or who to contact for general concerns or accounting or auditing matters, please refer to the applicable *Whistleblower Policy*. You can ask questions or raise concerns in several ways:

- Your Manager
- Our Human Resources Department
- Our Chief Ethics and Compliance officer
- Our General Counsel and Chief Risk Officer
- Our Hotline:
  - In the U.S. by calling 1-866-294-3576
  - In the United Kingdom, by calling applicable toll free number:
    - 0-500-89-0011 United Kingdom (C&W) or
    - 0-800-89-0011 United Kingdom (British Telecom)
    - At the prompt dial 866-294-3576
  - From a country other than the U.S. or UK, by following the instructions for filing a report on the Internet (described below) until you reach the FTI Consulting landing page. On that page, click the link for the list of international access codes to find the telephone number for your location.
- Via the web: [www.ethicspoint.com](http://www.ethicspoint.com)

The EthicsPoint hotline is staffed by an outside company and is available 24 hours a day, 7 days a week. Keep in mind that if you make a report using the hotline, your identity will be kept confidential where local law allows, and the information will be relayed to FTI Consulting for further investigation. Please note, however, that it may be more difficult for our Company to thoroughly investigate reports that are made anonymously. For this reason, you are encouraged to share your identity when making a report.

### **Investigations of Reports**

We are each expected to cooperate fully in any internal or external investigation. Our Company will treat reported information in a confidential manner to the extent reasonably possible and allowed by local laws, and will always uphold our commitment to our non-retaliation policy.

When making an internal report, you can also expect the following:

- Your report will be handled promptly.
- Your report will be verified for accuracy and completeness.
- You may receive follow-up communications requesting additional information.

Please refrain from conducting your own investigation. Such actions could compromise the integrity of our Company's investigation. Any unauthorized investigation is strongly discouraged and may result in disciplinary action or may subject our Company to penalties. If you are asked to participate in any investigation other than by Human Resources or the Legal Department of FTI Consulting, whether internal or external, you must contact FTI Consulting's General Counsel and Chief Risk Officer immediately.

### **No Retaliation at FTI Consulting**

FTI Consulting strictly prohibits acts of retaliation against any person for providing information in good faith or assisting in an investigation regarding any conduct that you believe constitutes a

[Amended and Restated Effective September 12, 2012]

violation of law or this Code. Acting in “good faith” means that you come forward with all of the information you have and believe you are giving a sincere and complete report. In other words, it does not matter whether your report turns out to be true, as long as you deliver it honestly. An individual who makes a report in bad faith, or who retaliates against a person for making a report or participating in an investigation in good faith, may be subject to disciplinary action, up to and including termination, as local law permits. Anyone making a report in bad faith may also be subject to disciplinary action, as local law permits.

### **Consequences**

Violations of our Code, policies or the law may carry serious consequences for the individuals involved and our Company. Those engaging in unethical or illegal behavior, or who otherwise violate our Code and policies, and those who direct, condone, approve or facilitate such behavior, may be subject to disciplinary action, up to and including termination, subject to local laws. Furthermore, such behavior places all of us at risk of damaged reputation, hinders our professional prospects, and may subject us — as individuals and as an institution — to fines and civil or criminal liability.

### **Respect and Integrity for Our Company**

#### **Promoting Respect in the Workplace**

For our Company to succeed as a global professional services firm, we must strive to reflect the diversity of the communities in which we operate. That means we must maintain a workplace atmosphere that attracts, develops and retains people from various backgrounds. If we do not treat one another with respect, we will not maintain a comfortable and professional atmosphere. Our professionalism is vital to building our Company’s reputation and retaining our diverse talent base. Together, we must strive to create a workplace that is free from discrimination and harassment.

Discriminating against someone for his or her traits is a violation of our Code, Company policies and, in some cases, the law. Such actions have no place within FTI Consulting. FTI Consulting does not discriminate against others on the basis of race, color, gender, age, sexual orientation or identity, national origin, ethnicity, religion, marital status, pregnancy, physical or mental disability or veteran status. Our Company makes employment-related decisions based on merit. To be clear, “employment-related decisions” include those involving the hiring, placement, promotion, demotion, transfer, training, compensation, benefits and termination of personnel.

In addition, our Company does not tolerate harassment. Harassment can take many forms, including verbal remarks, physical advances or visual displays, and may come from colleagues, managers, vendors, contractors or clients. The legal definition of harassment may vary depending on where we are doing business, but such behavior always has the purpose or effect of creating an intimidating, offensive or demeaning environment for another person. It is a form of discrimination and, as such, has no place at FTI Consulting.

[Amended and Restated Effective September 12, 2012]

It is important to note that harassment can be sexual or non-sexual in nature. Sexual harassment may include:

- Unwanted advances
- Inappropriate touching
- Sexually suggestive comments or jokes
- Requests for sexual favors
- Inappropriate comments about another's appearance

Non-sexual harassment may include:

- Offensive comments
- Jokes or pictures related to race, religion, ethnicity, gender or age

In order to keep harassment out of our workplace, we must be sure that our comments and actions are appropriate and respectful. If you feel that you have experienced or observed any discriminatory or harassing behavior, you are encouraged to disclose the situation to the head of Human Resources, your manager, segment or region leader, or FTI Consulting's General Counsel and Chief Risk Officer immediately.

For more information on these policies, please refer to the applicable *Policy Against Harassment* and your staff employee handbook.

Q: Danica was recently awarded a senior position within her department after years of exemplary service. In her previous role, Danica showed strong leadership and ingenuity, helping facilitate necessary developments and offering key recommendations for improvement. She is proud of the work she's done, and feels her promotion is deserved. Kate, one of Danica's colleagues, was also considered for the position, and feels angry that Danica was chosen over her. She proceeds to make comments — both to other FTI Consulting personnel and to Danica herself — that suggest Danica shared an inappropriate personal relationship with the hiring manager. The rumors become more aggressive, and many mischaracterizations of Danica's character are made. Danica is mortified, and Kate's insinuations are making it difficult for her to focus on her work. What should she do?

A: Danica should report the situation to her manager or the head of Human Resources immediately. Kate is engaging in harassing behavior, succeeding in creating a hostile environment and making Danica uncomfortable. All FTI Consulting personnel deserve to contribute to a positive, respectful workplace. It is difficult for us to meet our commitments to our Company and other stakeholders if we do not first meet our commitments to each other. False and harassing statements detract from the integrity of our Company's business and undermine our effectiveness as a team. Danica does not need to endure this harassment.

[Amended and Restated Effective September 12, 2012]

## **Upholding the Integrity of Our Work Environment**

The work we perform for FTI Consulting requires us to have sharp, clear minds. Therefore, we must never report to work under the influence of drugs, alcohol or any other substance that may impair our ability to work safely and productively. Our Company prohibits the possession, use, sale, purchase or distribution of any illegal drugs or controlled substances by any employee, consultant or contractor on Company premises, during working hours or when conducting Company business. Lawfully prescribed medications are allowed to be used while at work, provided that their use does not adversely affect job performance or our safety. While FTI Consulting may permit limited alcohol use at approved Company events, you must always use good judgment and exercise moderation in these situations.

Acts of threats or violence interfere with our commitment to health and safety and will never be tolerated. Any threatening behavior, even if made in a seemingly joking manner, must be reported immediately. Also, weapons are never permitted on any FTI Consulting premises. If you or someone you know is in immediate danger, call local law enforcement authorities immediately. Then, report the matter internally through normal channels.

## **Protecting Personal Employee Information**

As FTI Consulting personnel, we may provide sensitive personal, medical and financial information about ourselves to our Company. FTI Consulting is committed to protecting this information, whether in paper or electronic format, in compliance with applicable local laws. Some common examples of private personnel information include:

- Benefits information
- Social Security or equivalent identification number
- Compensation information
- Medical records
- Employment history
- Contact information, such as home addresses and telephone numbers

We do not give anyone access to this type of information without specific authorization based on a business-related need. If you do have access to this information because of the nature of your job, you must take special care to safeguard it and do not share it with a third party or any colleague who does not have a business need to know it. Use it only to do your work and make sure to follow diligently all Company policies that address the handling of confidential information.

Many laws govern the use, disclosure and/or privacy of employee information, both in the U.S. and abroad. If you are unsure of local requirements, or have other privacy-related questions, you should contact your manager, segment or region leader or FTI Consulting's General Counsel and Chief Risk Officer.

[Amended and Restated Effective September 12, 2012]

## **Upholding Human Rights**

As part of our commitment to our global community, we uphold individual human rights in all of our operations. This means, in part, that we provide reasonable working hours and fair wages for those who work on our behalf. FTI Consulting has a zero-tolerance policy for the use of child or forced labor, or human trafficking practices. Further, we will not knowingly do business with subcontractors, business partners or vendors who violate these practices. FTI Consulting could be held accountable for the conduct of these individuals and entities. Therefore, if you have reason to believe any third party is engaging in any of the above practices, report the misconduct immediately. For more information, contact FTI Consulting's Chief Ethics and Compliance Officer.

With respect to labor and employment matters, we adopt and adhere to the following principles set forth in the UN Global Compact:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

## **Identifying and Disclosing Conflicts of Interest**

All of us are responsible for acting in FTI Consulting's best interests at all times. As much as possible, we must avoid situations in which our personal interests and loyalties are — or appear to be — incompatible with those of our Company or are influenced by personal gain or benefit. Situations that benefit a family member or other related third party should also be avoided. However, these situations — called "*conflicts of interest*" — do arise on occasion. When this happens, report the conflict immediately. Reporting allows FTI Consulting to mitigate any possible adverse consequences.

As a rule, when acting on FTI Consulting's behalf, we should always put our Company's interests ahead of our own. Exceptions to conflict of interest situations will only be granted by the express written consent of FTI Consulting's Chief Executive Officer. If you have questions about any of these policies or need to discuss a potential conflict, you should consult with your manager, segment or region leader or FTI Consulting's General Counsel and Chief Risk Officer.

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While it is not possible to describe every situation that could give rise to a conflict of interest, some of the more common conflict of interest situations are outlined below.

### **Financial Interests**

Our Company respects our right to manage our personal finances. However, some outside financial interests may improperly influence — or could be perceived by others to influence — your performance at FTI Consulting. This influence may arise, for example, because of the amount of an investment or the particular organization in which you invest, such as an FTI Consulting competitor, client, vendor or other business partner. Investing in a client, vendor or competitor is generally allowed, but must be disclosed to FTI Consulting’s Chief Ethics and Compliance Officer. You must disclose any such relationships before directly or indirectly investing in or conducting business with such person or entity.

### **Outside Business Activities**

As a general rule, FTI Consulting does not allow outside employment or business activities that are not related to your role at FTI Consulting. Certain non-business activities, as described in this Code, are allowed in limited situations. However, such activities must not impact your ability to devote your full time to your duties at FTI Consulting, and fulfill them adequately and objectively. Outside activities that compromise FTI Consulting’s business goals, or your ability to perform your job duties, are *never* allowed. Questions regarding outside activities should be directed to FTI Consulting’s Chief Ethics and Compliance Officer.

**Q:** Adrian has worked for our Company for several years as a consultant. During his tenure, he has compiled a vast amount of critical research and analysis — some of which he feels may be of use to other clients outside of FTI Consulting. Currently, Adrian is working with an old friend from his graduate program to launch an independent consulting firm, using data he’s collected and analyzed through his work for our Company to benefit others. Since he plans to operate on weekends and after-hours, Adrian believes this will not affect his work for FTI Consulting, and is therefore not a conflict. Is he correct?

**A:** No. While it sounds as though Adrian’s outside employment hours would not affect the amount of time he is able to devote to FTI Consulting, his business venture still creates a conflict of interest. Not only would Adrian’s independent firm likely be in direct competition with our Company; he would also be misappropriating and making improper use of confidential Company information. Adrian may be able to engage in another form of outside employment, but would need to contact FTI Consulting’s Chief Ethics and Compliance Officer to disclose all of the details and receive approval for the activity *before* acting.

### **Business with Friends and Family Members**

A conflict of interest can also arise if you or your family member has a personal or financial interest in a company that is an FTI Consulting client, potential client, vendor, potential vendor

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or competitor. A conflict may also arise if you or a family member has an interest in a transaction between or among such parties and FTI Consulting, or an FTI Consulting competitor. If you find yourself in such a situation, remove yourself from the process and report the situation to FTI Consulting's Chief Ethics and Compliance Officer, as well as your manager or segment or region leader right away. The same holds true if you have a family member or related party who works for a competitor or client. If you are instructed to proceed, you must not use your position to influence the decision, negotiation or contract in a manner that could directly or indirectly benefit you or your affiliate in any way.

In addition, it is important to avoid directly or indirectly supervising family and friends. When a personal or family relationship between FTI Consulting personnel exists — especially if it is also a reporting relationship — it may appear that the subordinate is receiving preferential treatment or favoritism. For this reason, you should never be placed in a position where you have direct decision-making authority over a family member, or vice versa.

Our Company also discourages indirect employment relationships between family members. Remember, we must avoid even the *appearance* of bias. If such a situation arises, you must disclose the facts to your manager or segment or region leader promptly.

### **Corporate Opportunities**

While performing work on behalf of our Company, we each have a duty to put FTI Consulting's interests ahead of our own. This means never taking for ourselves (or for the benefit of friends and family) opportunities that are discovered through our connections at FTI Consulting.

### **Personal Use of Corporate Property and Corporate Information**

You should never use FTI Consulting assets, property, information or position for improper personal gain, or otherwise compete with our Company. You may not divert Company property or Company personnel to work on your outside business interests. This includes using Company letterhead for personal correspondence.

### **Non-Business Activities**

Your participation in trade associations, professional societies, charitable institutions or quasi-government organizations on a non-compensated basis will generally not give rise to a conflict of interest. However, you should inform your manager or segment or region leader and FTI Consulting's General Counsel and Chief Risk Officer of any such activities.

### **Offering and Accepting Gifts and Entertainment**

Business gifts and entertainment are commonly exchanged to develop and encourage strong working relationships with our clients, vendors and other business partners. In order to avoid even the appearance of a conflict of interest, good judgment and moderation should always serve as our guides in these situations. Giving or receiving a gift or offer of entertainment is not an appropriate activity if it creates a sense of obligation, puts us in a situation where we may appear biased, or is done with the intent to influence a business decision.

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“Gifts” are usually goods and services, but can be defined as any item of value. For example, when the person offering a meal or entertainment is not attending the event, it is considered a gift. We may give or accept a gift only when it meets *all* of the following criteria:

- Nominal or otherwise reasonable in value and not lavish
- Infrequent
- In good taste
- Unsolicited
- Not cash or a cash equivalent
- Not restricted or prohibited by the terms of any applicable contract

If you are giving the gift, make sure it comports with a client’s gift policy. It is important to be certain of this *before* giving any gifts.

“Entertainment” includes events where both the person offering and the person accepting attend, such as meals or sporting events. Just as with gifts, we may give or accept entertainment only when it fits *all* of the above standards.

If you are offered or are offering a gift or a form of entertainment that does not meet these guidelines, you must obtain written approval before accepting or giving it by contacting your manager or segment or region leader and FTI Consulting’s Chief Ethics and Compliance Officer.

Keep in mind that the United States Foreign Corrupt Practices Act (the “FCPA”), the UK Bribery Act and other local laws and regulations govern the giving of gifts and entertainment to government officials. The UK Bribery Act and various laws in other jurisdictions also criminalize gifts and payments to private persons under certain circumstances. Please also see the “Adhering to Anti-Corruption Laws” section of this Code — as well as the *Anti-Corruption Policy* — for more details.

Q: Yvonne manages FTI Consulting’s relationships with several healthcare organizations. During the holiday season, one such organization sends Yvonne a traditional gift basket to thank her for her tireless service and dedication to facilitating superior communication. Attached to the basket, however, is an envelope containing a U.S. \$50 gift card to a moderately-priced, local restaurant. Yvonne knows that, while the basket is likely an acceptable gift, the gift card is a cash equivalent and is therefore prohibited under Company policy. What should she do?

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A: Yvonne should contact her manager, segment or region leader or FTI Consulting's Chief Ethics and Compliance Officer to discuss the gift. While she may be able to retain the gift basket, assuming its retail value is reasonable and such gifts from this organization are infrequent, FTI Consulting's policy prohibits us from accepting cash or cash equivalents. By reporting the gift, Yvonne allows FTI Consulting to evaluate the gift, and avoids the appearance of accepting a bribe.

### **Adhering to Anti-Corruption Laws**

We owe it to our clients, our colleagues and our communities to conduct ourselves ethically at all times. This means that we never use, support or promote corrupt practices in the locations where we do business. Many countries have enacted anti-corruption laws, and we abide by them wherever we work. In particular, as a U.S. corporation, FTI Consulting, Inc. is subject to the FCPA. The UK Bribery Act applies to FTI Consulting's operations in the United Kingdom and has broad extra-territorial effects. These and other laws, including laws implementing the OECD Convention Against Corruption, the United Nations Convention Against Corruption and local jurisdictional laws and regulations, prohibit bribery of "Government Officials." Keep in mind that many of the laws we must follow also criminalize bribery of private persons.

In general, anti-corruption laws specifically prohibit making, promising, offering or authorizing any bribe or kickback in order to obtain an improper business advantage. Our Company will not tolerate any form of improper payments. Just as we cannot make improper payments on FTI Consulting's behalf, we also cannot engage an agent or any type of third party to make an improper payment for us. FTI Consulting also prohibits "facilitating payments," which are small payments made to individual officials to expedite routine government actions.

A "bribe" or improper payment can be anything of value, including:

- Cash payments
- Charitable donations
- Loans
- Travel expenses
- Gifts and entertainment
- Other favors

In short, any payment or anything of value given with the intent — or even the *apparent* intent — to influence decisions, obtain information, obtain or retain business, secure services or induce others to take actions favorable to FTI Consulting, is bribery, and is never allowed.

Anti-corruption laws are complex, and the consequences of violating these laws are severe. For this reason, you should avoid any activity that could be construed as corrupt. Keep in mind that FTI Consulting has an extensive *Anti-Corruption Policy*, available on FTI Consulting's website and FTI Atlas, with which we all must be familiar and comply with in full. Refer to this policy for more information on what constitutes a "bribe," "kickback," "government official" and "payment," as well as other relevant information.

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You may also discuss any concerns you have relating to anti-corruption laws with FTI Consulting’s Chief Ethics and Compliance officer or General Counsel and Chief Risk Officer.

### **Preserving Our Assets and Information**

Intellectual property (“IP”) and other confidential information generated and gathered in our business is a valuable Company asset. Protecting this type of information plays a vital role in FTI Consulting’s success, and it *must* be maintained in strict confidence, unless otherwise required to be disclosed by law or our Company. Our responsibility to protect proprietary and confidential information continues even after leaving FTI Consulting. This means that you must return all such information in your possession upon your departure. Further, you may never disclose such information to a new employer, no matter how much time has passed since your employment with FTI Consulting has ended.

You may have access to FTI Consulting’s confidential, non-public information — including any IP — through the course of your work. This information is considered valuable Company property, and an asset we must protect. It includes “trade secrets” — data that gives FTI Consulting a competitive advantage. Such confidential information could be harmful to our Company if disclosed. This includes information communicated in both written and electronic documents, as well as verbal conversations. Some examples of trade secrets include:

- Client lists
- Terms and conditions, rates or fees offered to certain clients
- Marketing and strategic plans
- Financial data
- Pricing information and costs
- Processes
- Technological developments, including information systems and computer software

IP also includes intangible property such as copyrights, patents, trademarks, design rights, logos and brands. The law protects our rights to this property as it does other forms of physical property. To the extent permissible by law, the rights to all IP created with Company materials, on Company time, at our Company’s expense or within the scope of our duties belong to FTI Consulting.

To ensure that FTI Consulting’s IP and other confidential information is properly protected, none of us may disclose it to anyone outside of FTI Consulting, except when authorized or legally required to do so. We also cannot discuss this information with colleagues who do not have a business need to know it. Take care not to lose, misplace or leave confidential information (or technologies containing such information) unattended. In addition, never discuss this information where those who do not have a business need to know it might overhear — such as elevators, airport terminals, trains, restaurants and Company break rooms.

[Amended and Restated Effective September 12, 2012]

Q: Samir is a User Experience Designer for FTI Consulting, and a member of an extensive network of design professionals. He often meets with a few of his contacts outside of the office to go over mockups and receive critical feedback in improving his work product. The individuals with whom Samir meets do not conduct business with our Company, but Samir values their outside opinions and does not feel that FTI Consulting's confidential information is being compromised in any way. Is his assumption correct?

A: No. The work that Samir performs on behalf of FTI Consulting — including any comps or mockups he creates — is considered Company property. Due to the proprietary nature of these materials, Samir should not be sharing them with outside parties who do not have a business need to see them. Doing so — even with trusted contacts — could put our Company's confidential information at risk. Instead, Samir should talk to his manager about obtaining feedback internally within an authorized group setting.

### **Proper Expenditures**

We are all accountable for the proper expenditure of Company funds within our responsibilities. This includes Company money spent on travel or other business expenses. Please consult FTI Consulting's expense reimbursement policy, or contact your manager or segment or region leader with any questions you may have.

### **Using FTI Consulting Technology Resources**

We are all responsible for properly and appropriately using FTI Consulting technology resources, including the e-mail system, the Internet, and Company-issued mobile devices and computers. The technology and hardware that our Company provides to us, or gives us access to use, is FTI Consulting property. Incidental personal use of such resources is allowed as long as the usage does not interfere with your job performance, the performance of any other FTI Consulting employees or could otherwise harm the Company.

Because these technology resources belong to FTI Consulting, subject to applicable law, you should not have any expectation of privacy while they are assigned to your care, even for personal use. This includes e-mail and instant messages and anything you create, store, send or receive on the technology resources. While our Company does not actively monitor our personal communications, it may access e-mails and other personal information as local laws permit. FTI Consulting may also monitor the use of its technologies to the extent allowed by law.

As a rule, when using any Company technology resources, we should always conduct ourselves professionally and courteously. In addition to following all discrimination and harassment policies, we may not use the technology resources to solicit for religious or political causes, commercial enterprises, outside organizations or other activities that are unrelated to our responsibilities at FTI Consulting. E-mail and other electronic communications generated on FTI Consulting computer networks are business records, subject to discovery in litigation or a regulatory inquiry, as applicable local laws provide. We should exercise due care and common sense in all of our electronic communications.

[Amended and Restated Effective September 12, 2012]

Violation of these policies may be grounds for discipline, including possible termination, as local laws permit. Additional questions about the appropriate use of the FTI Consulting technology resources should be directed to your manager or the enterprise information security and privacy team.

For more information, please review the *Acceptable Use Policy*.

Q: Leila, who works in accounting, has informed her colleagues of a recent fundraiser for her son's after-school program. Having received little support by word of mouth, Leila has decided to launch an e-mail campaign to garner additional donations. She sends out a daily email to her team, including testimonials from other donors and a lengthy personal appeal. It's for a good cause, and Leila is not a manager, so there is no added pressure on FTI Consulting personnel. Is Leila allowed to do this?

A: No. FTI Consulting's technology resources must not be used to solicit for this cause. Leila does not need to hold a management role for her actions to produce unwanted pressure on her colleagues. Sending out e-mail reminders to her team — especially in excess — is an inappropriate use of Company e-mail and time, and are likely distracting to her team. Leila should solicit her son's fundraiser in her personal time, and avoid pressuring her colleagues to contribute.

### **Social Media**

Social media affords us many opportunities through which to engage our stakeholders. However, we may use social media — including blogs, podcasts, discussion forums, and social networks — for FTI Consulting-related business purposes only when allowed by authorized personnel, and only as long as such usage and communications comply with our Code. If you do not know whether you have been authorized to use social media for FTI Consulting-related purposes, contact your manager, segment or region leader or the Chief Ethics and Compliance Officer.

Limited personal use of social media is allowed, provided:

- It does not interfere with your job duties
- You safeguard confidential Company and client information at all times
- You do not attribute your personal opinions to FTI Consulting
- You do not comment on FTI Consulting and its business, services, clients, vendors or personnel matters
- You do not convey the impression that you are acting in your capacity as an employee of FTI Consulting
- You do not make inaccurate, misleading or false statements

[Amended and Restated Effective September 12, 2012]

If you disclose confidential Company information through social media or networking sites, delete your posting immediately and report the disclosure to the Chief Information Officer, as well as the Chief Ethics and Compliance Officer.

Due to the highly sensitive nature of our business and the laws that apply to our work, even seemingly harmless disclosures could prove damaging to FTI Consulting or our clients. If you believe you have witnessed the inappropriate use of FTI Consulting's technologies or electronic communications in social media, notify your manager or segment or region leader immediately.

If you have any questions about using Company technology resources or social media, consult with your manager, segment or region leader or the enterprise information security and privacy team immediately. For more information, review the *Acceptable Use Policy*.

## **Respect and Integrity for Our Stockholders and the Public**

### **Maintaining the Accuracy of Our Books and Records**

We must each do our part to make certain that the financial documents our Company discloses to the public are both accurate and honest. While it may not seem as though some of the information we generate has an impact on our Company's financial records, we all play a role in ensuring this important duty is fulfilled. Therefore, every piece of data or information that we submit in Company records — including personnel, time and expense reports, by client and jurisdiction, and safety records — must be absolutely honest, accurate and complete. We must follow our Company's system of internal controls and all applicable accounting requirements when recording this data. We must also submit appropriate engagement and contract documentation, at all times.

In addition, we are responsible for reporting financial transactions accurately, completely, fairly, and in a timely and understandable manner. We are expected to ensure that the data we provide for the preparation of financial statements, regulatory reports and publicly-filed documents complies with all applicable accepted accounting principles, as well as our Company's internal control procedures and other applicable disclosure rules. Our stockholders rely on us to fulfill these duties in order to accurately reflect our Company's operations and financial condition. Anyone who intentionally makes a materially false or misleading report, or falsifies financial information — directly or indirectly — is subject to disciplinary action to the fullest extent allowed by law. The same is true of anyone who makes a payment or establishes an account on behalf of FTI Consulting with the understanding that such payment or account will be used in a way other than as described in supporting documentation.

### **Records Management**

Managing our records is a critical component to building trust with our clients, regulators and stockholders. Such records include all electronic, emailed, imaged and paper documents created, received and maintained as evidence or information used by our Company for legal, regulatory, accounting and business purposes. Effectively managing these records allows us to meet our business needs and ensure our records are available when needed. In addition, it helps us comply with all applicable laws and regulations and preserve any relevant documents in case of litigation, audits or investigations.

[Amended and Restated Effective September 12, 2012]

## **Document Retention**

We all must follow the records management practices and policies and retention schedules in the locations where we operate. A “legal hold” applies to records connected with subpoenas seeking information and actual or anticipated litigation or regulatory action. You must retain and preserve — not destroy — all records that may be responsive until you are advised how to proceed by FTI Consulting’s Legal Department. If you become aware of a subpoena or pending or threatened legal or regulatory action, or if you believe that someone has improperly concealed, altered or destroyed a record, you should report it to FTI Consulting’s General Counsel and Chief Risk Officer.

## **Preserving Third-Party Information**

To uphold our Company’s reputation and best serve our clients, FTI Consulting is committed to protecting the privacy of third-party information as vigilantly as we do our own. This means we must collect, use and safeguard client information as we would our own confidential information. We must never share the material, non-public information of our clients — whether inadvertently or intentionally — with a third party or any colleague who does not have a business need to know it.

We must also take steps to prevent the accidental disclosure of client information. We all must follow established Company procedures in the rare event of disclosure. In the event of a potential data compromise incident, immediately contact your segment or region leader and FTI Consulting’s General Counsel and Chief Risk Officer. Never share any details about the incident with others, internally or externally, who do not have a business need to know it.

Further, many countries have their own legal requirements governing the use, disclosure and/or privacy of client information. If you are unsure of local requirements, or have other privacy-related questions, you should contact your manager or FTI Consulting’s Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.

In addition, we must never knowingly infringe upon the IP rights of others. Be especially cautious when preparing advertising or promotional materials that use the name, logo or printed materials of another company, or when operating a software program on an FTI Consulting computer.

If you are unsure how to use information you hold or have received, contact FTI Consulting’s Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer. For more information, please refer to the data protection or processing policy for the jurisdiction in which you are employed.

[Amended and Restated Effective September 12, 2012]

Q: Alyssa, a Healthcare Analyst, has a large amount of confidential data pertaining to several of FTI Consulting's largest clients. The nature of her work requires her to travel frequently, and oftentimes she updates her records electronically while commuting between locations. As her schedule has become increasingly hectic, Alyssa even finds herself discussing client data on calls while at the airport or riding the train. Should she be taking any additional precautions when disclosing this information?

A: Yes. While it may be tempting to conduct FTI Consulting work while commuting, it is important to understand that our conversations in airports, on trains or in other open areas are not private. Anyone may overhear a vital piece of confidential information regarding our clients or our Company. Similarly, others may be able to view private data on our laptops or other electronic devices. In this instance, Alyssa must take steps to limit the information she discusses on calls, never disclosing confidential client information in a place where others may overhear. She must wait until she is in a private location, with a secure network connection or encryption capabilities, before working on sensitive client documents. By taking these steps, we maintain our clients' trust and protect the integrity of their private information.

### **Protecting Our Company Against Fraud**

Fraud, theft, negligence and waste have direct adverse effects on our Company and are never tolerated. "Fraud" includes asset theft, as well as the falsification of information and financial statement fraud. Any such conduct is considered a disciplinary offense and may result in stronger consequences.

FTI Consulting's reputation depends on the integrity of all of our actions and dealings. As such, we are firmly committed to the prevention and detection of fraud. Acts of fraud may include the intentional concealment of facts with the purpose of deceiving or misleading others. Fraud may also include:

- Misstatements arising from fraudulent financial reporting (such as improper revenue recognition, overstatement of assets or understatement of liabilities)
- Misstatements arising from misappropriation of assets (such as wire fraud, fictitious vendors)
- Expenditures and liabilities for improper purposes
- Fraudulently obtained revenue and assets, or the avoidance of costs and expenses
- Fraud in our fulfillment of disclosure obligations

FTI Consulting has created a control environment intended to prevent, detect and mitigate the risk of fraud. We are encouraged to bring to the attention of the Chief Financial Officer any opportunities or motives for fraud not adequately covered by existing controls. Any concerns regarding fraud or financial irregularities should be brought to the immediate attention of the Chief Financial Officer.

[Amended and Restated Effective September 12, 2012]



Q: Raquel is responsible for preparing her department's quarterly financial reports and is generally quick to detect and correct any irregularities. These are usually the result of rushed entries and clerical errors, and don't often require much of Raquel's time to fix. This quarter, however, Raquel is noticing persistent irregularities that seem much more complex — even intentional. She finally pinpoints the source of the misreported revenue, and has no doubt that these entries are part of a larger fraudulent act. Should she speak up?

A: Yes. Raquel has identified a clear pattern of fraud in her team's financial reporting, and must report her suspicions to the Chief Financial Officer immediately. It is not enough to simply correct the entries, if doing so is even possible. One or more of Raquel's colleagues is knowingly maintaining improper records, which is behavior that must be corrected and appropriately disciplined. Raquel herself will not face any retaliation for making such a report in good faith, even if the investigation proves that no misconduct occurred.

### **Prohibition Against Trading on Inside Information**

While working on behalf of FTI Consulting, we may become aware of material, non-public information about our Company, our clients or other companies. Material, non-public information (also known as "inside information") is information about a company that is not known to the general public and that could influence a typical investor's decision to buy, sell or hold that company's securities. Information stops being "non-public" when it has been effectively disclosed to the public and a reasonable waiting period has passed to allow the information to be absorbed by the marketplace.

Buying or selling securities of a company while you possess inside information is a criminal offense in many countries, including the U.S., and is prohibited by Company policy. This applies to stock, options, debt securities or any derivative securities of FTI Consulting, Inc., as well as our clients and vendors. Your business practice group may adopt additional requirements and restrictions on your personal trading due to your job responsibilities or the laws of the jurisdiction in which you are located. If you have any doubt whether non-public information you possess is material, do not trade on that information and contact FTI Consulting's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.

Further, if you reveal inside information to anyone, including family or household members, and that person then buys or sells securities (or passes the information on to someone else that buys or sells securities), you may be liable for "tipping." This is true even if you do not personally trade on the information. Tipping is a violation of our Code and insider trading laws. Keep in mind that even if you trade for reasons unrelated to the inside information you possess, you may be liable for an insider trading violation.

FTI Consulting also has extensive policies on whether and how we may trade in client securities and policies relating to hedging, short selling and margin stock. For more detailed information, including where you should go to ask questions or gain approval for various activities, consult the *Policy on Inside Information and Insider Trading*.

[Amended and Restated Effective September 12, 2012]

## **Coordinating Our Corporate Communications**

From time to time, we may receive inquiries from representatives in the news media, analysts or investment community. Unless you are specifically designated by FTI Consulting to handle such requests, you should not respond to them. Instead, forward such inquiries to the Chief Executive Officer immediately. Similarly, you should forward all information requests from any government or regulatory body to FTI Consulting’s General Counsel and Chief Risk Officer immediately.

You may also receive invitations from professional, industry, media or other groups or organizations—often referred to as “expert networks” — to consult on matters relating to FTI Consulting or the industries and businesses we service. These expert networks may ask us to participate in telephone consultations, in-person meetings or educational events to benefit their clients and other parties. Participation in such activities may be permitted in certain situations. If you are in doubt about whether you are authorized to participate in such an activity, contact your manager, segment or region leader, practice leader or FTI Consulting’s Chief Ethics and Compliance Officer. For more information, refer to the *Policy on Disclosure Controls*.

## **Respect and Integrity for Our Clients and Business Partners**

### **Providing Consistent, Quality Services**

At FTI Consulting, we compete effectively and with enthusiasm. There is no room for unfair or unethical business practices in what we do. We must remain honest in all of our sales, marketing, advertising and business pursuits. We must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information or any other intentional unfair practices. We must make only factual and truthful statements about FTI Consulting and the exceptional services we offer. We should each be familiar with the marketing and advertising review procedures that apply to our work. With new laws and regulations, as well as increased political and media focus, it is critical that you know the latest requirements on these disclosures and other legal constraints. If you have any questions, please consult your manager, segment or region leader or FTI Consulting’s General Counsel and Chief Risk Officer.

Q: Julian is making a sales pitch to a major healthcare organization and feels confident about his representation of FTI Consulting’s restructuring services. After his presentation, the floor is open to discussion, and Julian is engaged in a lively, optimistic debate. However, as Julian is adding in his final comments, he misspeaks, prompting an additional question from the potential client, to which he does not know the answer. Not wanting to lose momentum or come across as incompetent, Julian fabricates a response he does not know to be true. Is this truly detrimental?

A: Yes. Inevitably, we face situations where we may not feel certain about the answers we are expected to provide. The appropriate response to these situations is honesty. Julian should avoid the potential spread of misinformation by amending his previous statement, or agreeing to follow up with the potential client when he has all of the facts. False statements and promises not only affect future business with our clients—they affect FTI Consulting’s reputation for integrity.

[Amended and Restated Effective September 12, 2012]

## **Abiding by U.S. and International Competition Laws**

Competition laws (also called “antitrust laws” in the U.S. and certain countries) are designed to preserve a level playing field for all businesses. As such, they promote open and fair competition and prohibit any agreement or practice that unreasonably restrains trade. These laws ensure that markets for goods and services operate competitively and efficiently. Our clients enjoy the benefit of open competition among their suppliers, and our vendors benefit from competition among their purchasers. Our Company also benefits from open competition among clients and vendors for our business. FTI Consulting relies on the quality of its people, its products and its services, and complies with competition laws wherever we do business. In general, avoid entering into agreements relating to competitively sensitive matters (such as fixing pricing or market share) or with competitors unless you have been specifically authorized to do so by your manager or practice leader. Report any questionable incident regarding competitively sensitive matters to FTI Consulting’s Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer immediately.

Violations of competition laws may subject both the individuals involved and our Company to severe consequences.

**Q:** Rashida learns that one of our major competitors has recently undertaken a large acquisition, and has significantly expanded their product offerings as a result. Knowing more about the variety of new consulting services this competitor offers will help Rashida and her team to further develop FTI Consulting’s own offerings. However, Rashida is unable to locate any specific information on the company’s website. She decides to contact their corporate office directly, posing as a potential investor. Is this acceptable?

**A:** No. While keeping abreast of our competitors’ activities — including new product offerings and services — gives us invaluable insight and helps us maintain an edge in the marketplace, we may only do so through lawful, ethical means. Rashida had the right idea by first researching the competitor’s public website. However, she should never misrepresent herself as an investor, client or any other party while attempting to get information from a competitor.

## **Respect and Integrity for Our Communities and the World**

### **Charitable Contributions**

We have the power to make a positive difference in the communities where we live and work through our volunteer and charitable activities. While we are encouraged to support our

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communities by making personal charitable contributions, if you wish to give on behalf of FTI Consulting, you must never do so in an effort to gain or retain a business advantage. You must also obtain all proper approvals prior to making a donation on behalf of FTI Consulting.

For more information on the proper procedures for donations and obtaining approval, consult the “Donations to Charities” section of the *Anti-Corruption Policy*, your practice leader or FTI Consulting’s Chief Ethics and Compliance Officer.

### **Political Contributions and Campaigning**

As employees, we may participate in the political process on our own time and in compliance with local laws. However, these activities are subject to many rules around the world. Therefore, no Company funds, assets, services, time, equipment or facilities may be contributed, whether directly or indirectly, to any politician, candidate for political office, political party, political action committee or political cause without the prior written approval of FTI Consulting’s Chief Executive Officer. This applies to resources that may even *appear* to be an endorsement or contribution. This policy also applies regardless of whether you think that the laws of a particular country allow your activities. You should direct any questions to FTI Consulting’s Chief Ethics and Compliance Officer.

For more information, consult the “Political Contributions” section of the *Anti-Corruption Policy*.

### **Lobbying**

Lobbying activities may require disclosure and may be subject to specific rules. The term “lobbying” covers many kinds of activity. You may be engaged in lobbying if your work involves:

- Contacts with legislators, regulators, executive branch officials or their staffs
- Communications with government officials
- Efforts to influence legislative or administrative action
- Providing gifts or entertainment to government officials

If you intend to engage in lobbying work on behalf of FTI Consulting or its subsidiaries, as opposed to a client engagement within and subject to internal procedures of your practice, you must discuss any such activities with FTI Consulting’s Chief Ethics and Compliance Officer.

### **Employing Sustainable Practices**

We demonstrate our dedication to the communities where we work by considering the environment in all of our business activities. We aim to act as environmental stewards when conducting business on our Company’s behalf. This means that we must comply with all applicable environmental laws and regulations, as well as any guidelines set forth by our Company. We show our respect for the environment by striving to minimize any environmental hazards, conserve and protect natural resources, and manage our use of energy and other resources responsibly.

[Amended and Restated Effective September 12, 2012]

## **Abiding by Export Controls**

As a global company, we deliver our product offerings and services all over the world. It is therefore critical that we comply carefully with all applicable laws and regulations that regulate our international trading activity. We must understand and follow the laws relating to exports or imports from and to the U.S. and other jurisdictions.

An “export” occurs when a product, service, technology or piece of information is shipped to a person in another country. An export can also occur when technology, technical information or software is provided in any way (including verbally, in the case of information) to a non-U.S. citizen located in either the U.S. or a third country. Before engaging in exporting activity, you are expected to verify the eligibility of both the location of delivery and the recipient. You also must obtain all required licenses and permits, and pay all proper duties.

“Import” activity, or bringing the goods we purchase from a foreign or external source into another country, is also generally subject to various laws and regulations. Specifically, this activity may require the payment of duties and taxes, as well as the submission of certain filings.

For more information on prohibited locations, entities or persons generally, you may refer to <http://www.bis.doc.gov/ComplianceandEnforcement/ListsToCheck.htm> and direct any questions or concerns to FTI Consulting’s Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.

**Q:** Paul has been called on a last-minute business trip to meet with an overseas client. The visit will be brief, and Paul is traveling light. Among his carry-on items, he brings his FTI Consulting laptop, which contains a large amount of proprietary information. In particular, in-development program designs are housed on Paul’s hard drive. Paul doesn’t have any concerns about safeguarding his laptop while en route, and after arriving at his destination — the laptop is password-protected and his briefcase is locked. Is there anything additional Paul needs to consider when traveling?

**A:** Yes. Aside from preserving the confidentiality of our Company’s information, Paul must understand that the data contained in his laptop is likely subject to export controls, which apply to technology and information — not just tangible goods. Traveling overseas while in possession of his laptop and the proprietary information it contains may require Paul to receive an appropriate export license. He should consult with FTI Consulting’s General Counsel and Chief Risk Officer before traveling.

## **Abiding by Economic Sanctions and Anti-Boycott Laws**

It is our Company’s policy to fully comply with:

- U.S. laws and regulations prohibiting or restricting transactions with certain designated foreign governments, entities, persons, or end-uses, and

[Amended and Restated Effective September 12, 2012]

- U.S. anti-boycott laws.

To this end, we may not:

- Conduct any transaction involving prohibited entities or persons (listed on various U.S. Government lists found at <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm> )
- Travel on Company business to any of the countries listed above without first obtaining clearance from FTI Consulting's Chief Ethics and Compliance Officer
- Furnish information about business relationships with companies "blacklisted" by foreign governments
- Pay or otherwise implement letters of credit that include requirements to take boycott-related actions
- Retain a third party (e.g., agents, sales representatives, distributors, contractors) to conduct any of the above actions

In addition, under U.S. law, we must not cooperate with any request concerning unsanctioned foreign boycotts or related restrictive trade practices. This means we cannot take any action, furnish any information or make any declaration that could be viewed as participation in an illegal foreign boycott. There are severe penalties for violation of these laws, making them all the more important to follow. FTI Consulting is required to report any suspected boycott requests to the U.S. government. You should immediately notify FTI Consulting's Chief Ethics and Compliance Officer if you suspect you have received any form of a boycott-related request for information, whether oral or written.

Any questions concerning this policy and/or its applicability to specific transactions should be directed to FTI's Chief Compliance Officer or General Counsel.

### **Preventing Money Laundering and Terrorist Financing**

FTI Consulting is dedicated to the fight against money laundering and terrorist financing. These illicit activities have become the focus of considerable attention by governments, international organizations and law enforcement agencies around the world. This is an issue that our Company takes extremely seriously.

"Money laundering" is the process by which criminal funds are moved through the financial system in order to hide all traces of their criminal origin. "Terrorist financing" refers to the destination and use of funds that may come from legitimate or criminal sources.

It is extremely important that we know and comply with all laws and regulations aimed to halt money laundering and terrorist financing. To do this, we must be vigilant and exercise good judgment when dealing with unusual or suspicious client transactions. This, of course, means never alerting an organization or individual with whom you have a relationship of any impending or ongoing investigation against them. You also have a duty to alert FTI Consulting's Chief

[Amended and Restated Effective September 12, 2012]

Ethics and Compliance Officer or General Counsel and Chief Risk Officer to any situation that seems inappropriate or suspicious. If you have further questions or concerns, contact FTI Consulting's Chief Ethics and Compliance Officer.

### **Waivers and Amendments of Our Code**

Our Code and other policies apply equally to all employees, officers and directors of FTI Consulting. As such, waivers of our Code for executive officers or directors are made only in extremely limited circumstances. Waivers for officers and non-employee directors of FTI Consulting, Inc. must be approved in advance by the Board of Directors or a Committee of the Board that has been delegated that authority, and then promptly disclosed to stockholders as required by applicable SEC rules and regulations and the law. Only the Chief Executive Officer of FTI Consulting, Inc. may grant waivers to other FTI Consulting employees.

[Amended and Restated Effective September 12, 2012]

## Schedule of Subsidiaries of FTI Consulting, Inc.

<u>Name</u>	<u>Jurisdiction of Corporation</u>
Compass Lexecon LLC [fka Lexecon, LLC] [fka LI Acquisition Company, LLC]	Maryland District of Columbia
Competition Policy Associates, Inc. FCN Holdings CV Dutch CV — LP	Netherlands
FD (Beijing) Consulting Co., Ltd. FD India Limited FD International Ltd.	Beijing England and Wales England and Wales
FD MWA Holdings Inc. FD Public Affairs Limited [fka LLM Communications Limited]	Delaware England and Wales
FD-CMM Mexico, S. de r.L. de C.V. Ferrier Hodgson Management Services Inc. FH Asset Management Corp. FH Corporate Services Inc.	Mexico Philippines Philippines Philippines
FTI Capital Advisors, LLC [fka FTI Merger & Acquisition Advisors, LLC]	Maryland
FTI Commercial Consulting (Shanghai) Co. Ltd. [fka — Ferrier Hodgson Commercial Consulting (Shanghai) Co. Ltd.]	Shanghai, China
FTI Consulting — FD Australia Holdings Pty Ltd [fka FD Australia Holdings Pty Ltd]	Victoria, Australia
FTI Consulting — Qatar LLC [fka Dispute Resolution Consulting LLC]	Qatar
FTI Consulting (Asia) Ltd [fka International Risk Limited]	Hong Kong Australia
FTI Consulting (Australia) Pty Ltd FTI Consulting (BVI) Limited [fka FTI Forensic Accounting Limited] [fka Forensic Accounting Limited]	British Virgin Islands Cayman Islands
FTI Consulting (Cayman) Ltd FTI Consulting (China) Ltd. [fka Thompson Market Services (Shanghai) Co. Ltd]	China
FTI Consulting (CM) Limited [fka K Capital Source Limited]	Ireland New York
FTI Consulting (Government Affairs) LLC FTI Consulting (HC) Limited [fka FD Sante Limited ] (fka Sante Communications Limited)	England & Wales
FTI Consulting (Hong Kong) Limited FTI Consulting (Hong Kong) Services Four Limited [fka Sun Easy Investment Limited]	Hong Kong
FTI Consulting (Hong Kong) Services One Limited [fka Chater Secretaries Limited]	Hong Kong
FTI Consulting (Hong Kong) Services Three Limited [fka Power Famous Limited]	Hong Kong
FTI Consulting (Hong Kong) Services Two Limited [fka Lansdowne Nominees Limited]	Hong Kong



<u>Name</u>	<u>Jurisdiction of Corporation</u>
FTI Consulting (Ireland) Limited [fka Financial Dynamics Ireland Ltd.]	Ireland
FTI Consulting (Perth) Pty Ltd [fka FD PTY LIMITED] [fka FD Third Person Perth Pty Limited]	Australia
FTI Consulting (SC) Inc. [fka FD U.S. Communications, Inc.]	New York
FTI Consulting (SC) Ltda. [fka FD Gravitass Ltda.] [fka Gravitass Comunicaciones Estrategicas Limitada]	Colombia
FTI Consulting (SC)(Hong Kong) Limited [fka Financial Dynamics Asia Ltd.]	Hong Kong
FTI Consulting (Singapore) PTE. LTD. [fka FS Asia Advisory Pte. LTD.]	Singapore
FTI Consulting (Strategic Communications) S.A.S. [fka Financial Dynamics S.A.S.]	France
FTI Consulting (Sydney) Pty Ltd [fka FD (Sydney) PTY LTD] [fka FD Third Person Pty Limited] [fka Third Person Communications Pty Limited]	Australia, New South Wales
FTI Consulting Administrative Services, Inc. FKA — Ferrier Hodgson Philippines Inc.	Philippines
FTI Consulting B.V. [fka Irharo B.V.]	Netherlands
FTI Consulting Belgium SA [fka Blueprint Partners SA]	Belgium
FTI Consulting Canada Inc. [fka Watson, Edgar, Bishop, Meakin & Aquirre Inc.]	British Columbia, Canada
FTI Consulting Canada ULC	British Columbia, Canada
FTI Consulting Colombia S.A.S.	Colombia
FTI Consulting Design Limited [fka 85Four Ltd.]	England and Wales
FTI Consulting Deutschland GmbH	Germany
FTI Consulting Deutschland Holding GmbH [fka Maia Neunundzwanzigste Vermögensverwaltungs-GmbH]	Germany
FTI Consulting Group Limited [fka Financial Dynamics Ltd.]	England and Wales
FTI Consulting Gulf Limited [FD Gulf Limited] [fka FD Dubai Limited]	England and Wales
FTI Consulting India Private Limited [fka FD Communications India Private Limited]	India
FTI Consulting International Limited	British Virgin Islands
FTI Consulting LLC	Maryland
FTI Consulting LLP FKA — FTI Consulting Management LLP	England and Wales
FTI Consulting Management Limited FKA — FTI Consulting Limited FKA — Carmill Limited	England and Wales

<u>Name</u>	<u>Jurisdiction of Corporation</u>
FTI Consulting Management Ltd[fka FTI Consulting (Asia) Limited]	
[fka Baker Tilly Hong Kong Business Recovery Ltd]	
[fka Baker Tilly Purserblade Asia Limited]	
[fka Purserblade Asia Limited]	Hong Kong
FTI Consulting Mexico S DE RL DE CV	
[fka FDFTI Mexico S DE RL DE CV]	Mexico
FTI CONSULTING MEXICO SERVICES. S DE R.L. DE C.V.	Mexico
FTI Consulting Panama, SDAD. LTDA.	Panama
FTI Consulting Philippines (BVI) Limited	
[fka FS Philippines Limited]	British Virgin Islands
FTI Consulting Pte Ltd. FKA International Risk (Singapore) Pte Ltd.	Singapore
FTI Consulting Russia Limited	
[fka FD Russia Limited]	England and Wales
FTI Consulting S.A.	Argentina
FTI Consulting S.ar.L.	Luxembourg
FTI Consulting SC GmbH	
[fka Financial Dynamics GmbH]	
[fka A & B Financial Dynamics gmbh]	Germany
FTI Consulting Services Limited	
[fka FTI Forensic Accounting Limited]	
[fka Forensic Accounting Partners Limited]	England and Wales
FTI Consulting Shanghai (BVI) Limited	
[fka FS Shanghai Offshore Limited]	British Virgin Islands
FTI Consulting Solutions Limited	
[fka Brewer Consulting Limited]	England And Wales
FTI Consulting South Africa (Pty) Ltd	
[fka FD Media and Investor Relations Pty Ltd]	
[fka Beachhead Media and Investor Relations (Proprietary) Limited]	S. Africa
FTI Consulting Spain, S.R.L.	Spain
FTI Consulting Technology (Sydney) Pty Ltd	
[fka FTI Ringtail (AUST) PTY LTD]	
[fka: FTI Australia Pty Ltd.]	Australia
FTI Consulting Technology LLC	
[fka FTI Technology LLC ]	
[fka FTI Repository Services, LLC ]	Maryland
FTI Consulting Technology Software Corp	
[fka Attenex Corporation]	Washington
FTI Consultoria Ltda.	
[fka FTI Holder Consultoria LTDA]	
[fka FTI Holder Consultoria S.A.]*	
[fka Arbok Holdings S.A.]	Brazil
FTI Director Services Limited	
[fka FS Director Services Limited]	British Virgin Islands
FTI Director Services Number 2 Limited	
[fka FS Director Services Number 2 Limited]	British Virgin Islands
FTI Director Services Number 3 Limited	
[fka FS Director Services Number 3 Limited]	British Virgin Islands
FTI Financial Services Limited	
[fka Hoodwell Limited]	England and Wales

<u>Name</u>	<u>Jurisdiction of Corporation</u>
FTI France	Paris, France
FTI General Partner (BVI) Limited	British Virgin Islands
FTI General Partner LLC	Maryland
FTI Hosting LLC	Maryland
FTI International LLC	
[fka FTI FD LLC]	Maryland
FTI Investigations, LLC	Maryland
FTI Services Limited	
[fka Total Sun Investments Limited]	British Virgin Islands
FTI UK Holdings Limited	England and Wales
FTI, LLC	Maryland
G3 Consulting Limited	United Kingdom
Gravitas Panama S.A.	Panama
IRL (Holdings) Limited	British Virgin Islands
Orion Technology Comercio e Servicos LTDA	Brazil
PT. FTI Consulting Indonesia	Indonesia
Sports Analytics LLC	Maryland
Tecnologia Servicos e Comercio de Equipamentos de Informática, LTDA	
The Lost City Estates S.A.	Brazil
Thompson Market Services Limited	Panama
	Hong Kong

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
FTI Consulting, Inc.

We consent to the incorporation by reference in the registration statements No. 333-30173, 333-30357, 333-32160, 333-64050, 333-92384, 333-105741, 333-115786, 333-115787, 333-125104, 333-134793, 333-134790 and 333-167283 on Forms S-8, registration statement No. 333-129715 on Form S-3 and Registration Statement No. 333-173096 on Form S-4 of FTI Consulting, Inc. of our reports dated February 28, 2013, with respect to the consolidated balance sheets of FTI Consulting, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows, for each of the years in the three-year period ended December 31, 2012 and related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2012, which reports appear in the December 31, 2012 Annual Report on Form 10-K of FTI Consulting, Inc.

/s/ KPMG LLP

Baltimore, Maryland  
February 28, 2013

**Certification of Principal Executive Officer**  
**Pursuant to Rule 13a-14(a)**  
**(Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Jack B. Dunn, IV, certify that:

1. I have reviewed this Annual Report on Form 10-K of FTI Consulting, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2013

By: \_\_\_\_\_ /s/ JACK B. DUNN, IV  
 Jack B. Dunn, IV  
 President and Chief Executive Officer  
 (principal executive officer)

**Certification of Principal Financial Officer**  
**Pursuant to Rule 13a-14(a)**  
**(Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Roger D. Carlile, certify that:

1. I have reviewed this Annual Report on Form 10-K of FTI Consulting, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2013

By: \_\_\_\_\_ /s/ ROGER D. CARLILE  
**Roger D. Carlile**  
**Executive Vice President and**  
**Chief Financial Officer**  
**(principal financial officer)**

**Certification of Principal Executive Officer**  
**Pursuant to 18 USC. Section 1350**  
**(Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report of FTI Consulting, Inc. (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack B. Dunn, IV, President and Chief Executive Officer (principal executive officer) of the Company, certify, pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2013

By: \_\_\_\_\_  
/s/ JACK B. DUNN, IV  
Jack B. Dunn, IV  
President and Chief Executive Officer  
(principal executive officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Principal Financial Officer**  
**Pursuant to 18 USC. Section 1350**  
**(Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report of FTI Consulting, Inc. (the "Company") on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger D. Carlile, Executive Vice President and Chief Financial Officer (principal financial officer) of the Company, certify, pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2013

By: \_\_\_\_\_ /s/ ROGER D. CARLILE  
**Roger D. Carlile**  
**Executive Vice President and Chief Financial Officer**  
**(principal financial officer)**

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



**FTI CONSULTING, INC.****POLICY ON INSIDE INFORMATION AND INSIDER TRADING****I. Overview**

FTI Consulting, Inc., together with its subsidiaries and affiliates (“FTI Consulting” or the “Company”), are committed to upholding both the letter and the spirit of the securities laws, rules and regulations of the United States. Such laws, among other things, prohibit “insider trading” on material, non-public information (described in further detail below), as well as the applicable laws, rules and regulations of the other jurisdictions in which we conduct business. This Policy explains the stringent ethical and legal prohibitions against insider trading and tipping. It establishes the expected standards of conduct for us all with respect to these highly sensitive matters. Finally, it describes the Company’s commitment to protecting our own material, non-public information, as well as that of our clients.

This Policy applies to our Company, its subsidiaries and affiliates worldwide. Where specific conduct may be permitted under local law, but is prohibited by this Policy, we must comply with this Policy. This Policy has been filed publicly with the SEC and is available on FTI Consulting’s public website.

You are expected to become familiar with and comply with this Policy, to participate in training and to communicate the values underlying this Policy in your interactions with colleagues and third parties.

**II. Who is Subject to this Policy?**

To avoid even the appearance of impropriety, this Policy applies to all of us at FTI Consulting. It includes all former, temporary or retired officers and non-employee directors of FTI Consulting, Inc.; present officers and non-employee directors of FTI Consulting, Inc., Company employees, consultants and contractors; as well as all family members (including in-laws) who reside in the same household. It also applies to any other person or entity (such as a company or partnership) over whom the officer, non-employee director, employee, consultant or contractor has significant influence as it relates to securities trading decisions. Further, this Policy applies to:

Any trust or other ownership arrangement in which an officer, non-employee director, employee, consultant or contractor has a substantial beneficial interest.

[Amended and Restated Effective September 12, 2012]

- Any trust or other ownership arrangement as to which he or she serves as a trustee (or in a similar fiduciary capacity).
- Any trust or other ownership arrangement in which an officer, non-employee director, employee, consultant or contractor otherwise has investment control.

### **III. What is FTI Consulting's Policy on Securities Trading in General?**

We encourage our officers, employees and non-employee directors to become stockholders of FTI Consulting, Inc. In addition, FTI Consulting respects the right of employees and others to engage in investment activities generally. However, it is important that these activities do not create the appearance of any impropriety, and that all investment activities comply with all applicable laws and regulations.

### **IV. What is FTI Consulting's Policy on "Insider Trading"?**

Insider trading is the act of buying or selling stock or other securities, including derivative securities, based on "inside," or material, non-public, information. You may not use material, non-public information to trade in the securities of FTI Consulting or any client.

Information is material if it would be considered important by a reasonable investor in determining whether to buy, hold or sell the stock of the company to which the information relates. Insider trading includes actions that are intended to make a profit or avoid a loss.

Information relating to FTI Consulting is considered non-public until two full trading days have passed since it has been disclosed to the public, whether through a press release or other Company disseminated public announcement or disclosure. This includes any filing with the U.S. Securities and Exchange Commission (the "SEC"). In other words, it is assumed that the public needs two business days to receive and absorb information relating to FTI Consulting.

#### ***i. What is "Inside Information"?***

Trading in securities based on material, non-public information ("inside information") is prohibited and violates the law. This holds true whether information is obtained in the course of employment, from friends, relatives, acquaintances or strangers, or from overhearing the conversations of others. The U.S. Congress enacted this prohibition because the integrity of the securities markets would be seriously undermined if the "deck were stacked" against persons not aware of such information.

[Amended and Restated Effective September 12, 2012]

Common examples of FTI Consulting inside information include:

- A merger or acquisition involving FTI Consulting or another public company.
- Information regarding FTI Consulting's revenues or earnings.
- Pending regulatory action or major litigation concerning FTI Consulting.
- Unannounced stock offerings.
- Major changes in management.
- The awarding or loss of a significant contract.
- Any other information which if made public would be likely to have an effect on the price of publicly traded stock, financial instruments or related derivative securities.

In addition, inside information includes material, non-public information in our possession regarding our clients and vendors whose securities are traded on a public market. Particularly with respect to client inside information, any failure to maintain the confidentiality of material, non-public information could seriously damage our reputation and impair our ability to conduct and grow our business. Care should be taken to disclose client inside information obtained during the course of an engagement to other engagement team members on a need to know basis.

Determining whether information is material can be tricky. When doubt exists, the information should be presumed to be material. If you are unsure whether information in your possession is material or non-public, you should consult with FTI Consulting's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.

**ii. What are My Obligations Under this Policy?**

You may not buy or sell the securities of FTI Consulting (or any other publicly-traded company) when you are in possession of material, non-public information about the Company. Such information may be acquired through your association with FTI Consulting or your work for one of our clients. Insider trading rules apply both to securities purchases (to make a profit based on good news) and securities sales (to avoid a loss based on bad news). They apply regardless of how or from whom the material, non-public information has been obtained.

[Amended and Restated Effective September 12, 2012]

FTI Consulting's Policy regarding insider trading can be summarized by these six cardinal rules:

- You may never trade in securities of FTI Consulting at any time that you possess inside information about our Company.
- You may never trade in securities of any other public company at any time that you possess inside information about such public company that you acquired directly or indirectly through your association with FTI Consulting, or your work on a client engagement.
- You may not provide any other person or entity with inside information regarding FTI Consulting (or any other public company)—what is commonly referred to as “tipping.”
- You may not trade in securities of any client during the pendency of an engagement in which you are providing services to such client, and may not buy or sell securities issued by a company which is the subject of a litigation proceeding or transaction engagement in which you are providing services, whether or not you are in the possession of inside information, without the prior written approval of FTI Consulting's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.
- You may not trade in any client securities, if you work for certain subsidiaries, business segments and practices that have adopted stricter policies relating to trading in client securities as a function of the business conducted by such subsidiary, segment or practice or because of local jurisdictional requirements, whether or not you are in the possession of material, non-public information.
- In addition to the general prohibition on trading on the basis of material, non-public information, “Restricted Employees” may trade in securities of FTI Consulting only during prescribed trading windows, as described below.

Restricted Employees include:

- Members of the FTI Consulting, Inc. Board of Directors.
- Officers of FTI Consulting, Inc. holding the office of Vice President or higher.
- Employees who are members of FTI Consulting's Executive Committee.
- Other employees or consultants designated by management who have access to a range of financial and other sensitive information about FTI Consulting, or who gain access to material, non-public information in connection with a specific project or transaction.

[Amended and Restated Effective September 12, 2012]

The “trading window” for Restricted Employees begins immediately before the stock market opens on the third business day after the release of FTI Consulting’s quarterly and annual earnings, and ends on the 20th day of the month prior to the close of each fiscal quarter and fiscal year. (To determine the day earnings are released by our Company, if they are released before the market opens, use the actual date of release. If earnings are released after the market opens, use the following day.) The trading window is also open from the third business day after any public release of material information and during any other period when Restricted Employees are not aware that FTI Consulting expects to make a public release of material information in the near future. The Company may, on occasion, close the trading window at different times, or keep the trading window closed for a longer period. If you have any doubts, you should check with the Company’s Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer before acting.

Non-Employee directors of FTI Consulting, Inc., officers and Restricted Employees (as defined below) must always obtain prior approval from FTI Consulting’s General Counsel and Chief Risk Officer before making any trade in the securities of FTI Consulting, Inc. The General Counsel and Chief Risk Officer’s decision should be kept confidential by the person who requested it. In addition, such individuals must report any trades in FTI Consulting securities no later than one day after such trade has been executed.

You may not convey or “tip” inside information to any other person. Unlawful tipping includes providing inside information to friends, family members or acquaintances under circumstances that suggest that you or they were trying to help them make a profit or avoid a loss. Even when providing such information to other FTI Consulting employees, make sure to only do so on a need-to-know basis in the course of performing your job.

Derivative securities and hedging activities may put your personal interests and objectives in conflict with the best interests of the Company and its stockholders. Unless you have the prior written consent of FTI Consulting’s Chief Executive Officer you may not:

- Purchase, sell and trade-in options (including publicly-traded options), warrants, puts and calls or similar instruments involving or relating to FTI Consulting securities.
- Engage in derivative securities transactions involving or relating to FTI Consulting securities.
- Conduct hedging or monetization transactions involving or relating to FTI Consulting securities — such as zero-cost collars and forward sale contracts — that allow for locking in a portion of the value of a person’s shares, often in exchange for all or part of the potential for upside appreciation in those shares.

[Amended and Restated Effective September 12, 2012]

Anyone who wishes to request a waiver of these prohibitions must submit their request through the Company's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer at least one week prior to executing any documents that relate to the proposed transaction. Please note that the Chief Executive Officer may deny any request for a waiver without explanation.

Likewise, no officer, non-employee director, employee, consultant or contractor may engage in a short sale or take an equivalent position in FTI Consulting, Inc. shares of common stock. A "short sale" is a sale of securities not owned by the seller, or if owned, not delivered against such sale within 20 days. Moreover, transactions in certain put and call options for the Company's securities may in some instances constitute a short sale. The U.S. securities laws also prohibit short sales by Section 16 Persons.

Furthermore, no officer, non-employee director, employee, consultant or contractor may hold Company securities in a margin account or pledge (or hypothecate) as collateral any Company securities. Margin securities may be sold without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of material, non-public information or is otherwise not permitted to trade in FTI Consulting, Inc. securities.

Notwithstanding the above restrictions on trading in FTI Consulting, Inc. securities, the exercise of stock options for cash and bona fide gifts of FTI Consulting, Inc. securities are generally permitted at all times. However, the following guidelines should be observed:

- If you are an officer, non-employee director or Restricted Employee, you may make bona fide gifts of FTI Consulting, Inc. securities regardless of whether the trading window is open, so long as you obtain the prior approval of FTI Consulting's General Counsel and Chief Risk Officer.
- If the gift is to a charitable organization, neither you nor any of your immediate family members (including in-laws and anyone residing in your household) may be a trustee, director, officer or employee of that organization.
- If the gift is to a family member, that person must agree not to sell the FTI Consulting securities except during an open trading window.

If you become aware of or have reason to believe that any of your colleagues have violated this Policy, U.S. securities laws or applicable laws of any other

[Amended and Restated Effective September 12, 2012]

jurisdiction, the Company encourages you to promptly report your concerns to FTI Consulting's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer, to the extent not prohibited by local laws. Such reportable activities may include any trading in FTI Consulting securities during a closed trading window or the disclosure of material, non-public information. You will not be retaliated against for making a report in "good faith" (as noted in our Code of Ethics and Business Conduct, good faith means that you believe your report to be true and that you shared all of the information you had consistent with local laws).

**iii. What are the Reasons for Maintaining the Confidentiality of Information?**

We have a duty to protect the confidential information developed by or entrusted to us, and to ensure that FTI Consulting personnel do not receive improper benefits through the misuse of Company assets or client information which is material and has not been publicly disclosed. In addition, certain of our businesses and business units are required to maintain lists for each client specifying the names of employees and contractors who have access to confidential information relating to that client ("insider lists"). The personnel named on an insider list are prohibited from trading in the securities of such client.

Access to inside information should be restricted to those who require the information to carry out their job. In particular:

- Careful consideration should be given prior to making someone an insider and, where practical, the most senior member of the project team should always be consulted prior to making someone an insider. The number of insiders should always be kept to the practical minimum.
- If possible, limit an insider's access to that part of the inside information which they need to know.
- Insider employees are required to know about their legal and regulatory duties and must be aware of the sanctions of market abuse.
- You must also ensure that any consultants and independent contractors have taken necessary measures to ensure that their own employees similarly understand and acknowledge the implications of the misuse or improper circulation of inside information.
- FTI Consulting's General Counsel and Chief Risk Officer must be informed immediately if inside information is disclosed to any person (internal or external) who is not authorized to receive such inside information.

If you have any questions as to whether you possess inside information or are named on any insider list, please contact FTI Consulting's Chief Ethics and Compliance Officer or General Counsel and Chief Risk Officer.

[Amended and Restated Effective September 12, 2012]

**iv. What is the Penalty for Insider Trading?**

Trading on inside information is a crime. Penalties for insider trading could include steep fines, as well as prison time for the individuals involved. Those who trade on inside information must also return any profits made amongst other penalties. Under some circumstances, those who trade on inside information may be sued by private entities in addition to the government. Employers and supervisors are also at risk under U.S. federal law and may face substantial civil or criminal penalties if they fail to take preventive steps to control insider trading.

The SEC and the U.S. Department of Justice have committed large staffs, investigative techniques and other resources to the detection and prosecution of insider trading cases. Criminal prosecution and the imposition of fines and/or imprisonment is commonplace.

For these reasons, both you and FTI Consulting have a significant interest in ensuring that insider trading is strictly avoided.

**v. How Should Material Information be Safeguarded?**

Before material information relating to FTI Consulting or its business has been disclosed to the public, it must be kept confidential. We all have a duty to exercise the utmost care in protecting such information. To do this, it is important that we only discuss such information with persons who have a business need to know it. Particular care should be taken to ensure that communications are received by the appropriate authorized personnel only, such as those on an insider list or those persons externally who you know are already insiders. Further, you should confine discussions to as small a group as possible. Care should be taken about committing sensitive information to paper and such information should only be recorded or circulated to the extent that is really necessary. Remember to limit your conversations in public places—such as elevators, restaurants and airplanes—to matters that do not involve sensitive or confidential information. Take care to safeguard written materials and your computer, PDAs, smart phones and other technology. When electronically transmitting inside information, use encryption.

We have a responsibility to ensure that Company confidences are protected to the maximum extent possible. Therefore, only specifically authorized personnel may release material information to the public or respond to inquiries from the media, analysts or others outside of our Company. If you have not been expressly authorized to provide information to those outside the Company, and you are contacted by the media or an analyst seeking information about FTI Consulting, Inc. or its subsidiaries or affiliates, you should refer the matter to one of the following persons:

- Chairman of the Board

[Amended and Restated Effective September 12, 2012]



- Chief Executive Officer
- President
- Chief Financial Officer

As part of FTI Consulting's work for clients, we may find ourselves in a position where the client will delegate the dissemination of inside information to the Company. This is a very serious duty and all employees carrying out this function must ensure that they comply with the procedures set out below. You should always remember that it is the client's responsibility to decide whether or not to disclose inside information.

In certain circumstances the dissemination of inside information must be reported in advance to regulatory authorities. For example, in the U.S., the New York Stock Exchange requires the advance disclosure of certain material information relating to a listed company to the exchange. In other jurisdictions, such advance disclosure may be required by governmental regulators such as the Regulatory Information Service ("RIS") in the UK, which requires that client inside information only be sent to third parties via the RIS and only after the Company has obtained the express written or e-mail consent of the client. The release of inside information relating to a client may only be made upon the verbal consent of the client, if you have the approval of the engagement manager and if the verbal consent is promptly confirmed in writing or by e-mail.

Employees should not provide inside information to journalists or others under an embargo that seeks to prevent them from using the client's inside information until it has been released to the RIS. By disclosing the information to third parties prior to an RIS announcement, there is a risk that control over the information has been lost. This approach may constitute selective disclosure and may be illegal.

[Amended and Restated Effective September 12, 2012]



**FTI CONSULTING, INC.  
CORPORATE GOVERNANCE  
GUIDELINES**

**Amended and Restated Effective as of March 28, 2012**

The Board of Directors ("Board") of FTI Consulting, Inc., (the "Company") represents the stockholders' interest in perpetuating a successful business and optimizing long-term financial returns. The Board is responsible for establishing the Company's policies and strategies and for regularly monitoring the effectiveness of management in carrying out those policies and strategies. The Board is accountable to the stockholders of the Company. The Board has adopted these guidelines as part of the Board's commitment to these principles.

**Board Composition and Related Matters**

1. Positions of Chairman and Chief Executive Officer. The Board has adopted a flexible policy with respect to the combination or separation of the offices of Chairman of the Board and Chief Executive Officer. The Board shall select its Chairman of the Board and the Company's Chief Executive Officer, who may or may not be the same person, in the manner it considers to be in the best interests of the Company at any given point in time.

2. Size of the Board. The Board has determined that it should have no less than seven and no more than thirteen (13) Directors. This permits a full range of experience and fosters effective interaction and productivity. The Board will periodically review the appropriate size of the Board.

3. Composition of Board. The Board shall be composed of at least a majority of independent Directors. The Board believes that each of the Chairman of the Board and Chief Executive Officer should be a Director and that it may be appropriate to have other members of management serve as Directors, depending upon various facts and circumstances.

4. Independence for Directors. The Company will comply at all times with the requirements for independent directors as established by the New York Stock Exchange ("NYSE"), federal law and the rules and regulations of the Securities and Exchange Commission ("SEC"). When determining whether a Director meets the definition of independence, the Board of Directors shall affirmatively determine that no such Director has a material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Company shall disclose its determinations as to whether an independent Director has a material relationship with the Company in accordance with the disclosure requirements of Item 407(a) of Regulation S-K.

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5. Board Membership Criteria. The Nominating and Corporate Governance Committee shall develop criteria for selecting candidates for election as Directors and identifying, evaluating (including inquiries into the background of candidates), recruiting and nominating candidates. In identifying candidates for membership on the Board, this Committee takes into account all factors it considers appropriate, which may include strength of character, maturity of judgment, career specialization, relevant skills and the extent to which a particular candidate would fill a present need on the Board of Directors. The Nominating and Corporate Governance Committee also reviews and determines whether existing members of the Board should stand for reelection, taking into consideration changes in the needs of the Board.

6. Directors' Change in Circumstances. Upon termination of a Director's primary employment or other significant adverse change in business or professional circumstances, that Director shall offer to resign from the Board. The Board will decide whether to accept the resignation.

7. Director Orientation and Continuing Education. The Nominating and Corporate Governance Committee shall assure that appropriate director orientation and continuing education programs exist.

8. Director Retirement. A Director generally will not be nominated for reelection at any annual stockholder meeting to be held on or following his or her 72nd birthday.

9. Conflicts of Interests. In accordance with FTI's Policy on Conflicts of Interest, Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Board shall annually obtain information from each Director in order to monitor potential conflicts of interest, and Directors are expected to be mindful of their fiduciary obligations to the Company.

10. Service on Other Boards. Directors who serve on the Company's Board of Directors should not serve on more than five (5) other public companies' boards of directors.

11. Board Compensation. The Board believes that it must offer a fair and competitive compensation package to the Directors in order to attract and retain highly qualified individuals. Further, the Board believes that Director compensation should be established at a level consistent with industry standards taking into account the size and scope of the Company's business and the responsibilities of its Directors. The Nominating and Corporate Governance Committee should periodically review non-employee Director compensation in light of then current circumstances and market practices. Non-employee Directors' compensation (and any changes thereto) shall be determined by the Board upon the recommendation of the Nominating and Corporate Governance Committee, after full discussion and concurrence by the Board. Directors who are employees of the Company shall receive no additional remuneration for serving on the Board. Independent Directors shall receive no additional remuneration, in the form of consulting fees or other

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special benefits, beyond that provided for service on the Board. The Board is committed to fostering compensation programs and policies designed to encourage Director stock ownership over the long-term. In the view of the Board, these programs and policies help align the interests of Directors with those of the Company's stockholders.

12. Annual Review. The Board and each Committee will engage in an annual self-evaluation process through the auspices of the Nominating and Corporate Governance Committee. These evaluations will assess the Board and each Committee on which the Director serves, in each case as a collective body, rather than the Directors on an individual basis. The annual self-assessment process will be completed by the date of the succeeding annual meeting of the Board.

13. Annual Stockholder Meeting. The Board expects that all members shall attend the Company's annual stockholder meeting absent a good reason, providing the stockholders with access to the Board members.

### **Board Meetings**

1. Scheduling and Selection of Agenda Items for Board Meetings. To the extent possible, Board meetings should be scheduled well in advance. The Board expects to hold a minimum of five meetings per year. The Chairman of the Board and Chief Executive Officer will be responsible for developing the agenda for each Board meeting and distributing it in advance to the Directors. Each Board member is encouraged to suggest inclusion of items on the agenda. The Chairman of the Board and Chief Executive Officer should also consult with each Committee Chairman regarding items appropriate for the Board agenda.

2. Board Material Distributed in Advance. Information important to the Board's understanding of matters to be discussed at a Board meeting should be distributed in advance so that meeting time may be conserved and the discussion more focused. When appropriate, sensitive subject matters may be discussed at a meeting without advance distribution of written materials to the Board. The Board expects the Chairman of the Board, Chief Executive Officer and other management to regularly provide Directors with information about the Company's business so that the Board is fully informed.

3. Director's Attendance and Participation. Meetings will be held at the Company's executive offices in West Palm Beach, Florida, but may be held elsewhere. Directors' attendance at regularly scheduled meetings is required absent a good reason. However, if a Director is unable to attend in person, he/she may request an exception from the Chairman of the Board who may grant an exception to this rule. Participation via conference telephone, videoconference, or similar communication equipment is allowed. Each Board member is expected to ensure that other existing and planned future commitments will not materially interfere with the member's service as a Director. Each Board member is expected to become familiar with the Company's business and the duties and responsibilities of a director of a publicly-traded company.

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4. Management Attendance and Board Access to Management. Key members of management ordinarily should attend Board meetings. The Board encourages management to schedule employees to be present at Board Meetings who can provide insight into the items being discussed or should be given exposure to the Board because of their roles in the Company's business. The Board shall have complete access to the Company's management for any inquiries the Board determines are appropriate or necessary.

5. Non-Management and Independent Directors' Sessions. It is Board policy to set aside time during each meeting for the independent Directors or in lieu of the independent Directors, the non-management directors, to meet as a group without any other Directors or members of management present. The non-management Directors of the Company shall appoint the Presiding Director. The Presiding Director shall qualify as an independent director of the Company and shall hold that position until his/her successor is appointed and qualifies. The Presiding Director shall preside over meetings of the non-management or in lieu of the non-management Directors, the independent Directors, unless the non-management Directors designate a different independent Director to preside at a meeting or to act as Interim Presiding Director in place of the Presiding Director. Stockholders and other interested parties may communicate concerns or other issues to the Presiding Director or non-management/independent Directors by either telephone or the Internet, and, if preferred, without divulging your name or other personal information, through the Company's hotline operated by EthicsPoint (the "Hotline"). The Hotline can be accessed from any Internet-enabled computer at [www.ethicspoint.com](http://www.ethicspoint.com) or by telephone by calling 1.866.294.3576.

6. Confidentiality. The Board believes that maintaining the confidentiality of all information about the Company and all deliberations by the Board and its Committees are imperative. In order to foster candor, all communications, deliberations and information by or to Directors, including, without limitation, the annual self-assessments, shall be kept in the strictest confidence. The Directors represent that their membership and participation on the Board and its Committees is predicated on the confidentiality of information being maintained and subject to attorney-client and other privileges that may be available.

#### **Committee Matters**

1. Board Committees. The Board now has three Committees: Audit, Compensation and Nominating and Corporate Governance. The Board, from time to time, should consider whether to add other Committees, disband a current Committee, add responsibilities to a Committee or reassign responsibilities among Committees.

2. Committee Charters. The Board has adopted written charters for each Committee, which should be evaluated periodically by the Committee and the Board. These Committee charters will be made available on the Company's website.

3. Committee Assignments and Chairs. The Chair of the Nominating and Corporate Governance Committee shall be responsible for preparing a slate of Director

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nominees for membership in each Committee as well as a proposed Chair of each Committee for consideration by the Board at the Board meeting occurring immediately after the stockholder's annual meeting. The Board shall consider the proffered nominees and elect such Directors as members or Chairs of such Committees as it so determines. Each independent Director shall be willing to serve on a Committee and may be considered as a member of at least one Committee. Each Committee Chair should have previous service on that Committee. The Company will comply at all times with the membership requirements established by the NYSE, federal law and the rules and regulations of the SEC with respect to Committees of the Board.

4. Frequency of Committee Meetings and Committee Agenda. The Chair of each Committee, in consultation with appropriate members of management, should determine the frequency of Committee meetings and develop the agenda for each meeting. All agendas and minutes of Committee meetings shall be made available to all Directors. Any director of the Board, at his or her option, or at the Committee's request, may attend meetings of the Board Committees but, if he or she is not a member of such Committee, he or she shall not be counted in determining the presence of a quorum and shall not be entitled to vote. At any time, a Committee may go into executive session and exclude non-members and management from Committee proceedings. Committee members are expected to be present at all meetings absent good reason. Attendance at Committee meetings via conference telephone, videoconference or similar communication equipment is allowed. Most Committee meetings will be held at the Company's executive offices in Baltimore, Maryland, but may be held elsewhere.

5. Resources. The Board and each Committee shall have access to accountants, compensation consultants, counsel, investment bankers and others whose expertise is deemed by the Board or Committee necessary or appropriate to the carrying out its responsibilities.

#### **Management Responsibility and Review and Management Succession**

1. Role of Management. The Board recognizes that it is management's responsibility to carry out the policies and strategies established by the Board of Directors and to carry out the operation of the Company's business. To this end, the Board acknowledges that it should not interfere in management's discharge of its responsibilities but should provide oversight and encouragement of management.

2. Board Interaction with Media, Institutional Investors, Press and Others. The Board believes that management should speak for the Company. Individual Directors may meet or otherwise communicate with the Company's various constituencies when appropriate, but only with the knowledge of the Chairman of the Board and Chief Executive Officer, and, in most instances, at the request of the Chairman of the Board or Chief Executive Officer (except in those rare cases when a member of a Board Committee may be required to communicate with third parties without the knowledge of the Chairman of the Board or Chief Executive Officer as may be advised by counsel).

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3. Notification of Non-Compliance with NYSE Corporate Governance Listing Standards. Executive officers of the Company shall promptly notify the Chief Executive Officer (who, in turn, shall notify the Chairman of the Board and Board of Directors) if any such executive officer becomes aware of any non-compliance by the Company with the NYSE corporate governance provisions set forth in Section 303(A) of the NYSE Listed Company Manual. The Company must promptly notify the NYSE in writing after any executive officer becomes aware of any non-compliance with the applicable corporate governance provisions set forth in Section 303(A) of the NYSE Listed Company Manual.

4. Management Succession. The Compensation Committee shall annually review the performance of the Chairman of the Board and Chief Executive Officer in accordance with the Charter of the Compensation Committee. In the event of a vacancy in the office of any executive officer, including the Chairman of the Board and Chief Executive Officer of the Company, the Nominating and Corporate Governance Committee shall identify and nominate candidates for appointment and approval by the full Board of Directors. In the event of the untimely death, resignation or termination of the Chairman of the Board or Chief Executive Officer or a temporary vacancy in the office of Chairman of the Board or Chief Executive Officer due to an emergency or other extraordinary event, the Chair of the Nominating and Corporate Governance Committee shall call an emergency meeting of the Board at which meeting a person will be designated to temporarily fulfill the duties required of that office and/or delegate the duties to other appropriate executive officers until a replacement candidate is appointed as Chairman of the Board or Chief Executive Officer of the Company, as the case may be, or the Chairman of the Board or Chief Executive Officer resumes his/her post, whichever occurs first.

5. Prohibition on Loans to Directors and Executive Officers. Directors and Section 16 officers of the Company shall not borrow funds from the Company or modify any existing loans from the Company. All loans by the Company to directors and Section 16 officers, or modifications to existing loans by the Company to such persons, are prohibited.

#### **Other**

1. Implementation and Alteration of these Guidelines. Implementation of and changes to these guidelines shall be the responsibility of the Nominating and Governance Committee, working with the Chairman of the Board and Chief Executive Officer.

2. Disclosure of Guidelines. These guidelines will be available on the Company's website.

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**FTI CONSULTING, INC.  
CATEGORICAL STANDARDS  
OF DIRECTOR INDEPENDENCE**

**As Amended and Restated Effective as of February 25, 2009**

In accordance with the New York Stock Exchange and the applicable Securities and Exchange Commission rules and regulations, the Board of Directors of FTI Consulting, Inc. (the "Company") must affirmatively determine that a director is "independent" because he or she does not have a material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). In connection with, and to assist in making, that determination, the Board shall consider whether a director meets the following categorical standards:

- A. During the past three years, the Company has not employed the director and has not employed (except in a non-officer capacity) any of his or her immediate family members. For purposes of these Categorical Standards, an "immediate family member" shall mean a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.
- B. (i) the director is not a current partner or employee of a firm that is the Company's internal or external auditor, (ii) none of his or her immediate family members is a current partner of such firm, (iii) none of his or her immediate family members is currently an employee of such firm who personally works on the Company's audit, or (iv) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.
- C. During the past three years, neither the director nor any of his or her immediate family members has been employed as an executive officer of another company where any of the Company's present executives serve on such other company's compensation committee.
- D. During the past three years, neither the director nor any of his or her immediate family members has received more than \$120,000 per year 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).
- E. The director has not served as an executive officer or employee, and none of his or her immediate family members has served as an executive officer, of a

Last Amended as of February 25, 2009



company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; provided, that, such restriction shall not apply if three years have passed since such payments fell below the threshold.

- F. The director is not an employee, officer, director or trustee of a foundation, university or other non-profit organization to which the Company gives directly, or indirectly through the provision of services, more than the greater of \$1 million or 2% of the organization's consolidated gross revenues in any fiscal year; provided, that, such restriction shall not apply if three years have passed since such charitable contributions by the Company fell below the threshold.
- G. Considering all facts and circumstances that the Board determines are relevant, the director does not have a material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company).



**FTI CONSULTING, INC.**  
**ANTI-CORRUPTION POLICY**

**I. Overview**

FTI Consulting, Inc. (“FTI” or the “Company”) policy prohibits bribery in any form. It is FTI’s policy to comply with the letter and the spirit of anti-corruption laws in the United States and every other jurisdiction in which we do business. FTI’s Anti-Corruption Policy demonstrates and reflects our commitment to the highest prevailing international anti-corruption standards.

In particular, as a corporation domiciled in the United States, the Company is subject to the United States Foreign Corrupt Practices Act (the “FCPA”). The UK Bribery Act 2010 applies to FTI’s operations in the UK and has broad extra-territorial effect, and laws implementing the OECD Convention Against Corruption and the United Nations Convention Against Corruption govern the conduct of FTI employees in various jurisdictions. All of these laws prohibit bribery of “Government Officials”. The UK Bribery Act, and various laws in many jurisdictions (including certain U.S. states) also criminalize bribery of private persons.

This Policy is applicable to the Company, its subsidiaries and affiliates worldwide. Where specific conduct may be permitted under this Policy but is prohibited by local law, FTI employees must comply with local law. Where additional guidance is needed, please contact the Chief Ethics and Compliance Officer.

All employees of the Company and its direct and indirect subsidiaries are subject to this Policy. As discussed more fully below, it also applies to third parties acting on the Company’s behalf and for its benefit. You are expected to become familiar with and comply with this Policy, to participate in training, and to communicate the values underlying this policy in your interactions with colleagues and third parties.

Amended and Restated Effective 09.12.12

**The Company strictly prohibits engaging in or tolerating bribery or any other form of corruption.** If employees have any doubts or questions as to whether their conduct is permissible under governing law or this Policy, they should contact the Chief Ethics and Compliance Officer, or, employees outside the European Union, may use the 24-hour Hotline, by telephone at 1-866-294-3576 (in the US only), or at [www.ethicspoint.com](http://www.ethicspoint.com), to make inquiries for guidance.

## **II. Summary of the Policy**

### **A. Public Bribery – Prohibition of Bribery of Government Officials**

This Policy strictly prohibits the Company and its officers, directors, employees and agents from offering, promising or giving *anything of value* to a Government Official, directly or indirectly, with the intention of influencing him or her in his or her capacity as a Government Official to obtain or retain business or obtain or retain a business advantage.

This Policy prohibits an *offer or promise* of a bribe, even if the Government Official rejects the offer, or it fails to bring about the desired outcome.

#### **1 What is “Anything of Value”?**

Under our Policy the term “anything of value” is broadly defined to include both financial and other non-financial advantages. Things of value include, for example, gifts, entertainment, favors, services, loans and loan guarantees, the use of property or equipment, job offers, transportation, and the payment of expenses or debts.

Importantly, there is no “small payment” exception for payments made with an intention to bribe, and this Policy prohibits “speed,” “grease” or facilitation payments.

Amended and Restated Effective 09.12.12

It is permissible, in relation to Company business with a Government Official, to incur expenses in connection with the legitimate promotion or demonstration of the Company's services and products. Such expenses are discussed more fully below.

## **2 Who is a "Government Official"?**

The term Government Official is broadly defined to include any individual who holds a legislative, administrative or judicial position of any kind, whether appointed or elected; who exercises a public function; or who is an official or agent of a public international organization (such as the United Nations, the World Bank or the International Monetary Fund). Government Official also includes any official of a political party, and any candidate for political office.

In addition, under our Policy, Government Official includes any executive, officer, agent or employee of a government-owned or government-controlled business (such as a state-owned bank or utility, a sovereign wealth fund, or a public university).

Finally, under our Policy, Government Official includes any person who is acting in an official capacity for the entities described above, including a private consultant who also holds a position with, or acts on behalf of, a government or with a public international organization, or with an enterprise owned or controlled by a government.

## **3 What is an "Improper Advantage"?**

Giving or agreeing to give a Government Official a thing of value that could violate this Policy may arise in varied settings. Bribery concerns do not arise solely in the context of trying to win a contract or business. Governing law and our Policy prohibit payments to secure any business advantage. By way of example, improper payments or benefits may not be conveyed to a Government Official:

- to influence the award of a government contract;
- to prevent some governmental action, such as the imposition of a tax or fine;

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- to obtain confidential information about business opportunities, bids or the activities of competitors;
- to obtain a permit or license, other than to cover appropriate application fees;
- to obtain relief or exemption from government controls or regulations of any kind; or
- to affect the nature of regulations or the application of regulatory provisions.

**B. Private Bribery: Prohibition of Bribery in the Private Sector**

This Policy strictly prohibits the Company and its officers, directors, employees and third party agents from offering, promising or giving *anything of value* to a private person, directly or indirectly, with the intention of inducing a person to improperly perform a relevant function or activity (such as his or her work) or to reward a person for having improperly performed a relevant function or activity.

This Policy prohibits an *offer or promise* of a bribe, even if the private person rejects the offer, or it fails to bring about the desired outcome.

It is permissible, in relation to Company business with private persons, to incur reasonable, proportionate and good faith expenses in connection with the the promotion of the Company's services and products and in the provision of corporate hospitality. Such expenses are discussed more fully below.

**C. Solicitation, Extortion, Health and Safety**

This Policy prohibits payment even where they have been requested or demanded by a Government Official or if the Government Official threatens adverse action against the Company unless a payment is made.

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If a payment is made to protect an individual's health and safety, it must be immediately reported to the Chief Ethics and Compliance Officer and must be accurately recorded in the Company's books and records to reflect the amount and purpose of the payment. If at all practicable, contact should be made with the Chief Ethics and Compliance Officer before such a payment is made. If prior consultation is not practicable, the fact of payment and the circumstances should be reported as soon as possible thereafter.

**D. Conflicts of Interest and Kickbacks**

Conflicts of interest arise when a personal interest interferes or even appears to interfere, with the best interests of the Company. It is a duty for all employees to at all times act in the best interests of the Company. You are required to familiarize yourself with the Company's Policy on Conflicts of Interest.

A conflict of interest can develop into a bribery problem when an employee requests, agrees to receive or receives anything of value (whether financial or otherwise), in a manner that interferes with the employee's judgment in performing his or her functions on behalf of the Company. Company policy strictly prohibits receiving bribes, kickbacks, or improper benefits.

**E. Books, Records and Accounting**

FTI is required to maintain books and accounting records of the Company so that they accurately reflect all transactions in reasonable detail. These record-keeping requirements apply to all payments, not merely those that would be material in the traditional financial sense.

Officers, directors, employees and third parties are prohibited from manipulating books or records in an effort to mask transactions, either by characterizing them in some oblique way, or by omitting them from the Company's books or records entirely. Accordingly, no undisclosed or unrecorded accounts may be maintained for any purpose.

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## **F. Penalties Are Severe**

*Companies whose employees are found to have violated the law may face harsh penalties, including significant fines. In addition, such a company may be precluded from doing business with government entities in the US, Europe and elsewhere. Individuals who violate the law may be subject to imprisonment.*

*Violation of this Policy and/or relevant laws will result in discipline by the Company, up to and including termination of employment, as appropriate.*

## **III. Meals, Entertainment, Travel, and Gifts**

It is permissible under this Policy to incur certain expenses for a Government Official that are directly related to the promotion or demonstration of the Company's services and products. In addition, this Policy allows reasonable meal and entertainment expenses for private persons in the context of establishing and maintaining appropriate business relationships. As discussed more fully below, any such expenses must be reasonable and appropriate.

In all interactions – both in the public and private sector – hospitality and promotional expenses may not be used to exert improper influence. Thus, even reasonable expenses are prohibited if they are for the purpose of improperly influencing a business or regulatory decision, or if they are to reward a person for having improperly performed a relevant function or activity.

Finally, a benefit (even if considered reasonable under this policy) may not be conveyed if the recipient is not permitted to accept it; for example because the recipient's company policy forbids it or it is prohibited under local law or regulation.

All promotional expenses must also be fully documented, supported by original receipts, properly approved, and submitted in accordance with the following procedures, and any other procedures governing expense authorization and approval policies and procedures.

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**A. Meals, Gifts, and Entertainment of Government Officials**

Meals, entertainment, and gifts are “things of value” under this Policy, and may never be provided to a Government Official for the purpose of influencing a Government Official to obtain or retain business or to secure a business advantage. Lavish meals, extravagant entertainment or cash gifts are never appropriate.

Meal and related entertainment expenses for a Government Official may be incurred without prior approval by the Chief Ethics and Compliance Officer only if all of the following conditions are met:

- (a) the meal or entertainment occurs in connection with substantive business meetings, occurs in the same general location as such meetings, and is attended by appropriate Company representatives;
- (b) the value of the meal or entertainment expenses are consistent with applicable entertainment or expense policy;
- (c) the entertainment or meals are permitted under applicable U.S. and local written laws, as well as any rules or regulations of the recipient’s employer; and
- (d) the expenses are properly recorded and approved in accordance with Company policies.

Gifts to a Government Official should only be given as a goodwill gesture, and gifts may never be provided for the purpose of obtaining or retaining business or any improper advantage. Cash gifts are never permitted. Any items provided to a Government Official should be limited to logo gifts and may be provided only if the following conditions are met:

- (a) the item is of *nominal value* bearing the FTI or subsidiary company’s logo;
- (b) the gift is permitted under applicable U.S. and local written laws, as well as any rules or regulations of the recipient’s employer; and

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- (c) the expenses involved are properly recorded and approved in accordance with Company policies.

Gifts that do not meet all of the foregoing criteria should be reviewed and approved in advance by the Chief Ethics and Compliance Officer.

**B. Travel for Government Officials**

At times, the Company may be requested to pay the travel and lodging expenses of a Government Official in connection with trips to meet with Company representatives, or attend seminars sponsored by the Company. Reimbursements by the Company for such expenses on behalf of a Government Official require the prior written approval of the Chief Ethics and Compliance Officer.

Reimbursement is generally acceptable where the expenses relate to reasonable and *bona fide* travel, accommodation and meal expenses in connection with a contract between the Company and the government, or the demonstration of Company capabilities relating to proposed business with the government. Wherever possible, the Company should arrange to directly reimburse expenses to the governmental entity rather than reimburse the Government Official personally. In no case should reimbursements be made:

- by cash payment directly to a Government Official;
- for expenses relating to family members or other persons accompanying a Government Official;
- for expenses relating to destinations that are not directly related to the Company's facilities, products, or services; or
- for travel expenses in excess of those that would likely be incurred by Company employees of equivalent status as the Government Official if such Company employees were to travel to the same destination.

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### **C. Private Hospitality**

In the private sector, hospitality may never be provided if the purpose is to improperly influence a person in the performance of his or her duties, or to reward improper performance of his or her duties. Reasonable, proportionate hospitality made in good faith in interactions with private persons and entities is permitted for purposes of establishing and maintaining business relationships.

Meal and related entertainment expenses for private persons may be incurred without prior approval by the Chief Ethics and Compliance Officer only if all of the following conditions are met:

- (a) the meal or entertainment occurs in connection with substantive discussions of the Company's services and is attended by appropriate Company representatives;
- (b) the value of the meal or entertainment expenses are consistent with applicable entertainment or expense policy;
- (c) the entertainment or meals are permitted under applicable laws, as well as any rules or regulations of the recipient's employer; and
- (d) the expenses are properly recorded and approved in accordance with Company policies.

FTI sponsors a number of annual promotional and educational events. You must take particular care in inviting a business person to these events if there is a business decision expected or pending with the person's employer that could benefit the Company. If you have any questions regarding the appropriateness of extending an invitation to a promotional or educational event, you should contact the Chief Ethics and Compliance Officer.

### **IV. Political Contributions**

It is the Company's Policy that no Company funds, assets, services, or facilities shall be contributed to any politician, candidate for political office, political party, or political

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action committee without the prior written approval of FTI's Chief Executive Officer, whether or not the written laws of the relevant country allow such payments. A "political contribution" includes not only monetary contributions, but also payments for fundraising dinners or other material support.

All of the following criteria must be met when the Company makes a political contribution to a politician, candidate for political office, political party, or political action committee in a foreign country:

- (a) Compliance with Local Law: The General Counsel must be consulted and provide confirmation that such a payment is legal under the applicable foreign country's law.
- (b) CEO Approval: FTI's Chief Executive Officer must approve any political contribution before any payment is made. The request for approval must be written and include information sufficient to prove the political contribution is *bona fide*.
- (c) Record Retention: All documents pertaining to the contribution, including documents described in paragraphs (a) and (b), should be forwarded to the Accounting Department and to the Chief Ethics and Compliance Officer for FTI's compliance files.

Amended and Restated Effective 09.12.12

## V. Donations to Charities

Charitable donations may be used as a means to conceal a bribe. Even *bona fide* donations could be construed as an attempt to influence a Government Official or another person. Accordingly, donations to charities must not be made in an effort to obtain or retain business or a business advantage for the Company with a Government Official or any other private person, or company. The following procedures must be observed before making a donation of Company funds, assets, services, or facilities to a charitable entity, which are in addition to, not in lieu of, any other applicable expense or authorization policy or procedure:

- (a) **Written Notice to the Chief Ethics and Compliance Officer:** A written notice describing the charity, the identity of the party requesting the donation, the names of persons contacted at the charity, the amount of the proposed contribution and any supporting documentation should be submitted. The Chief Ethics and Compliance Officer, in consultation with the Legal Department, must first determine that the contribution fully complies with local law before any donation is made.
- (b) **Background Check:** Appropriate due diligence must be performed to ensure that the recipient of the donation is a *bona fide* and legitimate charitable organization.
- (c) **Record Retention:** All documents relating to the donation, including documents described in paragraphs (a) and (b), should be forwarded to the Accounting Department and to the Chief Ethics and Compliance Officer for FTI's compliance files.

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## VI. Relationships with Agents and Business Partners

### A. Agents

Company Policy strictly prohibits using an agent, consultant, intermediary, or other third party to pay or give a bribe. The actions of third parties present particular risks, because in certain circumstances the Company and its employees can be held liable for improper payments made by a third party even if the Company did not have actual knowledge of the payment. Accordingly, this Policy provides for strict due diligence and controls when dealing with third parties who may interact with a Government Official or who may interact with private parties for or on behalf of the Company. Whenever the Company seeks to engage a consultant, agent, representative, subcontractor, or other third party ("Agent") in a context in which the Agent may interact with a Government Official or act for or on behalf of the Company in private matters, the following guidelines must be followed:

#### 1 Due Diligence

- (a) **Background Check:** Due diligence must be performed to ensure that the Agent is a *bona fide* and legitimate entity; is qualified to perform services for which it will be retained; and maintains standards consistent with the ethical and reputational standards of the Company. Diligence should be tailored to the particular corruption risks of the situation. Diligence should include external research and confirmation of the Agent's qualifications, and an in-person meeting or interview with the principals of the Agent. In addition to public profile information, it may be appropriate to have the Agent respond to written questions regarding its structure, history, connections to Government Officials, and references.
- (b) **Record Retention:** All documents relating to the diligence should be forwarded to the Chief Ethics and Compliance Officer for FTI's compliance files.

Diligence should be enhanced if there are red flags of improper activity, such as the following:

- unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, unusual commissions, or mid-stream compensation payments;
- requests for payments in a different country, to a third party, to a bank account outside of the country in which the Agent operates, or in cash or other untraceable funds;
- a close relationship between the representative and a Government Official or commercial counterparty;
- any refusal or hesitancy by the Agent to promise in writing to abide by FTI's Policy and governing law;

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- charges against the Agent for violation of local or foreign laws, or regulations concerning the award of government or other contracts;
- a demand or strong suggestion by a Government Official or commercial counterparty that a particular Agent should be retained;
- reliance by the Agent on government or business contacts as opposed to knowledgeable staff and investment of time to promote the Company's interests; or
- the Agent expresses a desire to keep his representation of the Company or the terms of his retention secret.

## **2 Written Contract**

Agreements with Agents must be in writing and must describe the services to be performed, the basis for compensation of the Agent, the amounts to be paid, and other material terms and conditions of the representation. Written agreements must contain the following provisions:

- A representation that the Agent will remain in compliance with all relevant anti-corruption laws, including the FCPA. The Agent should be required periodically to certify its compliance with laws, and to notify the Company of any breaches of compliance with anti-corruption laws.
- A provision allowing the Company to terminate the contract if the Company believes, in good faith, that the Agent has breached relevant anti-corruption laws or the FCPA.
- A provision that requires the Agent to respond to reasonable requests for information from the Company regarding the work performed under the agreement and related expenditures by the Agent.

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Agreements with Agents who may interact with Government Officials must be reviewed and approved by the Legal Department.

### **3 Payment Procedures**

Payments to an Agent should never be made in cash, and should be made to the Agent's bank account in the country where the services are performed or where the Agent's offices are located. Payment to other locations must be approved in advance by the Chief Ethics and Compliance Officer.

#### **A. Business Partnerships and Co-Promotion Activities**

From time to time, the Company may partner with another entity ("Business Partner") for example for the purposes of submitting a proposal, bid, or tender application. Such combinations could present legal and reputational risks to the Company, if the conduct of the Business Partner is inconsistent with the Company's Policy or in violation of relevant anti-corruption laws. Accordingly, the Company should perform appropriate diligence of potential Business Partners in such circumstances. In addition, the Company should obtain a certification that:

- the Business Partner will act in compliance with all relevant anti-corruption laws in connection with proposed business; and
- if a project is secured, the Business Partner will periodically certify its compliance with relevant anti-corruption laws, and notify the Company of any breaches of relevant anti-corruption laws.

#### **B. Joint Ventures and Business Combinations**

In considering and executing joint ventures and other business combinations, the Company should ensure that there is appropriate due diligence of the potential partner, and that there are appropriate legal protections in agreements with the partner. Because each transaction is likely to involve unique factors, the Chief Ethics and Compliance Officer should be consulted early in the process regarding an appropriate due diligence work plan, and appropriate representations, warranties, and covenants.

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