

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2007

FTI CONSULTING, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or other jurisdiction
of incorporation)

001-14875
(Commission File Number)

52-1261113
(IRS Employer
Identification No.)

500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (410) 951-4800

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. Results of Operations and Financial Condition

On February 15, 2007, FTI Consulting, Inc. ("FTI") issued its press release reporting its financial results for the fourth quarter and full year ended December 31, 2006 and providing guidance for fiscal year 2007. The full text of the press release (including Financial Tables and 2007 guidance) issued on February 15, 2007 is set forth in Exhibit 99.1 and is incorporated by reference herein.

ITEM 7.01. Regulation FD Disclosure

The press release (and Financial Tables) includes a discussion of: (i) earnings before interest, taxes, depreciation and amortization ("EBITDA"); (ii) EBITDA excluding the impact of FASB Statement No. 123(R) ("Adjusted EBITDA"); (iii) net income excluding the impact of FASB Statement No. 123(R) ("Adjusted Net Income"); (iv) diluted earnings per share excluding the impact of FASB Statement No. 123(R) ("Adjusted EPS"); (v) Adjusted EBITDA excluding the special termination charge relating to FTI's restructuring of its U.K. operations and the consolidation of certain non-core practices in the U.S. previously announced on October 31, 2006 (collectively, the "Special Charges"); (vi) Adjusted Net Income excluding the Special Charges; (vii) Adjusted EPS excluding the Special Charges ("Non-GAAP Diluted EPS"); (viii) Non-GAAP Diluted EPS excluding amortization of intangible assets previously announced on October 31, 2006 ("Amortization of Assets"); (ix) Adjusted Net Income excluding Special Charges and Amortization of Assets; (x) EBITDA by business segment; and (xi) Adjusted EBITDA by business segment. Although the foregoing financial measures are not measures of financial condition or performance determined in accordance with generally accepted accounting principles ("GAAP"), FTI believes that they are useful operating performance measures for evaluating our results of operations from period to period and year to year, 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. FTI uses EBITDA to evaluate and compare the operating performance of its segments and it is one of the primary measures used to determine employee bonuses. FTI also uses EBITDA to value businesses it considers acquiring.

Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA excluding Special Charges, Adjusted Net Income excluding Special Charges, Adjusted Net Income excluding Special Charges and Amortization of Assets, Adjusted EPS, Non-GAAP Diluted EPS and Non-GAAP Diluted EPS excluding Amortization of Assets exclude certain items to provide better comparability from period to period and year to year. A reconciliation of non-GAAP financial measures to GAAP financial measures is included in the Financial Tables which are part of the press release furnished as Exhibit 99.1.

The non-GAAP financial measures provided by FTI 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. We believe that EBITDA and Adjusted EBITDA as supplemental financial measures are also indicative of FTI's

capacity to incur and service debt and thereby provide additional useful information to investors regarding FTI's financial condition and results of operations. EBITDA and Adjusted EBITDA for purposes of the covenants set forth in our senior secured credit facility are not calculated in the same manner as calculated for purposes of the Financial Tables included in the press release.

The information included herein, including Exhibit 99.1 furnished herewith, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filing pursuant to the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing, except as expressly set forth by specific reference in such filing.

ITEM 8.01. Other Events

Share Repurchase Program

On February 14, 2007, the Board of Directors (the "Board") of FTI authorized FTI to repurchase up to \$50.0 million of its shares of common stock. The stock repurchase program authorizes FTI to repurchase shares of its common stock through open market or privately negotiated transactions. The Board has authorized FTI to make stock repurchases through December 31, 2007. The program will be funded with a combination of cash on hand or borrowings. The press release filed as Exhibit 99.1 includes the announcement of FTI's Board's authorization of the stock repurchase program and is hereby incorporated by reference herein.

ITEM 9.01. Financial Statements and Exhibits

(c) *Exhibits*

99.1 Press Release dated February 15, 2007 (including Financial Tables and 2007 Guidance), of FTI Consulting, Inc.

SIGNATURES

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

FTI CONSULTING, INC.

Dated: February 16, 2007

By: /S/ THEODORE I. PINCUS

Theodore I. Pincus

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated February 15, 2007 (including Financial Tables and 2007 Guidance), of FTI Consulting, Inc.

FTI Consulting, Inc.
500 East Pratt Street
Suite 1400
Baltimore, Maryland 21202
(410) 951-9800

FOR FURTHER INFORMATION:

AT FTI CONSULTING:
Jack Dunn, President & CEO
(410) 951-4883

AT FINANCIAL DYNAMICS:
Investors: Gordon McCoun
Media: Evan Goetz, Melissa Merrill
(212) 850-5600

For Immediate Release

**FTI CONSULTING, INC. REPORTS RECORD FOURTH QUARTER AND
YEAR END REVENUES**

- *Q4 Revenues of \$217 Million and EPS of \$0.42*
- *2006 Full-Year Revenues of \$708 million; EPS of \$1.04; or \$1.36 Excluding Special Charge*

BALTIMORE, MD, February 15, 2007 — **FTI Consulting, Inc. (NYSE: FCN)**, the leading global consulting firm that organizations rely on when confronting the critical legal, financial and reputational issues that shape their futures, today reported its financial results for the fourth quarter and full year ended December 31, 2006 and provided guidance for fiscal year 2007.

Fourth Quarter Results

Revenues for the fourth quarter of 2006 were a record \$216.8 million, an increase of 30.8 percent over revenues of \$165.8 million in the prior year period. Earnings per diluted share in the fourth quarter of 2006 were \$0.42, versus \$0.46 per diluted share in the prior year period. Results for the fourth quarter of 2006 include approximately \$2.9 million of pre-tax FASB 123(R) share-based compensation expense (\$0.05 per diluted share), for which there was not a comparable charge in 2005. The Company's results for the fourth quarter of 2005 include a \$22.5 million success fee.

Excluding the effect of FASB 123(R) compensation expense, earnings from operations before interest, taxes, depreciation and amortization (Adjusted EBITDA) rose 29.7 percent to \$54.2 million from \$41.8 million in the prior year period.

Commenting on the quarter, Jack Dunn, FTI's president and chief executive officer, said, "The fourth quarter capped an outstanding year for FTI Consulting. All of our operating segments performed at or above our expectations, leading to overall revenue growth of over 30% and Adjusted EBITDA growth of over 22%. Our Technology practice, with \$117 million in revenues, easily exceeded our goals, as client demand and increased product recognition drove results. We also saw excellent performance within our Forensic/Litigation and Economic Consulting practices, driven by a continued high level of litigation and

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investigations and our prominent position in the market. We are also pleased with the performance of our Corporate Finance/Restructuring practice, which continued to adapt to the difficult market conditions it faces and generated a significant improvement in profitability on a sequential basis from 2006 third quarter levels.”

Mr. Dunn continued, “The fourth quarter also marked the initial contribution from our Strategic and Financial Communications segment, which was created with our acquisition of FD. FD had an exceptional performance in the period due to robust levels of capital markets and M&A activity. During the quarter we began to integrate FD into the FTI organization here in the U.S., with a high level of cross client introductions, and have also begun to leverage FD’s international network to expand FTI’s presence and visibility outside of the U.S.”

Mr. Dunn concluded, “2006 was a transformative year for FTI Consulting in which we executed on all of our major objectives. We further diversified our business to ensure not only growth across economic cycles, but also to broaden our platform to a truly global entity and to provide our clients with the most robust, multi-disciplinary solutions available for their critical business needs. At the same time, we adapted to the changing conditions in the marketplace, taking the necessary steps to reduce our cost structure and streamline our operations. Finally, we continued our success in hiring and more importantly retaining the top talent in our industry. With the re-signing in January, 2007 of 23 Senior Managing Directors in the FLC and Technology practices to long term contracts and the previously announced re-signing of our top producers in Corporate Finance/Restructuring, we have been able to secure long term commitments from virtually all our senior leadership. With these accomplishments, we concluded the year with a business platform that operates in 20 countries and is poised for expanded growth in 2007 and beyond.”

Cash flow provided by operations in the fourth quarter of 2006 was a record \$96.4 million, an increase of 107.8 percent over cash flow of \$46.4 million in the prior year period. We ended the quarter with no outstanding borrowings under our line of credit, and cash and cash equivalents as of December 31, 2006 were \$91.9 million. Accounts receivable days-sales-outstanding at the end of the 2006 fourth quarter were significantly below levels seen at the end of the 2006 third quarter. At December 31, 2006, total long-term debt was \$565.0 million.

On February 14, 2007, the Board of Directors authorized a new stock repurchase program for up to \$50.0 million of the Company’s common stock. This stock repurchase program will expire on December 31, 2007. The Company did not repurchase any shares of common stock during the fourth quarter. For the full year 2006, FTI repurchased 600,000 shares for a total cost of \$16.5 million.

Total headcount at December 31, 2006 was 2,079, of which 1,596 represented revenue-generating headcount. As a result of the growth of the technology segment and the acquisition of Financial Dynamics, the Company believes utilization of revenue-generating personnel and average rate per hour metrics are much less meaningful for the Company taken as a whole, but are presented in the accompanying tables for those business segments for which the metrics continue to be relevant.

Fourth Quarter Business Segment Results

Forensic and Litigation Consulting

Forensic and Litigation Consulting demonstrated continued strong performance in the 2006 fourth quarter, with revenues rising 20.5 percent to \$51.2 million from \$42.5 million in the prior year period. This

segment's results benefited from strong performance from both its international investigations practice and from Brower, Kriz & Stynchcomb, a construction consulting firm acquired earlier in the period. Segment EBITDA increased 35.7 percent to \$15.6 million, or 30.5 percent of revenues, compared to \$11.5 million, or 27.1 percent of revenues, in the prior year period.

Technology Consulting

Technology continued its strong performance in the 2006 fourth quarter, generating revenues of \$31.2 million, an increase of 50.7 percent from \$20.7 million in the prior year period. Results in this segment were driven by a number of high-profile fraud and other investigations, as well as continued gains within the practice's annuity-based hosting business. Segment EBITDA increased 54.9 percent to \$12.7 million, or 40.7 percent of revenues, compared to \$8.2 million, or 39.8 percent of revenues in the prior year period.

Corporate Finance/Restructuring

Corporate Finance/Restructuring revenues were \$57.9 million, an increase of 9.0 percent compared with revenues of \$53.1 million excluding the previously discussed significant success fee (\$75.6 million including the fee) in the prior year period. Contributing to the segment's quarterly results was solid performance within the transaction advisory services business, which won a number of new assignments for private equity clients seeking alternative sources for due diligence type services. Segment EBITDA was \$15.1 million, or 26.1 percent of revenues, compared to \$29.3 million, or 38.8 percent of revenues including the contribution of the significant success fee.

Economic Consulting

Economic Consulting had strong results, with revenues increasing 32.6 percent to \$35.8 million from \$27.0 million in the prior year period. There was solid performance within most areas of the business, including antitrust, finance, industrial organizations, energy and telecom. Segment EBITDA increased 150.0 percent to \$11.0 million, or 30.7 percent of revenues, from \$4.4 million, or 16.3 percent of sales, in the prior year period.

Strategic and Financial Communications

On October 3, 2006, the Company completed the acquisition of FD International (Holdings) Limited ("Financial Dynamics" or "FD"), a global strategic business and financial communications consulting firm. In its first quarter as a segment of the Company, FD generated revenues of \$40.7 million, which included \$5.7 million of pass through costs, and segment EBITDA of \$14.2 million, or 34.9 percent of revenues. FD benefited from the combination of active capital markets and M&A in the U.S. and Europe, as well as a strong performance within its public affairs practice.

Full-Year Results

For the 2006 full-year period, revenues totaled \$707.9 million compared to \$539.5 million in the year ago period, an increase of 31.2 percent. Earnings per diluted share (before a one-time special charge of \$0.32 in the 2006 third quarter as previously announced) were \$1.36, compared to earnings per diluted share of \$1.35 in 2005 which included a \$22.5 million success fee. Results for the 2006 full-year period include incremental expenses of approximately \$11.1 million of FASB 123(R) compensation expense (\$0.20 per diluted share), for which there was not a comparable charge in 2005.

Excluding the effect of special charges in both periods and share-based compensation expense in 2006, Adjusted EBITDA rose 26.0 percent to \$164.9 million from \$130.9 million in the prior year period.

Forensic and Litigation Consulting revenues increased 22.9 percent to \$193.3 million compared to \$157.3 million in the prior year period. Segment Adjusted EBITDA excluding the effect of the special charge increased 21.8 percent to \$55.3 million from \$45.4 million in the prior year period.

Technology Consulting revenues increased 86.3 percent to \$117.2 million from \$62.9 million in the prior year period. Segment EBITDA increased 88.0 percent to \$47.0 million from \$25.0 million in the prior year period.

Corporate Finance/Restructuring revenues increased 12.8 percent to \$212.6 million from \$188.5 million in the prior year period excluding the significant success fee (\$211.0 million in the prior year period including the success fee). Segment Adjusted EBITDA excluding the effect of the special charge and including the success fee in the prior year period was \$51.5 million compared to \$70.8 million in the prior year.

Economic Consulting revenues increased 32.9 percent to \$144.1 million from \$108.4 million in the prior year period. Segment Adjusted EBITDA excluding the effect of the special charge increased 51.9 percent to \$36.9 million from \$24.3 million in the prior year.

Strategic and Financial Communications contributed revenues of \$40.7 million and segment EBITDA of \$14.2 million for the period October 3, 2006, when the Company completed the acquisition of FD International (Holdings) Limited ("Financial Dynamics" or "FD"), through December 31, 2006.

Introduction of 2007 Guidance

Based on current market conditions, the Company is introducing the following guidance for the 2007 full-year period:

	<u>Revenues (in millions)</u>	<u>EBITDA (in millions)</u>	<u>EBITDA Margin</u>
Forensic and Litigation Consulting	\$234-\$239	\$67-\$70	28.6%-29.3%
Technology Consulting	\$147-\$152	\$53-\$56	36.1%-36.8%
Corporate Finance/Restructuring	\$224-\$229	\$56-\$58	25.0%-25.3%
Economic Consulting	\$151-\$156	\$45-\$47	29.8%-30.1%
Strategic and Financial Communications	\$148-\$153	\$40-\$42	27.0%-27.5%
Corporate Expenses		(\$57-\$59)	
Totals	<u>\$ 904-\$929</u>	<u>\$ 204-\$214</u>	<u>22.6%-23.0%</u>
EPS		\$1.74-\$1.84	

Fourth Quarter Conference Call

FTI will hold a conference call to discuss fourth quarter financial results at 9:00 a.m. Eastern time on Thursday, February 15, 2007. The call can be accessed live and will be available for replay over the Internet for 90 days by logging onto the Company's website, www.fticonsulting.com.

About FTI Consulting

FTI is a leading global firm that organizations rely on for advice and solutions in the areas of forensic analysis, investigation, economic analysis, restructuring, due diligence, strategic communication, financial communication and technology when confronting the critical legal, financial and reputational issues that shape their futures.

FTI delivers solutions every day through its network of nearly 2,000 professionals in offices in every major business center in the world.

Note: Although EBITDA, Adjusted EBITDA and Adjusted Net Income are not measures of financial condition or performance determined in accordance with GAAP, FTI believes that they are useful operating performance measures for evaluating its results of operations from period to period and as compared to its 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 FTI's industry. FTI uses EBITDA and Adjusted EBITDA to evaluate and compare the operating performance of its segments and it is one of the primary measures used to determine employee bonuses. FTI also uses EBITDA to value businesses it acquires or anticipates acquiring. A reconciliation of EBITDA, Adjusted EBITDA and Adjusted Net Income to Net Income is included in the accompanying tables to this press release. Information relating to stock option issuances and stock prices during 2006 cannot be predicted and are not quantifiable with certainty at this time. Such information is not available without an unreasonable effort or otherwise. EBITDA, Adjusted EBITDA 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. In addition, because the calculation of EBITDA and Adjusted EBITDA in the maintenance covenants contained in FTI's credit facilities is based on accounting policies in use, consistently applied from the time the indebtedness was incurred, EBITDA and Adjusted EBITDA as supplemental financial measures are also indicative of the company's capacity to service debt and thereby provides additional useful information to investors regarding the company's financial condition and results of operations. EBITDA and Adjusted EBITDA for purposes of those covenants are not calculated in the same manner as they are calculated in the accompanying table.

Safe Harbor Statement

This press release includes "forward-looking" statements that involve uncertainties and risks. There can be no assurance that actual results will not differ from the company's expectations. The company has experienced fluctuating revenues, operating income and cash flow in some prior periods and expects this may occur from time to time in the future. As a result of these possible fluctuations, the company's actual results may differ from our projections. Further, preliminary results are subject to normal year-end adjustments. Other factors that could cause such differences include the pace and timing of the consummation and integration of past and future acquisitions, the company's ability to realize cost savings and efficiencies, competitive and general economic conditions, retention of staff and clients and other risks described in the company's filings with the Securities and Exchange Commission. We are under no duty to update any of the forward-looking statements to conform such statements to actual results or events and do not intend to do so.

FINANCIAL TABLES FOLLOW

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(in thousands, except per share data)

	Year Ended	
	December 31, 2006	December 31, 2005
	(unaudited)	
Revenues	\$ 707,933	\$ 539,545
Operating expenses		
Direct cost of revenues	389,032	291,592
Selling, general and administrative expense	178,131	126,807
Loss from subleased facilities	441	920
Special charges	22,972	—
Amortization of other intangible assets	11,175	6,534
	<u>601,751</u>	<u>425,853</u>
Operating income	106,182	113,692
Other income (expense)		
Interest income	2,575	1,875
Interest expense and other	(29,405)	(15,064)
Loss on early extinguishment of term loans	—	(1,687)
Litigation settlement gains (losses), net	(187)	(1,629)
	<u>79,165</u>	<u>97,187</u>
Income before income tax provision	79,165	97,187
Income tax provision	37,141	40,819
Net income	<u>\$ 42,024</u>	<u>\$ 56,368</u>
Earnings per common share - basic	<u>\$ 1.06</u>	<u>\$ 1.38</u>
Weighted average common shares outstanding - basic	<u>39,741</u>	<u>40,947</u>
Earnings per common share - diluted	<u>\$ 1.04</u>	<u>\$ 1.35</u>
Weighted average common shares outstanding - diluted	<u>40,526</u>	<u>41,787</u>

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED DECEMBER 31, 2006 AND 2005
(in thousands, except per share data)

	Three Months Ended	
	December 31, 2006	December 31, 2005
	(unaudited)	
Revenues	\$ 216,841	\$ 165,825
Operating expenses		
Direct cost of revenues	112,136	88,714
Selling, general and administrative expense	56,584	37,697
Loss from subleased facilities	441	—
Amortization of other intangible assets	2,865	2,225
	<u>172,026</u>	<u>128,636</u>
Operating income	44,815	37,189
Other income (expense)		
Interest income	688	963
Interest expense and other	(11,413)	(5,960)
Litigation settlement gains (losses), net	(606)	(638)
	<u>33,484</u>	<u>31,554</u>
Income before income tax provision	33,484	31,554
Income tax provision	16,128	13,253
	<u>17,356</u>	<u>18,301</u>
Net income	\$ 17,356	\$ 18,301
Earnings per common share - basic	\$ 0.43	\$ 0.47
Weighted average common shares outstanding - basic	<u>40,574</u>	<u>38,537</u>
Earnings per common share - diluted	\$ 0.42	\$ 0.46
Weighted average common shares outstanding - diluted	<u>41,392</u>	<u>39,959</u>

FTI CONSULTING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(in thousands)

	December 31, 2006	December 31, 2005
Operating activities		
Net income	\$ 42,024	\$ 56,368
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and other amortization	13,197	11,360
Amortization of other intangible assets	11,175	6,534
Provision for doubtful accounts	8,573	5,482
Income tax benefit from stock option exercises	(2,118)	3,564
Loss on early extinguishment of term loans	—	1,687
Non-cash stock-based compensation expense	14,680	1,956
Loss from subleased facilities	441	920
Impairment of other intangible assets	933	—
Non-cash interest and other	2,478	2,620
Changes in operating assets and liabilities		
Accounts receivable, billed and unbilled	(22,654)	(34,664)
Notes receivable	(33,351)	1,824
Prepaid expenses and other assets	(1,349)	(2,238)
Accounts payable, accrued expenses and other	25,915	7,911
Accrued special charges	14,288	—
Income taxes payable	5,683	8,509
Accrued compensation	(17,725)	30,467
Billings in excess of services provided	3,330	(2,921)
Net cash (used in) provided by operating activities	<u>65,520</u>	<u>99,379</u>
Investing activities		
Payments for acquisition of businesses, including contingent payments and acquisition costs	(267,332)	(52,182)
Purchases of property and equipment	(30,359)	(17,827)
Proceeds from note receivable due from purchasers of former subsidiary	—	5,525
Change in other assets	306	(374)
Net cash used in investing activities	<u>(297,385)</u>	<u>(64,858)</u>
Financing activities		
Issuance of debt securities	215,000	350,000
Borrowings under long-term credit facilities	400	50,000
Payments of long-term debt	(25,476)	(155,000)
Borrowings under revolving line of credit	40,000	33,500
Payments of revolving line of credit	(40,000)	(33,500)
Purchase and retirement of common stock	(23,376)	(148,050)
Issuance of common stock under equity compensation plans	10,218	9,551
Income tax benefit from stock option exercises	2,118	—
Payments of debt financing fees, capital lease obligations and other	(9,873)	(13,343)
Net cash (used in) provided by financing activities	<u>169,011</u>	<u>93,158</u>
Effect of exchange rate changes on cash	<u>1,394</u>	<u>—</u>
Net decrease in cash and cash equivalents	<u>(61,460)</u>	<u>127,679</u>
Cash and cash equivalents, beginning of period	<u>153,383</u>	<u>25,704</u>
Cash and cash equivalents, end of period	<u>\$ 91,923</u>	<u>\$ 153,383</u>

FTI CONSULTING, INC.

OPERATING RESULTS BY BUSINESS SEGMENT

	Revenues (in thousands)	ADJUSTED EBITDA ⁽¹⁾	Margin	Utilization ⁽²⁾	Average Rate ⁽²⁾	Revenue Generating Headcount
Three Months Ended December 31, 2006						
Forensic and Litigation Consulting	\$ 51,229	\$ 15,604	30.5%	76%	\$ 325	388
Corporate Finance/Restructuring	57,888	15,102	26.1%	82%	398	322
Economic Consulting	35,834	10,996	30.7%	81%	389	206
Technology	31,182	12,695	40.7%	N/M	N/M	256
Strategic and Financial Communications	40,708	14,173	34.8%	N/M	N/M	424
	<u>\$ 216,841</u>	<u>68,570</u>	31.6%	N/M	N/M	<u>1,596</u>
Corporate expenses		(17,252)				
ADJUSTED EBITDA ⁽¹⁾		<u>\$ 51,318</u>	23.7%			
Year Ended December 31, 2006						
Forensic and Litigation Consulting	\$ 193,287	\$ 55,306	28.6%	78%	\$ 311	388
Corporate Finance/Restructuring	212,617	51,514	24.2%	77%	400	322
Economic Consulting	144,091	36,873	25.6%	80%	386	206
Technology	117,230	46,965	40.1%	N/M	N/M	256
Strategic and Financial Communications	40,708	14,173	34.8%	N/M	N/M	424
	<u>\$ 707,933</u>	<u>204,831</u>	28.9%	N/M	N/M	<u>1,596</u>
Corporate expenses		(51,051)				
ADJUSTED EBITDA ⁽¹⁾		<u>\$ 153,780</u>	21.7%			
Three Months Ended December 31, 2005						
Forensic and Litigation Consulting	\$ 42,523	\$ 11,462	27.0%	79%	\$ 280	330
Corporate Finance/Restructuring	75,586	29,302	38.8%	83%	392	336
Economic Consulting	27,043	4,374	16.2%	77%	357	184
Technology	20,673	8,219	39.8%	N/M	N/M	155
Strategic and Financial Communications	—	—				—
	<u>\$ 165,825</u>	<u>53,357</u>	32.2%	N/M	N/M	<u>1,005</u>
Corporate expenses		(11,529)				
ADJUSTED EBITDA ⁽¹⁾		<u>\$ 41,828</u>	25.2%			
Year Ended December 31, 2005						
Forensic and Litigation Consulting	\$ 157,263	\$ 45,379	28.9%	76%	\$ 280	330
Corporate Finance/Restructuring	211,027	70,809	33.6%	82%	\$ 396	336
Economic Consulting	108,398	24,254	22.4%	82%	\$ 368	184
Technology	62,857	25,001	39.8%	N/M	N/M	155
Strategic and Financial Communications	—	—				—
	<u>\$ 539,545</u>	<u>165,443</u>	30.7%	N/M	N/M	<u>1,005</u>
Corporate expenses		(34,566)				
ADJUSTED EBITDA ⁽¹⁾		<u>\$ 130,877</u>	24.3%			

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(2) Substantially more than half of the technology segment revenues are not generated on an hourly basis. Accordingly, utilization and average billable rate metrics are not presented as they are not meaningful.

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005
(in thousands, except per share amounts)

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 91,923	\$ 153,383
Accounts receivable		
Billed	135,220	87,947
Unbilled	56,228	56,871
Allowance for doubtful accounts and unbilled services	(20,351)	(17,330)
	<u>171,097</u>	<u>127,488</u>
Notes receivable	7,277	2,713
Prepaid expense and other current assets	16,259	8,147
Deferred income taxes	<u>8,479</u>	<u>6,404</u>
Total current assets	295,035	298,135
Property and equipment, net	51,326	29,302
Goodwill, net	885,711	576,612
Other intangible assets, net	77,711	21,454
Notes receivable, net of current portion	35,303	6,516
Other assets	46,156	27,445
Total assets	<u>\$1,391,242</u>	<u>\$959,464</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, accrued expenses and other	\$ 85,000	\$ 21,762
Accrued compensation	69,765	72,688
Current portion of long-term debt	6,917	—
Billings in excess of services provided	<u>16,863</u>	<u>10,477</u>
Total current liabilities	178,545	104,927
Long-term debt, less current portion	563,441	348,431
Deferred income taxes	57,782	33,568
Deferred rent and other liabilities	26,374	18,269
Stockholders' equity		
Preferred stock, \$0.01 par value; 5,000 shares authorized, none outstanding	—	—
Common stock, \$0.01 par value; 75,000 shares authorized; 41,890 shares issued and outstanding in 2006 and 39,009 shares issued and outstanding in 2005	419	390
Additional paid-in capital	294,350	238,055
Unearned compensation	—	(11,089)
Retained earnings	268,937	226,913
Accumulated other comprehensive income	<u>1,394</u>	<u>—</u>
Total stockholders' equity	<u>565,100</u>	<u>454,269</u>
Total liabilities and stockholders' equity	<u>\$1,391,242</u>	<u>\$959,464</u>

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(in thousands, except per share data)

	Three months ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Net income	<u>\$17,356</u>	<u>\$18,301</u>	<u>\$42,024</u>	<u>\$56,368</u>
Earnings per common share-diluted	<u>\$ 0.42</u>	<u>\$ 0.46</u>	<u>\$ 1.04</u>	<u>\$ 1.35</u>
Add back: FASB 123 (revised) option-based compensation	<u>\$ 2,854</u>	<u>—</u>	<u>\$11,109</u>	<u>—</u>
Tax effect	<u>924</u>	<u>—</u>	<u>3,003</u>	<u>—</u>
Adjusted net income before FAS 123 (revised) option-based compensation and special charges	<u>\$19,286</u>	<u>\$18,301</u>	<u>\$50,130</u>	<u>\$56,368</u>
Adjusted earnings per common share-diluted before FAS 123 (revised) option-based compensation ⁽¹⁾	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.24</u>	<u>\$ 1.35</u>
Add back: Special charges	<u>—</u>	<u>—</u>	<u>\$22,972</u>	<u>—</u>
Tax effect	<u>—</u>	<u>—</u>	<u>10,039</u>	<u>—</u>
Adjusted net income before FAS 123 (revised) option-based compensation and special charges ⁽¹⁾	<u>\$19,286</u>	<u>\$18,301</u>	<u>\$63,063</u>	<u>\$56,368</u>
Adjusted earnings per common share-diluted before special charges ⁽¹⁾	<u>\$ 0.42</u>	<u>\$ 0.46</u>	<u>\$ 1.36</u>	<u>\$ 1.35</u>
Adjusted earnings per common share-diluted before FAS 123 (revised) option-based compensation and special charges ⁽¹⁾	<u>\$ 0.47</u>	<u>\$ 0.46</u>	<u>\$ 1.56</u>	<u>\$ 1.35</u>
Add back: Amortization of intangible assets	<u>\$ 2,865</u>	<u>\$ 2,225</u>	<u>\$11,175</u>	<u>\$ 6,534</u>
Tax effect	<u>1,318</u>	<u>935</u>	<u>5,141</u>	<u>2,744</u>
Adjusted net income before FAS 123 (revised) option-based compensation, special charges and amortization of intangible assets ⁽¹⁾	<u>\$20,833</u>	<u>\$19,591</u>	<u>\$69,097</u>	<u>\$60,158</u>
Adjusted earnings per common share-diluted before FAS 123 (revised) option-based compensation, special charges and amortization of intangible assets ⁽¹⁾	<u>\$ 0.50</u>	<u>\$ 0.49</u>	<u>\$ 1.71</u>	<u>\$ 1.44</u>

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RECONCILIATION OF OPERATING INCOME AND NET INCOME TO ADJUSTED EARNINGS BEFORE

INTEREST, TAXES, DEPRECIATION, AMORTIZATION AND SPECIAL CHARGES

	Three months ended December 31,		Year ended December 31,	
	2006	2005	2006	2005
Net income	\$17,356	\$18,301	\$ 42,024	\$ 56,368
Add: Litigation settlements	606	638	187	1,629
Interest expense, net	10,725	4,997	26,830	13,189
Loss on early extinguishment of term loans	—	—	—	1,687
Income tax provision	16,128	13,253	37,141	40,819
Operating income	44,815	37,189	106,182	113,692
Add: Litigation settlements	(606)	(638)	(187)	(1,629)
Depreciation and amortization	3,803	3,052	13,197	11,360
Amortization of other intangible assets	2,865	2,225	11,175	6,534
EBITDA ⁽¹⁾	50,877	41,828	130,367	129,957
Special charges	—	—	22,972	—
Loss from subleased facilities	441	—	441	920
ADJUSTED EBITDA ⁽¹⁾	51,318	41,828	153,780	130,877
FAS 123 (revised) option-based compensation	2,854	—	11,109	—
ADJUSTED EBITDA before FAS 123 (revised) option-based compensation⁽¹⁾	<u>\$54,172</u>	<u>\$41,828</u>	<u>\$164,889</u>	<u>\$130,877</u>
ADJUSTED EBITDA before FAS 123 (revised) option-based compensation⁽¹⁾ as a % of revenues	<u>25.0%</u>	<u>25.2%</u>	<u>23.3%</u>	<u>24.3%</u>

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