

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): May 1, 2006

**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

**900 Bestgate Road, Suite 100, Annapolis, Maryland 21030**  
(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**

**ITEM 7.01. Regulation FD Disclosure**

On May 1, 2006, FTI Consulting, Inc. (“FTI”) issued a press release announcing our financial results for the first quarter ended March 31, 2006, as well as other information, including operating results by business segment, other developments and outlook for 2006. The full text of the Press Release (and Financial Tables) issued on May 1, 2006 is set forth in Exhibit 99.1 hereto.

The Press Release includes a discussion of FTI’s earnings before interest, taxes, depreciation and amortization (“EBITDA”) and EBITDA by business segment. Although EBITDA is not a measure of financial condition or performance determined in accordance with generally accepted accounting principles, FTI believes that it is a useful operating performance measure for evaluating our results of operations 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. FTI uses EBITDA to evaluate and compare the operating performances 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.

A reconciliation of EBITDA to net income is included in the accompanying Financial Tables to the Press Release furnished as Exhibit 99.1 when reasonably available. Information relating to stock option issuances and stock prices during 2006 cannot be predicted and are not quantifiable at this time. In addition, the impact of accounting under Financial Accounting Standards Board (FASB) Statement 123R with respect to 2006 stock option issuances is not determinable at this time. Such information is not available without an unreasonable effort or otherwise. The impact of accounting for currently outstanding stock options and stock options issuances in 2006 under FASB Statement 123R will be significant.

EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same. We believe that EBITDA as a supplemental financial measure is also indicative of FTI’s capacity to incur and service debt and thereby provides additional useful information to investors regarding FTI’s financial condition and results of operations. EBITDA for purposes of the covenants set forth in our senior secured credit facility is not calculated in the same manner as calculated for purposes of the attached Financial Tables accompanying 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.

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**ITEM 9.01. Financial Statements and Exhibits**

(c) *Exhibits.*

99.1 Press Release dated May 1, 2006 (and accompanying Financial Tables), 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: May 2, 2006

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 May 1, 2006 (and accompanying Financial Tables), of FTI Consulting, Inc.



**FTI Consulting, Inc.**  
 500 East Pratt Street  
 Suite 1400  
 Baltimore, Maryland 21202  
 (410) 951-4800

**FOR FURTHER INFORMATION:**

**AT FTI CONSULTING:**  
 Jack Dunn, President & CEO  
 (410) 224-1483

**AT THE ABERNATHY MACGREGOR GROUP:**  
 Winnie Lerner/Jessica Liddell  
 (212) 371-5999

**FOR IMMEDIATE RELEASE**  
**MONDAY, MAY 1, 2006**

**FTI CONSULTING, INC. REPORTS FIRST-QUARTER FINANCIAL RESULTS**

*Revenues Up 45 Percent, EBITDA Up 27 Percent, Operating Income Up 19 Percent;  
 EPS After Share-Based Compensation Up 24 Percent*

**BALTIMORE, MD, May 1, 2006**—**FTI Consulting, Inc. (NYSE: FCN)**, a premier provider of problem-solving consulting and technology services to major corporations, financial institutions and law firms, today reported its financial results for the first quarter ended March 31, 2006.

**FASB Statement No. 123 (R)**

For 2006, FTI has begun to expense share-based compensation payments in accordance with Financial Accounting Standards Board Statement No.123(R). This Statement impacts, among other things, direct cost of revenues, SG&A expense, operating income, EBITDA, income tax provision, net income and earnings per share. Unless specifically stated, all financial information in this release includes share-based compensation expense for 2006 but does not include it for prior periods. First-quarter 2006 results include approximately \$3.1 million of pre-tax share-based compensation expense, \$0.06 per share after taxes, in accordance with the Statement, compared with \$2.7 million and \$0.04, respectively, of pro forma share-based compensation expense for the same period in the prior year as if Statement No.123(R) had been adopted at the beginning of 2005.

**First-Quarter Results**

For the first quarter of 2006, revenues rose 45.2 percent to \$169.3 million compared with \$116.6 million for the first quarter of the prior year. Operating income increased 18.8 percent to \$27.8 million from \$23.4 million in the comparable quarter last year. Earnings per diluted share in the first quarter of 2006 were \$0.31 compared to \$0.25 for the first quarter of 2005, a 24 percent increase, based on pro forma net income disclosed under Financial Accounting Standards Board Statement No.123(R) for the first quarter of 2005 which includes \$0.04 per share of share-based compensation expense.

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Earnings from operations before interest, taxes, depreciation and amortization (EBITDA) rose 27.3 percent to \$33.6 million, 19.8 percent of revenues (21.6 percent prior to the effect of Statement 123(R)), compared with EBITDA of \$26.4 million, 22.6 percent of revenues, in the prior year. The company's income tax rate, including the effect of share-based compensation, was approximately 45.6 percent for the first quarter of 2006 and approximately 42.5 percent before the effect of share-based compensation.

Commenting on the quarter, Jack Dunn, FTI's president and chief executive officer, said, "This was a tremendously powerful quarter for our company as we continued to build upon the strong momentum we enjoyed in 2005. We experienced solid, balanced performance across all of our markets. Both our Forensic and Litigation and our Technology groups experienced particularly strong quarters, benefiting from the continuing emphasis on governance and integrity in corporate America and the increasing use of technology as a critical investigatory and litigation tool in that battle. In addition, our Compass acquisition, which closed in the quarter, also reinforced our leading position within the expanding economic consulting field, which continues to benefit not only from M&A and litigation activity, but from the worldwide concern with energy and the increasing regulatory response to it.

"Our ability to provide the best in technology combined with the best in content investigation and consulting services is helping us establish a market niche as the firm that can provide "last mile" execution. In recognition of the power of this market position, during the quarter we spent approximately \$2 million in Europe to increase our presence and anticipate expanding into the Pacific Rim and South America in the near future. This quarter is a great step forward in reaching our goal of being a highly profitable, billion dollar company by the end of 2009."

Cash flow used in operations was \$37.8 million in 2006 compared with \$15.5 million in the first quarter of 2005. At March 31, 2006, FTI had cash and cash equivalents of approximately \$47.6 million. Total long-term debt at March 31, 2006 was \$350.0 million, and no amounts were outstanding under the company's revolving credit agreement. The company repurchased 300,000 shares of common stock during the first quarter at an average price of \$28.33 per share, for an aggregate of approximately \$8.5 million. In addition, the company made a payment of \$6.8 million during the first quarter in final settlement of its accelerated share repurchase transaction entered into on July 28, 2005. At March 31, 2006, the remaining amount authorized under the company's current share repurchase program was approximately \$41.5 million.

Total headcount at March 31, 2006 was 1,448, and revenue-generating headcount was 1,086, an increase of more than 80 professionals from the end of 2005. Utilization of revenue-generating personnel was approximately 83 percent for the first quarter, and average rate per hour for the quarter was approximately \$336.

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## **First-Quarter Business Segment Results**

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

Revenues increased 31.8 percent to \$50.1 million in the first quarter from \$38.0 million for the same period in the prior year. Segment EBITDA was \$13.0 million, 26.0 percent of revenues, an increase of 16.1 percent from \$11.2 million, 29.4 percent of revenues, for the same period in the prior year. The prior year's revenues and segment EBITDA have been adjusted to exclude the company's new Technology Consulting segment. The Technology Consulting segment, which is discussed separately below, began reporting as a separate segment in 2006.

### ***Technology Consulting***

Revenues increased 130.8 percent to \$27.0 million in the first quarter from \$11.7 million in the same period in the prior year. Segment EBITDA was \$11.0 million, 40.7 percent of revenues, an increase of 189.5 percent from \$3.8 million, 32.2 percent of revenues, for the same period in the prior year.

### ***Corporate Finance/Restructuring***

Revenues were \$54.1 million for the first quarter of 2006, compared with \$41.5 million for the first quarter of 2005, an increase of 30.4 percent. Segment EBITDA was \$14.3 million, 26.4 percent of revenues, an increase of 6.7 percent from \$13.4 million, 32.2 percent of revenues, for the same period in the prior year.

### ***Economic Consulting***

Revenues were \$38.1 million in the first quarter of 2006, including revenues earned from the previously announced acquisition of Competition Policy Associates, Inc. (COMPASS) at the beginning of 2006, increasing 50.0 percent from \$25.4 million in the first quarter of 2005. Segment EBITDA was \$8.7 million, 22.9 percent of revenues, an increase of 50.0 percent from \$5.8 million, 22.8 percent of revenues, for the same period in the prior year.

### **Outlook for 2006**

Based on results for the first quarter of 2006 and market conditions, FTI reaffirms its previously provided outlook for 2006, adjusted for its estimate of the impact of share-based compensation. Revenues are anticipated to range from \$616.0 million to \$640.0 million, and earnings per diluted share are anticipated to range from \$1.24 to \$1.33, including the impact of expensing stock options in accordance with FASB Statement No.123(R). FTI presently anticipates pre-tax share-based compensation of approximately \$12.0-\$13.0 million, approximately \$0.21-\$0.22, or 14%, per diluted share for 2006, although the anticipated amounts can not be predicted with certainty because they will depend on the levels and timing of share-based compensation that may be issued in connection with the company's hiring, performance evaluation and retention programs and potential acquisitions, as well as the price of the company's stock. For comparative purposes, earnings per diluted share for 2005 on a pro forma basis would have been reduced by approximately \$0.18 per share, or approximately 14%, if 123(R) had been adopted at the beginning of 2005. EBITDA, including the expensing of stock options, is expected to range from \$135.0 million to \$141.0 million. Cash flow from operations is expected to range between \$85 million and \$90 million.

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Average bill rates per hour in 2006 are expected to range from \$342 to \$344 and utilization is anticipated to range from approximately 79 percent to 80 percent (on a 2,032 hours base). Revenue-generating headcount at the end of 2006 is anticipated to range from 1,127 to 1,155.

The accompanying table indicates anticipated results and applicable business metrics by the company's four business segments for 2006 and is presented including the estimated impact of expensing stock options.

### **First-Quarter Conference Call**

FTI will hold a conference call to discuss first-quarter financial results at 11:00 a.m. Eastern time on Tuesday, May 2, 2006. 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](http://www.fticonsulting.com).

### **About FTI Consulting**

FTI is a premier provider of problem-solving consulting and technology services to major corporations, financial institutions and law firms when confronting critical issues that shape their future and the future of their clients, such as financial and operational improvement, major litigation, mergers and acquisitions and regulatory issues. Strategically located in 25 of the major US cities, London and Melbourne, FTI's total workforce of more than 1,400 employees includes numerous PhDs, MBAs, CPAs, CIRAs and CFEs, who are committed to delivering the highest level of service to clients.

*Note: Although EBITDA (excluding one-time charges) is not a measure of financial condition or performance determined in accordance with GAAP, FTI believes that it is a useful operating performance measure 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 its 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 acquires or anticipates acquiring. A reconciliation of EBITDA to net earnings and EBITDA is included in the accompanying tables to this press release when reasonably available. Information relating to stock option issuances and stock prices during 2006 cannot be predicted and are not quantifiable with certainty at this time. In addition, the impact of accounting under FASB Statement 123(R) with respect to 2006 stock option issuances is not determinable with certainty at this time. Such information is not available without an unreasonable effort or otherwise. EBITDA is not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies unless the definition is the same. In addition, because the calculation of 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 as a supplemental financial measure is 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 for purposes of those covenants is not calculated in the same manner as it is calculated in the accompanying table.*

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*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 pace and timing of additional 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 THREE MONTHS ENDED MARCH 31, 2006 AND 2005**  
(in thousands, except per share data)

	Three Months Ended	
	March 31, 2006	March 31, 2005
(unaudited)		
<b>Revenues</b>	\$ 169,264	\$ 116,614
Direct cost of revenues	95,259	64,345
Selling, general and administrative expense	43,226	28,153
Amortization of other intangible assets	2,954	749
	<u>141,439</u>	<u>93,247</u>
<b>Operating income</b>	27,825	23,367
<b>Other income (expense)</b>		
Interest and other expense, net	(4,962)	(1,555)
Litigation settlements	(264)	(304)
<b>Income from operations before income tax provision</b>	22,599	21,508
<b>Income tax provision</b>	10,312	9,033
<b>Net income</b>	<u>\$ 12,287</u>	<u>\$ 12,475</u>
<b>Earnings per common share - basic</b>	<u>\$ 0.31</u>	<u>\$ 0.29</u>
<b>Weighted average common shares outstanding - basic</b>	<u>39,326</u>	<u>42,319</u>
<b>Earnings per common share - diluted</b>	<u>\$ 0.31</u>	<u>\$ 0.29</u>
<b>Weighted average common shares outstanding - diluted</b>	<u>40,243</u>	<u>42,741</u>

**Supplemental Financial Data**

	Three Months Ended	
	March 31, 2006	March 31, 2005
(in thousands)		
<b>EBITDA Reconciliation:</b>		
<b>EBITDA (1)</b>	\$ 33,564	\$ 26,413
Litigation settlements	264	304
Depreciation and other amortization	(3,049)	(2,601)
Amortization of other intangible assets	(2,954)	(749)
<b>Operating income</b>	27,825	23,367
Litigation settlements	(264)	(304)
Interest expense, net	(4,962)	(1,555)
Income tax	(10,312)	(9,033)
<b>Net income</b>	<u>\$ 12,287</u>	<u>\$ 12,475</u>

- (1) We define EBITDA (earnings before net interest, taxes, depreciation and amortization) as net income before income taxes, net interest expense, depreciation and amortization which may not be similar to EBITDA measures of other companies. EBITDA is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that EBITDA is useful to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund capital expenditures and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. EBITDA is a common alternative performance measure used by investors, analysts and credit rating agencies to evaluate and compare the operating performance and value of companies within our industry.

**FTI CONSULTING, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005**  
(in thousands)

	March 31, 2006	March 31, 2005
<b>Operating activities</b>		
Net income	\$ 12,287	\$ 12,475
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation and other amortization	3,049	2,601
Amortization of other intangible assets	2,954	749
Provision for (recoveries of) doubtful accounts	2,816	(580)
Non-cash stock-based compensation expense	3,713	451
Non-cash interest and other	457	1,144
<b>Changes in operating assets and liabilities</b>		
Accounts receivable, billed and unbilled	(35,476)	(25,277)
Prepaid expenses and other assets	(10,834)	(1,511)
Accounts payable, accrued expenses and other	3,121	187
Accrued compensation	(24,291)	(8,372)
Income taxes payable	3,039	2,753
Billings in excess of services provided	1,368	(129)
<b>Net cash used in operating activities</b>	<u>(37,797)</u>	<u>(15,509)</u>
<b>Investing activities</b>		
Payments for acquisition of businesses, including contingent payments and acquisition costs	(51,475)	(20,146)
Purchases of property and equipment	(3,237)	(4,025)
Proceeds from note receivable due from purchasers of former subsidiary	—	5,525
Change in other assets	339	10
<b>Net cash used in investing activities</b>	<u>(54,373)</u>	<u>(18,636)</u>
<b>Financing activities</b>		
Purchase and retirement of common stock	(15,333)	(7,707)
Payments of long-term debt	—	(5,000)
Borrowings under revolving credit facility	—	25,000
Payments of revolving credit facility	—	(2,500)
Issuance of common stock under equity compensation plans	1,577	2,491
Income tax benefit from stock option exercises	132	—
Payments of debt financing fees, capital lease obligations and other	51	(71)
<b>Net cash (used in) provided by financing activities</b>	<u>(13,573)</u>	<u>12,213</u>
<b>Net increase in cash and cash equivalents</b>	<u>(105,743)</u>	<u>(21,932)</u>
<b>Cash and cash equivalents, beginning of period</b>	153,383	25,704
<b>Cash and cash equivalents, end of period</b>	<u>\$ 47,640</u>	<u>\$ 3,772</u>

**FTI CONSULTING, INC.**  
**OPERATING RESULTS BY BUSINESS SEGMENT**

	<u>Revenues</u>	<u>EBITDA (1)</u>	<u>Margin</u>	<u>Utilization</u>	<u>Average</u> <u>Rate</u>	<u>Billable</u> <u>Headcount</u>
	(in thousands)					
<b>Three Months Ended March 31, 2006</b>						
Corporate Finance/Restructuring	\$ 54,090	\$ 14,260	26.4%	81%	\$ 394	333
Forensic and Litigation Consulting	50,113	13,013	26.0%	84%	\$ 291	336
Economic Consulting	38,076	8,705	22.9%	85%	\$ 373	219
Technology	26,985	10,954	40.6%	85%	\$ 264	198
	<u>\$ 169,264</u>	<u>46,932</u>	27.7%	83%	\$ 336	<u>1,086</u>
Corporate expenses		(13,368)				
<b>EBITDA (1)</b>		<u>\$ 33,564</u>	19.8%			
<b>Three Months Ended March 31, 2005</b>						
Corporate Finance/Restructuring	\$ 41,494	\$ 13,380	32.2%	83%	\$ 411	237
Forensic and Litigation Consulting	38,042	11,174	29.4%	78%	\$ 285	296
Economic Consulting	25,424	5,803	22.8%	85%	\$ 382	150
Technology	11,654	3,751	32.2%	77%	\$ 248	102
	<u>\$ 116,614</u>	<u>34,108</u>	29.2%	81%	\$ 341	<u>785</u>
Corporate expenses		(7,695)				
<b>EBITDA (1)</b>		<u>\$ 26,413</u>	22.6%			

- (1) We define EBITDA (earnings before net interest, taxes, depreciation and amortization) as net income before income taxes, net interest expense, depreciation and amortization which may not be similar to EBITDA measures of other companies. EBITDA is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that EBITDA is useful to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund capital expenditures and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. EBITDA is a common alternative performance measure used by investors, analysts and credit rating agencies to evaluate and compare the operating performance and value of companies within our industry.

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

	March 31, 2006	December 31, 2005
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 47,640	\$ 153,383
Accounts receivable		
Billed	105,906	87,947
Unbilled	78,184	56,871
Allowance for doubtful accounts and unbilled services	(18,876)	(17,330)
	165,214	127,488
Other current assets	21,771	17,264
<b>Total current assets</b>	<b>234,625</b>	<b>298,135</b>
<b>Property and equipment, net</b>	<b>29,299</b>	<b>29,302</b>
<b>Goodwill, net</b>	<b>639,188</b>	<b>576,612</b>
<b>Other intangible assets, net</b>	<b>26,000</b>	<b>21,454</b>
<b>Other assets</b>	<b>42,988</b>	<b>33,961</b>
<b>Total assets</b>	<b><u>\$972,100</u></b>	<b><u>\$ 959,464</u></b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable, accrued expenses and other	\$ 23,576	\$ 21,762
Accrued compensation	48,392	72,688
Billings in excess of services provided	11,845	10,477
<b>Total current liabilities</b>	<b>83,813</b>	<b>104,927</b>
<b>Long-term debt, less current portion</b>	<b>347,350</b>	<b>348,431</b>
<b>Deferred income taxes, deferred rent and other liabilities</b>	<b>55,651</b>	<b>51,837</b>
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value; 5,000 shares authorized, none outstanding	—	—
Common stock, \$0.01 par value; 75,000 shares authorized; 39,872 shares issued and outstanding in 2006 and 39,009 shares issued and outstanding in 2005	399	390
Additional paid-in capital	245,687	238,055
Unearned compensation	—	(11,089)
Retained earnings	239,200	226,913
<b>Total stockholders' equity</b>	<b>485,286</b>	<b>454,269</b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$972,100</u></b>	<b><u>\$ 959,464</u></b>

**FTI CONSULTING, INC.**  
**ADJUSTED OUTLOOK RANGE FOR 2006 BY BUSINESS SEGMENT**

	<u>Revenues</u> (in thousands)	<u>EBITDA (1)</u>	<u>Margin</u>	<u>Utilization</u> (2)	<u>Average Rate</u> (2)	<u>Revenue Generating Headcount</u>
<b>Outlook Range for 2006</b>						
<b>From (\$1.24 per share)</b>						
Forensic and Litigation	\$ 179,000	\$ 54,000	30.2%	76%	\$ 305	356
Technology Consulting (2)	\$ 71,000	23,000	32.4%	72%	\$ 287	167
Corporate Finance/Restructuring	\$ 215,000	64,000	29.8%	82%	\$ 386	363
Economic Consulting	\$ 151,000	42,000	27.8%	80%	\$ 361	241
	<u>\$ 616,000</u>	<u>183,000</u>	<u>29.7%</u>	<u>79%</u>	<u>\$ 344</u>	<u>1,127</u>
Corporate expenses		48,000	7.8%			
<b>EBITDA (1)</b>		<u>\$ 135,000</u>	<u>21.9%</u>			
<b>To (\$1.33 per share)</b>						
Forensic and Litigation	\$ 185,000	\$ 56,000	30.3%	77%	\$ 302	365
Technology Consulting (2)	\$ 78,000	26,000	33.3%	72%	\$ 287	172
Corporate Finance/Restructuring	\$ 224,000	66,000	29.5%	83%	\$ 384	375
Economic Consulting	\$ 153,000	43,000	28.1%	81%	\$ 360	243
	<u>\$ 640,000</u>	<u>191,000</u>	<u>29.8%</u>	<u>80%</u>	<u>\$ 342</u>	<u>1,155</u>
Corporate expenses		50,000	7.8%			
<b>EBITDA (1)</b>		<u>\$ 141,000</u>	<u>22.0%</u>			

(1) We define EBITDA (earnings before net interest, taxes, depreciation and amortization) as operating income before depreciation and amortization which may not be similar to EBITDA measures of other companies. EBITDA is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that EBITDA is useful to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund capital expenditures and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. EBITDA is a common alternative performance measure used by investors, analysts and credit rating agencies to evaluate and compare the operating performance and value of companies with our industry.

(2) Utilization and Average Rate metrics do not apply to significant portions of the Technology Consulting segment.