FTI CONSULTING INC
Form 10-K
February 24, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

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	**52-1261113**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
777 Flagler Drive, Suite 1500, West Palm Beach, Florida	**33401**
(Address of Principal Executive Offices)	**(Zip Code)**

(561) 515-1900

(Registrant s telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on which Registered
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 x 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 x

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 x 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 x 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 x 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 x

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was $1.4 billion, based on the closing sales price of the registrant s common stock on June 30, 2011.

The number of shares of registrant s common stock outstanding on February 17, 2012 was 41,601,520.

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 2011 fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

FTI CONSULTING, INC. AND SUBSIDIARIES

Annual Report on Form 10-K

Fiscal Year Ended December 31, 2011

INDEX

Table of Contents

FTI CONSULTING, INC.

PART I

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, 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 *estimate*, *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, 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 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 manage the risks associated with operating in non-United States markets;
- our ability to replace senior managers and practice 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;

Table of Contents

- 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; and
- risks relating to the obsolescence of, changes to, or the protection of, our proprietary software products and intellectual property rights.

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.

When we use the terms Company, FTI Consulting, we, us and our we mean FTI Consulting, Inc., a Maryland corporation, and its consolidat 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 business 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 (M&A), antitrust and competition matters, electronic discovery (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. We have expertise across our business 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.

Table of Contents

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 Advisors, 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 20 states and two offices located in Toronto and Vancouver, Canada, (ii) the Latin America region, which is comprised of nine offices located in five countries Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is comprised of 14 offices located in seven countries Australia, China (including Hong Kong), India, Indonesia, Japan, the Philippines and Singapore, and (iv) the Europe, Middle East and Africa (EMEA) region, which is comprised of 24 offices located in ten countries Belgium, France, Germany, Ireland, Qatar, Russia, Spain, South Africa, United Arab Emirates (UAE) and the United Kingdom (UK). 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 will 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, 2010, we increased our number of revenue-generating professionals by approximately 7% to 2,849 as of December 31, 2011, and we increased our total number of employees by approximately 8% to 3,817 as of December 31, 2011.

Our Business Segments

We discuss our five business 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. The decrease in demand for restructuring (and bankruptcy) services that began in 2010 continued during 2011, primarily due to 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. 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 business segments, if possible.

In 2011, 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 operation officer, chief financial officer, chief restructuring officer, controller and treasurer.

Transaction Advisory Services. Our Transaction Advisory Services (TAS) practice combines the disciplines of financial accounting, investment banking, tax advice, valuation services and Securities and Exchange Commission (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 (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 (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

Table of Contents

(FINRA) 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 & outsourcing, IT optimization, SG&A 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, IPO, real estate investment trust (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 2011, we expanded our presence in Europe by acquiring the former Bourne tax advisory practice of LECG Corporation, or LECG. Our Corporate Finance/Restructuring services are offered through a global network of 29 offices in ten countries. From December 31, 2010, we reduced the number of revenue-generating professionals in our Corporate Finance/Restructuring segment by approximately 5% to 692 professionals as of December 31, 2011, primarily through the reduction in workforce implemented in the second quarter of 2011.

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 automotive, construction, communications, media and entertainment, energy, healthcare, financial and insurance services and pharmaceutical industries. We have the capacity to provide our full array of services across jurisdiction 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 business segments, if possible.

In 2011, 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 (FCPA) and other anti-corruption laws, including the U.K Anti-Bribery Act, the Organization for Economic Co-operation and Development (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 (GRIP). 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); reactively (responding to allegations with multidisciplinary investigation, forensic accounting and information preservation experts); and remediating and monitoring (designing and testing controls modifications, or pursuant to prosecutorial 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.

Table of Contents

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 (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.

Table of Contents

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.

In 2011, we expanded our capabilities to advise financial institutions by acquiring the former financial institutions advisory services practice of LECG. Our Forensic Litigation and Consulting services are offered through a global network of 52 offices in 13 countries. From December 31, 2010, we increased the number of revenue-generating professionals in our Forensic and Litigation Consulting segment by approximately 6% to 852 professionals as of December 31, 2011.

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 2011, 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.

Table of Contents

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.

In 2011, we expanded our capabilities in international arbitration, our airline industry expertise, and our EU competition policy practice, by acquiring the former international arbitration, airline competition and European competition policy practices of LECG. Our Economic Consulting services are offered through a global network of 19 offices in eight countries. From December 31, 2010, we increased the number of revenue-generating professionals in our Economic Consulting segment by approximately 46% to 433 professionals as of December 31, 2011.

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,

Table of Contents

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 FTI Consulting or its 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 2011, 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.

Table of Contents

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.

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. FTI Consulting provides 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.

Table of Contents

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 21 offices in four countries. From December 31, 2010, we increased the number of revenue-generating professionals in our Technology segment by approximately 13% to 290 professionals as of December 31, 2011.

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, business crises and governmental legislation and regulation. During 2011, demand for our strategic communications services continued the improvement that began in 2010 following the 2008/2009 recession, primarily due to companies across the world experiencing critical reputational issues often in more challenging economic conditions that required highly specialized communications support. Demand, however, continued to be affected by weakness in the markets for M&A, stock offerings and capital market transactions and a slow recovery of discretionary spending by companies on such services as branding, communications, marketing and media and investor relations.

In 2011, 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 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 indentify 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 30 offices in 16 countries. From December 31, 2010, the number of revenue-generating professionals in our Strategic Communications segment decreased by one to 582 professionals as of December 31, 2011.

Our Industry Specializations

We employ professionals expert in a broad range of industries within our business segments. These professionals provide a wide array of services across our business segments that address the strategic, reputational, financial, regulatory and legal 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 proceeds and expert testimony. 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.

Table of Contents

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 the Company s 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 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 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, has 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.

Table of Contents

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 in the U.S. and EMEA 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.

Market Environment Drives Strategic Communications Services. A number of factors affect the demand for our Strategic Communications segment, including M&A activity, public stock offerings, business crises, governmental legislation and regulation and the need for an integrated and consultative approach covering different aspects of communications. Reputational risk issues that a company may face also drive demand for the services offered by our Strategic Communications segment.

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.

Table of Contents

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 business segments include some of the preeminent practices and professionals in our industry today. The Deal Pipeline bankruptcy league tables published in December 2011, ranked our Corporate Finance/Restructuring segment as the number one crisis management firm based on the number of active bankruptcy cases as of September 30, 2011. In November 2011, Mergermarket ranked our Strategic Communications segment at the top of the UK and Asia-Pacific league tables as the most active public relations adviser on M&A advisory transactions by volume and value for the first three quarters of 2011. In January 2012, Mergermarket ranked our Strategic Communications segment as the global leader of M&A communications advisory firms by volume for 2011. 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, as well as 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 business segments. In 2011, we expanded the capabilities of our Economic Consulting segment with respect to international arbitration and expertise in the airline industry by acquiring the former international arbitration, airline competition and competition policy practices of LECG with offices in Latin America, France and Spain. We expanded the capabilities of our Corporate Finance/Restructuring segment and expanded our capabilities to advise financial institutions by acquiring the former tax consultancy group and the former financial institutions advisory services practice of LECG. We also expanded operations in India and Indonesia by opening local offices. 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 20 states and two offices located in Toronto and Vancouver, Canada, (ii) the Latin America region, which is comprised of nine offices located in five countries Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is comprised of 14 offices located in seven countries Australia, China (including Hong Kong), India, Indonesia, Japan, the Philippines and Singapore, and (iv) the EMEA region, which is comprised of 24 offices located in ten countries Belgium, France, Germany, Ireland, Qatar, Russia, Spain, South Africa, UAE and the UK. 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.

Table of Contents

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.

Strong Cash Flow. Our business model has several characteristics that produce consistent cash flows including high margins, 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 business 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 business segments. In order to better serve our clients and to capitalize on markets for our services across our business segments, in 2011 we 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 20 states and two offices located in Toronto and Vancouver Canada, (ii) the Latin America region, which is comprised of nine offices located in five countries Argentina, Brazil, Colombia, Panama and Mexico, (iii) the Asia-Pacific region, which is comprised of 14 offices located in seven countries Australia, China (including Hong Kong), India, Indonesia, Japan, the Philippines and Singapore, and (iv) the EMEA region, which is comprised of 24 offices located in ten countries Belgium, France, Germany, Ireland, Qatar, Russia, Spain, South Africa, UAE and the UK. 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 business segment and industry lines within such region. FTI Consulting s professionals service clients across regional locations. We also expanded our Economic Consulting segment s presence in Latin America, France and Spain through the acquisition of the former international arbitration and competition practices of LECG.

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, 2011, we have completed 38 acquisitions that have enhanced and expanded our businesses. In March 2011, we completed the acquisition of various former business practices and groups of LECG, including its international arbitration, airline competition and competition policy practices, tax consultancy group and financial institutions advisory services practice. We intend to continue to selectively pursue strategic acquisitions. We seek to integrate acquisitions in a way that fosters organic growth and

Table of Contents

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, 2011, we employed 2,849 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 business 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, particularly with respect to our Strategic Communications segment, which receives retainer based compensation, and our Technology segment, which also bills on a unit basis or derives revenues from license fees.

Build Brand Recognition. In the fourth quarter of 2011, we successfully completed the integration of all our business segments and practice offerings to the FTI Consulting brand to support our corporate positioning and ability to provide strategic services to clients throughout the world. Our branding initiatives include investment in corporate sponsorships, such as our new 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 of our 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 Advisors, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. During the period from December 31, 2010 to December 31, 2011, we increased the number of revenue-generating professionals by approximately 7% to 2,849 and we increased our total number of employees by approximately 8% to 3,817. 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. We believe our relationship with our employees is good.

Employment Agreements

As of December 31, 2011, we had written employment arrangements with substantially all of our 344 senior managing directors and senior vice presidents (collectively, SMDs), of which 195 employment agreements have fixed terms ending between 2012 and 2019. Of such written agreements, 177 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 195 agreements, 65 will come up for renewal in 2012 and 34 will come up for renewal in 2013, primarily as a result of such agreements being subject to the year-to-year annual extension terms for participants who joined our senior managing director incentive compensation program (the SMD IC Program) in 2006 or because the initial five-year terms for participants who joined the SMD IC Program 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 SMD IC Program 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 (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, 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.

Table of Contents

Senior Managing Director Incentive Compensation Program and Employment Terms

In 2006, we implemented our SMD IC Program, which is designed to align the interests of SMDs with the interests of our company and its stakeholders. As of December 31, 2011, there were 82 SMDs participating in the SMD IC Program from our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications segments, representing approximately 36%, 25%, 4%, 47% and 10%, respectively, of the total SMDs within each segment participating in the SMD IC Program. Senior management designates the participants in the SMD IC Program, 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 and 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 SMD IC Program and annually we consider admitting new SMDs into the program. We intend to continue to admit SMDs from our business segments into the SMD IC Program on a case-by-case basis. Our executive officers are not eligible to participate in the SMD IC Program.

The benefits under our SMD IC Program 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 the employment agreement in the form of stock options 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 SMD IC Program.

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 and $8.7 million in 2011 to SMDs participating in the SMD IC Program. In each of those years, we also funded approximately $8.0 million, $13.0 million, $19.0 million, $31.3 million, $37.4 million and $34.3 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, and 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, to SMDs upon their first joining the SMD IC Program or qualifying to move up to a higher participation tier. We also awarded additional stock options to purchase an aggregate of approximately 42,000 shares of our common stock and approximately 46,000 shares of restricted stock in 2007, stock options to purchase an aggregate of approximately 61,480 shares of our common stock and approximately 94,840 shares of restricted stock in 2008, stock options to purchase an aggregate of approximately 117,750 shares of our common stock and approximately 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, and stock options to purchase an aggregate of approximately 178,815 shares of our common stock and approximately 199,008 shares of restricted stock in 2011, in substitution of a portion of such year s annual bonus payments and as matching equity awards to SMDs participating in the SMD IC Program. Additional SMD IC Program awards will also be granted in 2012 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 2012 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 21 marketing and sales professionals who are tasked primarily with marketing the services of our Forensic and Litigation Consulting, Strategic Communications and Technology segments. Individual segments may also directly market their services through dedicated marketing professionals.

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. In 2011, no single client accounted for more than 10% of our consolidated revenues, however two clients accounted for approximately 44% of the revenues of our Technology segment. No other single client accounted for more than 10% of the 2011 revenues of any of our other business segments. 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.

Table of Contents

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 service or price advantage.

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 31 U.S. patents and have 25 U.S. patent applications pending, covering various aspects of certain software of our Technology segment. We also hold ten pending international patent applications filed under the Patent Cooperation Treaty (PCT), which have not yet entered the national stage in any particular country, six non-U.S. patents issued in Canada and Europe, 12 non-U.S. patent applications pending in Canada and Europe, and no additional patent applications have been issued or are pending in other countries, covering various aspects of software of our Technology segment. We have three pending U.S. patent applications, one pending foreign patent application in Canada, and no other pending international patent applications filed under the PCT, which have not yet entered the national stage in any particular country, relating to services of our Economic Consulting segment. We also rely upon non-disclosure, license and other agreements to protect our interests in these products. We believe that our non-patented software and intellectual property, particularly some of our process software and intellectual property, are also important to our businesses.

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.

Table of Contents

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 Flagler Drive, Suite 1500 West Tower, West Palm Beach, Florida 33401. Our telephone no. 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 20 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 E 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*, 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. 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202, telephone no. 410-951-4800.

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 Business 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 2008-2009 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 in the wake of the 2008-2009 financial crisis;

Table of Contents

the level of leverage incurred by companies;

M&A activity;

over-expansion by businesses causing financial difficulties;

business and management crises;

new and complex laws 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 2011, 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 business 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 continued to experience a slower than anticipated recovery in utilization from 2008 and 2009 levels and retainer revenues, primarily as a result of the slow economic recovery, depressed M&A and public stock offering activity, and client decisions to reduce, postpone or curtail discretionary spending.

We are not able to predict the positive or negative effects that future events or changes to the U.S. or global economy, financial markets and business environment 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 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. Also, the timing of future acquisitions and the cost of integrating them may cause fluctuations in our operating results.

24

Table of Contents

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 of 2008-2009. 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 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 business 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 and employees, 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 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 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 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 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.

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. In the year ended December 31, 2011, operations outside of the U.S. accounted for approximately 24% of our total revenues, of which 35% were generated by our Strategic Communications 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.

Table of Contents

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, 2011, we had written employment arrangements with substantially all of our 344 SMDs, of which 195 employment agreements have fixed terms ending between 2012 and 2019. In an effort to reduce risk, 177 of such written agreements 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 to the other party, generally at least 90 days prior to the date of the expiration of the initial term or any extended term. Of the 195 agreements, 65 will come up for renewal in 2012 and 34 will come up for renewal in 2013, primarily as a result of such agreements being subject to the year-to-year annual extension terms for participants who joined our SMD IC Program in 2006 or because the initial five-year terms for participants who joined the SMD IC Program 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 SMDs into the SMD IC Program 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 SMD IC Program, 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 SMD IC 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 SMD IC 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.

Table of Contents

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 business segments and geographic regions for the success of our business.

We rely heavily on our executive officers, the heads of our business 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.

We may not have, or may choose not to pursue, legal recourse against professionals who leave our company to form or join competitors.

Our professionals typically have close relationships with the clients they serve, based on their expertise and bonds of personal trust and confidence. 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

Table of Contents

from a current 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, 2011, two clients of our Technology segment accounted for approximately 44% of that segment s annual revenues. No other single client accounted for more than 10% of the 2011 revenues of any of our other business 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

Table of Contents

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.

Failure to protect our client confidential information could subject us to claims or impair our reputation and ability to obtain new client engagements, and governmental focus on data security could increase our costs of operations.

If we do not maintain the confidentiality of client information, we may be exposed to claims and potential liability. Our reputation may be damaged by a compromise of data security, unauthorized disclosure of confidential information or accidental loss or theft of client data in our possession. If our reputation is damaged due to a data security breach, 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 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. Our Technology segment may host or act as a repository for confidential and proprietary client information, the loss or disclosure of which could result in significant losses and damages.

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 amended and restated 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.

Table of Contents

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 with strategic importance 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 acquired professionals. 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 FTI Consulting shares of common stock provides the acquired entity and its principals with a vested interest in the future success of the acquisition and FTI Consulting. The recent extreme volatility of stock markets and the recent decline and volatility of the price per share of FTI Consulting common stock 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 our price per share 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.

Table of Contents

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, 2011 was \$796.9 million, consisting primarily of \$400.0 million principal amount of our 6 3/4% senior notes due 2020, or 2020 Notes, \$215.0 principal amount of our 7 3/4% senior notes due 2016, or 2016 Notes, and \$149.9 million principal amount of our 3 3/4% senior subordinated convertible notes due 2012, or Convertible Notes. In addition, we have \$248.6 million of undrawn availability under our senior bank credit facility, 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 our outstanding senior notes or our other outstanding debt, which may result in defaults;
- resulting in an event of default if we fail to comply with the financial and other covenants contained in the indentures governing our outstanding senior notes, the credit agreement governing the Senior Bank Credit Facility and the documents governing 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.

If we or our subsidiaries incur additional debt, the related risks that we and they now face could intensify.

Our ability to pay principal and interest on and to refinance our debt depends upon the operating performance of our subsidiaries, which will be affected by, among other things, general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control.

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.

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.

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 2016 Notes, 2020 Notes and

Table of Contents

Convertible Notes, or 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 our future performance, 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 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.

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;

Table of Contents

- 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 officers, directors, and 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 to maintain (i) a maximum leverage ratio, (ii) a maximum senior secured leverage ratio, (iii) a minimum fixed charge coverage ratio, and (iv) commencing December 31, 2011, minimum liquidity of at least 115% of the aggregate outstanding principal amount of the Convertible Notes (excluding amounts subject to net share settlement).

The indentures governing the 2016 Notes and 2020 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 (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

Table of Contents

have sufficient funds at the time of the change of control 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 as defined in the indentures that govern the Notes and/or the credit agreement governing our Senior Bank Credit Facility.

We may be required to pay substantial amounts in cash or stock to holders of our Convertible Notes at the time of conversion prior to their maturity on July 15, 2012.

The Convertible Notes are currently convertible and will continue to be convertible through April 17, 2012. The Convertible Notes will continue to be convertible thereafter if the trading price per share of our common stock equals or exceeds the applicable conversion price for the conversion measurement period and will become convertible notwithstanding the trading price per share on June 15, 2012 for the period through the business day prior to maturity. We may be required to pay substantial amounts in cash or stock, at our discretion, to holders of our Convertible Notes prior to their stated maturity due to conversions. In the event the Company elects to pay the conversion premium through the issuance of shares of its common stock; if the number of shares is substantial, such issuances could result in a material increase in the number of outstanding shares of common stock of the Company and could dilute the holdings of stockholders.

The indentures governing the 2016 Notes and 2020 Notes, and the credit agreement governing our Senior Bank Credit Facility generally allow for these payments in some, but not all, circumstances. Payments of our Convertible Notes upon conversion could be construed to be a prepayment of principal on subordinated debt, and our existing and future senior debt may prohibit us from making those payments, or may restrict our ability to do so by requiring that we satisfy certain covenants relating to the making of restricted payments. If we are unable to pay the conversion consideration, we could seek consent from our senior creditors to make the payment. If we are unable to obtain their consent, we could attempt to refinance the senior debt. If we were unable to obtain consent or refinance the debt, we would be prohibited from paying the cash portion of the conversion consideration, in which case we would have an event of default under the indenture governing our Convertible Notes. An event of default under the indenture governing the Convertible Notes could constitute an event of default under the indentures governing our 2016 Notes and 2020 Notes and the Senior Bank Credit Facility.

The indenture governing the Convertible Notes provides that the Convertible Notes are convertible only upon the occurrence of certain events; therefore, we are not able to control the timing of any conversion of the Convertible Notes. As a result of making cash payments on the Convertible Notes, we may not have sufficient cash to pay the principal of, or interest on, our other indebtedness and fund our other cash needs. We may attempt to borrow under our Senior Bank Credit Facility to help fund such payments, but there can be no assurance that we will have sufficient availability under that or any successor facility or that our credit facility lenders will allow us to draw on that facility for the purpose of making payments on our Notes.

We may not have sufficient funds to repay Notes upon their maturity.

The ability of the Company to meet its obligations on maturity to retire the Notes, will depend on its operating performance, financial results and cash flow, which may be subject in part to factors beyond the control of the Company. Although management believes that the Company s cash flow will be adequate to retire the Convertible Notes upon conversion or at maturity, there can be no assurance that the Company will continue to generate sufficient earnings in the future to meet its obligations. If the Company is unable to generate earnings

Table of Contents

in the future sufficient to retire the Convertible Notes on maturity and is unable to borrow sufficient funds under its Senior Bank Credit Facility or from other sources, it may be required to refinance all or a portion of its existing indebtedness or to sell all or a portion of its business or assets. There can be no assurance that a refinancing would be possible and the Senior Bank Credit Facility and indentures governing the 2016 Notes and 2020 Notes may restrict or limit the amount the Company could borrow. If asset sales or other transactions are necessary, there can be no assurance as to the timing of any business asset sales or the proceeds which the Company could realize from any transactions. In addition, the terms of certain indebtedness of the Company restrict the ability of the Company to sell assets and the use of the proceeds from such sale. In the event that the Company should default on its obligations to retire the Convertible Notes upon conversion or at maturity, such default may constitute a cross default under the Company s 2016 and 2020 Notes and the Senior Bank Credit Facility and such creditors may have rights to accelerate such indebtedness and demand repayment.

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 through 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 UAE, 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

Table of Contents

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.

	2011		2010	
	High	**Low**	**High**	**Low**
Quarter Ended				
March 31	$ 38.33	$ 32.99	$ 48.06	$ 36.16
June 30	$ 40.48	$ 36.39	$ 45.79	$ 38.80
September 30	$ 38.39	$ 34.14	$ 43.27	$ 31.94
December 31	$ 43.77	$ 34.84	$ 37.34	$ 33.61

Number of Stockholders of Record. As of January 31, 2012, the number of record holders of our common stock was 244.

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 senior notes restrict our ability to pay dividends. See Note 15 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, 2011. 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:

110,283 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);

248,057 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);

1,176,412 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.

Table of Contents

Equity Compensation Plan Information as of December 31, 2011

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (in thousands)	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (in thousands)
Equity compensation plans approved by our security holders	5,108[1]	$ 34.84	2,737[2]
Equity compensation plans not approved by our security holders			
Total	5,108	$ 34.84	2,737

(1) Includes 395,818 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 1997 Stock Option Plan, 1,636,020 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2004 Long-Term Incentive Plan, as amended, 1,670,319 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2006 Global Long-Term Incentive Plan, as amended, and 1,405,411 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2009 Omnibus Plan.

(2) Includes 2,107 shares of common stock available for issuance under our 2004 Long-Term Incentive Plan, all of which are available for stock-based awards (including deferred stock unit and restricted stock unit awards), 95,649 shares of common stock available for issuance under our 2006 Global Long-Term Incentive Plan, as amended, including 9,055 shares of common stock available for stock-based equity awards, and 2,639,402 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

None

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 2011 (in thousands except per share amounts).

	Total Number of Shares Purchased	Average Price Paid per Share	Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value that May Yet Be Purchased Under the Program
October 1 through October 31, 2011	6[1]	$ 39.12		$
November 1 through November 30, 2011	2[2]	$ 42.47		$
December 1 through December 31, 2011	14[3]	$ 43.03		$
Total	22			

(1) Represents 5,881 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.
(2) Represents 1,772 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.
(3) Represents 14,367 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

Table of Contents

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, 2011, 2010, 2009, 2008, and 2007 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 and 2007.

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 our realignment of our segment management on a global basis and to align our workforce with expected market trends.

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 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.

Table of Contents

In the fourth quarter of 2009 we repurchased approximately 4.9 million shares of common stock for $250 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 18 Stockholders Equity to our consolidated financial statements for more information.

In October 2007, we closed on a public offering of approximately 4.8 million shares of the Company s common stock, which included approximately 0.6 million shares sold pursuant to the exercise of the underwriter s option to purchase additional shares, at a price to the public of $50.00 per share, less the underwriting discount and commissions. The net proceeds of the offering were approximately $231.4 million, after payment of the underwriting discounts, commissions and offering expenses. We used the net proceeds from the offering for general corporate purposes, including the continuation of our strategic acquisition program.

	Year Ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
	(in thousands, except per share data)				
INCOME STATEMENT DATA					
Revenues	$ 1,566,768	$ 1,401,461	$ 1,399,946	$ 1,293,145	$ 1,001,270
Operating Expenses					
Direct cost of revenues	956,908	825,599	772,191	711,775	554,763
Selling, general and administrative expense	373,295	341,239	344,871	330,539	256,105
Special charges	15,212	51,131			
Acquisition-related contingent consideration	(6,465)	1,190			
Amortization of other intangible assets	22,371	23,910	24,701	18,824	10,615
	1,361,321	1,243,069	1,141,763	1,061,138	821,483
Operating income	205,447	158,392	258,183	232,007	179,787
Interest income and other	6,304	4,423	8,408	8,179	7,089
Interest expense	(58,624)	(50,263)	(44,923)	(45,105)	(47,639)
Loss on early extinguishment of debt		(5,161)			
Income from continuing operations, before income tax provision	153,127	107,391	221,668	195,081	139,237
Income tax provision	49,224	41,407	81,825	76,135	54,455
Net income	$ 103,903	$ 65,984	$ 139,843	$ 118,946	$ 84,782
Earnings per common share basic	$ 2.53	$ 1.45	$ 2.80	$ 2.42	$ 1.97
Earnings per common share diluted	$ 2.39	$ 1.38	$ 2.63	$ 2.22	$ 1.84
Weighted average number of common shares outstanding					
Basic	41,131	45,557	49,963	49,193	43,028
Diluted	43,473	47,664	53,127	53,603	45,974

Table of Contents

	December 31, 2011	2010	2009	2008	2007
	(in thousands)				
BALANCE SHEET DATA					
Cash and cash equivalents	$ 264,423	$ 384,570	$ 118,872	$ 191,842	$ 360,463
Working capital [(1)]	273,117	504,680	96,817	150,409	306,214
Total assets	2,411,084	2,405,488	2,071,637	2,079,684	1,856,857
Long-term debt and capital lease obligations, including current portion and fair value hedge adjustments	796,960	793,122	555,498	551,507	551,172
Stockholders equity	1,106,202	1,167,606	1,102,699	1,126,218	977,484

(1) 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, 2011 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.

Table of Contents

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.

Effective January 1, 2010, we implemented a change in our organizational structure that resulted in the movement of our FEDA subpractice from our Technology segment to our Forensic and Litigation Consulting segment. This change has been reflected in our segment reporting for all periods presented.

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 from 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 consolidated operating income before depreciation, amortization of intangible assets, and special charges plus non-operating litigation settlements. We define Adjusted Segment EBITDA as a segment s share of consolidated operating income before depreciation, amortization of intangible assets, and special charges plus non-operating litigation settlements. Adjusted EBITDA and Adjusted Segment

EBITDA 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 Statements of Income. 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.

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 and loss on early extinguishment of debt that were incurred in that period.

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,		
	2011	2010	% Growth
	(in thousands, except per share amounts)		
Revenues	$ 1,566,768	$ 1,401,461	11.8%
Special charges	$ 15,212	$ 51,131	-70.2%
Acquisition-related contingent consideration	$ (6,465)	$ 1,190	-643.3%
Operating income	$ 205,447	$ 158,392	29.7%
Adjusted EBITDA	$ 271,612	$ 264,767	2.6%
Net income	$ 103,903	$ 65,984	57.5%
Earnings per common share diluted	$ 2.39	$ 1.38	72.6%
Adjusted earnings per common share diluted	$ 2.60	$ 2.13	22.0%
Net cash provided by operating activities	$ 173,828	$ 195,054	-10.9%
Total number of employees at December 31,	3,817	3,527	8.2%

Revenue for the year ended December 31, 2011 was $1.6 billion, up 11.8% compared to the prior year. Organic growth of 4.2% was due to increased demand in the Economic Consulting, Technology and Forensic and Litigation Consulting segments. In addition, acquisition-related revenues contributed primarily to the Economic Consulting segment and, to a lesser extent, the Corporate Finance/Restructuring and Forensic and Litigation Consulting segments. The appreciation of the U.S. dollar against other currencies had the effect of increasing revenue by approximately $11.4 million, or 0.7%, for the year.

During the year the Company s business drivers reflected the transition of certain global economies from recession to slow recovery. The countercyclical activities of our Corporate Finance/Restructuring segment, primarily bankruptcy and restructuring services, continued their decline from the robust levels that prevailed in 2009, although at a much slower pace than 2010. These declines were offset by increased antitrust and M&A, financial economics, litigation, hosting, forensic accounting, litigation support and data analytics services. The Company s Economic Consulting, Technology, Forensic and Litigation Consulting and Strategic Communications segments all recorded increased revenues compared to the prior year which more than offset the decline in revenues of the Corporate Finance/Restructuring segment.

Special charges for the year ended December 31, 2011 were $15.2 million, a $35.9 million decrease from special charges of $51.1 million recorded in 2010. The special charges recorded in 2011 related to a reduction in force primarily in our Corporate Finance/Restructuring segment. The special charges recorded in 2010 primarily related to our global branding strategy as well as a realignment of our workforce to better align capacity with expected demand.

Acquisition-related contingent consideration includes both the accretion of the contingent consideration to the expected cash payments based on the assumption that the acquired business will meet its performance measures, as well as, adjustments made to remeasure the contingent consideration liability to its fair value.

Table of Contents

Acquisition-related contingent consideration resulted in income of $6.5 million in 2011 compared to expense of $1.2 million in 2010. The change of $7.7 million was primarily a result of a $10.0 million reduction of estimated future contingent consideration payments recorded in 2011 related to the acquisition of FS Asia Advisory Limited in 2010. This adjustment is required to reflect the contingent consideration at its fair value.

Excluding the aforementioned items, operating income increased by $3.5 million in 2011 as increased demand for antitrust and M&A and financial economics services by our Economic Consulting segment and litigation and hosting services by our Technology segment offset lower demand for the higher margin restructuring and bankruptcy services and services of the real estate advisory practice of our Corporate Finance/Restructuring segment, as well as additional key investments in the Forensic and Litigation Consulting segment.

Adjusted EBITDA, as previously defined, increased by $6.8 million, or 2.6%, to $271.6 million compared to $264.8 million in the same period last year. Adjusted EBITDA was 17.3% of revenue in 2011 compared to 18.9% of revenue in 2010. The overall increase in Adjusted EBITDA was primarily due to the $10.0 million contingent consideration gain described above and contributions from the Economic Consulting and Technology segments. These improvements compared to prior year were partially offset by a significantly reduced contribution from the Corporate Finance/Restructuring segment, which has experienced lower profitability levels since the height of the recession, and, to a lesser extent, lower contributions from the Forensic and Litigation Consulting and Strategic Communications segments.

Adjusted earnings per diluted share, as previously defined, were $2.60, a 22.0% increase from the prior year of $2.13, reflecting the Company s higher operating earnings. The $10.0 million gain from the reduction of estimated future contingent consideration payments increased adjusted earnings per share by $0.23. Average weighted shares outstanding for 2011 declined 8.8% as a result of the shares delivered in 2011 pursuant to the 2011 ASB.

The Company generated cash flows from operations of $173.8 million in 2011 compared to $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 to higher collections but at a slower rate than in prior years due to a shift in the relative mix of receivables. In 2011 our expansion occurred with clients and geographic regions that traditionally have longer billing and collection cycles such as our Economic Consulting segment and our Asia-Pacific region, relative to other segments or regions.

Headcount increased by 290, or 8.2%, to 3,817 through a combination of hiring to support growth and the addition of approximately 200 employees who joined the Company through acquisitions completed during 2011. Headcount increased in the Economic Consulting, Forensic and Litigation Consulting, Technology and Strategic Communications segments, while headcount declined in our Corporate Finance/Restructuring segment due to actions taken in 2011 to bring resources in line with the current demand for its services.

Strategic Activities

Global Reorganization

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, (ii) the Latin America region, (iii) the Asia-Pacific region, and (iv) the EMEA region. 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 will 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.

Table of Contents

Branding Program

In the fourth quarter of 2011, we successfully completed the integration of all our business segments and practice offerings to the FTI Consulting brand to support our corporate positioning and ability to provide strategic services to clients throughout the world. Our branding initiatives include investment in corporate sponsorships, strategic placement of print media in specialty journals, 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 of our services.

Share Repurchase

On March 3, 2011, we announced that we had entered into a $209.4 million accelerated stock buyback transaction with Goldman Sachs. On September 2, 2011, Goldman Sachs accelerated the termination date of the 2011 ASB transaction which was to occur no later than December 2, 2011. Additionally, on September 8, 2011, we received approximately 0.7 million shares bringing the total shares delivered pursuant to the 2011 ASB to approximately 5.7 million shares of FTI Consulting common stock for an average price per share of $36.52. Our repurchase of these shares completed the $500 million stock repurchase program that we announced on November 4, 2009.

Acquisitions

On March 31, 2011 we announced that we had completed a series of transactions with LECG. Through a combination of acquisitions and group and individual hires, we added new practices that included the addition of approximately 200 professionals in Europe, the U.S. and Latin America, who were integrated into our Economic Consulting and Forensic and Litigation Consulting segments and the transaction advisory services practice of our Corporate Finance/Restructuring segment. The Company paid cash consideration of approximately $27.0 million to LECG at the applicable closings for the acquired practices. Acquisition-related costs of approximately $1.4 million were recognized in earnings.

Special Charges

We recorded special charges in the three months ended June 30, 2011 of $15.2 million which reduced our fully diluted earnings per share by $0.21. These charges are primarily comprised of salary continuation, loan forgiveness and equity acceleration costs associated with a reduction in workforce totaling 37 employees, primarily in our Corporate Finance/Restructuring segment. 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. The total cash outflow associated with the special charges is expected to be $10.4 million, of which approximately $6.1 million has been paid as of December 31, 2011, while the non-cash charges were $4.8 million.

Operational Highlights

Performance of the Company s Corporate Finance/Restructuring segment in the U.S. and Europe was negatively impacted by lower demand for bankruptcy and restructuring services, primarily caused by improvement in the availability of credit and credit modifications. This was partially offset by contributions from the Asia practice acquired in 2010, healthcare services and the European tax practice acquired from LECG in 2011. Margins for the year declined compared to the prior year primarily as a result of lower high margin bankruptcy and restructuring revenue.

Revenues of the Forensic and Litigation Consulting segment, which relies on litigation and regulatory investigations and proceedings, increased compared to last year due to the contributions of the disputes and forensic accounting and environmental solution practices acquired from LECG, increases in construction solution

Table of Contents

services provided within and outside the U.S., global risk, and forensic accounting and litigation support services in the Asia-Pacific and EMEA regions, and data analytics services. Margins decreased compared to the prior year as investments in key practices resulted in lower utilization and increased costs to support growing operations.

The Economic Consulting segment generated higher revenues in 2011 due to the contributions from the practices acquired from LECG and as a result of increased levels of services in the antitrust and M&A, financial economics and the European international arbitration practices. Margins in the segment declined from the prior year due to the cost of the expansion of activities to regions outside of the U.S. and higher variable compensation.

Revenues in the Technology segment increased year-over-year with contributions from the Acuity™ offering and investigation, litigation and document review engagements. Segment margins declined compared to the prior year as a result of the change in mix of revenue sources and increased headcount to support operations.

The Strategic Communications segment revenues increased in 2011 with modest organic growth as higher retainer revenues were partially offset by lower project incomes. Excluding the estimated positive impact of foreign currency translation, segment growth was limited by continued low levels of capital markets activity and M&A transaction volumes. Margins for the year declined compared to the prior year due to competitive downward fee pressure on higher margin project engagements.

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. Hosting 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 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, it 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 is mitigated to the extent that we may receive retainers from some of our clients prior to performing services.

The provision for doubtful accounts is recorded after the related work has been billed to the client and we discover that full collectability is not assured. It is classified in Selling, general and administrative expense (SG&A) on the Consolidated Statements of Income and totaled $12.6 million, $10.7 million, and $19.9 million, for the years ended December 31, 2011, 2010, and 2009, respectively. The provision for unbilled

Table of Contents

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 negative industry or economic trend; and/or
- our market capitalization relative to net book 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. Effective with our annual assessment of goodwill, in the fourth quarter of fiscal 2011, we adopted the provisions of ASU No. 2011-08, which updates the guidance in ASC 350, *Intangibles Goodwill & Other*. ASC 350, as amended by ASU 2011-08, provides 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 book value. If the fair value exceeds the book value, goodwill of that reporting unit is not impaired. However, if the book 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 assets and liabilities. 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 to establish fair values (a market approach) for a particular reporting unit. If a set of comparables is not available, we estimate fair value using discounted cash flows (an income approach).

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 companies, which are subject to change based on the economic characteristics of our reporting units. 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 a discounted cash flows methodology are: (1) the expected long-term growth rate of our reporting units cash flows and (2) the discount rate.

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. Long-term growth rates represent the expected long-term growth rate for the Company, considering the industry in which we operate and the global economy. 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 process indicated that the fair value of our reporting units exceeded their respective book values. As a result, Step 2 of the goodwill impairment test did not need to be performed and therefore no impairment charge was recorded for 2011. We believe that the procedures performed and the estimates and assumptions used in the Step 1 analyses for each reporting unit are reasonable and in accordance with the authoritative guidance. Based on our 2011 impairment assessment at October 1, 2011, we believe we have no at-risk goodwill.

There can be no assurance, however, 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, 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. On 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.

We recognize acquisition-related costs separately from the acquisition and expense them as incurred. For acquisitions prior to 2009, we capitalized acquisition-related costs as part of the purchase price.

Table of Contents

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.

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.

Significant New Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05 *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders equity. Instead, an entity must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This guidance will be effective for us beginning in the first quarter of 2012. We do not expect the guidance to impact our consolidated financial statements, as it only requires a change in the format of presentation.

In May 2011, the FASB issued ASU 2011-04 *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* ASU 2011-04 clarifies the application of existing fair value measurement and disclosure requirements, changes the application of some requirements for measuring fair value and requires additional disclosure for fair value measurements. For fair value measurements categorized in Level 3 of the fair value hierarchy, the disclosure requirements are expanded to include: 1) a quantitative disclosure of the unobservable inputs and assumptions used in the measurement; 2) a description of the valuation processes in place; and 3) a narrative description of the

Table of Contents

sensitivity of the fair value to changes in unobservable inputs and interrelationships between those inputs. ASU 2011-04 is effective for us beginning in the first quarter of 2012. The adoption of this standard is not expected to have a material impact on our consolidated results of operations or financial condition.

RESULTS OF OPERATIONS

Segment and Consolidated Operating Results:

	Year Ended December 31,		
	2011	2010	2009
	(in thousands, except per share amounts)		
Revenues			
Corporate Finance/Restructuring	$ 427,813	$ 451,518	$ 514,260
Forensic and Litigation Consulting	365,326	324,478	300,710
Economic Consulting	353,981	255,660	234,723
Technology	218,738	176,607	170,174
Strategic Communications	200,910	193,198	180,079
Total revenues	$ 1,566,768	$ 1,401,461	$ 1,399,946
Operating income			
Corporate Finance/Restructuring	$ 78,923	$ 88,499	$ 162,483
Forensic and Litigation Consulting	62,499	64,121	70,899
Economic Consulting	60,890	39,180	43,650
Technology	57,917	27,569	37,410
Strategic Communications	19,066	11,602	16,455
Segment operating income	279,295	230,971	330,897
Unallocated corporate expenses	(73,848)	(72,579)	(72,714)
Operating income	205,447	158,392	258,183
Other income (expense)			
Interest income and other	6,304	4,423	8,408
Interest expense	(58,624)	(50,263)	(44,923)
Loss on early extinguishment of debt		(5,161)	
	(52,320)	(51,001)	(36,515)
Income before income tax provision	153,127	107,391	221,668
Income tax provision	49,224	41,407	81,825
Net income	$ 103,903	$ 65,984	$ 139,843
Earnings per common share basic	$ 2.53	$ 1.45	$ 2.80
Earnings per common share diluted	$ 2.39	$ 1.38	$ 2.63

Reconciliation of Operating Income to Adjusted EBITDA:

Year Ended December 31,		
2011	2010	2009
	(in thousands)	

Operating income	$ 205,447	$ 158,392	$ 258,183
Add back:			
Depreciation and amortization	28,582	31,334	28,764
Amortization of other intangible assets	22,371	23,910	24,701
Special charges	15,212	51,131	
Litigation settlement gains, net			250
Adjusted EBITDA	$ 271,612	$ 264,767	$ 311,898

Table of Contents

Reconciliation of Net Income and Earnings Per Share to Adjusted Net Income and Adjusted Earnings Per Share:

	Year Ended December 31,		
	2011	**2010**	**2009**
Net income	$ 103,903	$ 65,984	$ 139,843
Add back:			
Special charges, net of tax	9,285	32,733	
Loss on early extinguishment of debt, net of tax		3,019	
Adjusted Net Income	$ 113,188	$ 101,736	$ 139,843
Earnings per common share diluted	$ 2.39	$ 1.38	$ 2.63
Adjusted earnings per common share diluted	$ 2.60	$ 2.13	$ 2.63
Weighted average number of common shares outstanding diluted	43,473	47,664	53,127

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, 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.

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. These actions included a reduction in workforce totaling 37 employees. The special charges consisted of:

- $10.4 million of salary continuance and other contractual employee related costs associated with the reduction in workforce;
- $2.0 million related to loan forgiveness and accelerated recognition of compensation cost of share-based awards related to the reduction in workforce; and
- $2.8 million of deferred costs under a service contract without a substantive future economic benefit to the Company.

The total cash outflow associated with the 2010 special charges is expected to be $19.7 million, of which $19.2 million has been paid as of December 31, 2011. The total cash outflow associated with the 2011 special charges is expected to be $10.4 million, of which $6.1 million has been paid as of December 31, 2011. The remaining liability associated with the 2010 and 2011 special charges of $4.8 million at December 31, 2011 is expected to be paid during 2012.

Table of Contents

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

	2011		2010	
	Special Charges	Total Headcount	Special Charges	Total 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
	12,372	35	46,381	127
Unallocated Corporate	2,840	2	4,750	17
Total	$ 15,212	37	$ 51,131	144

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 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 the current year of $1.4 million. In addition, there was a $0.5 million positive impact on other non-operating income 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 3/4% 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 5/8% 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

Table of Contents

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.

Year Ended December 31, 2010 compared to December 31, 2009

Revenues and Operating income

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

Special charges

See Special charges for the year ended December 31, 2011 compared to December 31, 2010 for discussion of special charges recorded in the year ended December 31, 2010. There were no special charges recorded in the year ended December 31, 2009.

Unallocated corporate expenses

Unallocated corporate expenses decreased $0.1 million to $72.6 million for 2010 from $72.7 million for 2009. Lower performance-based compensation costs of $5.2 million were offset by charges of $4.7 million recorded in connection with the reduction of our workforce, discussed in Note 5 Special Charges.

Interest income and other

Interest income and other, which includes foreign currency transaction gains and losses, decreased by $4.0 million, or 47.4%, to $4.4 million for 2010 from $8.4 million for 2009. Excluding the impact of a one-time remeasurement gain of $2.3 million that we recorded in 2009, which related to our June 2009 acquisition of the remaining 50% interest in a German joint venture, interest income and other would have decreased by $1.7 million for 2010. The decrease was primarily due to a $1.1 million net unfavorable impact relative to 2009 from foreign currency transaction gains and losses due to the remeasurement of receivables and payables required to be settled in a currency other than an entity s functional currency. The remaining decrease was attributable to a $0.3 million litigation settlement gain in the prior year and a $0.2 million decrease in interest income from the prior year.

Interest expense

Interest expense increased $5.4 million to $50.3 million for 2010 from $44.9 million for 2009. Interest expense increased due to additional senior debt from the issuance of $400.0 million aggregate principal amount 6 $^{3}/4$ % senior notes due 2020 in the third quarter of 2010 and the loan notes issued as a portion of the consideration in connection with the acquisition we completed in August 2010. Interest expense for 2009 benefited from the favorable impact of lower interest rates on variable rate hedge contracts which were terminated in June 2009.

Income tax provision

Our effective tax rate was 38.6% for the year ended December 31, 2010 as compared to 36.9% for the year ended December 31, 2009. The increase in the effective tax rate from the previous year is primarily due to the benefit of the discrete items in the prior year combined with the unfavorable impact of lower pre-tax profits on non-deductible expenses in the current year, including the impairment and accelerated amortization of certain trade names.

Table of Contents

SEGMENT RESULTS

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 segment operating income to Adjusted Segment EBITDA for the years ended December 31, 2011, 2010, and 2009.

	Year Ended December 31,		
	2011	2010	2009
		(in thousands)	
Segment operating income	$ 279,295	$ 230,971	$ 330,897
Add back:			
Depreciation	23,620	26,102	22,737
Amortization of other intangible assets	22,371	23,910	24,701
Special charges	12,372	46,381	
Total Adjusted Segment EBITDA	$ 337,658	$ 327,364	$ 378,335

Other Segment Operating Data

	$279,295	$279,295	$279,295
		Year Ended December 31,	
	2011	2010	2009
Number of revenue-generating professionals: (at period end)			
Corporate Finance/Restructuring	692	725	758
Forensic and Litigation Consulting	852	806	754
Economic Consulting	433	297	302
Technology	290	257	251
Strategic Communications	582	583	573
Total revenue-generating professionals	2,849	2,668	2,638
Utilization rates of billable professionals: (1)			
Corporate Finance/Restructuring	70%	70%	73%
Forensic and Litigation Consulting (3)	69%	72%	76%
Economic Consulting	85%	79%	76%
Average billable rate per hour: (2)			
Corporate Finance/Restructuring	$ 427	$ 435	$ 439
Forensic and Litigation Consulting (3)	330	324	320
Economic Consulting	482	472	456

(1) 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.

(2)

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.

Table of Contents

(3) 2011 and 2010 utilization and average billable rate calculations for our Forensic and Litigation Consulting segment include information related to non-domestic operations that was not available in 2009.

CORPORATE FINANCE/RESTRUCTURING

	Year Ended December 31,		
	2011	2010	2009
	(dollars in thousands, except rate per hour)		
Revenues	$ 427,813	$ 451,518	$ 514,260
Operating expenses:			
Direct cost of revenues	269,139	275,860	279,703
Selling, general and administrative expense	70,406	69,658	65,742
Special charges	9,440	9,936	
Acquisition-related contingent consideration	(5,890)	1,102	
Amortization of other intangible assets	5,795	6,463	6,332
	348,890	363,019	351,777
Segment operating income	78,923	88,499	162,483
Add back:			
Depreciation and amortization of intangible assets	9,275	10,199	9,794
Special charges	9,440	9,936	
Adjusted Segment EBITDA	$ 97,638	$ 108,634	$ 172,277
Gross profit (1)	$ 158,674	$ 175,658	$ 234,557
Gross profit margin (2)	37.1%	38.9%	45.6%
Adjusted Segment EBITDA as a percent of revenues	22.8%	24.1%	33.5%
Number of revenue generating professionals (at period end)	692	725	758
Utilization rates of billable professionals	70%	70%	73%
Average billable rate per hour	$ 427	$ 435	$ 439

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

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.

58

Table of Contents

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, 2010 compared to December 31, 2009

Revenues decreased $62.8 million, or 12.2%, to $451.5 million in 2010 from $514.3 million in 2009. Revenue from the Asia practice acquired in 2010 was $13.0 million, or 2.5%. Organic revenue declined $75.8 million, or 14.7%. Excluding the estimated positive impact of foreign currency translation, which was primarily due to the strengthening of the Canadian dollar relative to the U.S. dollar, organic revenue would have declined by 15.3%. The decline in organic revenue is due to lower demand for U.S. bankruptcy and restructuring, transaction advisory and healthcare services, which was partially offset by growth in our European restructuring practice and a slight increase in our real estate advisory practice.

Gross profit decreased $58.9 million, or 25.1%, to $175.7 million in 2010 from $234.6 million in 2009. Gross profit margin decreased 6.7 percentage points to 38.9% in 2010 from 45.6% in 2009. The gross profit margin decline was primarily due to lower volumes in the U.S. bankruptcy and restructuring, transaction advisory and healthcare practices. In addition, gross profit was unfavorably affected by staff reductions totaling $3.4 million in 2010 required to balance current demands with resource requirements. These reductions were slightly offset by margin improvement from the Asia practice acquired in 2010.

SG&A expense increased $3.9 million, or 6.0%, to $69.7 million in 2010 from $65.7 million in 2009. SG&A expense was 15.4% of revenue in 2010, up from 12.8% in 2009. The increase in SG&A expense in 2010 was primarily due to higher marketing and business development costs and the addition of the Asia practice acquired in 2010, partially offset by lower bad debt expense. Bad debt expense was 0.1% of revenues in 2010 compared to 0.5% in 2009.

Amortization of other intangible assets increased $0.1 million to $6.5 million in 2010 from $6.3 million in 2009.

Adjusted Segment EBITDA decreased $63.6 million, or 36.9%, to $108.6 million in 2010 from $172.3 million in 2009.

Table of Contents

FORENSIC AND LITIGATION CONSULTING

	Year Ended December 31, 2011	2010	2009
	(dollars in thousands, except rate per hour)		
Revenues	$ 365,326	$ 324,478	$ 300,710
Operating expenses:			
Direct cost of revenues	231,306	192,112	168,405
Selling, general and administrative expense	68,838	59,683	58,600
Special charges	839	4,821	
Acquisition-related contingent consideration	(575)	88	
Amortization of other intangible assets	2,419	3,653	2,806
	302,827	260,357	229,811
Segment operating income	62,499	64,121	70,899
Add back:			
Depreciation and amortization of intangible assets	5,842	6,978	5,520
Special charges	839	4,821	
Adjusted Segment EBITDA	$ 69,180	$ 75,920	$ 76,419
Gross profit [1]	$ 134,020	$ 132,366	$ 132,305
Gross profit margin [2]	36.7%	40.8%	44.0%
Adjusted Segment EBITDA as a percent of revenues	18.9%	23.4%	25.4%
Number of revenue generating professionals (at period end)	852	806	754
Utilization rates of billable professionals [3]	69%	72%	76%
Average billable rate per hour	$ 330	$ 324	$ 320

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

(3) 2011 and 2010 utilization and average billable rate calculations include information related to non-domestic operations that was not available in 2009.

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, Europe, Middle East and Africa 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.

Table of Contents

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.

Year Ended December 31, 2010 compared to December 31, 2009

Revenues increased $23.8 million, or 7.9%, to $324.5 million in 2010 from $300.7 million in 2009. Revenue growth from the Asia acquisition completed in 2010 was $1.9 million, or 0.6%. Organic revenues increased $21.9 million, or 7.3%. The organic revenue growth was attributed to increases in both consulting hours and average billable rates per hour in our North American consulting practice and growth in our international risk and investigations practices in the Asia Pacific and Ibero America regions. Revenue from our North American consulting practice continued to benefit from two high profile fraud cases which began in the first quarter of 2009; however, revenue on these cases declined in 2010 compared to 2009, while new matters replaced that loss and provided incremental revenue.

Gross profit increased $0.1 million, to $132.4 million in 2010 from $132.3 million in 2009. Gross profit margin decreased 3.2 percentage points to 40.8% in 2010 from 44.0% in 2009. The gross profit margin decline was due to lower utilization and higher personnel costs, primarily driven by increased headcount from investments in key practices.

SG&A expense increased $1.1 million, or 1.8%, to $59.7 million in 2010 from $58.6 million in 2009. SG&A expense was 18.4% of revenue in 2010, down from 19.5% in 2009. The increase in SG&A expense in 2010 was due to higher internal allocations of corporate costs incurred in direct support of segment operations, professional service fees and rent and occupancy costs, partially offset by lower bad debt expense. Bad debt expense was 0.9% of revenue in 2010 compared to 2.1% in 2009.

Amortization of other intangible assets increased $0.9 million to $3.7 million in 2010 from $2.8 million in 2009.

Adjusted Segment EBITDA decreased $0.5 million, or 0.7%, to $75.9 million in 2010 from $76.4 million in 2009.

Table of Contents

ECONOMIC CONSULTING

	Year Ended December 31,		
	2011	2010	2009
	(dollars in thousands, except rate per hour)		
Revenues	$ 353,981	$ 255,660	$ 234,723
Operating expenses:			
Direct cost of revenues	242,703	170,718	153,210
Selling, general and administrative expense	46,802	37,879	35,744
Special charges	2,093	6,667	
Amortization of other intangible assets	1,493	1,216	2,119
	293,091	216,480	191,073
Segment operating income	60,890	39,180	43,650
Add back:			
Depreciation and amortization of intangible assets	4,045	3,634	3,917
Special charges	2,093	6,667	
Adjusted Segment EBITDA	$ 67,028	$ 49,481	$ 47,567
Gross profit [(1)]	$ 111,278	$ 84,942	$ 81,513
Gross profit margin [(2)]	31.4%	33.2%	34.7%
Adjusted Segment EBITDA as a percent of revenues	18.9%	19.4%	20.3%
Number of revenue generating professionals (at period end)	433	297	302
Utilization rates of billable professionals	85%	79%	76%
Average billable rate per hour	$ 482	$ 472	$ 456

(1) Revenues less direct cost of revenues.
(2) Gross profit as a percent of revenues.

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.

62

Table of Contents

Year ended December 31, 2010 compared to December 31, 2009

Revenues increased $21.0 million, or 8.9%, to $255.7 million in 2010 from $234.7 million in 2009. The revenue growth was due to increased consulting hours and higher average billable rates per hour in the financial economics practice and continued expansion of our European international arbitration, regulatory and valuation practices. This improvement was partially offset by declines in demand in antitrust and strategic M&A services, despite higher average billable rates per hour relative to 2009.

Gross profit increased $3.4 million, or 4.2%, to $84.9 million in 2010 from $81.5 million in 2009. Gross profit margin decreased 1.5 percentage points to 33.2% of revenue in 2010 from 34.7% of revenue in 2009. The gross profit margin decline was due to increased compensation costs related to retaining key employees. Our European practice continued to create margin compression as operations did not yet reach the scale at which revenues and staff leverage offset fixed costs paid to higher salaried senior hires.

SG&A expense increased $2.1 million, or 6.0%, to $37.9 million in 2010 from $35.7 million in 2009. SG&A expense was 14.8% of revenue in 2010 versus 15.2% of revenue in 2009. The increase in SG&A expense in 2010 was primarily due to higher bad debt expense and third party professional service fees, partially offset by lower technology infrastructure costs. Bad debt expense was 2.7% of revenue in 2010 versus 2.6% in 2009.

Amortization of other intangible assets decreased $0.9 million to $1.2 million in 2010 from $2.1 million in 2009.

Adjusted Segment EBITDA increased $1.9 million, or 4.0%, to $49.5 million in 2010 from $47.6 million in 2009.

TECHNOLOGY

	Year Ended December 31,		
	2011	2010	2009
	(dollars in thousands)		
Revenues	$ 218,738	$ 176,607	$ 170,174
Operating expenses:			
Direct cost of revenues	87,573	65,925	59,243
Selling, general and administrative expense	65,322	59,721	65,278
Special charges		15,913	
Amortization of other intangible assets	7,926	7,479	8,243
	160,821	149,038	132,764
Segment operating income	57,917	27,569	37,410
Add back:			
Depreciation and amortization of intangible assets	19,094	20,876	19,721
Special charges		15,913	
Adjusted Segment EBITDA	$ 77,011	$ 64,358	$ 57,131
Gross profit (1)	$ 131,165	$ 110,682	$ 110,931
Gross profit margin (2)	60.0%	62.7%	65.2%
Adjusted Segment EBITDA as a percent of revenues	35.2%	36.4%	33.6%
Number of revenue generating professionals (at period end) (3)	290	257	251

(1) Revenues less direct cost of revenues.
(2) Gross profit as a percent of revenues.
(3) Includes personnel involved in direct client assistance and revenue generating consultants.

Table of Contents

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.

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, 2010 compared to December 31, 2009

Revenues increased $6.4 million, or 3.8%, to $176.6 million in 2010 from $170.2 million in 2009. The growth was due to revenue from our Acuity™ offering and increased consulting revenue, partially offset by a decline in revenue from our channel partners and lower unit-based revenues. Acuity™ , introduced in the first quarter of 2010, combines e-discovery and document review into a single offering and continues to gain momentum. Consulting revenue increased in part as a result of higher average billable rates per hour from various complex engagements which offset fewer consulting hours.

Gross profit decreased $0.2 million, or 0.2%, to $110.7 million in 2010 from $110.9 million in 2009. Gross profit margin decreased 2.5 percentage points to 62.7% in 2010 from 65.2% in 2009. The gross profit margin decline relative to 2009 was due to a higher proportion of pass through revenue, coupled with a lower proportion of high margin unit-based revenue, driven by competitive pricing pressures, and decreased channel partner revenues.

Table of Contents

SG&A expense decreased $5.6 million, or 8.5%, to $59.7 million in 2010 from $65.3 million in 2009. SG&A expense was 33.8% of revenue in 2010 compared to 38.4% of revenue in 2009. The decrease in SG&A expense in 2010 was primarily due to lower personnel costs from decreased headcount and net recoveries of bad debt of $0.9 million in 2010 compared to bad debt expense of $1.7 million in 2009. The improvement in bad debt was due to favorable resolution or collections on previously reserved items. Research and development expense in 2010 was $25.3 million, compared to $21.4 million in 2009. Research and development expense in 2010 included 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 will be replaced with alternative technologies. Excluding this charge, research and development expense was similar to the prior year.

Amortization of other intangible assets decreased $0.7 million to $7.5 million in 2010 from $8.2 million in 2009.

Adjusted Segment EBITDA increased $7.3 million, or 12.6%, to $64.4 million in 2010 from $57.1 million in 2009.

STRATEGIC COMMUNICATIONS

	Year Ended December 31,		
	2011	2010	2009
	(dollars in thousands)		
Revenues	$ 200,910	$ 193,198	$ 180,079
Operating expenses:			
Direct cost of revenues	126,187	120,984	111,630
Selling, general and administrative expense	50,919	46,469	46,793
Special charges		9,044	