

FTI CONSULTING INC  
Form 10-K  
February 24, 2015  
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**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, 2014**

**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)**

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|  |  |
|--|--|
| <b>Maryland</b><br>(State or Other Jurisdiction of<br>Incorporation or Organization)               | <b>52-1261113</b><br>(I.R.S. Employer<br>Identification No.) |
| <b>1101 K Street NW,</b><br><br><b>Washington D.C.</b><br>(Address of Principal Executive Offices) | <b>20005</b><br>(Zip Code)                                   |
| <b>(202) 312-9100</b><br><br>(Registrant's telephone number, including area code)                  |  |

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

|  |  |
|--|--|
| <b>Title of Each Class</b><br><b>Common Stock, \$0.01 par value</b>    | <b>Name of Each Exchange on which Registered</b><br><b>New York Stock Exchange</b> |
| <b>Securities Registered pursuant to Section 12(g) of the Act None</b> |  |

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

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

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

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

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

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was 1.0 billion, based on the closing sales price of the registrant's common stock on June 30, 2014.

The number of shares of registrant's common stock outstanding on February 19, 2015 was 41,372,454.

**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 2014 fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K.

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**FTI CONSULTING, INC. AND SUBSIDIARIES**

**Annual Report on Form 10-K**

**Fiscal Year Ended December 31, 2014**

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**FTI CONSULTING, INC.**

**PART I**

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

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in, or implied by, statements in this Annual Report. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Annual Report are set forth in this report, including under the heading **Risk Factors** in Part I Item 1A. 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.

**ITEM 1. BUSINESS**

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

**Company Overview**

**General**

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 reportable segments:

Corporate Finance/Restructuring;

Forensic and Litigation Consulting;

Economic Consulting;

Technology; and

Strategic Communications.



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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, securities litigation, electronic discovery ( e-discovery ), management and retrieval of electronically stored information ( ESI ), 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 professionals include many individuals who are widely recognized as experts in their respective fields. Our professionals include PhDs, MBAs, JDs, CPAs, CPA-ABVs (who are CPAs accredited in business valuations), CPA-CFFs (who are CPAs certified in financial forensics), CRAs (certified risk analysts), Certified Turnaround Professionals, Certified Insolvency and Reorganization Advisers, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major law firms and local, state and national governments and agencies in the 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.

We have organized our business segments across four geographic regions consisting of (i) the North America region, which is comprised of our 48 U.S. offices located in 19 states and three offices located in Calgary, Toronto and Vancouver Canada, (ii) the Latin America region, which is comprised of eleven offices located in seven countries – Argentina, Brazil, Colombia, Panama, Mexico, the Cayman Islands, and the Virgin Islands (British), (iii) the Asia-Pacific region, which is comprised of 19 offices located in six countries – Australia, China (including Hong Kong), India, Indonesia, Japan, and Singapore, and (iv) the Europe, Middle East and Africa ( EMEA ) region, which is comprised of 20 offices located in eleven countries – Belgium, Denmark, France, Germany, Ireland, Qatar, Russia, South Africa, Spain, United Arab Emirates ( UAE ), and the United Kingdom ( UK ).

We derive the majority of our revenues from providing professional services to clients in the U.S. For the year ended December 31, 2014, we derived approximately 28% of our consolidated revenues from the work of consultants who are assigned to locations outside of the U.S. Approximately 60% of revenues of our Strategic Communications segment, 34% of revenues of our Corporate Finance/Restructuring segment, 26% of revenues of our Economic Consulting segment, 22% of revenues of our Forensic and Litigation Consulting segment, and 15% of revenues of our Technology consulting segment were derived from the work of consultants who are assigned to locations outside of the U.S.

**Summary Financial Information**

The following table sets forth the percentage of consolidated revenues for the last three years contributed by each of our five reportable segments, which are discussed below:

| Reportable Segment                 | Year Ended December 31, |             |             |
|------------------------------------|-------------------------|-------------|-------------|
|                                    | 2014                    | 2013        | 2012        |
| Corporate Finance/Restructuring    | 22%                     | 23%         | 25%         |
| Forensic and Litigation Consulting | 27%                     | 26%         | 26%         |
| Economic Consulting                | 26%                     | 27%         | 25%         |
| Technology                         | 14%                     | 12%         | 12%         |
| Strategic Communications           | 11%                     | 12%         | 12%         |
| <b>Total</b>                       | <b>100%</b>             | <b>100%</b> | <b>100%</b> |

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### **Our Reportable Segments**

#### **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 as well as finance and operational 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 agriculture, automotive, hospitality, gaming and leisure, mining, real estate and infrastructure, retail and consumer products, telecom, media and technology industries.

A number of factors affect the demand for our corporate finance/restructuring services, including general economic conditions, the availability of credit and credit modifications, leverage levels, lending activity, over-expansion of businesses, competition, M&A activity, industries impacted by disruptive change and management crises. Lower corporate default rates as a result of the availability of debt modifications prior to default and maturity and the increased availability of financing at lower interest rates and on more advantageous terms are factors that continue to decrease demand for certain services, including bankruptcy services offered by our Corporate Finance/Restructuring segment. In addition, our restructuring (bankruptcy) engagements have been adversely affected by fewer large corporate bankruptcies.

In 2014, the practice offerings of 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, 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.

**Transaction Advisory Services.** Our Transaction Advisory Services practice combines the disciplines of financial accounting, investment banking, tax advice, valuation services and Securities and Exchange Commission, or SEC, regulatory experience to help our clients maximize value and minimize risk in M&A transactions. We provide many services relating to business acquisitions that include: performing due diligence reviews, evaluating key value drivers and risk factors, advising on the most advantageous tax and accounting structure for the transaction and assessing quality of earnings, quality of balance sheet and working capital requirements. We identify value enhancers and value issues. We provide comprehensive tax consulting intended



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to maximize a client's return on investment. We help structure post-acquisition earn-outs and price adjustment mechanisms to allow a client to realize optimal value. We advise clients regarding regulatory and SEC requirements and internal controls and compliance with the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. We help structure retention and exit strategies. We also perform services for clients involved in purchase price disputes such as assessing the consistent application of Generally Accepted Accounting Principles, or GAAP, earn-out issues, working capital issues, settlement ranges and allocation of purchase price for tax purposes. We have the capacity to provide investment banking services through our Financial Industry Regulatory Authority registered subsidiary, which focuses on identifying and executing value-added transactions for public and private middle market companies in the communications and media and entertainment industries.

**Private Equity.** We help private equity sponsors and company management take proactive steps toward revitalizing businesses, achieving investment expectations and strengthening inexperienced or ineffective management 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.

**Business Transformation Services.** Our Business Transformation 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, Office of the CFO solutions, operational process management, shared services and outsourcing, information technology, optimization, cost reduction, and working capital management. Our team has relevant skills across industries and helps companies and/or their equity sponsors with services such as outsourcing advisory services, complex merger integrations and carve-outs, business performance management consulting and the reengineering of supply chains. Our Business Transformation services represent high value-added and results oriented services marketed to our existing corporate and transaction advisory clients as well as new clients.

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

**Valuation and Financial Advisory Services.** We provide business and intangible asset valuations, financial opinions, financial and strategic analysis, forecasting and transaction support services covering a broad spectrum of industries and situations.

Our Corporate Finance/Restructuring practices are offered through a global network of 49 offices in 13 countries. From December 31, 2013, the net number of revenue-generating professionals decreased in our Corporate Finance/Restructuring segment to 706 professionals as of December 31, 2014.

## **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

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regulatory investigations, inquiries and litigation, regardless of the subject matter of the proceeding or investigation, including pre-filing assessments, discovery, trial preparation, expert testimony, investigation and forensic accounting services. We have particular expertise in the construction and environmental, insurance and pension, government and public contracts and healthcare and life sciences industries. We have the capacity to provide our full array of practice offerings across jurisdictional boundaries around the world.

A number of factors affect the demand for our forensic and litigation consulting services, including the volume of large complex litigations, governmental and regulatory investigations, class action suits, business espionage and illegal or fraudulent activities.

In 2014, the practice offerings of 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 (the FCPA ), and other anti-corruption laws, including the U.K Anti-Bribery Act, the Organization for Economic Co-operation and Development, or OECD, convention on combating bribery of foreign public officials in international business transactions, and the anti-corruption cross-debarment pact reached between the World Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank Group.

**Global Risk and Investigations Practice (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), and reactively (responding to allegations with multidisciplinary investigation, forensic accounting and information preservation experts). We also develop remediation and monitoring plans, including the design and testing of controls and negotiate settlement agreements. Through our services we uncover actionable intelligence and perform value-added analysis to help our clients and other decision-makers address and mitigate risk, protect assets, remediate compliance deficiencies, make informed decisions and maximize opportunities.

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

*Early Case Assessment.* We help determine what really happened and when, to assist with case strategy and possible early settlement.

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*Discovery Assistance.* We help to draft document requests, gather pertinent information and provide assistance during interrogatories and depositions.

*Case Strategy Evaluation.* We analyze financial records and business conduct to help counsel understand potential causes of action and quantify potential recoveries.

*Damages Analyses.* We provide damages quantification and expert testimony for a wide variety of cases including lost profits, breach of contract, purchase price disputes, business interruption, environmental claims, government contract matters and construction disputes and fraud cases.

*Settlement Services.* We help clients mitigate the cost of or avoid litigation by evaluating claims and risks, coordinating business expertise with legal and technical analysis, developing cost-effective settlement strategies and implementing successful business resolutions.

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

**Trial Services.** Our trial technology professionals advise and support clients in large and highly complex civil trials. Through the use of our proprietary information technology, we help control litigation costs, expedite the in-trial process and help our clients to readily organize, access and present case-related data. Our proprietary TrialMax<sup>®</sup> 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.

**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.

**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 the expertise to prepare and advise large financial

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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.

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**Business Insurance Claims.** We assist clients to prepare and submit comprehensive, logical and well-documented claims for insured casualty and other risks. We also have served as testifying experts on insurance coverage litigation matters. We also assist our clients on pre-loss matters, such as business interruption values and maximum probable loss studies.

Our Forensic Litigation and Consulting practices are offered through a global network of 53 offices in 5 countries. From December 31, 2013, the net number of revenue-generating professionals increased to 1,154 professionals as of December 31, 2014.

## **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 aerospace and defense, energy, power and products, financial institutions, healthcare and life sciences, telecom, media and technology, and transportation. 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 regulations and investigations.

In 2014, the practice offerings of 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 experts at analyzing and explaining the antitrust and competition impact of diverse transactions and proceedings relating to M&A, price fixing, monopolization and anti-competition, exclusionary conduct, bundling and tying, and predatory pricing. Our services include financial and economic analyses of policy, regulatory and litigation matters. We provide expert testimony and quantification of damages analyses for corporations, governments and public-sector entities in the U.S. and around the world.

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

**Intellectual Property.** We help clients understand and maximize the value of their intangible business assets. We calculate losses from intellectual property 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.

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**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 and 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 energy, power and products, financial institutions, and telecom, media and technology.

**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.

Our Economic Consulting services are offered through a global network of 30 offices in 11 countries. From December 31, 2013, the net number of revenue-generating professionals increased to 574 professionals as of December 31, 2014.

## **Technology**

Our Technology segment is a leading e-discovery and information governance software, consulting and services for companies, law firms, courts and government agencies worldwide. These include internal investigations, regulatory and global investigations such as, for the FCPA and UK Bribery Act., litigation and joint defense, as well as antitrust and competition investigations, including second requests under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. 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, cloud and social media data as well as financial and transactional data.

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 2014, the software, services and practice offerings of our Technology segment included:

**Ringtail® E-Discovery Software.** Our Ringtail® software is highly scalable software designed to speed the legal review process and help clients find relevant information quickly. Ringtail® features patented visual analytics, concept clustering, predictive coding and other advanced features to accelerate document review. Ringtail® also processes and culls data, provides a broad range of features for quick data review and coding, and gives users a comprehensive set of redaction and production tools. Ringtail® is available on-premises, on-demand or in a Software as a Service (SaaS) deployment model.

**Managed Review Services.** Acuity® is our managed review offering designed to optimize the speed of document review and reduce the cost and complexity of e-discovery at a single, predictable price. Managed

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review is a service that allows corporations and their law firms to improve the cost effectiveness of their e-discovery processes via outsourced review and analysis of e-discovery data instead of performing it themselves. With Acuity®, we drive review efficiency leveraging the power and expertise of Ringtail® and with rigorous budget oversight for projects of any magnitude. Acuity® is different from many managed review offerings in that its workflows enable collaboration between the corporation, law firm, and our Acuity® review teams.

**Information Governance and Compliance.** Our information governance and compliance services assist organizations in developing, implementing and documenting information governance programs that reduce corporate risk, cut storage costs, secure data, improve the e-discovery process and enable faster and deeper insight into data. These services are flexible and can range from a single short-term project to a complete transformational service with ongoing monitoring. Information governance and compliance services are designed to address key corporate data challenges safely and defensibly, including mining, storing, migrating and disposing of corporate data, as well as designing and implementing defensible e-discovery and information governance policies that are cost-effective and do not disrupt business operations.

**Computer Forensics.** We help organizations meet requirements for collecting, analyzing and producing data from a variety of sources, including e-mail, voicemail, backup tapes, social media, the cloud, mobile devices, 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-dependent issues. We also regularly design, implement and offer proprietary software to forensically collect and analyze ESI from emerging data sources.

**Global Investigations.** Our FTI Investigate offering combines our industry-leading software and expert forensic investigation teams to help organizations quickly and defensibly manage investigations, whistleblower allegations, and financial fraud. Investigate helps organizations quickly understand case facts, secure control of sensitive data and defensibly preserve and review data in compliance with local data privacy laws.

**E-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 our 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, conduct early case assessments, 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.

Our Technology services and products are offered through a global network of 28 offices in 5 countries. From December 31, 2013, the net number of revenue-generating professionals increased to 344 professionals, excluding professionals employed on an as-needed basis, as of December 31, 2014.

## **Strategic Communications**

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

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

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In 2014, the practice offerings of our Strategic Communications segment included:

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

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

**Public Affairs.** We advise senior business leaders and leading organizations across the world on how to manage relationships with, and make substantive contributions to, governments, politicians and policy-makers at the most senior levels in key jurisdictions. Our integrated global team is based in leading political centers including Beijing, Brussels, London and Washington. We combine public affairs, economic consulting and capital markets expertise with strategic communications and business advisory skills. We offer the full range of engagement programs, ranging from crisis management of imminent legislation to longer-term shaping of the policy environment. We use a range of qualitative and quantitative tools to establish our clients' case and support their political engagement strategies, whether in terms of message refinement, policy mapping or reputation benchmarking. Our team incorporates many of the world's foremost economic experts in disciplines such as financial economics, antitrust, regulation and the economics of public policy.

**Creative Engagement and Digital Communications.** Our design and marketing teams specialize in brand identity development, website development, advertising and using new digital media channels to enhance the impact of traditional communications and marketing channels. We help clients with print and digital communications with a focus on corporate identity, website development, advertising, interactive marketing campaigns, video and animation, brochures, fact sheets, testimonials and other marketing materials and annual report development. Our social media experts work with clients to identify and engage stakeholders through the most appropriate and useful paid and non-paid social and digital media outlets. We help clients develop creative and multi-dimensional 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



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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 33 offices in 14 countries. From December 31, 2013, the number of revenue-generating professionals decreased to 566 professionals as of December 31, 2014.

## **Our Industry Specializations**

We employ professionals with expertise in a broad range of industries across our reportable segments. These professionals provide a wide array of services that address the strategic, reputational, operational, financial, regulatory, legal and other needs of specific industries, including, aerospace and defense, agriculture, automotive, construction, energy, power & products, environmental, financial institutions, healthcare and life sciences, hospitality, gaming and leisure, information technology, insurance, mining, public sector, real estate and infrastructure, retail and consumer products, telecom, media and technology, and transportation. Our major industry offerings include:

**Construction and Environmental.** Our construction services team provides commercial management, risk-based advisory, dispute resolution services and strategic communications counsel on complex projects across all construction and engineering industries. Our professionals are industry leaders who understand technical, business, regulatory and legal matters and are seasoned in giving expert testimony, to ensure that every aspect of their capital program or project is properly governed, well-executed and fully supported from beginning to end. The environmental services team offers a comprehensive suite of services aimed at helping organizations deal with a specific environmental issue or programmatic challenges. Our services focus on the resolution of complex contamination, toxic tort, products liability and insurance disputes.

**Healthcare and Life Sciences.** Our professionals work with a wide variety of healthcare and life sciences clients to discern innovative solutions that optimize performance in the short term and prepare for future strategic, operational, financial and legal challenges. We provide a one-company team of experts across the spectrum of healthcare disciplines. These professionals have specialized capabilities and a record of success across hospital operations and restructuring, healthcare economics, and stakeholder engagement and communications.

**Insurance.** Our professionals combine their business and technical acumen to help insurers, reinsurers, captives, brokers, investors, regulators, corporations and their legal and business advisors address complex strategic and tactical issues. Our professionals have a proven track record of effectively managing a broad range of large domestic and international engagements such as high-profile, discreet investigations and disputes, complex restructuring and enterprise-wide transformations, and the application of methodologies and analytics to innovate, improve performance, reduce risk and achieve compliance.

**Energy, Power & Products.** Our professionals provide a wide array of advisory services that address the strategic, financial, reputational, regulatory and legal needs of energy and utility clients involved in the

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production of crude oil, natural gas, refined products, chemicals, coal, electric power, emerging technologies and renewable energy. In addition, we furnish strategic communications services across all disciplines, from crisis management to investor relations.

**Real Estate and Infrastructure.** Our professionals have the industry expertise and experience to help real estate owners, users, investors and lenders better navigate the market's complexities and manage its inherent risks. We represent leading public and private real estate entities and stakeholders, including REITs, financial institutions, investment banks, opportunity funds, insurance companies, hedge funds, pension advisors and owners/developers offering services that help align strategy with business goals.

**Retail and Consumer Products.** We provide a full range of corporate finance, turnaround and restructuring expertise for retailers. We have experience in developing strategies for retail and consumer product companies to address internal and external challenges from inception through maturity. Our professionals have deep industry expertise in critical functional areas to help our clients drive performance and implement plans that will have sustained results. Our Fast Track approach utilizes highly developed frameworks and analytics to identify levers in the retail value equation that can be influenced quickly and serve to fund longer term strategic initiatives that drive shareholder value.

**Telecom, Media and Technology (TMT).** Our TMT team provides targeted performance improvement strategies and implementation, valuation, interim management, transaction advisory, restructuring and strategic communications. We deliver original insights that help clients better understand company performance, customer behavior, digital substitution, emerging technologies and evolving trends. We service clients that provide telecom, print media, direct marketing, digital media entertainment, and technology services.

**Financial Institutions.** Our professionals serve banks and financial services clients of all sizes and types navigate through a constantly changing environment of financial services regulations and enforcement actions, litigation threats, and economic and competitive challenges. We work with clients to manage risk, ensure compliance, resolve regulatory inquiries as they arise, and leverage their assets to protect and enhance enterprise value. Our team is composed of highly respected CPAs, attorneys, economists, bankers, forensic specialists, technology professionals, strategic communications experts, policymakers and former bank and securities regulators, all of whom have extensive financial services industry knowledge and experience.

## **Our Business Drivers**

Factors that drive demand for our services include:

***Financial Markets.*** Financial market factors, including 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 are significant drivers of demand for our business offerings.

***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 and laws such as The Sarbanes-Oxley Act of 2004 ( Sarbanes-Oxley ) and the Dodd-Frank Wall Street Reform and Consumer Protection Act ( Dodd-Frank ), have contributed to the 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.

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***M&A Activity.*** M&A activity is an important driver for all our segments. We offer services for different phases of the M&A process. Our services during the pre-transaction phase include government competition advices and pre-transaction analysis. Our services during the negotiation phase include due diligence negotiation and other transaction advisory services, government competition and antitrust regulation, expert advice, asset valuations, and financial advice.

***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 many of our 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.

***Operational Challenges and Opportunities.*** Businesses face significant challenges that necessitate the evaluation and reevaluation of strategy, risks and opportunities as a result of crisis driven situations, competition, regulation, innovation and in the normal course of business. These challenges include enterprise risk management, global expansion, competition from established companies and emerging businesses and technologies, emerging markets 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 practice offerings and industry expertise.

***Developing 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 the Company.

Growth companies in the developing world that access markets in developed countries that recognize that the need for capital and compliance with the regulatory and other requirements of multiple countries necessitate expert advice and services, which drives demand for the services of our Corporate Finance/Restructuring, Economic Consulting and Strategic Communications segments.

### **Our Competitive Strengths**

We compete primarily on the basis of the breadth of our services, the quality of our work, the prominence of our professionals, our geographic reach, our reputation and performance record, our specific industry expertise, and our strong client relationships. We believe our success is driven by a combination of long-standing competitive strengths, including:

***Preeminent Practices and Professionals.*** We believe that our operating segments include some of the preeminent practices and professionals in our industry today. During 2014, the awards and recognitions received by our reportable segments include the following:

Technology segment recognized as a Leader in the 2014 Gartner Magic Quadrant for E-Discovery Software Report for the second consecutive year.

Economic Consulting recognized as one of the 20 Best Economics Firms in the World by *Global Competition Review* for nine consecutive years (2006-2014) and professionals named *Global Competition Review*'s Economist of the Year in 2014 (Dennis Carlton), 2012 (Jorge Padilla) and 2011 (Janusz Ordover)

Our Economic Consulting segment includes six former Deputy Attorney Generals of the Antitrust Division of the Department of Justice, one former chief economist of the Federal Trade Commission, two former chief economists of the Federal Communications Commission, and two former chief economists of the Securities and Exchange Commission, and maintains access to numerous other high-profile academic consultants, including two Nobel Prize winners.



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***Diversified Revenue Sources.*** We believe that our five reportable segments offer a diversified portfolio of practice offerings within our four geographic regions. We believe that our broad practice offerings, diversity of our revenue streams and global locations distinguish us from our competitors and help us to manage fluctuations due to market conditions in any one of our segments, regions or industries. We believe our diversity helps to mitigate the impact of crises, events and changes in a particular practice, industry 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.

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

***Demand for Integrated Solutions and a Consultative Approach.*** Our breadth and depth of service offerings and industry expertise across the globe drive demand by multinational corporations who seek our integrated services and consultative approach covering different aspects of event driven occurrences, reputational issues and transactions across different jurisdictions.

### **Our Business Strategy**

We build 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 Practices, Relationships and Expertise.*** We work hard to strengthen our core practices and competencies to maintain our existing client relationships and develop new ones. We believe that our recognized practices and industry expertise, client relationships and the quality of our reputation coupled with our successful track record, size and geographical diversity are the most critical elements in a decision to retain us. We strive to build client relationships on a company-wide basis and encourage cross-selling among our reportable segments and industry groups. 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 new as well as existing clients.

***Grow Organically.*** Our strategy is to engage in our markets competitively to produce better than average success. We strive to offer our clients comprehensive solutions to their most complex problems, wherever they are in the world. We provide our clients with a complete suite of services across all five reportable segments and the four geographic regions in which we operate.

***Attract and Retain Highly Qualified Professionals.*** Our professionals are crucial to delivering our services to clients and generating new business. As of December 31, 2014, we employed 3,344 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.

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***Integrate and Effectively Operate Acquisitions and Other Investments.*** We seek to integrate acquisitions and manage investments in a way that fosters organic growth, expands our geographic presence, or is complementary to our current practices, services and industry focuses. We typically structure our acquisitions to retain the services of key individuals from the acquired companies.

***Enhance Profitability.*** We endeavor to manage costs, expenditures, employee levels, utilization, bill rates, and pricing for both time and materials and alternative fee arrangements, to operate profitably, at segment and regional levels.

### **Our Employees**

Our success depends on our ability to attract and retain our expert professional work force. Our professionals include PhDs, MBAs, JDs, CPAs, CPA-ABVs (who are CPAs accredited in business valuations), CPA-CFFs (who are CPAs certified in financial forensics), CRAs (certified risk analysts), Certified Turnaround Professionals, Certified Insolvency and Reorganization Advisers, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. We also engage independent contractors to supplement our professionals on client engagements as needed. As of December 31, 2014, we employed 4,404 employees, of which 3,344 were revenue generating professionals.

### **Employment Agreements**

As of December 31, 2014, we had written employment arrangements with substantially all of our 444 SMDs, 255 of which are employment agreements with fixed terms ending between 2014 and 2024 while the other 189 contracts are of an at-will nature with no fixed term. Of the 255 written agreements with a fixed term, 245 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 prior to commencement of the renewal term.

The employment agreements with SMDs generally provide for fixed salary and participation in incentive payment programs (which in some cases may be based on financial measures such as EBITDA) 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 employment agreement). 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 Senior Managing Director Incentive Compensation Program (collectively the ICP) are discussed below.

In some cases, our SMDs pursuant to the ICP or otherwise, and employees, consultants and professionals who join us in connection with acquisitions or as new hires, receive retention or sign-on payments through unsecured general recourse forgivable loans. We believe that the loan arrangements enhance our ability to attract and retain professionals. Some or all of the principal amount and accrued interest of the loans we make to employees will be forgiven by us upon the passage of time, provided that the professional is an employee on the forgiveness date, and upon other specified events, such as death, disability and, in some cases, retirement or termination by the employer without cause or the employee with good reason, as applicable to such loan. The value of the forgivable loans we have made, in the aggregate as well as on an individual basis, have been and we anticipate will continue to be significant. Our executive officers are not eligible to receive loans and no loans have been made to them.

Our executive officers, other members of senior management, outside directors, as well as employees and independent service providers, have received and will continue to receive equity awards, including stock option and share-based awards (including awards in the form of performance-based restricted stock units, deferred

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restricted stock units, and cash-settled stock appreciation rights and units), on a case-by-case basis, to the extent that shares are available under our stockholder approved equity compensation plans. The value of such equity and cash-based equity awards, in the aggregate, as well as on an individual basis, have been and are expected to continue to be significant.

**Senior Managing Director Incentive Compensation Program and Employment Terms**

In 2006, we first implemented the ICP, which is designed to align the interests of SMDs with the interests of our company and its stakeholders and management. Currently SMDs in the U.S., Canada and the UK are eligible to participate in the ICP. U.S. SMDs who are admitted into the ICP sign employment agreements with an initial five year term that renew automatically year-to-year thereafter unless terminated by written notice to the other party prior to the renewal dates. SMDs in Canada and the UK who participate in the ICP enter into service agreements that have no fixed terms but renew year-to-year.

As of December 31, 2014, there were 95 SMDs participating in the ICP from our Corporate Finance/Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications segments, representing approximately 33%, 26%, 4%, 38% and 11%, respectively, of the total SMDs within each segment of which 86 are in the U.S., 3 are located in Canada and 6 are located in the UK. Senior management designates the participants in the ICP, subject to approval by the Compensation Committee of our Board of Directors. As current written employment agreements approach the end of their initial terms or one-year automatic renewal periods, or as part of our annual performance evaluation process, we consider whether current participants should be eligible for additional compensation. Our executive officers are not eligible to participate in the ICP.

The benefits under the ICP include a cash payment in the form of an unsecured general recourse forgivable loan and equity awards, in the form of restricted stock-based awards and stock option or stock appreciation rights, which are provided to participants upon admission to the program and execution of a new employment agreement or upon moving up to a higher tier in the ICP. Participants in the ICP are also currently eligible to receive additional annual and recurring equity awards related to a deferral of a portion of each participant's annual bonus award for the prior bonus year, or payment of a portion of such award in restricted stock, and related matching awards. To the extent that sufficient shares of common stock are not available for awards under our stockholder approved equity compensation plans, ICP equity awards will be paid out in cash, subject to the same vesting and forfeiture conditions as for equity awards.

For the past five years, we have made the following aggregate equity awards and forgivable loans to (i) new participants entering the ICP, (ii) participants moving to higher participation levels within the ICP, and (iii) equity awards to participants receiving annual deferred bonus, restricted stock bonus and additional equity awards pursuant to the bonus matching features of the ICP:

| Year | Unsecured General<br>Recourse Forgivable<br>Loan | Option Shares<br>(in thousands, except per share data) | Restricted Share-<br>Based Awards | Cash Settled Stock<br>Appreciation Rights |
|------|--|--|-----------------------------------|---|
|      | Amounts<br>(1)                                   |  |                                   |   |
| 2010 | \$ 9,300   | 457,582  | 337,390                           |   |
| 2011 | \$ 8,700   | 385,815  | 242,508                           | 63,000                                    |
| 2012 | \$ 9,900   | 467,075  | 245,470                           | 2,834                                     |
| 2013 | \$ 6,200   | 373,656  | 240,269                           | 44,370                                    |
| 2014 | \$ 4,800   | 445,999  | 328,507                           | 16,748                                    |

(1) In 2010, 2011, 2012, 2013, and 2014 we also funded \$37.4 million, \$34.3 million, \$51.5 million, \$40.8 million and \$47.9 million, respectively, of unsecured forgivable loans and other loans to SMDs and other professionals outside of the ICP. Our corporate officers are not eligible to receive loans of any kind.

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ICP participants are also eligible to receive equity awards and cash incentive and retention payments, including loans, outside of the ICP and the value of such incentive and retention payments may be substantial.

### **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 also employ or contract with sales professionals who are tasked primarily with marketing the services of our Forensic and Litigation Consulting, Strategic Communications and Technology segments.

### **Clients**

During the year ended December 31, 2014, no single client accounted for more than 10% of our consolidated revenues. Our Technology segment had one client that individually accounted for more than 10% of its total revenues, and in total accounted for 25% of its total revenues, for the year ended December 31, 2014. No other reportable segment had a single client that accounted for more than 10% of the total revenues for the year ended December 31, 2014. The loss of one or more such clients by the Technology segment would not have a material adverse effect on FTI Consulting and our subsidiaries as a whole but could have a material adverse effect on such segment if that business was not quickly replaced. In some cases, we may have engagements through law firms that represent a larger percentage of our overall revenue or the revenue of a segment; however, each law firm engages us on behalf of multiple clients.

### **Competition**

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

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

Our Corporate Finance/Restructuring segment primarily competes with specialty boutiques providing restructuring or M&A services, and to a lesser extent large investment banks and global accounting firms. Our Forensic and Litigation Consulting segment primarily competes with other large consulting companies with service offerings similar to ours. Our Economic Consulting segment primarily competes with individually recognized economists, specialty boutiques and large consulting companies with service offerings similar to ours.



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Our Technology segment primarily competes with consulting and software providers specializing in the discovery of ESI and the management of electronic content. There continues to be significant consolidation of companies providing services similar to our Technology segment, through M&A and other transactions with larger, diversified technology and other companies, which may provide some competitors access to greater financial and other resources than those of the Company. In addition, new and existing competitors have competed more aggressively against the Technology segment on the basis of price, particularly with respect to hosting and e-discovery services. Our Strategic Communications segment competes with the large public relations firms and boutique M&A and crisis management communications firms. Our Strategic Communications segment has been experiencing competitive downward fee pressure on higher margin types of engagements.

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

## **Patents, Licenses and Trademarks**

We consider the Ringtail®, Acuity® 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 54 U.S. patents and have 26 U.S. patent applications pending, and there are no pending U.S. provisional patent applications. We have filed 21 international patent applications under the Patent Cooperation Treaty all of which have entered the National phase. We hold 10 non-U.S. issued patents in Canada and Europe, and 18 non-U.S. patent applications pending in Canada and Europe. No additional patent applications have been issued or are pending in other countries. All of the above patents cover various aspects of software of our Technology segment.

We also rely upon non-disclosure, license and other agreements to protect our products and services.

## **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 1101 K Street NW, Washington, D.C. 20005. Our telephone number is 202-312-9100. Our website is <http://www.fticonsulting.com>.

## **Financial Information on Industry Segments and Geographic Areas**

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

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**Available Information**

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., 2 Hamill Road, North Building, Baltimore, Maryland 21210, telephone number 410-591-4800.

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### **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 Reportable Segments**

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

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

fluctuations in U.S. and global economies in general and the strength and rate of any general economic recovery from the economic recessions experienced by the U.S. and other countries;

the U.S. or global financial markets and the availability, costs and terms of credit;

the level of leverage incurred by countries or businesses;

M&A activity;

over-expansion by businesses causing financial difficulties;

business and management crises;

new and complex laws and regulations or changes of enforcement of existing laws, rules and regulations;

other economic and geographic factors; and

general business conditions.

Our Corporate Finance/Restructuring segment provides various restructuring and restructuring-related services to companies in financial distress or their creditors or other stakeholders. Our Corporate Finance/Restructuring segment has experienced declines of revenues derived from restructuring (including bankruptcy) engagements. Reductions in M&A and capital markets transactions also negatively affect certain practice offerings of our Corporate Finance/Restructuring segment.

Factors outside of our control also drive demand for the services of our other reportable segments. For example, decreases in litigation filings, class-action suits and regulatory investigations and settlements of proceedings adversely affect our Forensic and Litigation Consulting, Economic Consulting and Technology segments. Our Strategic Communications segment continues to be negatively impacted by fewer M&A transactions, capital markets transactions and public stock offerings, and client decisions to reduce, postpone or curtail discretionary spending, resulting in fewer or lower fee retainer engagements and competitors with lower pricing models.

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

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

We experience fluctuations in our revenues, cost structure and the resulting operating income and cash flows and expect that this will continue to occur in the future. We experience fluctuations in our annual or quarterly financial results, including revenues, operating income and earnings per share for reasons that include the number, size, timing and duration of client assignments, utilization of 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, billing rates and other fee arrangements, the length of billing and collection cycles, new hiring, business and asset acquisitions, and economic factors beyond our control. Our profitability is likely to decline if we experience declines in the number, size or duration or delays to the timing of client assignments, the utilization rates of our professionals or less profitable fee arrangements or discounting of fees. Our results are subject to seasonal and similar factors, especially during the fourth quarter when substantial numbers of our professionals and our clients take vacations. We may also experience fluctuations in our operating income and related cash flows because of increases in employee compensation, including changes to our incentive compensation structure and the timing of incentive payments, which we generally pay during the first quarter of each year, or hiring or retention payments which are paid throughout the year. Also, the timing of future acquisitions and investments and the cost of integrating them may cause fluctuations in our operating income and cash flows.

We may not have sufficient shares of our common stock available under our stockholder-approved equity compensation plans to fund our current equity compensation obligations to our SMDs under the ICP, our voluntary deferred bonus plan, our executive officers under the our annual incentive and long-term incentive compensation programs, future compensation arrangements with our officers and employees, or our outside directors through their annual equity compensation awards. We also may not have sufficient shares available for awards to our employees and individual service providers for hiring and retention purposes. We may not receive the approval of our stockholders to increase the number of shares of our common stock available for equity compensation awards. If we fail to obtain stockholder approval, our ICP and other key professional incentive programs, executive officer and outside director compensation programs, and voluntary deferred bonus plan for our SMDs provide that the value of the awards will be paid out in cash or forgivable loans. In such case, we would use a greater percentage of our cash flow for incentive, retention and hiring payments, which would reduce the cash flow available for other purposes.

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

Our failure 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, could result in adverse consequences, such as non- or lower-revenue-generating professionals, increased employee turn-over, fixed compensation expenses in periods of declining revenues, the inability to appropriately staff engagements, or special charges associated with reductions in staff or operations. Reductions in workforce or increases of billable rates will not necessarily lead to savings. 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, type, 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.

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

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Factors that could negatively affect utilization in our Corporate Finance/Restructuring segment include the completion of bankruptcy proceedings, the timing of the completion of engagements, fewer and smaller restructuring (including bankruptcy) cases, a recovering or strong economy, easy credit availability, low interest rates and fewer, smaller and less complex M&A or less capital markets activity. Factors that could negatively affect utilization in our Forensic and Litigation Consulting segment include the settlement of litigation, fewer and less complex legal disputes, fewer class action suits, the timing of the completion of engagements, less government regulation or fewer regulatory investigations and the timing of government investigations and litigation. Factors that could adversely affect utilization in our Economic Consulting segment include fewer or smaller M&A or less capital markets activity or fewer complex transactions, a reduced number of regulatory filings and less litigation, reduced antitrust and competition regulation or enforcement, fewer government investigations and proceedings and timing of client utilization of our services. Our global expansion into or within locations where we are not well known or where demand for our services is not well developed could also contribute to low or lower utilization rates in certain locations. Our Technology segment derives revenue from consulting services, e-discovery services, licensing fees and the amount of data hosted for a client. Factors that could adversely affect our Technology segment's utilization 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 utilization include a decline in M&A or capital markets activity, fewer event driven crises affecting businesses, fewer public securities offerings and general economic decline that may reduce certain discretionary spending by clients.

***Our segments may 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 may be true in light of general economic conditions, or lingering effects of past economic slowdowns or recession. Such clients may not have sufficient funds to continue operations or to pay for our services. We typically do not receive retainers before we begin performing services on a client's behalf in connection with a significant number of engagements in our segments. 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 and expect this to continue in the future. In addition, our clients and prospective clients may not accept rate increases that we put into effect or plan to implement in the future. Fee discounts, pressure to not increase or even decrease our rates and less advantageous contract terms, could result in the loss of clients, lower revenues and operating income, higher costs and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations. There is no assurance that significant client engagements will be renewed or replaced in a timely manner or if at all, or that client engagements will generate the same volume of work or revenues, and be as profitable as past engagements. In addition, certain of our segments have been experiencing more competitive downward fee pressures.

The clients of certain of our sub-practices prefer fixed and other alternative fee arrangements that place cost ceilings or other limitations on our fee structure or may shift more of our revenue generating potential to back end success fee or contingent arrangements. With respect to such alternative arrangements, we may discount our rates initially, which could mean that the cost of providing services exceeds the fees collected by the Company during the term of the engagement. In such cases, the Company's failure to manage the engagement

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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 competition from larger companies providing similar services and other competitors who offer competing services at lower costs.

***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 or make our products obsolete 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 other financial results and growth of the Technology segment and the Company could decline.

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

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

We experience fluctuations in growth of various operating segments with periods of rapid or declining growth. Periods of rapid expansion of our business may strain our management team, or human resources and information systems. 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. 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. Some acquisitions may not be immediately accretive to earnings and some expansion may result in significant expenditures, which may adversely affect profitability in the near term. If we fail to add qualified managers, employees and contractors, estimate costs or manage our growth effectively, our business, financial results and financial condition may be harmed.

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

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

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

Primarily as a result of acquisitions, we operate in 25 countries in addition to the U.S. We expect to continue our international expansion, and our international revenues are expected to account for an increasing portion of our revenues in the future. For the year ended December 31, 2014, operations outside of the U.S. accounted for approximately 28% of our total revenues, 60% of revenue generated by our Strategic Communications segment, 34% of revenue generated by our Corporate Finance/Restructuring segment, 26% of revenue generated by our Economic Consulting segment, 22% of revenue generated by our Forensic and Litigation Consulting segment, and 15% of revenue generated by our Technology consulting segment.

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

cultural and language differences;

limited brand recognition;

different employment laws and rules, employment or service contracts, compensation methods, and social and cultural factors that could result in employee turnover, lower utilization rates, higher costs, and cyclical fluctuations in utilization, that could adversely affect financial and operating results;

foreign currency disruptions and currency fluctuations between the U.S. dollar and foreign currencies that could adversely affect financial and operating results;

different legal and 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, including client relationships, in certain locations;

disparate systems, policies, procedures and processes;

failure to comply with the FCPA and anti-bribery laws of other jurisdictions;

higher operating costs;

longer sales and/or payment cycles;



restrictions or adverse tax consequences for the repatriation of earnings;

potentially adverse tax consequences, such as trapped foreign losses and importation or withholding taxes;

different or less stable political and/or 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 operations in geographic markets outside of the U.S., our business prospects and results of operations could be negatively impacted.

***Failure to comply with governmental, regulatory and legal requirements or with our company-wide Code of Ethics and Business Conduct, Anti-Corruption Policy, Policy on Inside Information and Insider Trading, and other policies could lead to governmental or legal proceedings that could expose us to significant liabilities and damage our reputation.***

We have a robust Code of Ethics and Business Conduct, Anti-Corruption Policy and Policy on Inside Information and Insider Trading and other policies and procedures that are designed to educate and establish the standards of conduct that we expect from our executive officers, outside directors, employees and independent

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contractors. These policies require strict compliance with U.S. and local laws and regulations applicable to our business operations, including those laws and regulations prohibiting improper payments to government officials. In addition, as a corporation whose securities are registered under the Securities Act and publicly traded on the New York Stock Exchange, our executive officers, outside directors, employees and independent contractors are required to comply with the prohibitions against insider trading of our securities. In addition, we impose restrictions on the trading of securities of our clients. Nonetheless, we cannot assure you that our policies, procedures and related training programs will ensure full compliance with all applicable legal requirements. Illegal or improper conduct by our executive officers, directors, employees, independent contractors or others who are subject to our policies could damage our reputation in the U.S. and internationally or lead to litigation or governmental or regulatory proceedings in the U.S. or foreign jurisdictions that could result in civil or criminal penalties, including substantial monetary awards, fines and penalties, as well as disgorgement of profits.

We are party to various litigation claims and legal proceedings. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. We caution you that actual outcomes or losses may differ materially from those envisioned by our current assessments and estimates.

*We may be required to recognize goodwill impairment charges, which could materially affect our financial results.*

We assess our goodwill, trade names and other intangible assets as well as our other long-lived assets as and when required by accounting principles generally accepted in the United States to determine whether they are impaired and, if they are, to record appropriate impairment charges. Factors we consider include significant under-performance relative to expected historical or projected future operating results and significant negative industry or economic trends. In the fourth quarter of 2012 and the third quarter of 2013, we recorded impairment charges to the carrying value of goodwill of our Strategic Communications segment of \$110.4 million and \$83.8 million, respectively. It is possible that we may be required to record significant impairment charges in the future relating to that or other segments. Such charges have had and could have an adverse impact on our results of operations.

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

*Our failure to recruit and retain 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 qualified professionals to maintain or expand our business. Moreover, competition has caused our costs of retaining and hiring qualified professionals to increase, a trend which could continue and could adversely affect our operating margins and financial results.

As of December 31, 2014, we had written employment arrangements with substantially all of our 444 SMDs, 255 of which are employment agreements with fixed terms ending between 2014 and 2024 while the other 189 contracts are of an at-will nature with no fixed term. Of the 255 written agreements with a fixed term, 245 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 prior to commencement of the renewal term.

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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 or extend employment agreements with SMDs, although that is our intention. We monitor contract expirations carefully to commence dialogues with professionals regarding their employment 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 adoption or new compensation arrangements may result in the concentration of potential turnover in future years.

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

We provide unsecured general recourse forgivable loans and grant stock option, restricted stock, cash-based stock appreciation rights and other equity- and cash-based awards to attract and retain our professional employees. We make forgivable loans to ICP participants and may provide forgivable or other types of loans to new hires and professionals who join us in connection with acquisitions as well as to select current employees and other professionals on a case-by-case basis. The amounts of loans are significant. Some or all of the principal amount and accrued interest of the loans we make to employees will be forgiven by us upon the passage of time, provided that the professional is an employee on the forgiveness date, and upon other specified events, such as death, disability, termination by us without cause, termination by the employee with good reason or retirement or contract non-renewal, as may be applicable to the relevant employment agreement or loan grant. We expect to continue issuing significant amounts of unsecured general recourse forgivable loans.

We also provide significant additional payments under the ICP and other compensation programs in the form of stock options, stock appreciation rights, restricted stock and other stock- or cash-based awards or, alternatively, cash or forgivable loans if we do not have adequate equity securities available under stockholder-approved equity plans. Our ICP, other compensation programs and certain employment agreements contemplate recurring annual payments, loans or equity- or cash-based awards.

In addition, our Economic Consulting segment has contracts with select economists or professionals that provide for compensation equal to such individual's 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 may enter into similar arrangements with other economists and professionals hired by the Company.

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

We rely heavily on our executive officers, the heads of our operating segments and our industry leaders to manage our operations. Given the highly specialized nature of our services and the scale of our operations, our executive officers and the heads of our operating segments and industry leaders 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. We are unable to predict with certainty the impact that leadership transitions may have on our business operations, prospects, financial results, client relationships or employee retention or morale.

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

Our professionals typically have close relationships with the clients they serve, based on their expertise and bonds of personal trust and confidence. Therefore, the barriers to our professionals pursuing independent

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business opportunities or joining our competitors should be considered low. Although our clients generally contract for services with us as a company, and not with individual professionals, in the event that professionals leave, such clients may decide that they prefer to continue working with a professional rather than with our Company. Substantially all of our written employment arrangements with our SMDs include non-competition and non-solicitation covenants. These restrictions have generally been drafted to comply with state reasonableness standards. However, states generally interpret restrictions on competition narrowly and in favor of employees. Therefore, a state may hold certain restrictions on competition to be unenforceable. In the case of employees outside of the U.S., we draft non-competition provisions in an effort to comply with applicable foreign law. In the event an employee departs and acts in a way that we believe violates his or her non-competition or non-solicitation agreement, we will consider any legal remedies we may have against such person on a case-by-case basis. We may decide that preserving cooperation and a professional relationship with the former employee or client, or other concerns, outweigh the benefits of any possible legal recourse. We may also decide that the likelihood of success does not justify the costs of pursuing a legal remedy. Therefore, we may 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 existing or prospective clients, represent multiple clients in connection with the same or competitive engagements, or any requirement that we resign from a client engagement may negatively impact our revenues, growth and financial results. While we follow internal practices to assess real and potential issues in the relationships between and among our clients, engagements, practices and professionals, such concerns cannot always be avoided. For example, we generally will not represent parties adverse to each other in the same matter. Under federal bankruptcy rules, we generally may not represent both a debtor and its creditors in the same proceeding, and we are required to notify the U.S. Trustee of real or potential conflicts. Even if we begin a bankruptcy-related engagement, the U.S. Trustee could find that we no longer meet the disinterestedness standard because of real or potential changes in our status as a disinterested party, and order us to resign, which could result in disgorgement of fees. Acquisitions may require us to resign from a client engagement because of relationship issues that are not currently identifiable. In addition, businesses that we acquire or employees who join us may not be free to accept engagements they could have accepted prior to our acquisition or hire because of relationship issues.

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

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profitability and financial resources. 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 or qualified professionals or other employees or contractors.

***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, 2014, one client of our Technology segment accounted for approximately 25% of that segment's annual revenues. If we are unable to replace clients or revenues as engagements end, clients unexpectedly cancel engagements with us or curtail the scope of our engagements, and we are unable to replace the revenues from those engagements, eliminate the costs associated with those engagements or find other engagements to utilize our professionals, the financial results and profitability of a segment or the Company could be adversely affected.

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

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

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

Our reputation for providing secure information storage and maintaining the confidentiality of proprietary, confidential and trade secret information is critical to the success of our businesses, especially our Technology segment which hosts client information as a service. We routinely face cyber-based attacks and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems, which so far have been unsuccessful. Such attacks could disrupt our business operations, cause us to incur unanticipated losses and result in unauthorized disclosures of confidential or proprietary information. We expect to continue to face such attempts. Although we seek to prevent, detect and investigate these network security incidents and have taken steps to mitigate the likelihood of network security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective.

In addition, the Company's own confidential and proprietary information and that of our clients could be compromised, whether intentionally or unintentionally, by our employees, consultants or vendors. A successful

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breach and compromise of the security of our information technology systems leading to theft or misuse of our own or our clients' proprietary or confidential information, or the public disclosure or use of such information by others, could result in losses, third party claims against us and reputational harm, including the loss of clients.

If our reputation is damaged due to a data security breach or theft or compromise of confidential or proprietary information, our ability to attract new engagements and clients may be impaired or we may be subjected to damages or penalties, which could negatively impact our businesses, financial condition or results of operations. In addition, if our reputation is damaged, we may become less competitive, which could negatively impact our businesses, financial condition or results of operations.

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

In reaction to publicized incidents in which electronically stored personal and other information has been lost, accessed or stolen, or transmitted by or to third parties without permission, many states and federal governmental authorities have adopted, proposed or are considering adopting or proposing, data security and/or data privacy statutes or regulations. In addition, many non-U.S. jurisdictions have data privacy and data access laws applicable to personal and other information. Continued governmental focus on data security and privacy may lead to additional legislative and regulatory action, which could increase the complexity of doing business. The increased emphasis on information security and the requirements to comply with applicable U.S. and foreign data security and privacy laws and regulations may increase our costs of doing business and negatively impact our results of operations.

## **Risks Related to Competition**

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

The market for some of our consulting services is highly competitive. We do not compete against the same companies across all of our segments, practices, services, industries 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 operations 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, IT 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, become too expensive, our 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

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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. States and foreign jurisdictions may interpret restrictions on competition narrowly and in favor of employees. Therefore, certain restrictions on competition or solicitation may be unenforceable. In addition, we may not pursue legal remedies if we determine that preserving cooperation and a professional relationship with the former employee or his clients, or other concerns, outweigh the benefits of any possible legal recourse or the likelihood of success does not justify the costs of pursuing a legal remedy. 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 Acquisitions**

*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 organic expansion of our existing operations. 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 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 future write-offs relating to the impairment of goodwill or other acquired intangible assets.

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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 clients of the acquired entity or local, state, federal or foreign governments will agree to novate or assign their contracts to us.



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*An acquisition may not be accretive in the near term or at all.*

To compete for 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 costs of the acquisition or other factors certain acquisitions may not be accretive to our overall financial results.

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

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

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

We may structure acquisitions to pay a portion of the purchase price in shares of our common stock. The number of shares issued as consideration is typically based on an average closing price per share of our common stock for a number of days prior to the closing of such acquisition. We believe that payment in the form of shares of common stock of FTI Consulting, Inc. provides the acquired entity and its principals with a vested interest in the future success of the acquisition and the Company. Stock market volatility, generally, or FTI Consulting, Inc.'s stock price volatility, specifically, 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 past acquisition related agreements have contained stock price guarantees that resulted in cash payments in the future if the price per share of FTI Consulting, Inc. common stock fell below a specified per share market value on the date restrictions lapse. There is no assurance that an acquisition candidate will not negotiate stock price guarantees, with respect to a future acquisition, which may increase the costs of such acquisition.

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

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

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### **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, 2014 was approximately \$711.0 million under our senior notes due 2020 (the 2020 Notes ) and senior notes due 2022 (the 2022 Notes, together with the 2020 Notes, the Notes ) and we have \$348.6 million of undrawn availability under our senior secured bank revolving credit facility entered into in November 2012 (our Senior Bank Credit Facility ).

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

making it more difficult for us to satisfy our payment and other obligations under the notes or our other outstanding debt;

resulting in an event of default if we fail to comply with the financial and other covenants contained in the indenture governing the notes and our other outstanding debt agreements, which could result in all of our debt becoming immediately due and payable and could permit the lenders under our Senior Bank Credit Facility to foreclose on the assets securing such debt;

subjecting us to the risk of increased sensitivity to interest rate increases on our debt with variable interest rates, including the Senior Bank Credit Facility;

reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

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

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

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

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

Our ability to make scheduled payments on or to refinance our indebtedness depends on the future performance of FTI Consulting, Inc. and the performance of its subsidiaries, which will be affected by financial,



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

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

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

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

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

Borrowings under our Senior Bank Credit Facility will be at variable rates of interest, which expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. An increase in debt service obligations under our variable rate indebtedness could affect our ability to make payments required under the terms of the Senior Bank Credit Facility, Notes or our other indebtedness.

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

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

create, incur, assume or suffer to exist liens;

make investments and loans;

create, incur, assume or suffer to exist additional indebtedness or guarantees;

engage in mergers, acquisitions, consolidations, sale-leasebacks and other asset sales and dispositions;

pay dividends or redeem or repurchase our capital stock;

alter the business that we and our subsidiaries conduct;

engage in certain transactions with affiliates;

modify the terms of certain indebtedness, including the indentures governing the Notes;

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prepay, redeem or purchase certain indebtedness, including the Notes; and

make material changes to accounting and reporting practices.

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

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

incur or guarantee additional indebtedness;

make certain restricted payments;

create or incur certain liens;

create restrictions on the payment of dividends or other distributions to us from our restricted subsidiaries;

engage in certain sale and leaseback transactions;

transfer all or substantially all of our assets or the assets of any restricted subsidiary or enter into merger or consolidation transactions with third parties; and

engage in certain transactions with affiliates.

Operating results below a certain level 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.***

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

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**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our executive offices located in Washington, D.C. consist of 95,767 square feet under a lease expiring November 2021. Under leases expiring August 2017, we lease 53,474 square feet of office space for our principal corporate facilities located in Annapolis, Maryland. We also lease offices to support our operations in 36 other cities across the U.S., including New York, Chicago, Denver, Houston, Dallas, Los Angeles, and San Francisco, and we lease office space to support our international locations in 25 countries – the United Kingdom, Ireland, France, Germany, Spain, Belgium, Denmark, Russia, Australia, China (including Hong Kong), Japan, Singapore, the United Arab Emirates, South Africa, Argentina, Brazil, Colombia, Panama, Mexico, Canada, Indonesia, India, Qatar, the Cayman Islands and the British Virgin Islands. 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.

| Quarter Ended | 2014     |          | 2013     |          |
|---------------|----------|----------|----------|----------|
|               | High     | Low      | High     | Low      |
| March 31      | \$ 41.76 | \$ 28.51 | \$ 37.85 | \$ 31.87 |
| June 30       | \$ 38.01 | \$ 29.30 | \$ 38.17 | \$ 31.20 |
| September 30  | \$ 38.01 | \$ 34.91 | \$ 38.42 | \$ 32.30 |
| December 31   | \$ 41.09 | \$ 33.30 | \$ 46.11 | \$ 37.11 |

**Number of Stockholders of Record.** As of January 31, 2015, the number of holders of record of our common stock was 227.

**Dividends.** We have not declared or paid any cash dividends on our common stock to date and we currently 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 or repurchase shares of our common stock. Moreover, our Senior Bank Credit Facility and the indentures governing our Notes restrict our ability to pay dividends. See Note 14 Long-Term Debt 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, 2014. None of the plans have outstanding warrants or rights other than options and cash-based stock appreciation rights, 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, except for employment inducement awards granted to new executives pursuant to Rule 303A.08 of the New York Stock Exchange. The number of securities to be issued upon exercise of outstanding options, warrants and rights included in Column (a) of the following table excludes:

19,754 shares of common stock issued as unvested stock awards under our 2004 Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008), or the 2004 Plan;

34,851 shares of common stock issued as unvested stock awards under our 2006 Global Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008), or the 2006 Plan;

1,151,713 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



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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.

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41,624 shares of common stock issued as unvested stock awards as employee inducement awards ( Inducement Awards ), as approved by the Compensation Committee of the Company's Board of Directors on July 30, 2014. The remaining 38,290 unissued shares were deregistered with the SEC on October 7, 2014.

**Equity Compensation Plan Information as of December 31, 2014**

| Plan Category  | (a)  | (b)   | (c)  |
|--|--|---|--|
|  | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (in thousands) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | 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     | 4,069 <sup>(1)</sup>   | \$ 39.95  | 459 <sup>(3)</sup>   |
| Equity compensation plans not approved by our security holders | 149 <sup>(2)</sup>   |   |  |
| <b>Total</b>   | <b>4,218</b>   | <b>\$ 39.95</b>   | <b>459</b>   |

- (1) Includes 11,984 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 1997 Stock Option Plan, 637,822 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2004 Plan, 1,248,600 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2006 Plan, and 2,170,509 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2009 Omnibus Plan.
- (2) Includes 148,944 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our Inducement Awards to new executive officer hires pursuant to Rule 303.08 of the New York Stock Exchange.
- (3) Includes 12,832 shares of common stock available for issuance under our 2006 Plan, none of which may be issued as stock-based awards, and 445,861 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**

Not Applicable.

**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 2014 (in thousands except per share amounts).

|                                      | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value that May Yet Be Purchased Under the Program |
|--------------------------------------|----------------------------------|------------------------------|--|--|
| October 1 through October 31, 2014   | 6 <sup>(1)</sup>                 | \$ 35.85                     |  | \$   |
| November 1 through November 30, 2014 | 1 <sup>(1)</sup>                 | \$ 40.71                     |  | \$   |

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|                                      |                   |          |    |
|--------------------------------------|-------------------|----------|----|
| December 1 through December 31, 2014 | 22 <sup>(1)</sup> | \$ 37.27 | \$ |
| Total                                | 29                |          | \$ |

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

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**ITEM 6. SELECTED FINANCIAL DATA**

We derived the selected financial data presented below for the periods or dates indicated from our consolidated financial statements. 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 acquisition activities. The results of operations for acquired businesses have been included in our results of operations since the date of their acquisitions.

**Goodwill Impairment Charge**

For the years ended December 31, 2013 and 2012, we recorded an \$83.8 million and \$110.4 million goodwill impairment charge related to the Strategic Communications segment. There were no goodwill impairment charges during the year ended December 31, 2014. The impairment charges were non-cash in nature and did not affect the Company's current liquidity, cash flows, borrowing capability or operations. These charges are further described under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations below, and in Note 13 Goodwill and Other Intangible Assets in the notes to Consolidated Financial Statements under Item 8. Financial Statements and Supplementary Data.

**Special Charges**

During the year ended December 31, 2014, we recorded special charges totaling \$16.3 million. The special charges consisted of:

\$6.1 million contractual post-employment payments and equity award expense acceleration, net of forfeitures of unvested equity and liability awards and annual bonus payments, related to the departures of the Company's former Chief Financial Officer, former Executive Vice President and Chairman of North America, former Chairman of the EMEA region, and former Executive Vice President, General Counsel and Chief Risk Officer;

\$7.9 million related to the termination of the Company's corporate airplane lease;

\$2.3 million related to the closure of the Company's former West Palm Beach executive office and related lease termination, and updated forecasts of expected sublease income for corporate and segment offices previously vacated. \$0.7 million of these charges were non-cash.

During the year ended December 31, 2013, we recorded special charges totaling \$38.4 million, of which \$14.1 million was non-cash. The charges reflect certain executive leadership transition costs and costs related to actions we took to realign our workforce to address current business demands impacting our Corporate Finance/Restructuring and Forensic and Litigation Consulting segments, and to reduce certain corporate overhead within our Europe, Middle East and Africa ( EMEA ) region.

During the year ended December 31, 2012, we recorded special charges of \$29.6 million, of which \$5.0 million was non-cash. The charges reflect actions we took to realign our workforce to address current business demands and global macro-economic conditions impacting our Forensic and Litigation Consulting, Strategic

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Communications and Technology segments, to address certain targeted practices within our Corporate Finance/Restructuring and Economic Consulting segments, and to reduce excess real estate capacity. These actions include the termination of 116 employees, the consolidation of leased office space within nine office locations and certain other actions.

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

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

## **Stockholders Equity**

On June 6, 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million (the 2012 Repurchase Program ). During the year ended December 31, 2013, we repurchased and retired 1,956,900 shares of our common stock for an average price per share of \$36.35, at a cost of \$71.1 million, of which \$4.4 million was accrued and included in the Condensed Consolidated Balance Sheet, and \$66.7 million was paid at December 31, 2013. In January 2014, we paid the balance due of \$4.4 million on our 2013 share repurchases. No shares were repurchased during the year ended December 31, 2014. The 2012 Repurchase Program expired on June 5, 2014.

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|  | Year Ended December 31,               |              |                      |              |              |
|--|---------------------------------------|--------------|----------------------|--------------|--------------|
|  | 2014                                  | 2013         | 2012                 | 2011         | 2010         |
|  | (in thousands, except per share data) |              |                      |              |              |
| <b>INCOME STATEMENT DATA</b>   |                                       |              |                      |              |              |
| <b>Revenues</b>  | \$ 1,756,212                          | \$ 1,652,432 | \$ 1,576,871         | \$ 1,566,768 | \$ 1,401,461 |
| <b>Operating Expenses</b>  |                                       |              |                      |              |              |
| Direct cost of revenues  | 1,144,757                             | 1,042,061    | 980,532              | 956,908      | 825,599      |
| Selling, general and administrative expenses   | 433,845                               | 394,681      | 378,016              | 373,295      | 341,239      |
| Special charges  | 16,339                                | 38,414       | 29,557               | 15,212       | 51,131       |
| Acquisition-related contingent consideration   | (1,676)                               | (10,869)     | (3,064)              | (6,465)      | 1,190        |
| Amortization of other intangible assets  | 15,521                                | 22,954       | 22,407               | 22,371       | 23,910       |
| Goodwill impairment charge   |                                       | 83,752       | 110,387              |              |              |
|  | 1,608,786                             | 1,570,993    | 1,517,835            | 1,361,321    | 1,243,069    |
| <b>Operating income</b>  | 147,426                               | 81,439       | 59,036               | 205,447      | 158,392      |
| Interest income and other  | 4,670                                 | 1,748        | 5,659                | 6,304        | 4,423        |
| Interest expense   | (50,685)                              | (51,376)     | (56,731)             | (58,624)     | (50,263)     |
| Loss on early extinguishment of debt   |                                       |              | (4,850)              |              | (5,161)      |
| <b>Income from continuing operations, before income tax provision</b>                                    |                                       |              |                      |              |              |
|  | 101,411                               | 31,811       | 3,114                | 153,127      | 107,391      |
| Income tax provision   | 42,604                                | 42,405       | 40,100               | 49,224       | 41,407       |
| <b>Net income (loss)</b>   | \$ 58,807                             | \$ (10,594)  | \$ (36,986)          | \$ 103,903   | \$ 65,984    |
| <b>Earnings (loss) per common share basic</b>  | \$ 1.48                               | \$ (0.27)    | \$ (0.92)            | \$ 2.53      | \$ 1.45      |
| <b>Earnings (loss) per common share diluted</b>  | \$ 1.44                               | \$ (0.27)    | \$ (0.92)            | \$ 2.39      | \$ 1.38      |
| <b>Weighted average number of common shares outstanding</b>  |                                       |              |                      |              |              |
| Basic  | 39,726                                | 39,188       | 40,316               | 41,131       | 45,557       |
| Diluted  | 40,729                                | 39,188       | 40,316               | 43,473       | 47,664       |
| <b>BALANCE SHEET DATA</b>  |                                       |              |                      |              |              |
|  | 2014                                  | 2013         | December 31,<br>2012 | 2011         | 2010         |
|  | (in thousands)                        |              |                      |              |              |
| Cash and cash equivalents  | \$ 283,680                            | \$ 205,833   | \$ 156,785           | \$ 264,423   | \$ 384,570   |
| Working capital <sup>(1)</sup>   | 517,081                               | 419,531      | 370,178              | 273,117      | 504,680      |
| Total assets   | 2,430,527                             | 2,364,947    | 2,275,452            | 2,411,084    | 2,405,488    |
| Long-term debt and capital lease obligations, including current portion and fair value hedge adjustments | 711,000                               | 717,014      | 723,045              | 796,960      | 793,122      |
| Stockholders' equity   | 1,102,746                             | 1,042,259    | 1,068,232            | 1,106,202    | 1,167,606    |

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

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**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, 2014 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 reportable 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, as well as interim management and performance improvement services for our health solutions practice clients.

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

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

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

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

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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 use or installation within their own environments. We license these products directly to end users as well as indirectly through our channel partner relationships. 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 hosting, 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. 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.

### **Non-GAAP Measures**

In the accompanying analysis of financial information, we sometimes use information derived from consolidated and segment financial information that is not presented in our financial statements and prepared in accordance with U.S. generally accepted accounting principles ( GAAP ). Certain of these measures are considered non-GAAP financial measures under the SEC rules. Specifically, we have referred to:



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Segment Operating Income (Loss)

Total Segment Operating Income (Loss)

Adjusted EBITDA

Adjusted Segment EBITDA

Total Adjusted Segment EBITDA

Adjusted Net Income

Adjusted Earnings per Diluted Share

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Beginning with the quarter ended March 31, 2014, the definitions of each of these non-GAAP measures have been updated to exclude the impact of changes in the fair value of acquisition-related contingent consideration liabilities. Prior period amounts have been reclassified to conform to the current period's presentation.

We define Segment Operating Income (Loss) as a segment's share of consolidated operating income. We define Total Segment Operating Income (Loss) as the total of Segment Operating Income (Loss) for all segments, which excludes unallocated corporate expenses. We use Segment Operating Income (Loss) for the purpose of calculating Adjusted Segment EBITDA. We define Adjusted EBITDA as consolidated net income (loss) before income tax provision, other non-operating income (expense), depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We define Total Adjusted Segment EBITDA as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. We use Adjusted Segment EBITDA to internally evaluate the financial performance of our segments because we believe it is a useful supplemental measure which reflects current core operating performance and provides an indicator of the segment's ability to generate cash. We also believe that these measures, when considered together with our GAAP financial results, provide management and investors with a more complete understanding of our operating results, including underlying trends, by excluding the effects of remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. In addition, EBITDA is a common alternative measure of operating performance used by many of our competitors. It is used by investors, financial analysts, rating agencies and others to value and compare the financial performance of companies in our industry. Therefore, we also believe that these measures, considered along with corresponding GAAP measures, provide management and investors with additional information for comparison of our operating results to the operating results of other companies.

We define Adjusted Net Income and Adjusted Earnings per Diluted Share ( Adjusted EPS ) as net income and earnings per diluted share, respectively, excluding the impact of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt. We use Adjusted Net Income for the purpose of calculating Adjusted EPS. Management uses Adjusted EPS to assess total company operating performance on a consistent basis. We believe that this measure, when considered together with our GAAP financial results, provides management and investors with a more complete understanding of our business operating results, including underlying trends, by excluding the effects of the remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges and losses on early extinguishment of debt.

Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable to other similarly titled measures of other companies. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our Consolidated Statements of Comprehensive Income (Loss). Reconciliations of GAAP to non-GAAP financial measures are included elsewhere in this filing.

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.

**Table of Contents****Full Year 2014 Executive Highlights****Financial Highlights**

|  | Year Ended December 31,                                 |              |          |
|--|---|--------------|----------|
|  | 2014  | 2013         | % Growth |
|  | (dollar amounts in thousands, except per share amounts) |              |          |
| Revenues                                   | \$ 1,756,212  | \$ 1,652,432 | 6.3%     |
| Special charges <sup>(1)</sup>             | \$ 16,339   | \$ 38,414    | -57.5%   |
| Adjusted EBITDA                            | \$ 210,552  | \$ 245,545   | -14.3%   |
| Net income (loss)                          | \$ 58,807   | \$ (10,594)  | 655.1%   |
| Earnings (loss) per common share diluted   | \$ 1.44   | \$ (0.27)    | 633.3%   |
| Adjusted earnings per common share diluted | \$ 1.64   | \$ 2.09      | -21.5%   |
| Net cash provided by operating activities  | \$ 135,401  | \$ 193,271   | -29.9%   |
| Total number of employees at December 31,  | 4,404   | 4,207        | 4.7%     |

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

**Revenues**

Revenues for the year ended December 31, 2014 increased by 6.3%, or \$103.8 million, to \$1,756.2 million compared to \$1,652.4 million in the prior year period. Acquisitions contributed \$20.5 million, and represented 1.2% of the year-over-year growth. Revenues grew organically due to the strength in the Forensic and Litigation Consulting segment with higher demand in our global disputes, construction solutions and data analytics practices, which were partially offset by a decline in the health solutions practice. The Technology segment experienced increased demand for complex global investigations with increases in the financial services industry investigations and M&A Second Requests. Additionally, the Corporate Finance/Restructuring segment increased due to growth in non-distressed engagements in North America, partially offset by declines in global bankruptcy and restructuring engagements.

**Special Charges**

Special charges for the years ended December 31, 2014 and 2013 were \$16.3 million and \$38.4 million, respectively. See Special Charges in Item 6 for an expanded discussion.

**Adjusted EBITDA**

Adjusted EBITDA for the year ended December 31, 2014 decreased by 14.3%, or \$35.0 million, to \$210.6 million, or 12.0% of revenues, compared to \$245.5 million, or 14.9% of revenues, in the prior year period. The decrease in Adjusted EBITDA was impacted by higher costs related to the employment contract extensions of key client-service professionals in the Economic Consulting segment, the decline in higher margin global bankruptcy and restructuring activity in our Corporate Finance/Restructuring segment, additional investments in the Technology segment and unallocated Corporate expenses to support future growth initiatives. These items were partially offset by the increased demand for services in the Forensics and Litigation Consulting segment.

**Net Income (Loss)**

Net income for the year ended December 31, 2014 increased \$69.4 million to \$58.8 million, compared to a loss of \$10.6 million in the prior year period. The current period included special charges of \$16.3 million, a gain of \$2.7 million from the remeasurement of acquisition-related contingent consideration and a \$4.6 million charge for a valuation reserve on deferred tax assets related to net operating losses in the Company's Australian business. The prior year period net loss included a goodwill impairment charge, and special charges and a gain from contingent consideration remeasurement of \$83.8 million, \$38.4 million, and \$13.6 million, respectively. Net income (loss) was also impacted by the operating results described above.



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

Earnings per diluted share for the year ended December 31, 2014 increased \$1.71 to \$1.44 compared to a loss per diluted share of \$0.27 in the prior year period. The increase in earnings per diluted share of \$1.71 was primarily related to the absence of any goodwill impairment charges in the current year, compared to a goodwill impairment charge of \$83.8 million in the prior year period and a decrease in special charges of \$22.1 million. Earnings (loss) per share were also impacted by the operating results described above.

Adjusted earnings per diluted share, which excludes the impact of the goodwill impairment charge, special charges and the remeasurement of acquisition-related contingent consideration, decreased \$0.45 to \$1.64 compared to \$2.09 in the prior year period.

***Cash***

Cash balances increased by \$77.8 million to \$283.7 million for the year ended December 31, 2014. Cash provided by operating activities decreased \$57.9 million to \$135.4 million for the year ended December 31, 2014 as compared to \$193.3 million for the same prior year period. The decrease was primarily due to increased payments for compensation and other operating expenses partially offset by higher revenue driven cash collections in the year ended December 31, 2014. Days Sales outstanding (DSO) at December 31, 2014 was 97 days, unchanged from DSO at December 31, 2013. DSO is a measure used to assess how quickly revenues are collected by the Company. We calculate DSO at the end of each reporting period by dividing net accounts receivable reduced by billings in excess of services provided, by revenue for the quarter, adjusted for changes in foreign exchange rates. We multiply the result by the number of days in the quarter.

***Headcount***

As of December 31, 2014, our total headcount of 4,404 increased by 197 from 4,207 as of December 31, 2013.

We increased the number of non-billable employees by 77, from 983 as of December 31, 2013 to 1,060 as of December 31, 2014. Billable headcount additions for the year-ended December 31, 2014 are referenced in the table below.

| <b>Billable Headcount</b>   | <b>Corporate<br/>Finance/<br/>Restructuring</b> | <b>Forensic and<br/>Litigation<br/>Consulting</b> | <b>Economic<br/>Consulting</b> | <b>Technology</b> | <b>Strategic<br/>Communications</b> | <b>Total</b> |
|-----------------------------|---|---|--------------------------------|-------------------|-------------------------------------|--------------|
| <b>December 31, 2013</b>    | <b>737</b>                                      | <b>1,061</b>                                      | <b>530</b>                     | <b>306</b>        | <b>590</b>                          | <b>3,224</b> |
| Additions (reductions), net | (31)  | 93  | 44                             | 38                | (24)                                | 120          |
| <b>December 31, 2014</b>    | <b>706</b>                                      | <b>1,154</b>                                      | <b>574</b>                     | <b>344</b>        | <b>566</b>                          | <b>3,344</b> |

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### **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 allowance for doubtful accounts and unbilled services, goodwill, share based compensation, income taxes and contingencies on an ongoing basis. We base our estimates on current facts and circumstances, historical experience and on various other assumptions that we believe are reasonable. 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. 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. Provisions are recorded for the estimated realization adjustments on all engagements, including engagements for which fees are subject to review by the bankruptcy courts and other regulatory institutions. 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. 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 some cases, time-and-expense arrangements are subject to a cap, in which case we assess work performed on a periodic basis to ensure that the cap has not been exceeded.

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

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

Some clients pay us retainers before we begin 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.

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. Revenues recognized, but not yet billed to clients, have been recorded as *Unbilled receivables* in the Consolidated Balance Sheets.

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

We record adjustments to the allowance for doubtful accounts and unbilled services as a reduction in revenue when there are changes in estimates of fee reductions that may be imposed by bankruptcy courts and other regulatory institutions, for both billed and unbilled receivables. The allowance for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we later discover that collectability is not reasonably assured. These adjustments are recorded to *Selling, general and administrative expense* on the Consolidated Statements of Comprehensive Income (Loss), and totaled \$18.3 million, \$13.3 million, and \$14.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

***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, 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;

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a significant market decline related to negative industry or economic trends; and/or

our market capitalization relative to net carrying value.

We assess our goodwill for impairment using a fair value approach at the reporting unit level. The goodwill impairment test is a two-step process, if necessary. The provisions for the accounting standard of goodwill provide an entity with the option to assess qualitative factors to determine whether the existence of events or circumstances leads to the determination that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. This qualitative assessment is referred to as a "step zero" approach. If, based on the review of the qualitative factors, an entity determines it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying value, the entity may skip the two-step impairment test required by prior accounting guidance. If an entity determines otherwise, Step 1 of the two-step impairment test is required. Step 1 involves determining whether the estimated fair value of the reporting units exceeds the respective carrying value. If the fair value exceeds the carrying value, goodwill of that reporting unit is not impaired. However, if the carrying value exceeds the fair value of the reporting unit, goodwill may be impaired and additional analysis is required. Step 2 of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill to its carrying value. The implied fair value of goodwill is derived by performing a hypothetical purchase price allocation for the reporting unit as of the measurement date, allocating the reporting unit's estimated fair value to its net assets and identifiable intangible assets. The residual amount from performing this allocation represents the implied fair value of goodwill. To the extent this amount is below the carrying value of goodwill, an impairment charge is recorded.

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

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. In the income approach, the cash flows were discounted using an estimated weighted average cost of capital (WACC) based on our assessment of the risk inherent in the future revenue streams and cash flows and our WACC. 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. In the market approach, we utilize market multiples derived from comparable guideline companies and comparable market transactions to the extent available. These valuations are based on estimates and assumptions including projected future cash flows and the determination of appropriate market comparables and determination of whether a premium or discount should be applied to such comparables.

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



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On a quarterly basis, we monitor the key drivers of fair value to detect events or other changes that would warrant an interim impairment test of our goodwill and intangible assets. Factors we consider important which could trigger an interim impairment review include, but are not limited to the following: significant underperformance relative to historical or projected future operating results; a significant change in the manner of our use of the acquired asset or strategy for our overall business; a significant negative industry or economic trend; and our market capitalization relative to net book value.

In the third quarter of 2013, in addition to reduced levels of M&A activity, our Strategic Communications segment experienced pricing pressure for certain discretionary communications services, including initial public offering support services where there is volume but also increasing competition. These factors compressed segment margins and contributed to a change in the Company's near-term outlook for this segment. This was considered an interim impairment indicator for the Strategic Communications segment at the Strategic Communications reporting unit level. As a result, we performed an interim impairment analysis with respect to the carrying value of goodwill in our Strategic Communications reporting unit in connection with the preparation of our financial statements for the quarter ended September 30, 2013. The results of the Step 1 goodwill impairment analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value; therefore we applied Step 2 of the goodwill impairment test. The results of Step 2 indicated that the carrying values of the goodwill associated with the Strategic Communications reporting unit exceeded its implied fair value, resulting in an \$83.8 million non-deductible goodwill impairment charge which is recorded as a separate line item within operating income (loss) within the Consolidated Statements of Comprehensive Income (Loss). The impairment charge was non-cash in nature and did not affect the Company's current liquidity, cash flows, borrowing capability or operations; nor did it impact the debt covenants under the Company's existing credit facility and the Indentures for the 2020 and 2022 Notes.

For the 2014 annual goodwill impairment test performed as of the Company's measurement date of October 1, 2014, we utilized the quantitative tests described above for each of our reporting units. The results of the Step 1 goodwill impairment analysis indicated that the estimated fair values of each of our reporting units significantly exceeded their respective carrying values and no further impairment testing was required. Significant reductions in our current estimates of cash flows for our reporting units could materially affect the results of our reviews for impairment of goodwill in the future.

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 for our industry.

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

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

**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.

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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 assumptions, including volatility and expected term, which are based on our historical experience. We also make assumptions regarding the risk-free interest rate and the expected dividend yield. The risk-free interest rate is based on the U.S. Treasury interest rate whose term is consistent with the expected term of the share-based award. The dividend yield on our common stock is assumed to be zero since we do not pay dividends and have no current plans to do so in the future.

Restricted stock is measured based on the fair market values of the underlying stock on the dates of grant. Awards with performance-based vesting conditions require the achievement of specific financial targets at the end of the specified performance period and the employee's continued employment. We recognize the estimated fair value of performance-based awards as share-based compensation expense over the performance period. We consider each performance period separately, based upon our determination of whether it is probable that the performance target will be achieved. At each reporting period, we reassess the probability of achieving the performance targets. If a performance target is not met, no compensation cost is ultimately recognized against that target, and, to the extent previously recognized, compensation expense is reversed. For all our share-based awards, we estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. We estimate the forfeiture rate based on historical experience. Groups of share-based award holders that have similar historical behavior with regard to option exercise timing and forfeiture rates are considered separately for valuation and attribution purposes. Forfeitures are estimated at the time an award is granted and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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

**Significant New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09. ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This guidance is effective for interim and annual periods beginning after December 15, 2016 and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is evaluating which transition approach to use and the impact of the adoption of this accounting standard update on its consolidated financial statements.

**Table of Contents****RESULTS OF OPERATIONS****Segment and Consolidated Operating Results:**

|  | Year Ended December 31,                  |                     |                     |
|--|--|---------------------|---------------------|
|  | 2014                                     | 2013                | 2012                |
|  | (in thousands, except per share amounts) |                     |                     |
| <b>Revenues</b>  |  |                     |                     |
| Corporate Finance/Restructuring                                | \$ 391,115                               | \$ 382,526          | \$ 394,719          |
| Forensic and Litigation Consulting                             | 483,380                                  | 433,632             | 407,586             |
| Economic Consulting  | 451,040                                  | 447,366             | 391,622             |
| Technology   | 241,310                                  | 202,663             | 195,194             |
| Strategic Communications                                       | 189,367                                  | 186,245             | 187,750             |
| <b>Total revenues</b>  | <b>\$ 1,756,212</b>                      | <b>\$ 1,652,432</b> | <b>\$ 1,576,871</b> |
| <b>Operating income (loss)</b>                                 |  |                     |                     |
| Corporate Finance/Restructuring                                | \$ 46,913                                | \$ 58,594           | \$ 80,970           |
| Forensic and Litigation Consulting                             | 83,180                                   | 68,211              | 45,809              |
| Economic Consulting  | 55,282                                   | 86,714              | 71,992              |
| Technology   | 46,906                                   | 38,038              | 33,642              |
| Strategic Communications                                       | 15,603                                   | (72,129)            | (97,298)            |
| <b>Segment operating income</b>                                | <b>247,884</b>                           | <b>179,428</b>      | <b>135,115</b>      |
| Unallocated corporate expenses                                 | (100,458)                                | (97,989)            | (76,079)            |
| <b>Operating income</b>  | <b>147,426</b>                           | <b>81,439</b>       | <b>59,036</b>       |
| <b>Other income (expense)</b>                                  |  |                     |                     |
| Interest income and other                                      | 4,670                                    | 1,748               | 5,659               |
| Interest expense   | (50,685)                                 | (51,376)            | (56,731)            |
| Loss on early extinguishment of debt                           |  |                     | (4,850)             |
|  | (46,015)                                 | (49,628)            | (55,922)            |
| <b>Income before income tax provision</b>                      | <b>101,411</b>                           | <b>31,811</b>       | <b>3,114</b>        |
| <b>Income tax provision</b>                                    | <b>42,604</b>                            | <b>42,405</b>       | <b>40,100</b>       |
| <b>Net income (loss)</b>                                       | <b>\$ 58,807</b>                         | <b>\$ (10,594)</b>  | <b>\$ (36,986)</b>  |
| <b>Earnings (loss) per common share basic</b>                  | <b>\$ 1.48</b>                           | <b>\$ (0.27)</b>    | <b>\$ (0.92)</b>    |
| <b>Earnings (loss) per common share diluted</b>                | <b>\$ 1.44</b>                           | <b>\$ (0.27)</b>    | <b>\$ (0.92)</b>    |
| <b>Reconciliation of Net Income (Loss) to Adjusted EBITDA:</b> |  |                     |                     |

|                             | Year Ended December 31, |                    |                    |
|-----------------------------|-------------------------|--------------------|--------------------|
|                             | 2014                    | 2013               | 2012               |
|                             | (in thousands)          |                    |                    |
| <b>Net income (loss)</b>    | <b>\$ 58,807</b>        | <b>\$ (10,594)</b> | <b>\$ (36,986)</b> |
| Add back:                   |                         |                    |                    |
| Income tax provision        | 42,604                  | 42,405             | 40,100             |
| Other income (expense), net | 46,015                  | 49,628             | 51,072             |

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|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Depreciation and amortization                                 | 33,989            | 32,541            | 29,604            |
| Amortization of other intangible assets                       | 15,521            | 22,954            | 22,407            |
| Special charges   | 16,339            | 38,414            | 29,557            |
| Loss on early extinguishment of debt                          |                   |                   | 4,850             |
| Remeasurement of acquisition-related contingent consideration | (2,723)           | (13,555)          | (5,227)           |
| Goodwill impairment charge                                    |                   | 83,752            | 110,387           |
| <b>Adjusted EBITDA</b>  | <b>\$ 210,552</b> | <b>\$ 245,545</b> | <b>\$ 245,764</b> |

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

|   | Year Ended December 31, |                  |                  |
|---|-------------------------|------------------|------------------|
|   | 2014                    | 2013             | 2012             |
| <b>Net income (loss)</b>  | \$ 58,807               | \$ (10,594)      | \$ (36,986)      |
| Add back:   |                         |                  |                  |
| Special charges, net of tax <sup>(1)</sup>  | 9,637                   | 23,267           | 19,115           |
| Goodwill impairment charge <sup>(2)</sup>   |                         | 83,752           | 110,387          |
| Loss on early extinguishment of debt, net of tax <sup>(3)</sup>                                 |                         |                  | 2,910            |
| Remeasurement of acquisition-related contingent consideration, net of tax effect <sup>(3)</sup> | (1,718)                 | (12,054)         | (5,228)          |
| <b>Adjusted Net Income</b>  | <b>\$ 66,726</b>        | <b>\$ 84,371</b> | <b>\$ 90,198</b> |
| <b>Earnings (loss) per common share diluted</b>   | <b>\$ 1.44</b>          | <b>\$ (0.27)</b> | <b>\$ (0.92)</b> |
| Add back:   |                         |                  |                  |
| Special charges, net of tax <sup>(1)</sup>  | 0.24                    | 0.59             | 0.47             |
| Goodwill impairment charge <sup>(2)</sup>   |                         | 2.14             | 2.74             |
| Remeasurement of acquisition-related contingent consideration, net of tax effect <sup>(4)</sup> | (0.04)                  | (0.30)           | (0.13)           |
| Loss on early extinguishment of debt, net of tax <sup>(3)</sup>                                 |                         |                  | 0.07             |
| Impact of denominator for diluted adjusted earnings per common share <sup>(5)</sup>             |                         | (0.07)           | (0.06)           |
| <b>Adjusted earnings per common share diluted</b>   | <b>\$ 1.64</b>          | <b>\$ 2.09</b>   | <b>\$ 2.17</b>   |
| <b>Weighted average number of common shares outstanding diluted<sup>(f)</sup></b>               | <b>40,729</b>           | <b>40,421</b>    | <b>41,578</b>    |

(1) The tax effect takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). As a result, the effective tax rates for the adjustments related to special charges for the years ended December 31, 2014, 2013 and 2012 were 41.0%, 39.4% and 35.3%, respectively. The tax expense related to the adjustments related to special charges for the years ended December 31, 2014, 2013 and 2012 were \$6.7 million or \$0.16 impact on diluted earnings per share, \$15.1 million or \$0.39 impact on diluted earnings per share, and \$10.4 million or \$0.26 impact on diluted earnings per share, respectively.

(2) The goodwill impairment charge is non-deductible for income tax purposes and resulted in no tax benefit for the years ended December 31, 2013 and 2012.

(3) The tax effect takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). As a result, the effective tax rate for the adjustment related to the loss on early extinguishment of debt for the year ended December 31, 2012 was 40.0%. The tax expense related to the adjustment for the year ended December 31, 2012 was \$1.9 million or \$0.05 impact on diluted earnings per share. There was no loss on early extinguishment of debt in the years ended December 31, 2014 or December 31, 2013.

(4) The tax effect takes into account the tax treatment and related tax rate(s) that apply to each adjustment in the applicable tax jurisdiction(s). As a result, the effective tax rates for the adjustments related to the remeasurement of acquisition-related contingent consideration for the years ended December 31, 2014 and 2013 were 36.9% and 11.1%, respectively. The tax expense related to the adjustments related to the remeasurement of acquisition-related contingent consideration for the years ended December 31, 2014 and 2013 were \$1.0 million or \$0.02 impact on diluted earnings per share and \$1.5 million or \$0.04 impact on diluted earnings per share respectively. There was no tax impact on the remeasurement of acquisition-related contingent consideration for the year ended December 31, 2012.

(5) For the years ended December 31, 2013 and 2012, the Company reported a net loss. For the period, the basic weighted average common shares outstanding equals the diluted weighted average common shares outstanding for purposes of calculating U.S. GAAP earnings per share because potentially dilutive securities would be antidilutive. For non-GAAP purposes, the per share and share amounts presented herein reflect the impact of the inclusion of share-based awards and convertible notes that are considered dilutive based on the impact of the add backs included in Adjusted Net Income above.

**Table of Contents****Year Ended December 31, 2014 compared to December 31, 2013*****Revenues and Operating income***

See **Segment Results** for an expanded discussion of Revenue and Adjusted Segment EBITDA.

***Special charges***

During the years ended December 31, 2014 and 2013, we recorded special charges totaling \$16.3 million and \$38.4 million, respectively. See **Special Charges** in Item 6 for an expanded disclosure.

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

|                                    | <b>2014</b>                   | <b>2013</b>                   |                  |
|------------------------------------|-------------------------------|-------------------------------|------------------|
|                                    | <b>Special<br/>Charges</b>    | <b>Special<br/>Charges</b>    | <b>Headcount</b> |
|                                    | <b>(dollars in thousands)</b> | <b>(dollars in thousands)</b> |                  |
| Corporate Finance/Restructuring    | \$ 84                         | \$ 10,274                     | 25               |
| Forensic and Litigation Consulting | 308                           | 2,111                         | 17               |
| Economic Consulting                | 12                            | 11                            |                  |
| Technology                         | 19                            | 16                            |                  |
| Strategic Communications           | 3                             | 66                            |                  |
|                                    | 426                           | 12,478                        | 42               |
| Unallocated Corporate              | 15,913                        | 25,936                        | 3                |
| Total                              | \$ 16,339                     | \$ 38,414                     | 45               |

***Unallocated corporate expenses***

Unallocated corporate expenses increased \$2.5 million, or 2.5%, to \$100.5 million for 2014 from \$98.0 million for 2013. Excluding the impact of special charges of \$15.9 million recorded in 2014 and \$25.9 million recorded in 2013, unallocated corporate expenses increased \$12.5 million in 2014, or 17.3%. The increase was primarily due to increased resources to assess and evaluate certain strategic initiatives, higher costs related to performance based compensation for U.S. and regional personnel, and costs related to our global SMD leadership meeting, partially offset by lower costs related to corporate executives and the termination of the airplane lease.

***Interest income and other***

Interest income and other, which includes foreign currency transaction gains and losses, increased by \$2.9 million to \$4.7 million for 2014 from \$1.7 million for 2013. The increase in interest income and other was primarily due to non-recurring interest and other non-operating income related to client and insurance settlements.

***Interest expense***

Interest expense decreased \$0.7 million, or 1.3%, to \$50.7 million for 2014 from \$51.4 million for 2013. Interest expense in 2014 was favorably impacted by lower average borrowings.

***Income tax provision***

Our effective tax rate for the year ended December 31, 2014 was 42.0%. The effective tax rate in 2014 was unfavorably impacted by valuation allowances on foreign net operating losses and the mix of U.S. earnings by State. The effective tax rate for 2013 was not meaningful due to the impact of the non-deductible goodwill impairment charges of \$83.8 million. The effective tax rate for 2013 excluding goodwill impairment charges from pre-tax income was 36.7%.



**Table of Contents****Year Ended December 31, 2013 compared to December 31, 2012*****Revenues and Operating income***

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

***Special charges***

During the years ended December 31, 2013 and 2012, we recorded special charges totaling \$38.4 million and \$29.6 million, respectively. See **Special Charges** in Item 6 for an expanded disclosure.

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

|                                    | 2013                                      |           | 2012                                      |           |
|------------------------------------|---|-----------|---|-----------|
|                                    | Special Charges<br>(dollars in thousands) | Headcount | Special Charges<br>(dollars in thousands) | Headcount |
| Corporate Finance/Restructuring    | \$ 10,274                                 | 25        | \$ 11,332                                 | 4         |
| Forensic and Litigation Consulting | 2,111                                     | 17        | 8,276                                     | 43        |
| Economic Consulting                | 11  |           | 991                                       | 8         |
| Technology                         | 16  |           | 3,114                                     | 42        |
| Strategic Communications           | 66  |           | 4,712                                     | 15        |
|                                    | 12,478                                    | 42        | 28,425                                    | 112       |
| Unallocated Corporate              | 25,936                                    | 3         | 1,132                                     | 4         |
| Total                              | \$ 38,414                                 | 45        | \$ 29,557                                 | 116       |

***Unallocated corporate expenses***

Unallocated corporate expenses increased \$21.9 million, or 28.8%, to \$98.0 million for 2013 from \$76.1 million for 2012. Excluding the impact of special charges of \$25.9 million recorded in 2013 and \$1.1 million recorded in 2012, unallocated corporate expenses decreased \$2.9 million in 2013, or 3.9%. The decrease was primarily due to lower spending on core marketing and lower costs related to strategic planning activities when compared to the prior year. The decrease was partially offset by executive search fees incurred in 2013 as part of our leadership transition.

***Interest income and other***

Interest income and other, which includes foreign currency transaction gains and losses, decreased by \$4.0 million, or 70.2%, to \$1.7 million for 2013 from \$5.7 million for 2012. The decrease is primarily due to a decrease in interest income and net foreign currency transaction losses in the period ended December 31, 2013 as compared to net gains in the same prior period. Transaction gains and losses, both realized and unrealized, relate to the remeasurement or settlement of monetary assets and liabilities that are denominated in a currency other than an entity's functional currency. These monetary assets and liabilities include current intercompany receivables and payables. The foreign exchange losses in the year ended December 31, 2013 were primarily due to the volatility of the British pound relative to the US dollar. In addition, the strengthening of the US dollar and Hong Kong dollar against the Australian dollar also resulted in losses during the year.

***Interest expense***

Interest expense decreased \$5.3 million, or 9.3%, to \$51.4 million for 2013 from \$56.7 million for 2012. Interest expense in 2013 was favorably impacted by lower average borrowings, interest rates and amortization of deferred financing fees in 2013 as compared to 2012, primarily due to the repayment, in full, of our outstanding





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3<sup>3</sup>/<sub>4</sub>% senior subordinated convertible notes ( Convertible Notes ) in July 2012 and the extinguishment of our 3<sup>7</sup>/<sub>8</sub>% senior notes due 2016 Notes (the 2016 Notes ) in the fourth quarter of 2012, which was partially offset by interest expense relating to the issuance of the 2022 Notes in the fourth quarter of 2012.

**Income tax provision**

Our effective tax rates for the years ended December 31, 2013 and 2012 were not meaningful due to the impact of the non-deductible goodwill impairment charges of \$83.8 million and \$110.4 million, respectively. The effective tax rate for 2013 excluding goodwill impairment charges from pre-tax income was 36.7%. The effective tax rate for 2012 excluding goodwill impairment charges from pre-tax income was 35.3%. The effective tax rate in 2013 was unfavorably impacted by valuation allowances on foreign net operating loss and foreign tax credit carry forwards, partially offset by favorable settlement of the IRS audit, an increase in non-taxable contingent consideration remeasurement and a decrease in non-deductible expenses.

**SEGMENT RESULTS****Total Adjusted Segment EBITDA**

We evaluate the performance of our operating segments based on Adjusted Segment EBITDA which is a non-GAAP measure. The following table reconciles Net Income (Loss) to Total Adjusted Segment EBITDA for the years ended December 31, 2014, 2013, and 2012.

|   | Year Ended December 31, |                   |                   |
|---|-------------------------|-------------------|-------------------|
|   | 2014                    | 2013              | 2012              |
|   | (in thousands)          |                   |                   |
| <b>Net income (loss)</b>                                      | \$ 58,807               | \$ (10,594)       | \$ (36,986)       |
| Add back:   |                         |                   |                   |
| Income tax provision  | 42,604                  | 42,405            | 40,100            |
| Other income (expense), net                                   | 46,015                  | 49,628            | 51,072            |
| Loss on early extinguishment of debt                          |                         |                   | 4,850             |
| Unallocated corporate expense                                 | 100,458                 | 97,989            | 76,079            |
| <b>Total segment operating income</b>                         | <b>\$ 247,884</b>       | <b>\$ 179,428</b> | <b>\$ 135,115</b> |
| Add back:   |                         |                   |                   |
| Segment depreciation expense                                  | 30,267                  | 28,203            | 25,058            |
| Amortization of other intangible assets                       | 15,521                  | 22,954            | 22,407            |
| Segment special charges                                       | 426                     | 12,478            | 28,425            |
| Remeasurement of acquisition-related contingent consideration | (2,723)                 | (13,555)          | (5,227)           |
| Goodwill impairment charge                                    |                         | 83,752            | 110,387           |
| <b>Total Adjusted Segment EBITDA</b>                          | <b>\$ 291,375</b>       | <b>\$ 313,260</b> | <b>\$ 316,165</b> |

**Table of Contents****Other Segment Operating Data**

|  | Year Ended December 31, |              |              |
|--|-------------------------|--------------|--------------|
|  | 2014                    | 2013         | 2012         |
| <b>Number of revenue-generating professionals: (at period end)</b>     |                         |              |              |
| Corporate Finance/Restructuring  | 706                     | 737          | 697          |
| Forensic and Litigation Consulting                                     | 1,154                   | 1,061        | 952          |
| Economic Consulting  | 574                     | 530          | 474          |
| Technology <sup>(3)</sup>  | 344                     | 306          | 277          |
| Strategic Communications   | 566                     | 590          | 593          |
| <b>Total revenue-generating professionals</b>                          | <b>3,344</b>            | <b>3,224</b> | <b>2,993</b> |
| <b>Utilization rates of billable professionals: <sup>(1) (4)</sup></b> |                         |              |              |
| Corporate Finance/Restructuring  | 67%                     | 65%          | 71%          |
| Forensic and Litigation Consulting                                     | 69%                     | 68%          | 66%          |
| Economic Consulting  | 75%                     | 81%          | 81%          |
| <b>Average billable rate per hour: <sup>(2) (4)</sup></b>              |                         |              |              |
| Corporate Finance/Restructuring  | \$ 374                  | \$ 410       | \$ 416       |
| Forensic and Litigation Consulting                                     | 321                     | 317          | 314          |
| Economic Consulting  | 512                     | 503          | 493          |

- (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.
- (3) The number of revenue-generating professionals for the Technology segment excludes as-needed professionals, who we employ based on demand for the Segment's services. Prior to 2014, we generally contracted with third-party agencies to source these professionals; beginning in August 2014, we initiated a direct employment model to fill certain roles. We employed an average of 295 as-needed employees during the period from August 2014 through December 31, 2014.
- (4) 2013 and 2012 utilization and average bill rate calculations for our Corporate Finance/Restructuring, Forensic and Litigation Consulting and Economic Consulting segments were updated to reflect the realignment of certain practices as well as information related to non-U.S. operations that was not previously available.

**Table of Contents****CORPORATE FINANCE/RESTRUCTURING**

|   | Year Ended December 31,                      |            |            |
|---|--|------------|------------|
|   | 2014   | 2013       | 2012       |
|   | (dollars in thousands, except rate per hour) |            |            |
| <b>Revenues</b>   | \$ 391,115                                   | \$ 382,526 | \$ 394,719 |
| <b>Operating expenses:</b>                                    |  |            |            |
| Direct cost of revenues                                       | 263,599                                      | 245,112    | 238,982    |
| Selling, general and administrative expenses                  | 75,382                                       | 71,966     | 61,027     |
| Special charges   | 84   | 10,274     | 11,332     |
| Acquisition-related contingent consideration                  | (452)  | (9,900)    | (3,361)    |
| Amortization of other intangible assets                       | 5,589  | 6,480      | 5,769      |
|   | 344,202                                      | 323,932    | 313,749    |
| <b>Segment operating income</b>                               | 46,913                                       | 58,594     | 80,970     |
| Add back:   |  |            |            |
| Depreciation and amortization of intangible assets            | 9,157  | 9,929      | 8,835      |
| Special charges   | 84   | 10,274     | 11,332     |
| Remeasurement of acquisition-related contingent consideration | (662)  | (11,614)   | (5,221)    |
| <b>Adjusted Segment EBITDA</b>                                | \$ 55,492                                    | \$ 67,183  | \$ 95,916  |
| Gross profit <sup>(1)</sup>                                   | \$ 127,516                                   | \$ 137,414 | \$ 155,737 |
| Gross profit margin <sup>(2)</sup>                            | 32.6%  | 35.9%      | 39.5%      |
| Adjusted Segment EBITDA as a percent of revenues              | 14.2%  | 17.6%      | 24.3%      |
| Number of revenue generating professionals (at period end)    | 706  | 737        | 697        |
| Utilization rates of billable professionals <sup>(3)</sup>    | 67%  | 65%        | 71%        |
| Average billable rate per hour <sup>(3)</sup>                 | \$ 374                                       | \$ 410     | \$ 416     |

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

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

<sup>(3)</sup> 2013 and 2012 utilization and average bill rate calculations for our Corporate Finance/Restructuring, Forensic and Litigation Consulting and Economic Consulting segments were updated to reflect the realignment of certain practices as well as information related to non-U.S. operations that was not previously available.

**Year ended December 31, 2014 compared to December 31, 2013**

Revenues increased \$8.6 million, or 2.2%, to \$391.1 million for the year ended December 31, 2014 compared to \$382.5 million in the prior year period. Acquisition-related revenues contributed \$4.4 million, or 1.1%, compared to the same prior year period. Revenues increased organically \$4.2 million, or 1.1%, primarily due higher volume in in our EMEA practice and growth in non-distressed engagements in North America, partially offset by continued slowdown in our global bankruptcy and restructuring practices.

Gross profit decreased \$9.9 million, or 7.2%, to \$127.5 million for the year ended December 31, 2014 compared to \$137.4 million for the same prior year period. Gross profit margin decreased 3.3 percentage points to 32.6% for the year ended December 31, 2014 compared to 35.9% for the same prior year period. The decrease in gross profit margin was due to a shift in the mix of engagements to lower margin non-distressed work, continued investments in our European transaction advisory practice, and higher performance-based compensation expense.

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SG&A expense increased \$3.4 million, or 4.7%, to \$75.4 million for the year ended December 31, 2014 compared to \$72.0 million for the same prior year period. SG&A expense was 19.3% of revenues for the year ended December 31, 2014, compared to 18.8% for the same prior year period. The increase in SG&A expense was due to increased bad debt expense, additional overhead costs related to acquired practices, and the investment in the European transaction advisory practice partially offset by the absence of the non-recurring acquisition costs of \$1.8 million recorded in the same prior year period.

Amortization of other intangible assets was \$5.6 million for the year ended December 31, 2014 compared to \$6.5 million for the same prior year period.

Adjusted Segment EBITDA decreased \$11.7 million, or 17.4%, to \$55.5 million for the year ended December 31, 2014 compared to \$67.2 million for the same prior year period.

### **Year ended December 31, 2013 compared to December 31, 2012**

Revenues decreased \$12.2 million, or 3.1%, to \$382.5 million for the year ended December 31, 2013 compared to \$394.7 million for the same prior year period. Acquisition-related revenues were \$39.0 million, or 9.9% growth as compared to the same prior year period. Revenues decreased organically \$51.2 million, or 13.0%, primarily due to lower demand in our North America bankruptcy and restructuring and Asia Pacific restructuring practices and lower success fees.

Gross profit decreased \$18.3 million, or 11.8%, to \$137.4 million for the year ended December 31, 2013 compared to \$155.7 million for the same prior year period. Gross profit margin decreased 3.6 percentage points to 35.9% for the year ended December 31, 2013 compared to 39.5% for the same prior year period. The decrease in gross profit margin was due to lower utilization in our North America region and Asia Pacific region restructuring practices, lower success fees, and an organic investment in EMEA, partially offset by favorable margins from our acquired practices.

SG&A expense increased \$10.9 million, or 17.9%, to \$72.0 million for the year ended December 31, 2013 compared to \$61.0 million for the same prior year period. SG&A expense was 18.8% of revenues for the year ended December 31, 2013, compared to 15.5% for the same prior year period. The increase in SG&A expense was primarily due to the overhead costs related to the acquired practices as well as acquisition costs of \$1.8 million.

Acquisition related contingent consideration income was \$9.9 million for the year ended December 31, 2013 compared to income of \$3.4 million for the year ended December 31, 2012. It included accretion expense of \$1.7 million in 2013 compared to \$1.8 million in 2012. In 2013, management assessed the performance of its Australia and Hong Kong acquisitions during their earn-out periods and determined that future contingent payments would be less than originally recorded based on declines in the projected restructuring revenue streams. As a result a reduction in the fair value of the contingent consideration payments was recorded, which resulted in a gain of \$11.6 million. Similarly, in 2012 a reduction in the expected payment for the Hong Kong acquisition was recorded which resulted in a gain of \$5.2 million.

Amortization of other intangible assets was \$6.5 million for the year ended December 31, 2013 compared to \$5.8 million for the same prior year period.

Adjusted Segment EBITDA decreased \$28.7 million, or 30.0%, to \$67.2 million for the year ended December 31, 2013 compared to \$95.9 million for the same prior year period.

**Table of Contents****FORENSIC AND LITIGATION CONSULTING**

|   | Year Ended December 31,                      |            |            |
|---|--|------------|------------|
|   | 2014   | 2013       | 2012       |
|   | (dollars in thousands, except rate per hour) |            |            |
| <b>Revenues</b>   | \$ 483,380                                   | \$ 433,632 | \$ 407,586 |
| <b>Operating expenses:</b>                                    |  |            |            |
| Direct cost of revenues                                       | 306,438                                      | 278,174    | 269,948    |
| Selling, general and administrative expenses                  | 90,707                                       | 84,616     | 80,842     |
| Special charges   | 308  | 2,111      | 8,276      |
| Acquisition-related contingent consideration                  | (866)  | (1,622)    | 297        |
| Amortization of other intangible assets                       | 3,613  | 2,142      | 2,414      |
|   | 400,200                                      | 365,421    | 361,777    |
| <b>Segment operating income</b>                               | 83,180                                       | 68,211     | 45,809     |
| Add back:   |  |            |            |
| Depreciation and amortization of intangible assets            | 7,914  | 6,100      | 6,487      |
| Special charges   | 308  | 2,111      | 8,276      |
| Remeasurement of acquisition-related contingent consideration | (934)  | (1,941)    | (6)        |
| <b>Adjusted Segment EBITDA</b>                                | \$ 90,468                                    | \$ 74,481  | \$ 60,566  |
| Gross profit <sup>(1)</sup>                                   | \$ 176,942                                   | \$ 155,458 | \$ 137,638 |
| Gross profit margin <sup>(2)</sup>                            | 36.6%  | 35.9%      | 33.8%      |
| Adjusted Segment EBITDA as a percent of revenues              | 18.7%  | 17.2%      | 14.9%      |
| Number of revenue generating professionals (at period end)    | 1,154  | 1,061      | 952        |
| Utilization rates of billable professionals <sup>(3)</sup>    | 69%  | 68%        | 66%        |
| Average billable rate per hour <sup>(3)</sup>                 | \$ 321                                       | \$ 317     | \$ 314     |

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

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

<sup>(3)</sup> 2013 and 2012 utilization and average bill rate calculations for our Corporate Finance/Restructuring, Forensic and Litigation Consulting and Economic Consulting segments were updated to reflect the realignment of certain practices as well as information related to non-U.S. operations that was not previously available.

**Year Ended December 31, 2014 compared to December 31, 2013**

Revenues increased \$49.7 million, or 11.5%, to \$483.4 million for the twelve months ended December 31, 2014 from \$433.6 million for the same prior year period. Acquisition-related revenues contributed \$11.1 million, or 2.6% compared to the same prior year period. Revenues increased organically \$38.7 million, or 8.9%, due to higher demand in our global disputes, construction solutions and data analytics practices, and in the North America and Asia Pacific regions of our investigations practice, partially offset by decline in our health solutions practice and lower success fees.

Gross profit increased \$21.5 million, or 13.8%, to \$176.9 million for the twelve months ended December 31, 2014 from \$155.5 million for the same prior year period. Gross profit margin increased 0.7 percentage points to 36.6% for the twelve months ended December 31, 2014 from 35.9% for the same prior year period. The increase in gross profit margin is related to higher utilization in our construction solutions, data analytics, disputes and investigations practices, partially offset by increased performance based compensation and continued investment in the health solutions practice.



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SG&A expense increased \$6.1 million, or 7.2%, to \$90.7 million for the twelve months ended December 31, 2014 from \$84.6 million for the same prior year period. SG&A expense was 18.8% of revenue for the twelve months ended December 31, 2014, down from 19.5% for the same prior year period. The increase in SG&A expense was due to additional direct hiring to support increased demand, increased corporate allocations and incremental SG&A expenses related to our acquired business, partially offset by collection on a prior period bad debt.

Adjusted Segment EBITDA increased by \$16.0 million, or 21.5%, to \$90.5 million for the twelve months ended December 31, 2014 from \$74.5 million for the same prior year period.

### **Year Ended December 31, 2013 compared to December 31, 2012**

Revenues increased \$26.0 million, or 6.4%, to \$433.6 million for the year ended December 31, 2013 from \$407.6 million for the same prior year period. Revenues increased primarily due to higher demand and realized bill rates in our health solutions practice and higher success fees for the segment.

Gross profit increased \$17.8 million, or 12.9%, to \$155.5 million for the year ended December 31, 2013 from \$137.6 million for the same prior year period. Gross profit margin increased 2.1 percentage points to 35.9% for the year ended December 31, 2013 from 33.8% for the same prior year period. The gross profit margin increase was primarily due to higher margin success fees and higher utilization in our health solutions, global financial and enterprise data analytics and North America investigations practice, partially offset by lower demand in our EMEA forensic accounting and advisory services practice.

SG&A expense increased \$3.8 million, or 4.7%, to \$84.6 million for the year ended December 31, 2013 from \$80.8 million for the same prior year period. SG&A expense was 19.5% of revenues for the year ended December 31, 2013, down from 19.8% for the same prior year period. The increase in SG&A expense was primarily due to higher personnel and marketing expenses, partially offset by lower bad debt, business development and facilities expenses. Bad debt expense was 0.8% of revenues for the year ended December 31, 2013 down from 1.3% for the same prior year period.

Acquisition related contingent consideration income was \$1.6 million for the year ended December 31, 2013 compared to \$0.3 million expense for the same prior year period. It included accretion expense \$0.3 million for the years ended December 2013 and 2012. In 2013, management assessed the performance of its Hong Kong acquisition during its earn-out period and determined that future contingent payments would be less than originally recorded based on declines in the projected revenue streams. As a result a reduction in the fair value of the contingent consideration payments was recorded, which resulted in a gain of \$1.9 million.

Amortization of other intangible assets decreased by \$0.3 million to \$2.1 million for the year ended December 31, 2013 from \$2.4 million for the same prior year period.

Adjusted Segment EBITDA increased by \$13.9 million, or 23.0%, to \$74.5 million for the year ended December 31, 2013 from \$60.6 million for the same prior year period.



**Table of Contents****ECONOMIC CONSULTING**

|   | Year Ended December 31,                      |            |            |
|---|--|------------|------------|
|   | 2014   | 2013       | 2012       |
|   | (dollars in thousands, except rate per hour) |            |            |
| <b>Revenues</b>   | \$ 451,040                                   | \$ 447,366 | \$ 391,622 |
| <b>Operating expenses:</b>                                    |  |            |            |
| Direct cost of revenues                                       | 329,425                                      | 300,293    | 265,112    |
| Selling, general and administrative expenses                  | 66,159                                       | 58,282     | 51,912     |
| Special charges   | 12   | 11         | 991        |
| Acquisition-related contingent consideration                  | (885)  | 258        |            |
| Amortization of other intangible assets                       | 1,047  | 1,808      | 1,615      |
|   | 395,758                                      | 360,652    | 319,630    |
| <b>Segment operating income</b>                               | 55,282                                       | 86,714     | 71,992     |
| Add back:   |  |            |            |
| Depreciation and amortization of intangible assets            | 5,115  | 5,479      | 4,478      |
| Special charges   | 12   | 11         | 991        |
| Remeasurement of acquisition-related contingent consideration | (1,127)                                      |            |            |
| <b>Adjusted Segment EBITDA</b>                                | \$ 59,282                                    | \$ 92,204  | \$ 77,461  |
| Gross profit <sup>(1)</sup>                                   | \$ 121,615                                   | \$ 147,073 | \$ 126,510 |
| Gross profit margin <sup>(2)</sup>                            | 27.0%  | 32.9%      | 32.3%      |
| Adjusted Segment EBITDA as a percent of revenues              | 13.1%  | 20.6%      | 19.8%      |
| Number of revenue generating professionals (at period end)    | 574  | 530        | 474        |
| Utilization rates of billable professionals <sup>(3)</sup>    | 75%  | 81%        | 81%        |
| Average billable rate per hour <sup>(3)</sup>                 | \$ 512                                       | \$ 503     | \$ 493     |

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

(3) 2013 and 2012 utilization and average bill rate calculations for our Corporate Finance/Restructuring, Forensic and Litigation Consulting and Economic Consulting segments were updated to reflect the realignment of certain practices as well as information related to non-U.S. operations that was not previously available.

**Year ended December 31, 2014 compared to December 31, 2013**

Revenues increased \$3.7 million, or 0.8%, to \$451.0 million for the year ended December 31, 2014 compared to \$447.4 million for the same prior year period. Acquisition-related revenues contributed \$3.3 million, or 0.7% compared to the same prior year period. The revenues increased organically \$0.4 million, or 0.1%, which includes a 0.6% increase from the estimated positive impact of foreign currency translation. Excluding the impact of foreign currency translation, revenue declined due to lower demand and lower realization in our antitrust practice, partially offset by higher demand in our M&A services.

Gross profit decreased \$25.5 million, or 17.3%, to \$121.6 million for the year ended December 31, 2014 compared to \$147.1 million for the same prior year period. Gross profit margin decreased 5.9 percentage points to 27.0% for the year ended December 31, 2014 from 32.9% for the same prior year period. The decrease in gross profit margin was the result of increased compensation expense related to employment contract extensions of certain key senior client-service professionals and an accrual for employee state tax equalization obligations, partially offset by higher realized bill rates.



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SG&A expense increased \$7.9 million, or 13.5%, to \$66.2 million for the year ended December 31, 2014 compared to \$58.3 million for the same prior year period. SG&A expense was 14.7% of revenues for the year ended December 31, 2014 compared to 13.0% for the same prior year period. The increase in SG&A expense was due to higher bad debt expense, an increase in overall employee related support expenses, higher IT infrastructure costs and higher travel and entertainment expenses related to marketing and business development. Bad debt expense was \$9.9 million or 2.2% of revenues for the year ended December 31, 2014 compared to \$6.7 million or 1.5% of revenues for the same prior year period.

Adjusted Segment EBITDA decreased \$32.9 million, or 35.7%, to \$59.3 million for the year ended December 31, 2014, compared to \$92.2 million for the same prior year period.

### **Year ended December 31, 2013 compared to December 31, 2012**

Revenues increased \$55.8 million, or 14.2%, to \$447.4 million for the year ended December 31, 2013 compared to \$391.6 million for the same prior year period. Revenues grew primarily due to increased demand and a higher realized bill rate in our antitrust litigation and financial economics practices in the North America region due to pre-M&A activity as well as increased demand in our international arbitration, regulatory and valuation practices in the EMEA region.

Gross profit increased \$20.6 million, or 16.3%, to \$147.1 million for the year ended December 31, 2013 compared to \$126.5 million for the same prior year period. Gross profit margin increased 0.6 percentage points to 32.9% for the year ended December 31, 2013 from 32.3% for the same prior year period. The increase in gross profit margin was due to higher realized bill rates and utilization in our antitrust litigation and financial economics practices in the North America region, partially offset by higher performance-based compensation expense.

SG&A expense increased \$6.4 million, or 12.3%, to \$58.3 million for the year ended December 31, 2013 compared to \$51.9 million for the same prior year period. SG&A expense was 13.0% of revenues for the year ended December 31, 2013 compared to 13.3% for the same prior year period.

The increase in SG&A expense was due to higher facilities costs, personnel expenses with increased headcount, depreciation and computer hardware/software expenses.

Acquisition related contingent consideration for the year ended December 31, 2013 included accretion expense of \$0.3 million related to a business combination completed in 2013.

Amortization of other intangible assets was \$1.8 million for the year ended December 31, 2013, compared to \$1.6 million for the same prior year period.

Adjusted Segment EBITDA increased \$14.7 million, or 19.0%, to \$92.2 million for the year ended December 31, 2013, compared to \$77.5 million for the same prior year period.

**Table of Contents****TECHNOLOGY**

|   | 2014                   | Year Ended December 31,<br>2013 | 2012       |
|---|------------------------|---------------------------------|------------|
|   | (dollars in thousands) |                                 |            |
| <b>Revenues</b>   | \$ 241,310             | \$ 202,663                      | \$ 195,194 |
| <b>Operating expenses:</b>  |                        |                                 |            |
| Direct cost of revenues   | 125,371                | 96,779                          | 88,056     |
| Selling, general and administrative expenses                              | 68,162                 | 59,890                          | 62,436     |
| Special charges   | 19                     | 16                              | 3,114      |
| Amortization of other intangible assets                                   | 852                    | 7,940                           | 7,946      |
|   | 194,404                | 164,625                         | 161,552    |
| <b>Segment operating income</b>   | 46,906                 | 38,038                          | 33,642     |
| <b>Add back:</b>  |                        |                                 |            |
| Depreciation and amortization of intangible assets                        | 16,620                 | 22,601                          | 20,447     |
| Special charges   | 19                     | 16                              | 3,114      |
| <b>Adjusted Segment EBITDA</b>  | \$ 63,545              | \$ 60,655                       | \$ 57,203  |
| Gross profit <sup>(1)</sup>   | \$ 115,939             | \$ 105,884                      | \$ 107,138 |
| Gross profit margin <sup>(2)</sup>  | 48.0%                  | 52.2%                           | 54.9%      |
| Adjusted Segment EBITDA as a percent of revenues                          | 26.3%                  | 29.9%                           | 29.3%      |
| Number of revenue generating professionals (at period end) <sup>(3)</sup> | 344                    | 306                             | 277        |

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

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

<sup>(3)</sup> Includes personnel involved in direct client assistance and revenue generating consultants, and excludes professionals employed on an as-needed basis.

**Year Ended December 31, 2014 compared to December 31, 2013**

Revenues increased \$38.6 million, or 19.1%, to \$241.3 million for the year ended December 31, 2014 compared to \$202.7 million in the same prior year period due to the continued demand on complex global investigations and financial services industry investigations and M&A Second Requests, higher Ringtail SaaS sales; partially offset by price reductions in services and lower licensing sales.

Gross profit increased \$10.1 million, or 9.5%, to \$115.9 million for the year ended December 31, 2014 compared to \$105.9 million for the same prior year period. Gross profit margin decreased 4.2 percentage points to 48.0% for the year ended December 31, 2014 compared to 52.2% in the same prior year period. The decrease in gross profit margin was due to the increased mix of certain lower margin services as a percent of total revenue and due to price reductions in other services.

SG&A expense increased \$8.3 million, or 13.8%, to \$68.2 million for the year ended December 31, 2014 compared to \$59.9 million for the same prior year period. SG&A expense was 28.2% of revenues for the year ended December 31, 2014, compared to 29.6% for the same prior year period. The increase in SG&A expense was due to increased personnel investments in business development, marketing and research & development. Bad debt expense decreased to \$0.4 million compared to \$1.3 million in the same prior year period. Research and development expense for the year end December 31, 2014 was \$19.3 million compared to \$15.8 million in the same prior year period.

Adjusted Segment EBITDA increased \$2.9 million, or 4.8%, to \$63.5 million for the year ended December 31, 2014 compared to \$60.7 million for the same prior year period.



**Table of Contents****Year Ended December 31, 2013 compared to December 31, 2012**

Revenues increased by \$7.5 million, or 3.8%, to \$202.7 million for the year ended December 31, 2013 from \$195.2 million for the same prior year period. Revenues increased primarily due to higher demand for services primarily in FCPA driven matters and complex regulatory investigations and litigation in the financial services industry, partially offset by reduced pricing for certain services and the decline of a large litigation-related matter.

Gross profit decreased by \$1.2 million, or 1.2%, to \$105.9 million for the year ended December 31, 2013 from \$107.1 million for the same prior year period. Gross profit margin decreased 2.7 percentage points to 52.2% for the year ended December 31, 2013 from 54.9% for the same prior year period due to an increased proportion of revenue related to certain lower margin services as well as higher variable compensation expense, amortization of capitalized software, infrastructure costs and the reclassification of certain costs from SG&A.

SG&A expense decreased by \$2.5 million, or 4.1%, to \$59.9 million for the year ended December 31, 2013 from \$62.4 million for the same prior year period. SG&A expense was 29.6% of revenues for the year ended December 31, 2013, down from 32.0% for the same prior year period.

The decrease in SG&A expense was primarily due to lower personnel expense, the reclassification of certain costs to direct costs, outside services, and facilities expenses, partially offset by higher bad debt expense. Bad debt expense was \$1.3 million for the year ended December 31, 2013 compared to bad debt recoveries of \$0.2 million for the same prior year period. Research and development expense for the year ended December 31, 2013 was \$15.8 million, compared to \$20.2 million for the same prior year period.

Adjusted Segment EBITDA increased \$3.5 million, or 6.0%, to \$60.7 million for the year ended December 31, 2013 from \$57.2 million for the same prior year period.

**STRATEGIC COMMUNICATIONS**

|  | <b>Year Ended December 31,</b> |             |             |
|--|--------------------------------|-------------|-------------|
|  | <b>2014</b>                    | <b>2013</b> | <b>2012</b> |
|  | <b>(dollars in thousands)</b>  |             |             |
| <b>Revenues</b>  | \$ 189,367                     | \$ 186,245  | \$ 187,750  |
| <b>Operating expenses:</b>                                 |                                |             |             |
| Direct cost of revenues                                    | 119,924                        | 121,703     | 118,434     |
| Selling, general and administrative expenses               | 48,890                         | 47,874      | 46,852      |
| Special charges  | 3                              | 66          | 4,712       |
| Acquisition-related contingent consideration               | 527                            | 395         |             |
| Amortization of other intangible assets                    | 4,420                          | 4,584       | 4,663       |
| Goodwill impairment charge                                 |                                | 83,752      | 110,387     |
|  | 173,764                        | 258,374     | 285,048     |
| <b>Segment operating income (loss)</b>                     | 15,603                         | (72,129)    | (97,298)    |
| Add back:  |                                |             |             |
| Depreciation and amortization of intangible assets         | 6,982                          | 7,048       | 7,218       |
| Special charges  | 3                              | 66          | 4,712       |
| Goodwill impairment charge                                 |                                | 83,752      | 110,387     |
| <b>Adjusted Segment EBITDA</b>                             | \$ 22,588                      | \$ 18,737   | \$ 25,019   |
| Gross profit <sup>(1)</sup>                                | \$ 69,443                      | \$ 64,542   | \$ 69,316   |
| Gross profit margin <sup>(2)</sup>                         | 36.7%                          | 34.7%       | 36.9%       |
| Adjusted Segment EBITDA as a percent of revenues           | 11.9%                          | 10.1%       | 13.3%       |
| Number of revenue generating professionals (at period end) | 566                            | 590         | 593         |

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

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**Year Ended December 31, 2014 compared to December 31, 2013**

Revenues increased \$3.1 million, or 1.7%, to \$189.4 million for the year ended December 31, 2014 compared to \$186.2 million for the same prior year period. Acquisition-related revenues contributed \$1.8 million, or 1.0% compared to the same prior year period. The remaining growth of \$1.3 million included 0.8% in estimated positive impact of foreign currency translation. Excluding the foreign currency translation gains, revenue declined organically by \$0.2 million due to a decline in pass-through revenues, partially offset by growth in retainer-based revenue in our EMEA region and increased project revenue in North America and Asia Pacific.

Gross profit increased \$4.9 million, or 7.6%, to \$69.4 million for the year ended December 31, 2014 from \$64.5 million for the same prior year period. Gross profit margin increased 2 percentage points to 36.7% for the year ended December 31, 2014 from 34.7% for the same prior year period. The increase in gross profit margin was primarily due to improved revenue growth and mix involving higher margin engagements and lower proportion of low margin pass through revenues. Margin improvement was also favorably impacted by targeted headcount reductions as part of the segment's strategy to reduce costs.

SG&A expense increased \$1.0 million, or 2.1%, to \$48.9 million for the year ended December 31, 2014 from \$47.9 million for the same prior year period. SG&A expense was 25.8% of revenue for the year ended December 31, 2014, slightly up from 25.7% of revenue for the same prior year period. The increase in SG&A was primarily due to higher bad debt expense in North America and increased corporate allocations; partially offset by lower occupancy costs.

Adjusted Segment EBITDA increased \$3.9 million, or 20.6%, to \$22.6 million for the year ended December 31, 2014 from \$18.7 million for the same prior year period.

**Year Ended December 31, 2013 compared to December 31, 2012**

Revenues decreased \$1.6 million, or 0.8%, to \$186.2 million for the year ended December 31, 2013 from \$187.8 million for the same prior year period. Acquisition-related revenues were \$4.8 million, or 2.6% growth as compared to the same prior year period. Revenues decreased organically by \$6.3 million due to reduced capital markets activity in the Asia Pacific region, lower pass-through revenue in the EMEA region, and lower revenue from a large client in North America, partially offset by higher pass-through and project revenue in North America.

Gross profit decreased \$4.8 million, or 6.9%, to \$64.5 million for the year ended December 31, 2013 from \$69.3 million for the same prior year period. Gross profit margin decreased 2.2 percentage points to 34.7% for the year ended December 31, 2013 from 36.9% for the same prior year period. The decline in gross profit margin was primarily due to a lower high-margin capital markets activity in the Asia Pacific region and mix of project work in North America, partially offset by the impact of acquisitions.

SG&A expense increased \$1.0 million, or 2.2%, to \$47.9 million for the year ended December 31, 2013 from \$46.9 million for the same prior year period. SG&A expense was 25.7% of revenues for the year ended December 31, 2013, up from 25.0% of revenues for the same prior year period. The increase in SG&A expense was primarily due to higher facilities and overhead costs related to an acquired practice, partially offset by lower personnel costs due to lower headcount.

Acquisition related contingent consideration for the year ended December 31, 2013 included accretion expense of \$0.4 million related to a business combination completed in 2013.



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Amortization of other intangible assets of \$4.6 million decreased \$0.1 million for the year ended December 31, 2013 compared to \$4.7 million for the same prior year period.

Adjusted Segment EBITDA, which excludes the impact of the goodwill impairment charge, decreased \$6.3 million, or 25.1%, to \$18.7 million for the year ended December 31, 2013 from \$25.0 million for the same prior year period.

In the third quarter of 2013, in addition to reduced levels of M&A activity, our Strategic Communications segment experienced pricing pressure for certain discretionary communications services, including initial public offering support services where there is volume but also increasing competition. These factors compressed segment margins and contributed to a change in the Company's near-term outlook for this segment. This was considered an interim impairment indicator for the Strategic Communications segment at the Strategic Communications reporting unit level. As a result, we performed an interim impairment analysis with respect to the carrying value of goodwill in our Strategic Communications reporting unit. Our analysis indicated that the estimated fair value of our Strategic Communications reporting unit was less than its carrying value. As a result, we recorded an \$83.8 million non-deductible goodwill impairment charge related to the Strategic Communications segment.

**Liquidity and Capital Resources****Cash Flows**

|   | Year Ended December 31, |            |            |
|---|-------------------------|------------|------------|
|   | 2014                    | 2013       | 2012       |
|   | (dollars in thousands)  |            |            |
| Net cash provided by operating activities           | \$ 135,401              | \$ 193,271 | \$ 120,188 |
| Net cash used in investing activities               | (57,595)                | (103,091)  | (90,406)   |
| Net cash provided by (used in) financing activities | 6,330                   | (43,129)   | (138,246)  |
| DSO   | 97                      | 97         | 90         |

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

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

DSO is a performance measure used to assess how quickly revenues are collected by the Company. We calculate DSO at the end of each reporting period by dividing net accounts receivable reduced by billings in excess of services provided, by revenue for the quarter, adjusted for changes in foreign exchange rates. We multiply the result by the number of days in the quarter.

**Year Ended December 31, 2014 Compared to Year Ended December 31, 2013**

Net cash provided by operating activities decreased \$57.9 million to \$135.4 million as compared to \$193.3 million for the same prior year period primarily due to increased payments for compensation and other operating expenses partially offset by higher revenue driven cash collections in the year ended December 31, 2014. DSO was 97 days at December 31, 2014 unchanged from DSO at December 31, 2013.

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Net cash used in investing activities for 2014 was \$57.6 million as compared to \$103.1 million for 2013. Payments for acquisitions of businesses were \$23.5 million in the current year as compared to \$55.5 million for 2013. Payments for acquisitions completed in 2014 were \$8.8 million, net of cash received, included payment for an acquisition completed by our Economic Consulting segment and final cash settlements for acquisitions completed in 2013 by our Forensic and Litigation Consulting segment. Payments for acquisitions completed in 2013 included \$45.1 million, net of cash received, related to the acquisition of practices by our Corporate Finance/Restructuring, Economic Consulting, Forensic and Litigation Consulting, and Strategic Communications segments. Payments of acquisition-related contingent consideration and stock floors were \$14.6 million and \$0.1 million, respectively for 2014 as compared to \$6.2 million and \$4.1 million, respectively for 2013. Capital expenditures were \$39.3 million for 2014 as compared to \$42.5 million for 2013.

Net cash provided by financing activities for 2014 was \$6.3 million as compared to net cash used in financing activities of \$43.1 million for 2013. Our financing activities for 2014 included cash inflows of \$13.1 million of refundable deposits related to one of our foreign entities and \$4.8 million received from the issuance of common stock under equity compensation plans, partially offset by outflows of \$6.0 million for the repayment of long-term debt and \$4.4 million in cash used to settle repurchases of the Company's common stock that were made, but not settled in the fourth quarter of 2013. Our financing activities for 2013 included cash outflows of \$6.0 million for the repayment of long-term debt, \$66.7 million in cash used to purchase and retire 1,956,900 shares of the Company's common stock pursuant to the 2012 Repurchase Program, partially offset by the \$29.4 million received from the issuance of common stock under equity compensation plans.

***Year Ended December 31, 2013 Compared to Year Ended December 31, 2012***

Net cash flow provided by operating activities increased \$73.1 million to \$193.3 million as compared to \$120.2 million for the same prior year period primarily as a result of lower employee bonus payments and income tax payments. Cash collections were also slightly higher compared to the prior year as a result of increased revenues in the quarter ended December 31, 2013 compared to the same prior year period, offset by the impact of a slower collection cycle as indicated by an increase in DSO. DSO was 97 days at December 31, 2013 compared to 90 days at December 31, 2012. The 7 day increase in DSO was largely driven by a shift in both service and geographic mix. Our receivables grew in our Corporate Finance/Restructuring business in the Asia Pacific region, relative to growth in our other segments and regions. This growth was primarily a result of the acquisition of the corporate finance advisory and restructuring businesses in Australia, where billing and collections are subject to lengthy regulatory procedures.

Net cash used in investing activities for 2013 was \$103.1 million as compared to \$90.4 million for 2012. Payments for acquisitions of businesses were \$55.5 million in the current year as compared to \$62.9 million for 2012. Payments for acquisitions completed in 2013 were \$45.1 million, net of cash received, related to the acquisitions by our Corporate Finance/Restructuring, Economic Consulting, Forensic and Litigation Consulting, and Strategic Communications segments. Payments for acquisitions completed in 2012 included \$30.0 million, net of cash received, related to the acquisition of practices by our Corporate Finance/Restructuring segment. Payments of acquisition-related contingent consideration and stock floors were \$6.2 million and \$4.1 million, respectively for 2013 as compared to \$28.8 million and \$4.1 million, respectively for 2012. Capital expenditures were \$42.5 million for 2013 as compared to \$27.8 million for 2012.

Net cash used in financing activities for 2013 was \$43.1 million as compared to \$138.2 million for 2012. Our financing activities for 2013 included cash outflows of \$6.0 million for the repayment of long-term debt, \$66.7 million in cash used to purchase and retire 1,956,900 shares of the Company's common stock pursuant to the 2012 Repurchase Program, partially offset by the \$29.4 million received from the issuance of common stock under equity compensation plans. Our financing activities for 2012 include cash outflows of \$377.9 million for the repayment of long-term debt and capital lease obligations and \$50.0 million in cash used to purchase and retire 1,681,029 shares of the Company's common stock pursuant to the 2012 Repurchase Program, partially offset by proceeds of \$292.6 million from the issuance of the 6.0% senior notes due in 2022.

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### ***Capital Resources***

As of December 31, 2014, our capital resources included \$283.7 million of cash and cash equivalents and available borrowing capacity of \$348.6 million under a \$350 million revolving line of credit under our Senior Bank Credit Facility. As of December 31, 2014, we had no outstanding borrowings under our Senior Bank Credit Facility; however, \$1.4 million of outstanding letters of credit reduced the availability of borrowings under the Senior Bank Credit Facility by such amount. We use letters of credit primarily in lieu of security deposits for our leased office facilities. The \$350 million revolving line of credit under the Senior Bank Credit Facility includes a \$75 million sublimit for borrowings in currencies other than U.S. dollars, including Euro, Sterling, Australian dollars and Canadian dollars.

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

Our Senior Bank Credit Facility and the indentures governing our Notes contain covenants that, among other things, may limit our ability to: incur additional indebtedness; create liens; pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments; consolidate, merge or sell all or substantially all of our assets; guarantee obligations of other entities or our foreign subsidiaries; enter into hedging agreements; enter into transactions with affiliates or related persons; or engage in any business other than consulting-related businesses. In addition, the Senior Bank Credit Facility includes financial covenants that require us to (i) not exceed a maximum leverage ratio, (ii) not exceed a maximum senior secured leverage ratio and (iii) maintain a minimum fixed charge coverage ratio. At December 31, 2014, we were in compliance with all covenants as stipulated in the Senior Bank Credit Facility and the indentures governing our Notes.

### ***Future Capital Needs***

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

operating and general corporate expenses relating to the operation of our businesses;

capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;

debt service requirements, including interest payments on our long-term debt;

compensating designated executive management and senior managing directors under our various long-term incentive compensation programs;

contingent obligations related to our acquisitions;

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potential acquisitions of businesses that would allow us to diversify or expand our service offerings; and

other known future contractual obligations.

We currently anticipate capital expenditures of \$37.0 million to \$40.0 million to support our organization during 2015, including direct support for specific client engagements. Our estimate takes into consideration the needs of our existing businesses but does not include the impact of any purchases that we may be required to make as a result of future acquisitions or specific client engagements that are not currently contemplated. Our capital expenditure requirements may change if our staffing levels or technology needs change significantly from what we currently anticipate, if we are required to purchase additional equipment specifically to support a client engagement or if we pursue and complete additional acquisitions.

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

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

our future profitability;

the quality of our accounts receivable;

our relative levels of debt and equity;

the volatility and overall condition of the capital markets; and

the market prices of our securities.

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

***Off-Balance Sheet Arrangements***

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

***Future Contractual Obligations***

The following table sets forth our estimates as to the amounts and timing of contractual payments for our most significant contractual obligations as of December 31, 2014. The information in the table reflects future unconditional payments and is based on the terms of the relevant agreements, appropriate classification of items under GAAP currently in effect and certain assumptions such as interest rates. Future events could cause actual payments to differ from these amounts.



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Future contractual obligations related to our long-term debt assume that payments will be made based on the current payment schedule and exclude any additional revolving line of credit borrowings or repayments subsequent to December 31, 2014 and prior to the November 2017 maturity date of our Senior Bank Credit Facility.

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

| Contractual Obligations    | Total        | 2015      | 2016      | (in thousands) |           |           | 2019       | Thereafter |
|----------------------------|--------------|-----------|-----------|----------------|-----------|-----------|------------|------------|
|                            |              |           |           | 2017           | 2018      |           |            |            |
| Long-term debt             | \$ 711,000   | \$ 11,000 | \$        | \$             | \$        | \$        | \$ 700,000 |            |
| Interest on long-term debt | 297,558      | 45,558    | 45,000    | 45,000         | 45,000    | 45,000    | 72,000     |            |
| Operating leases           | 303,866      | 39,715    | 40,762    | 43,424         | 35,929    | 32,913    | 111,123    |            |
| Total obligations          | \$ 1,312,424 | \$ 96,273 | \$ 85,762 | \$ 88,424      | \$ 80,929 | \$ 77,913 | \$ 883,123 |            |

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

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

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

**Interest Rate Risk**

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

The following table presents principal cash flows and related interest rates by year of maturity for our fixed rate Notes and a comparison of the fair value of the debt at December 31, 2014 and 2013. The fair values have been determined based on quoted market prices for our Notes (in thousands).

|                       | 2015      | 2016 | 2017 | 2018 | 2019 | Thereafter | December 31, 2014 |            | December 31, 2013 |            |
|-----------------------|-----------|------|------|------|------|------------|-------------------|------------|-------------------|------------|
|                       |           |      |      |      |      |            | Total             | Fair Value | Total             | Fair Value |
| <b>Long-term debt</b> |           |      |      |      |      |            |                   |            |                   |            |
| Fixed rate            | \$ 11,000 | \$   | \$   | \$   | \$   | \$ 700,000 | \$ 711,000        | \$ 735,000 | \$ 717,000        | \$ 752,750 |
| Average interest rate | 8.0%      |      |      |      |      | 6.4%       | 6.5%              |            | 6.5%              |            |
| Variable rate         | \$        | \$   | \$   | \$   | \$   | \$         | \$                | \$         | \$                | \$         |
| Average interest rate |           |      |      |      |      |            |                   |            |                   |            |

**Foreign Currency Exchange Rate Risk****Exchange Rate Risk**

Our foreign currency exposure primarily relates to intercompany receivables and payables and third party receivables and payables that are denominated in currencies other than the functional currency of our legal entities. Our largest foreign currency exposure is unsettled intercompany payables and receivables which are



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reviewed on a regular basis. In cases where settlement of intercompany balances is not practical we may use natural hedges to reduce exposure. Gains and losses from foreign currency transactions are included in interest income and other on our Consolidated Statements of Comprehensive Income (Loss) and to date have not had a material impact on our consolidated financial statements. See Note 5 Interest Income and Other to our consolidated financial statements for information.

***Translation of Financial Results***

Most of our foreign subsidiaries operate in a currency other than the United States dollar (USD); therefore, increases or decreases in the value of the U.S. dollar against other major currencies will affect our operating results and the value of our balance sheet items denominated in foreign currencies. Our most significant exposures to translation risk relate to functional currency assets and liabilities that are denominated in the British pound, Australian dollar, Euro and Canadian dollar. The following table details the changes in the net investments of foreign subsidiaries whose currencies are denominated in currencies other than the U.S. dollar for the years ended December 31, 2014, 2013 and 2012. These translation adjustments are reflected in Other comprehensive income (loss) on our Consolidated Statements of Comprehensive Income (Loss).

|                   | Years ended December 31, |            |           |
|-------------------|--------------------------|------------|-----------|
|                   | 2014                     | 2013       | 2012      |
| British pound     | \$ (13,710)              | \$ 4,528   | \$ 11,353 |
| Australian dollar | (5,972)                  | (12,544)   | 1,269     |
| Euro              | (5,451)                  | 1,467      | 500       |
| Canadian dollar   | (890)                    | (629)      | 405       |
| All other         | (3,156)                  | (2,542)    | 1,496     |
|                   | \$ (29,179)              | \$ (9,720) | \$ 15,023 |



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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**  
**FTI Consulting, Inc. and Subsidiaries**

**Consolidated Financial Statements**

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2014. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the framework in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2014.

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

Date: February 23, 2015

/s/ STEVEN H. GUNBY  
Steven H. Gunby

**President and Chief Executive Officer**

**(principal executive officer)**

/s/ DAVID M. JOHNSON  
David M. Johnson

**Executive Vice President and Chief Financial Officer**

**(principal financial officer)**

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

The Board of Directors and Stockholders

FTI Consulting, Inc.:

We have audited FTI Consulting, Inc.'s (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of FTI Consulting Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and our report dated February 23, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Baltimore, Maryland

February 23, 2015

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**Report of Independent Registered Public Accounting Firm Consolidated Financial Statements**

The Board of Directors and Stockholders

FTI Consulting, Inc.

We have audited the accompanying consolidated balance sheets of FTI Consulting, Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2014. In connection with our audit of the consolidated financial statements, we also have audited financial statement Schedule II, Valuation and Qualifying Accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FTI Consulting, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), FTI Consulting Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2015 expressed an unqualified opinion on the effectiveness of FTI Consulting Inc.'s internal control over financial reporting.

/s/ KPMG LLP

Baltimore, Maryland

February 23, 2015

**Table of Contents****FTI Consulting, Inc. and Subsidiaries****Consolidated Balance Sheets**

(in thousands, except per share data)

|   | <b>December 31,</b> |                     |
|---|---------------------|---------------------|
|   | <b>2014</b>         | <b>2013</b>         |
| <b>Assets</b>   |                     |                     |
| <b>Current assets</b>   |                     |                     |
| Cash and cash equivalents   | \$ 283,680          | \$ 205,833          |
| Accounts receivable:  |                     |                     |
| Billed receivables  | 381,464             | 352,411             |
| Unbilled receivables  | 248,462             | 233,307             |
| Allowance for doubtful accounts and unbilled services                             | (144,825)           | (109,273)           |
| Accounts receivable, net  | 485,101             | 476,445             |
| Current portion of notes receivable   | 27,208              | 33,093              |
| Prepaid expenses and other current assets   | 60,852              | 61,800              |
| Current portion of deferred tax assets  | 27,332              | 26,690              |
| Total current assets  | 884,173             | 803,861             |
| Property and equipment, net of accumulated depreciation                           | 82,163              | 79,007              |
| Goodwill  | 1,211,689           | 1,218,733           |
| Other intangible assets, net of amortization                                      | 77,034              | 97,148              |
| Notes receivable, net of current portion  | 122,149             | 108,298             |
| Other assets  | 53,319              | 57,900              |
| <b>Total assets</b>   | <b>\$ 2,430,527</b> | <b>\$ 2,364,947</b> |
| <b>Liabilities and Stockholders Equity</b>  |                     |                     |
| <b>Current liabilities</b>  |                     |                     |
| Accounts payable, accrued expenses and other                                      | \$ 99,494           | \$ 126,886          |
| Accrued compensation  | 220,959             | 222,738             |
| Current portion of long-term debt   | 11,000              | 6,014               |
| Billings in excess of services provided   | 35,639              | 28,692              |
| Total current liabilities   | 367,092             | 384,330             |
| Long-term debt, net of current portion  | 700,000             | 711,000             |
| Deferred income taxes   | 161,932             | 137,697             |
| Other liabilities   | 98,757              | 89,661              |
| <b>Total liabilities</b>  | <b>1,327,781</b>    | <b>1,322,688</b>    |
| Commitments and contingent liabilities (notes 7 and 15)                           |                     |                     |
| <b>Stockholders equity</b>  |                     |                     |
| Preferred stock, \$0.01 par value; shares authorized 5,000; none outstanding      |                     |                     |
| Common stock, \$0.01 par value; shares authorized 40,526 (2013) and 41,181 (2014) | 412                 | 405                 |
| Additional paid-in capital  | 393,174             | 362,322             |
| Retained earnings   | 789,428             | 730,621             |
| Accumulated other comprehensive loss  | (80,268)            | (51,089)            |
| <b>Total stockholders equity</b>  | <b>1,102,746</b>    | <b>1,042,259</b>    |

|  |              |              |
|--|--------------|--------------|
| <b>Total liabilities and stockholders equity</b> | \$ 2,430,527 | \$ 2,364,947 |
|--|--------------|--------------|

See accompanying notes to consolidated financial statements

**Table of Contents****FTI Consulting, Inc. and Subsidiaries****Consolidated Statements of Comprehensive Income (Loss)**

(in thousands, except per share data)

|   | Year Ended December 31, |              |              |
|---|-------------------------|--------------|--------------|
|   | 2014                    | 2013         | 2012         |
| <b>Revenues</b>   | \$ 1,756,212            | \$ 1,652,432 | \$ 1,576,871 |
| <b>Operating expenses</b>   |                         |              |              |
| Direct cost of revenues   | 1,144,757               | 1,042,061    | 980,532      |
| Selling, general and administrative expenses  | 433,845                 | 394,681      | 378,016      |
| Special charges   | 16,339                  | 38,414       | 29,557       |
| Acquisition-related contingent consideration  | (1,676)                 | (10,869)     | (3,064)      |
| Amortization of other intangible assets   | 15,521                  | 22,954       | 22,407       |
| Goodwill impairment charge  |                         | 83,752       | 110,387      |
|   | 1,608,786               | 1,570,993    | 1,517,835    |
| <b>Operating income</b>   | 147,426                 | 81,439       | 59,036       |
| <b>Other income (expense)</b>   |                         |              |              |
| Interest income and other   | 4,670                   | 1,748        | 5,659        |
| Interest expense  | (50,685)                | (51,376)     | (56,731)     |
| Loss on early extinguishment of debt  |                         |              | (4,850)      |
|   | (46,015)                | (49,628)     | (55,922)     |
| <b>Income before income tax provision</b>   | 101,411                 | 31,811       | 3,114        |
| <b>Income tax provision</b>   | 42,604                  | 42,405       | 40,100       |
| <b>Net income (loss)</b>  | \$ 58,807               | \$ (10,594)  | \$ (36,986)  |
| <b>Earnings (loss) per common share basic</b>   | \$ 1.48                 | \$ (0.27)    | \$ (0.92)    |
| <b>Earnings (loss) per common share diluted</b>   | \$ 1.44                 | \$ (0.27)    | \$ (0.92)    |
| <b>Other comprehensive income (loss) net of tax:</b>  |                         |              |              |
| Foreign currency translation adjustments, net of tax expense (benefit) of \$0, \$0 and \$654 for the years ended December 31, 2014, 2013 and 2012, respectively | (29,179)                | (9,720)      | 15,023       |
| <b>Other comprehensive income (loss), net of tax</b>  | (29,179)                | (9,720)      | 15,023       |
| <b>Comprehensive income (loss)</b>  | \$ 29,628               | \$ (20,314)  | \$ (21,963)  |

See accompanying notes to consolidated financial statements

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## FTI Consulting, Inc. and Subsidiaries

## Consolidated Statements of Stockholders' Equity

(in thousands)

|   | Common Stock |        | Additional         | Retained   | Accumulated                      | Total        |
|---|--------------|--------|--------------------|------------|----------------------------------|--------------|
|   | Shares       | Amount | Paid-in<br>Capital | Earnings   | Other<br>Comprehensive<br>(Loss) |              |
| <b>Balance December 31, 2011</b>  | 41,484       | \$ 415 | \$ 383,978         | \$ 778,201 | \$ (56,392)                      | \$ 1,106,202 |
| Net income (loss)   |              |        |                    | (36,986)   |                                  | (36,986)     |
| Other comprehensive income:   |              |        |                    |            |                                  |              |
| Cumulative translation adjustment   |              |        |                    |            | 15,023                           | 15,023       |
| Issuance of common stock in connection with:                                      |              |        |                    |            |                                  |              |
| Exercise of options, net of income tax expense from share-based awards of \$994   | 328          | 4      | 7,039              |            |                                  | 7,043        |
| Restricted share grants, less net settled shares of 178                           | 443          | 4      | (6,389)            |            |                                  | (6,385)      |
| Stock units issued under incentive compensation plan                              |              |        | 3,079              |            |                                  | 3,079        |
| Business combinations   | 181          | 2      | 1,033              |            |                                  | 1,035        |
| Reacquisition of equity component of convertible debt                             |              |        | (108)              |            |                                  | (108)        |
| Purchase and retirement of common stock   | (1,681)      | (17)   | (50,015)           |            |                                  | (50,032)     |
| Share-based compensation  |              |        | 29,361             |            |                                  | 29,361       |
| <b>Balance December 31, 2012</b>  | 40,755       | \$ 408 | \$ 367,978         | \$ 741,215 | \$ (41,369)                      | \$ 1,068,232 |
| Net income (loss)   |              |        |                    | (10,594)   |                                  | (10,594)     |
| Other comprehensive income (loss):  |              |        |                    |            |                                  |              |
| Cumulative translation adjustment   |              |        |                    |            | (9,720)                          | (9,720)      |
| Issuance of common stock in connection with:                                      |              |        |                    |            |                                  |              |
| Exercise of options, net of income tax expense from share-based awards of \$1,051 | 1,278        | 13     | 34,966             |            |                                  | 34,979       |
| Restricted share grants, less net settled shares of 178                           | 369          | 3      | (6,340)            |            |                                  | (6,337)      |
| Stock units issued under incentive compensation plan                              |              |        | 3,005              |            |                                  | 3,005        |
| Business combinations   | 81           | 1      | (1,306)            |            |                                  | (1,305)      |
| Purchase and retirement of common stock   | (1,957)      | (20)   | (71,110)           |            |                                  | (71,130)     |
| Share-based compensation  |              |        | 35,129             |            |                                  | 35,129       |
| <b>Balance December 31, 2013</b>  | 40,526       | \$ 405 | \$ 362,322         | \$ 730,621 | \$ (51,089)                      | \$ 1,042,259 |
| Net income  |              |        |                    | 58,807     |                                  | 58,807       |
| Other comprehensive income (loss):  |              |        |                    |            |                                  |              |
| Cumulative translation adjustment   |              |        |                    |            | (29,179)                         | (29,179)     |
| Issuance of common stock in connection with:                                      |              |        |                    |            |                                  |              |
| Exercise of options, net of income tax expense from share-based awards of \$1,451 | 413          | 4      | 9,895              |            |                                  | 9,899        |
| Restricted share grants, less net settled shares of 188                           | 242          | 3      | (6,511)            |            |                                  | (6,508)      |
| Stock units issued under incentive compensation plan                              |              |        | 1,674              |            |                                  | 1,674        |
| Non-employee vesting of stock options   |              |        | 2,951              |            |                                  | 2,951        |
| Share-based compensation  |              |        | 22,843             |            |                                  | 22,843       |
| <b>Balance December 31, 2014</b>  | 41,181       | 412    | 393,174            | 789,428    | (80,268)                         | 1,102,746    |



See accompanying notes to consolidated financial statements

**Table of Contents****FTI Consulting, Inc. and Subsidiaries****Consolidated Statements of Cash Flows**

(in thousands)

|  | Year Ended December 31, |             |             |
|--|-------------------------|-------------|-------------|
|  | 2014                    | 2013        | 2012        |
| <b>Operating activities</b>  |                         |             |             |
| Net income (loss)  | \$ 58,807               | \$ (10,594) | \$ (36,986) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                         |             |             |
| Depreciation and amortization  | 35,126                  | 32,638      | 33,919      |
| Amortization and impairment of other intangible assets                                   | 15,521                  | 22,954      | 22,586      |
| Goodwill impairment charge   |                         | 83,752      | 110,387     |
| Acquisition-related contingent consideration   | (1,676)                 | (10,869)    | (3,064)     |
| Provision for doubtful accounts  | 18,252                  | 13,335      | 14,179      |
| Non-cash share-based compensation  | 22,848                  | 35,129      | 29,361      |
| Non-cash interest expense and loss on extinguishment of debt                             | 2,691                   | 2,699       | 9,824       |
| Other  | (522)                   | (1,582)     | (488)       |
| Changes in operating assets and liabilities, net of effects from acquisitions:           |                         |             |             |
| Accounts receivable, billed and unbilled   | (43,072)                | (56,290)    | (3,691)     |
| Notes receivable   | (18,253)                | (7,544)     | (25,730)    |
| Prepaid expenses and other assets  | 10,733                  | (6,784)     | (1,895)     |
| Accounts payable, accrued expenses and other   | 980                     | 8,505       | (12,458)    |
| Income taxes   | 15,283                  | 7,963       | (6,816)     |
| Accrued compensation   | 11,106                  | 82,917      | (21,074)    |
| Billings in excess of services provided  | 7,577                   | (2,958)     | 12,134      |
| Net cash provided by operating activities  | 135,401                 | 193,271     | 120,188     |
| <b>Investing activities</b>  |                         |             |             |
| Payments for acquisition of businesses, net of cash received                             | (23,467)                | (55,498)    | (62,893)    |
| Purchases of property and equipment  | (39,256)                | (42,544)    | (27,759)    |
| Other  | 5,128                   | (5,049)     | 246         |
| Net cash used in investing activities  | (57,595)                | (103,091)   | (90,406)    |
| <b>Financing activities</b>  |                         |             |             |
| Payments of long-term debt and capital lease obligations                                 | (6,014)                 | (6,021)     | (377,859)   |
| Issuance of debt securities, net   |                         |             | 292,608     |
| Deposits   | 13,071                  |             |             |
| Purchase and retirement of common stock  | (4,367)                 | (66,763)    | (50,032)    |
| Net issuance of common stock under equity compensation plans                             | 4,772                   | 29,392      | 1,598       |
| Other  | (1,132)                 | 263         | (4,561)     |
| Net cash provided by (used in) financing activities                                      | 6,330                   | (43,129)    | (138,246)   |
| Effect of exchange rate changes on cash and cash equivalents                             | (6,289)                 | 1,997       | 826         |
| Net increase (decrease) in cash and cash equivalents                                     | 77,847                  | 49,048      | (107,638)   |
| Cash and cash equivalents, beginning of period   | 205,833                 | 156,785     | 264,423     |
| Cash and cash equivalents, end of period   | \$ 283,680              | \$ 205,833  | \$ 156,785  |

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**Supplemental cash flow disclosures**

|  |           |           |           |
|--|-----------|-----------|-----------|
| Cash paid for interest                                     | \$ 48,169 | \$ 48,156 | \$ 57,082 |
| Cash paid for income taxes, net of refunds                 | 27,326    | 35,074    | 46,918    |
| <b>Non-cash investing and financing activities:</b>        |           |           |           |
| Issuance of common stock to acquire businesses             |           | 2,883     | 5,193     |
| Issuance of stock units under incentive compensation plans | 1,674     | 3,005     | 3,079     |
| Unsettled repurchase and retirement of common stock        |           | (4,367)   |           |

See accompanying notes to consolidated financial statements

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**FTI Consulting, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

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

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

**Description of Business**

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

**Accounting Principles**

Our financial statements are prepared in conformity with United States ( U.S. ) generally accepted accounting principles ( GAAP ). The consolidated financial statements include the accounts of FTI Consulting and all of our subsidiaries. All intercompany transactions and balances have been eliminated. Reclassifications of certain prior period amounts have been made to conform to the current period presentation.

**Foreign Currency**

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

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

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Due to the inherent uncertainty involved in making those assumptions, actual results could differ from those estimates. The most significant estimates made and assumptions used are the determination of the allowance for doubtful accounts and unbilled services, the valuation of stock-based compensation, the fair value of acquisition-related contingent consideration, the measurement of deferred tax assets and the assessment of recoverability of intangible assets and goodwill. Management bases its estimates on historical trends, current experience and other assumptions that it believes are reasonable.

**Revenue Recognition**

Revenue is recognized when persuasive evidence of an arrangement exists, the related services are provided, the price is fixed or determinable and collectability is reasonably assured. 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

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recognizing revenue are met. Provisions are recorded for the estimated realization adjustments on all engagements, including engagements for which fees are subject to review by the bankruptcy courts and other regulatory institutions. 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. 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.

1. 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 some cases, time-and-expense arrangements are subject to a cap, in which case we assess work performed on a periodic basis to ensure that the cap has not been exceeded.
2. 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.
3. 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.
4. In our Technology segment, unit-based revenues are based on either the amount of data stored or processed, the number of concurrent users accessing the information, or the number of pages or images processed for a client. We recognize revenues for our professional services rendered under unit-based engagements as the services are provided based on agreed-upon rates. We also generate certain revenue from software licenses and maintenance. We have vendor-specific objective evidence of fair value for support and maintenance separate from software for the majority of our products. Accordingly, when licenses of certain offerings are included in an arrangement with support and maintenance, we recognize the license revenue upon delivery of the license and recognize the support and maintenance revenue over the term of the maintenance service period. Substantially all of our software license agreements do not include any acceptance provisions. If an arrangement allows for customer acceptance of the software, we defer revenue until the earlier of customer acceptance or when the acceptance provisions lapse. Revenues from hosting fees are recognized ratably over the term of the hosting agreement. We have certain arrangements with clients in which we provide multiple elements of services under one engagement contract. Revenues under these types of arrangements are accounted for in accordance ASC 605-25, *Multiple-Element Arrangements*, and recognized pursuant to the criteria described above.

Some clients pay us retainers before we begin 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.

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

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included in costs of services in the period in which the expense is incurred. Revenues recognized, but not yet billed to clients, have been recorded as Unbilled receivables in the Consolidated Balance Sheets.

### **Direct Cost of Revenues**

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

### **Share-Based Compensation**

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

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

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

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

### **Research and Development**

Research and development costs related to software development are expensed as incurred. Development activities involve a plan or design for the production of new or substantially improved products. When we have determined that technological feasibility for our software products is reached, costs related to the project are capitalized until such products are available for general release to customers as discussed in Capitalized Software to be Sold, Leased or Otherwise Marketed. Research and development costs related to software development totaled \$19.3 million, \$15.8 million, and \$20.2 million for the years ended December 31, 2014, 2013 and 2012, respectively. Research and development costs are included in Selling, general and administrative expenses on the Consolidated Statements of Comprehensive Income (Loss).

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### **Advertising Costs**

Advertising costs consist of marketing, advertising through print and other media, professional event sponsorship and public relations. These costs are expensed as incurred. Advertising costs totaled \$20.7 million for each of the years ended December 31, 2014 and December 31, 2013, and \$21.8 million for the year ended December 31, 2012.

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

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

### **Income Taxes**

Our income tax provision consists 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 a change in the mix of earnings between higher and lower state or country tax jurisdictions and the impact of non-deductible expenses. Additionally, we record deferred tax assets and liabilities using the asset and liability method of accounting which requires us to measure these assets and liabilities using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The evaluation of the need for a valuation allowance requires management judgment and could impact our financial results and effective tax rate.

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

Cash equivalents consist of highly liquid short-term investments, principally money market funds, commercial paper and certificates of deposit with maturities of three months or less at the time of purchase. In addition, we also may invest in short-term investments with maturities greater than three months, consisting primarily of certificates of deposit and treasury bills. Any short-term investments are classified as available-for-sale and carried at fair value, based on quoted market prices or other readily available market information. Short-term investments are included in Prepaid assets and other current assets on our Consolidated Balance Sheets.

### **Restricted Cash**

We classify cash that is restricted as to usage or withdrawal as restricted cash, which is included in Prepaid assets and other current assets on our Consolidated Balance Sheets. Restricted cash is typically held in short-term interest-bearing accounts until disbursed. Restricted cash totaled \$0.3 million and \$0.9 million at December 31, 2014 and 2013, respectively.

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

We maintain an allowance for doubtful accounts and unbilled services for estimated losses resulting from disputes that affect our ability to fully collect our billed accounts receivable, potential fee reductions negotiated

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

We record adjustments to the allowance for doubtful accounts and unbilled services as a reduction in revenue when there are changes in estimates of fee reductions that may be imposed by bankruptcy courts and other regulatory institutions, for both billed and unbilled receivables. The allowance for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we discover that collectability is not reasonably assured. These adjustments are recorded to Selling, general and administrative expenses on the Consolidated Statements of Comprehensive Income (Loss), and totaled \$18.3 million, \$13.3 million, and \$14.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

## **Property and Equipment**

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

## **Notes Receivable from Employees**

Notes receivable due from employees principally include unsecured general recourse forgivable loans and retention payments, which are provided to attract and retain certain of our senior employees and other professionals. Generally, all of the principal amount and accrued interest of the forgivable loans we make to employees and other professionals will be forgiven according to the stated terms of the loan agreement, provided that the professional is providing service to the Company on the forgiveness date, and upon other specified events, such as death or disability. Professionals who terminate their employment or services with us prior to the end of the forgiveness period are required to repay the outstanding, unforgiven loan balance and any accrued but unforgiven interest, except, in most cases, if the termination was by the Company without cause or by the employee with good reason, or, subject to certain conditions, if the employee terminates his or her employment due to retirement or non-renewal of his or her employment agreement, the loan may be forgiven or continue to be forgivable, in whole or in part. We amortize forgivable loans over the loan forgiveness period which ranges from a period of one to ten years. The amount of expense recognized at any date must at least equal the portion of the principal forgiven on the forgiveness date.

## **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 may include trade names, customer relationships, 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



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

significant underperformance relative to expected historical or projected future operating results;

a significant change in the manner of our use of the acquired asset or the strategy for our overall business;

a significant market decline related to negative industry or economic trends; and/or

our market capitalization relative to net carrying value.

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

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

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

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

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

We expense costs for software products that will be sold, leased or otherwise marketed until technological feasibility has been established. Thereafter, all software development costs are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized based on current and future revenue for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product. We classify software products to be sold, leased or otherwise marketed as noncurrent Other assets on our Consolidated Balance Sheets. Unamortized capitalized software costs were \$13.4 million and \$12.9 million at December 31, 2014 and 2013, respectively. Amortization expense for capitalized software costs were \$6.7 million, \$5.8 million, and \$3.7 million for the years ended December 31, 2014, 2013 and 2012, respectively.

### **Leases**

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

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We recognize rent expense under operating leases on a straight-line basis over the non-cancelable lease term. For leases with scheduled rent increases this treatment results in a deferred rent liability, which is classified within *Other liabilities* on the Consolidated Balance Sheets. Lease inducements such as tenant improvement allowances, cash inducements, and rent abatements are amortized on a straight-line basis over the life of the lease. Unamortized lease inducements are also included in deferred rent. Deferred rent at December 31, 2014 and 2013 totaled \$42.0 million and \$41.0 million, respectively.

**Billings in Excess of Services Provided**

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

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

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09. ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This guidance is effective for interim and annual periods beginning after December 15, 2016 and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. The Company is evaluating which transition approach to use and the impact of the adoption of this accounting standard update on its condensed consolidated financial statements.

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

Basic earnings (loss) per common share are calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per common share adjust basic earnings per common share for the effects of potentially dilutive common shares. Potentially dilutive common shares include the dilutive effects of shares issuable under our equity compensation plans, including stock options and restricted stock, each using the treasury stock method. Due to a net loss applicable to common stockholders for the years ended December 31, 2013 and 2012, respectively, we excluded 1,232,880 and 1,261,913 potentially dilutive securities from the computation as their effect would be anti-dilutive.

|  | Year Ended December 31, |             |             |
|--|-------------------------|-------------|-------------|
|  | 2014                    | 2013        | 2012        |
| <b>Numerator basic and diluted</b>                           |                         |             |             |
| Net income (loss)  | \$ 58,807               | \$ (10,594) | \$ (36,986) |
| <b>Denominator</b>   |                         |             |             |
| Weighted average number of common shares outstanding basic   | 39,726                  | 39,188      | 40,316      |
| Effect of dilutive stock options                             | 375                     |             |             |
| Effect of dilutive restricted shares                         | 628                     |             |             |
| Weighted average number of common shares outstanding diluted | 40,729                  | 39,188      | 40,316      |
| <b>Earnings (loss) per common share basic</b>                | \$ 1.48                 | \$ (0.27)   | \$ (0.92)   |
| <b>Earnings (loss) per common share diluted</b>              | \$ 1.44                 | \$ (0.27)   | \$ (0.92)   |
| <b>Antidilutive stock options and restricted shares</b>      | 2,967                   | 4,363       | 4,943       |

**Table of Contents****4. Special Charges**

During the year ended December 31, 2014, we recorded special charges as a separate line within operating income in our Consolidated Statements of Income (Loss) totaling \$16.3 million. The special charges consisted of:

\$6.1 million contractual post-employment payments and equity award expense acceleration, net of forfeitures of unvested equity and liability awards and annual bonus payments, related to the departures of the Company's former Chief Financial Officer, former Executive Vice President and Chairman of North America, former Chairman of the EMEA region, and former Executive Vice President, General Counsel and Chief Risk Officer;

\$7.9 million related to the termination of the Company's corporate airplane lease;

\$2.3 million related to the closure of the Company's former West Palm Beach executive office and related lease termination, and updated forecasts of expected sublease income for corporate and segment offices previously vacated. \$0.7 million of these charges were non-cash.

During the year ended December 31, 2013, we recorded special charges totaling \$38.4 million, of which \$14.1 million was non-cash. The charges reflect certain executive leadership transition costs and costs related to actions we took to realign our workforce to address current business demands impacting our Corporate Finance/Restructuring and Forensic and Litigation Consulting segments, and to reduce certain corporate overhead within our EMEA region.

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

The following table details the special charges by segment:

|                                    | <b>For the years ended December 31,</b> |             |             |
|------------------------------------|---|-------------|-------------|
|                                    | <b>2014</b>                             | <b>2013</b> | <b>2012</b> |
| Corporate Finance/Restructuring    | \$ 84                                   | \$ 10,274   | \$ 11,332   |
| Forensic and Litigation Consulting | 308                                     | 2,111       | 8,276       |
| Economic Consulting                | 12                                      | 11          | 991         |
| Technology                         | 19                                      | 16          | 3,114       |
| Strategic Communications           | 3                                       | 66          | 4,712       |
|                                    | 426                                     | 12,478      | 28,425      |
| Unallocated Corporate              | 15,913                                  | 25,936      | 1,132       |
| Total                              | \$ 16,339                               | \$ 38,414   | \$ 29,557   |

The total cash outflow associated with the 2014, 2013 and 2012 special charges is expected to be \$65.2 million, of which \$46.6 million has been paid as of December 31, 2014. Approximately \$6.9 million is expected to be paid in 2015, \$3.2 million is expected to be paid in 2016, \$3.1 million is expected to be paid in 2017, \$2.6 million is expected to be paid in 2018, and the remaining balance of \$2.8 million will be paid from 2019 to 2025. A liability for the current and noncurrent portions of the amounts to be paid is included in Accounts payable, accrued expenses and other and Other liabilities, respectively, on the Condensed Consolidated Balance Sheets.



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Activity related to the liabilities for these costs for the years ended December 31, 2014 and 2013 is as follows:

|   | Employee<br>Termination<br>Costs | Lease<br>Termination<br>Costs | Total     |
|---|----------------------------------|-------------------------------|-----------|
| <b>Balance December 31, 2012</b>                  | \$ 6,696                         | \$ 8,517                      | \$ 15,213 |
| Additions   | 23,669                           | 690                           | 24,359    |
| Payments  | (9,995)                          | (3,111)                       | (13,106)  |
| Foreign currency translation adjustment and other | (405)                            |                               | (405)     |
| <b>Balance December 31, 2013</b>                  | \$ 19,965                        | \$ 6,096                      | \$ 26,061 |
| Additions   | 7,260                            | 9,580                         | 16,840    |
| Payments  | (13,390)                         | (10,822)                      | (24,212)  |
| Foreign currency translation adjustment and other | (76)                             |                               | (76)      |
| <b>Balance December 31, 2014</b>                  | \$ 13,759                        | \$ 4,854                      | \$ 18,613 |

**5. Interest Income and Other**

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

|  | Year Ended December 31, |                 |                 |
|--|-------------------------|-----------------|-----------------|
|  | 2014                    | 2013            | 2012            |
| Interest income                                  | \$ 5,853                | \$ 5,439        | \$ 6,350        |
| Foreign exchange transaction gains (losses), net | (2,830)                 | (2,326)         | 250             |
| Other  | 1,647                   | (1,365)         | (941)           |
| <b>Interest income and other</b>                 | <b>\$ 4,670</b>         | <b>\$ 1,748</b> | <b>\$ 5,659</b> |

**6. Share-Based Compensation****Share-Based Incentive Compensation Plans**

Under the Company's 2009 Omnibus Incentive Compensation Plan (2009 Omnibus Plan), we are authorized to issue up to 6,000,000 shares of common stock, of which no more than 5,400,000 shares of common stock may be issued in the form of restricted or unrestricted shares or other share-based awards. At December 31, 2014, 445,861 shares of common stock were available for grant under our 2009 Omnibus Plan, all of which may be granted as share-based awards.

On July 30, 2014, the Company issued 148,944 option and 41,624 restricted share awards as a material inducement to certain executives to accept offers of employment. These awards are being made outside of the Company's shareholder approved equity compensation plans but are generally subject to the same terms and conditions as apply to awards granted under the 2009 Omnibus Plan.

On April 1, 2014, certain executive officers of the Company were granted 234,536 cash-settled awards under the Company's 2014 executive officer long-term incentive program. These awards include 97,752 cash-settled stock appreciation rights (the Executive SARs) and 36,851 cash-settled units, which vest pro rata on the first through third anniversaries of the date of grant, and 99,933 cash-settled performance units. The cash-settled performance units are subject to performance conditions based on the adjusted total shareholder return of the



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Company as compared to the adjusted total shareholder return of the adjusted S&P 500 for the three-year period ending March 31, 2017. As these awards will be settled in cash, they have been recorded as liabilities and are included in Other Liabilities on the Company's Condensed Consolidated Balance Sheet at fair value. Subsequent changes in the fair value of these awards will be included in the related share-based compensation expense recorded over the vesting period. During the year ended December 31, 2014, 49,360 Executive SARs, 18,607 cash-settled units and 50,461 cash-settled performance units were forfeited prior to the completion of the vesting requirements. As of December 31, 2014, the liability for these awards was \$0.7 million and there was \$2.0 million of unrecognized compensation cost related to the 2014 executive officer long-term incentive program.

For the years ended December 31, 2014 and 2013, respectively, a total of 18,496 and 49,740 cash-settled awards were made to employees in certain foreign countries. As of December 31, 2014, there was \$2.2 million of unrecognized compensation cost related to unvested cash-based awards to foreign employees.

For the years ended December 31, 2013 and 2012, respectively, a total of 111,000 and 67,596 restricted stock units were awarded, subject to performance conditions that include return on equity targets and total shareholder return of the Company as compared to the adjusted shareholder return of the adjusted S&P 500. As of December 31, 2014, these awards have either been forfeited or are not expected to vest based on the performance conditions.

**Share-Based Compensation Expense**

The table below reflects the total share-based compensation expense recognized in our Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, 2013 and 2012:

| Income Statement Classification                      | 2014           |                                | 2013           |                                | 2012           |                                |
|--|----------------|--------------------------------|----------------|--------------------------------|----------------|--------------------------------|
|  | Options<br>(1) | Restricted<br>Shares<br>(2)(3) | Options<br>(1) | Restricted<br>Shares<br>(2)(3) | Options<br>(1) | Restricted<br>Shares<br>(2)(3) |
| Direct cost of revenues                              | \$ 5,404       | \$ 8,951                       | \$ 6,807       | \$ 9,181                       | \$ 6,012       | \$ 10,000                      |
| Selling, general and administrative expense          | 1,783          | 8,508                          | 1,849          | 10,053                         | 1,836          | 10,347                         |
| Special charges <sup>(4)</sup>                       | (126)          | (990)                          | 1,482          | 5,938                          | 584            | 230                            |
| Share-based compensation expense before income taxes | 7,061          | 16,469                         | 10,138         | 25,172                         | 8,432          | 20,577                         |
| Income tax benefit                                   | 2,698          | 6,490                          | 4,101          | 9,094                          | 3,104          | 6,870                          |
| Share-based compensation, net of income taxes        | \$ 4,363       | \$ 9,979                       | \$ 6,037       | \$ 16,078                      | \$ 5,328       | \$ 13,707                      |

(1) Includes options and cash-settled stock appreciation rights.

(2) Includes restricted share awards and performance and market condition restricted share units.

(3) Includes cash-settled restricted stock units.

(4) Special charges of \$0.2 million equity award expense acceleration and \$0.1 million option expense acceleration are net of forfeitures of \$1.2 million and \$0.2 million, respectively, for the year ended December 31, 2014. (See Note 4 to the Consolidated Financial Statements for information related to the special charges).

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**Stock Options**

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

| Assumptions             | Year Ended December 31, |        |           |        |           |        |
|-------------------------|-------------------------|--------|-----------|--------|-----------|--------|
|                         | 2014                    |        | 2013      |        | 2012      |        |
| Risk-free interest rate | 0.99%                   | 1.94%  | 0.77%     | 1.71%  | 0.54%     | 1.11%  |
| Dividend yield          | 0%                      |        | 0%        |        | 0%        |        |
| Expected term           | 3 6 years               |        | 5 6 years |        | 4 6 years |        |
| Stock price volatility  | 31.05%                  | 37.60% | 37.30%    | 38.27% | 37.94%    | 40.04% |

The following table summarizes the option activity under our Equity Compensation Plans as of and for the year ended December 31, 2014. The aggregate intrinsic value in the table below represents the total pre-tax intrinsic value (the difference between the closing price of our common stock on the last trading day of 2014 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2014. The aggregate intrinsic value changes based on fluctuations in the fair market value per share of our common stock.

|   | Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value |
|---|--------|---------------------------------|--|---------------------------|
| <b>Options outstanding, December 31, 2013</b> | 4,357  | \$ 37.68                        |  |                           |
| Options granted                               | 611    | \$ 32.94                        |  |                           |
| Options exercised                             | (470)  | \$ 27.95                        |  |                           |
| Options forfeited                             | (158)  | \$ 38.61                        |  |                           |
| <b>Options outstanding, December 31, 2014</b> | 4,340  | \$ 38.03                        | 5.4  | \$ 17,979                 |
| <b>Options exercisable, December 31, 2014</b> | 2,496  | \$ 39.95                        | 3.7  | \$ 10,915                 |

Cash received from option exercises for the years ended December 31, 2014, 2013 and 2012 was \$11.3 million, \$35.7 million and \$7.9 million, respectively. The actual tax benefit realized from stock options exercised totaled \$1.9 million, \$5.5 million and \$1.4 million, respectively, for the years ended December 31, 2014, 2013 and 2012.

The intrinsic value of stock options exercised is the amount by which the market value of our common stock on the exercise date exceeds the exercise price. The total intrinsic value of stock options exercised for the years ended December 31, 2014, 2013 and 2012 was \$4.4 million, \$15.1 million and \$3.1 million, respectively.

The table below reflects the weighted-average grant date fair value per share of stock options and restricted shares and stock units awarded during the years ended December 31, 2014, 2013 and 2012:

| Weighted average fair value of grants | Year Ended December 31, |          |          |
|---------------------------------------|-------------------------|----------|----------|
|                                       | 2014                    | 2013     | 2012     |
| Stock options                         | \$ 10.77                | \$ 13.15 | \$ 12.99 |
| Restricted shares                     | \$ 32.87                | \$ 36.31 | \$ 36.55 |





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Following is a summary of the status of stock options outstanding and exercisable at December 31, 2014:

| Exercise Price Range | Options Outstanding |                                 |  | Options Exercisable |                                 |
|----------------------|---------------------|---------------------------------|--|---------------------|---------------------------------|
|                      | Shares              | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (In Years) | Shares              | Weighted-Average Exercise Price |
| \$19.00 - \$29.19    | 901                 | \$ 27.06                        | 2.3  | 811                 | \$ 26.92                        |
| \$29.75 - \$34.62    | 908                 | \$ 32.28                        | 8.2  | 147                 | \$ 33.22                        |
| \$35.18 - \$37.83    | 919                 | \$ 36.73                        | 6.6  | 329                 | \$ 36.81                        |
| \$37.95 - \$43.27    | 913                 | \$ 40.61                        | 5.9  | 533                 | \$ 40.53                        |
| \$44.47 - \$70.55    | 699                 | \$ 57.99                        | 3.2  | 676                 | \$ 58.13                        |
|                      | 4,340               |                                 |  | 2,496               |                                 |

As of December 31, 2014, there was \$11.1 million of unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized ratably over a weighted-average period of 2.6 years.

**Restricted Share Awards**

A summary of our unvested restricted share activity during the year ended December 31, 2014 is presented below. The fair value of unvested restricted share awards is determined based on the closing market price per share of our common stock on the grant date.

|  | Shares | Weighted-Average Grant-Date Fair Value |
|--|--------|--|
| <b>Unvested restricted share awards outstanding, December 31, 2013</b> | 1,244  | \$ 37.14                               |
| Restricted share awards granted  | 422    | \$ 33.31                               |
| Restricted share awards vested   | (598)  | \$ 36.61                               |
| Restricted share awards forfeited                                      | (36)   | \$ 34.84                               |
| <b>Unvested restricted share awards outstanding, December 31, 2014</b> | 1,032  | \$ 35.96                               |

As of December 31, 2014, there was \$17.2 million of unrecognized compensation cost related to unvested restricted share awards. That cost is expected to be recognized ratably over a weighted-average period of 3.2 years. The total fair value of restricted share awards that vested during the years ended December 31, 2014, 2013 and 2012 was \$20.5 million, \$17.9 million, and \$16.9 million, respectively.

**Table of Contents****Restricted Stock Units**

A summary of our Restricted Stock Units activity during the year ended December 31, 2014 is presented below. The aggregate intrinsic value in the table below represents the total pre-tax intrinsic value based on the closing price of our common stock on the last trading day of 2014. The fair value of Restricted Stock Units is determined based on the closing market price per share of our common stock on the grant date.

|  | Shares | Weighted-Average Grant-Date Fair Value | Intrinsic Value |
|--|--------|--|-----------------|
| <b>Restricted Stock Units outstanding, December 31, 2013</b> | 980    | \$ 37.54                               |                 |
| Restricted Stock Units granted                               | 86     | \$ 30.71                               |                 |
| Restricted Stock Units released                              | (47)   | \$ 37.78                               |                 |
| Restricted Stock Units forfeited                             | (243)  | \$ 36.75                               |                 |
| <b>Restricted Stock Units outstanding, December 31, 2014</b> | 776    | \$ 37.00                               | \$ 29,965       |

The intrinsic value of Restricted Stock Units released reflects the market value of our common stock on the date of release. The total intrinsic value of Restricted Stock Units released was \$1.7 million, \$4.7 million and \$3.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, there was \$1.1 million of unrecognized compensation cost related to unvested Restricted Stock Units. That cost is expected to be recognized ratably over a weighted-average period of 1.7 years. The total fair value of Restricted Stock Units that vested during the years ended December 31, 2014, 2013 and 2012 was \$2.7 million, \$4.6 million, and \$4.0 million, respectively.

**7. Acquisitions****2014 Acquisitions**

During the fourth quarter of 2014, we acquired one business for total consideration of \$8.3 million, and we recorded \$1.6 million in identifiable intangible assets and \$7.2 million in goodwill.

**2013 Acquisitions**

During 2013, we acquired six businesses for initial consideration of \$51.0 million.

For acquisitions completed during the year ended December 31, 2013, we recorded \$12.6 million in contingent consideration, \$17.2 million in identifiable intangible assets and \$38.9 million in goodwill. Certain of the purchase price allocations were preliminary as of December 31, 2013. For these acquisitions, we recorded \$4.7 million of acquisition-related contingent consideration, \$9.5 million of identifiable intangible assets, \$1.2 million of deferred tax liabilities and \$10.1 million of goodwill. We subsequently finalized the purchase price allocations in 2014, and recorded immaterial adjustments.

**2012 Acquisitions**

During 2012, we acquired three businesses for total consideration of \$41.6 million, which included \$37.2 million in cash and stock and contingent consideration with an initial fair value of \$4.5 million. We recorded \$5.8 million of identified intangible assets and \$28.4 million of goodwill.

**Table of Contents****8. Concentrations of Risk**

We derive the majority of our revenues from providing professional services to clients in the U.S. For the year ended December 31, 2014, we derived approximately 28% of our revenues from non-U.S. sources. We believe that the geographic and industry diversity of our customer base throughout the U.S. and internationally minimizes the risk of incurring material losses due to concentrations of credit risk. We do not have a single customer that represents ten percent or more of our consolidated revenues.

**9. Balance Sheet Details**

|   | December 31, |            |
|---|--------------|------------|
|   | 2014         | 2013       |
| <b>Prepaid expenses and other current assets</b>    |              |            |
| Prepaid expenses                                    | \$ 29,566    | \$ 30,906  |
| Other current assets                                | 7,993        | 18,540     |
| Income tax receivable                               | 23,293       | 12,354     |
|   | \$ 60,852    | \$ 61,800  |
| <b>Accounts payable, accrued expenses and other</b> |              |            |
| Accounts payable                                    | \$ 9,119     | \$ 14,467  |
| Accrued expenses                                    | 53,298       | 53,164     |
| Accrued contingent consideration                    | 896          | 21,034     |
| Accrued interest payable                            | 9,304        | 9,479      |
| Accrued taxes payable                               | 12,191       | 9,323      |
| Other current liabilities                           | 14,686       | 19,419     |
|   | \$ 99,494    | \$ 126,886 |

**10. Financial Instruments**

We consider the recorded value of certain of our financial assets and liabilities, which consist primarily of cash equivalents, accounts receivable, long-term receivables and accounts payable, to approximate the fair value of the respective assets and liabilities at December 31, 2014 and 2013, based on the short-term nature of the assets and liabilities. We determine the fair value of our long-term debt primarily based on quoted market prices for our 6<sup>3</sup>/<sub>4</sub>% Senior Notes Due 2020 ( 2020 Notes ) and 6.0% Senior Notes Due 2022 ( 2022 Notes ) at December 31, 2014. The fair value of our long-term debt is classified within Level 2 of the fair value hierarchy, because it is traded in less active markets.

The following table presents the carrying amounts and estimated fair values of our other financial instruments at December 31, 2014 and 2013:

|  | December 31,       |                            |                    |                            |
|--|--------------------|----------------------------|--------------------|----------------------------|
|  | 2014               |                            | 2013               |                            |
|  | Carrying<br>Amount | Estimated<br>Fair<br>Value | Carrying<br>Amount | Estimated<br>Fair<br>Value |
| <b>Liabilities:</b>  |                    |                            |                    |                            |
| Acquisition-related contingent consideration, including current portion <sup>(1)</sup> | \$ 6,338           | \$ 6,338                   | \$ 13,329          | \$ 13,329                  |
| Long-term debt, including current portion  | 711,000            | 735,000                    | 717,000            | 752,750                    |
| <b>Total</b>   | \$ 717,338         | \$ 741,338                 | \$ 730,329         | \$ 766,079                 |

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<sup>(1)</sup> The short-term portion is included in Accounts payable, accrued expenses and other. The long-term portion is included in Other liabilities.

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

The significant unobservable inputs used in the fair value measurements of our acquisition-related contingent consideration are our measures of the future profitability and related cash flows and discount rates. Significant increases (decreases) in any of these inputs in isolation would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumptions used for the discount rates is accompanied by a directionally opposite change in the fair value measurement and a change in the assumptions used for the future cash flows is accompanied by a directionally similar change in the fair value measurement. The fair value of the contingent consideration is reassessed at each reporting period by the Company based on additional information as it becomes available. Any change in the fair value adjustment is recorded in the earnings of that period and is included within the Acquisition-related contingent considerations line in the Consolidated Statements of Comprehensive Income (Loss).

During the years ended December 31, 2014, 2013, and 2012, management determined that the fair value of certain contingent consideration liabilities had declined. This remeasurement of the contingent consideration was based on management's probability-adjusted present value of the consideration expected to be transferred during the remainder of the earnout period, based on the acquired operations' forecasted results. The resulting reduction in the liability was recorded as income during the years ended December 31, 2014, 2013 and 2012, of \$2.7 million, \$13.6 million and \$5.2 million, respectively.

Accretion expense for acquisition-related contingent consideration totaled \$1.0 million, \$2.7 million and \$2.2 million for years ended December 31, 2014, 2013 and 2012, respectively, and is included within Acquisition-related contingent consideration in the Consolidated Statements of Comprehensive Income (Loss).

The following table represents the change in the acquisition-related contingent consideration liability during the years ended December 31, 2014 and 2013:

|  | <b>December 31,</b> |                  |
|--|---------------------|------------------|
|  | <b>2014</b>         | <b>2013</b>      |
| <b>Beginning balance</b>   | \$ 13,329           | \$ 16,426        |
| Acquisition <sup>(1)</sup>   | (4,495)             | 8,993            |
| Accretion of acquisition-related contingent consideration <sup>(2)</sup>       | 1,047               | 2,686            |
| Remeasurement of acquisition-related contingent consideration <sup>(2)</sup>   | (2,722)             | (13,555)         |
| Payments   | (813)               | (401)            |
| Unrealized gains related to currency translation in other comprehensive income | (8)                 | (820)            |
| <b>Ending balance</b>  | <b>\$ 6,338</b>     | <b>\$ 13,329</b> |

<sup>(1)</sup> Includes adjustments during the purchase price allocation period.

<sup>(2)</sup> Includes adjustments to fair value related to accretion and remeasurement of contingent consideration which are recorded in Acquisition-related contingent consideration on the Consolidated Statements of Comprehensive Income (Loss).

**Table of Contents****11. Property and Equipment**

Property and equipment consist of the following:

|   | December 31, |           |
|---|--------------|-----------|
|   | 2014         | 2013      |
| Leasehold improvements                    | \$ 78,129    | \$ 65,742 |
| Construction in progress                  | 7,305        | 18,477    |
| Furniture and equipment                   | 35,952       | 36,394    |
| Computer equipment and software           | 100,484      | 97,390    |
|   | 221,870      | 218,003   |
| Accumulated depreciation and amortization | (139,707)    | (138,996) |
| Property and equipment, net               | \$ 82,163    | \$ 79,007 |

Depreciation expense totaled \$28.5 million, \$26.8 million and \$30.2 million during the years ended December 31, 2014, 2013 and 2012, respectively.

**12. Goodwill and Other Intangible Assets****Goodwill**

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

|   | Corporate<br>Finance/<br>Restructuring | Forensic and<br>Litigation<br>Consulting | Economic<br>Consulting | Technology | Strategic<br>Communications | Total        |
|---|--|--|------------------------|------------|-----------------------------|--------------|
| <b>Balance December 31, 2012:</b>                 |  |  |                        |            |                             |              |
| Goodwill  | 469,050                                | 198,957                                  | 247,718                | 118,035    | 336,662                     | 1,370,422    |
| Accumulated goodwill impairment                   |  |  |                        |            | (110,387)                   | (110,387)    |
| <b>Goodwill, net December 31, 2012</b>            | \$ 469,050                             | \$ 198,957                               | \$ 247,718             | \$ 118,035 | \$ 226,275                  | \$ 1,260,035 |
| Acquisitions <sup>(1)</sup>                       | 18,713                                 | 10,979                                   | 945                    |            | 4,961                       | 35,598       |
| Contingent consideration <sup>(2)</sup>           | 437                                    |  | 14,530                 |            |                             | 14,967       |
| Foreign currency translation adjustment and other | (7,019)                                | 244                                      | 281                    | 38         | (1,659)                     | (8,115)      |
| Intersegment transfers in/(out)                   | (31,471)                               | 31,471                                   |                        |            |                             |              |
| Goodwill impairment                               |  |  |                        |            | (83,752)                    | (83,752)     |
| <b>Balance December 31, 2013:</b>                 |  |  |                        |            |                             |              |
| Goodwill  | 449,710                                | 241,651                                  | 263,474                | 118,073    | 339,964                     | 1,412,872    |
| Accumulated goodwill impairment                   |  |  |                        |            | (194,139)                   | (194,139)    |
| <b>Goodwill, net December 31, 2013</b>            | 449,710                                | 241,651                                  | 263,474                | 118,073    | 145,825                     | 1,218,733    |
| Acquisitions <sup>(1)</sup>                       |  | (224)                                    | 7,150                  |            |                             | 6,926        |
| Foreign currency translation adjustment and other | (3,644)                                | (3,254)                                  | (727)                  | (106)      | (6,239)                     | (13,970)     |

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**Balance December 31, 2014:**

|  |           |                |           |                |           |                |           |                |           |                |           |                  |
|--|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|------------------|
| Goodwill                               | \$        | 446,066        | \$        | 238,173        | \$        | 269,897        | \$        | 117,967        | \$        | 333,725        | \$        | 1,405,828        |
| Accumulated goodwill impairment        |           |                |           |                |           |                |           |                |           | (194,139)      |           | (194,139)        |
| <b>Goodwill, net December 31, 2014</b> | <b>\$</b> | <b>446,066</b> | <b>\$</b> | <b>238,173</b> | <b>\$</b> | <b>269,897</b> | <b>\$</b> | <b>117,967</b> | <b>\$</b> | <b>139,586</b> | <b>\$</b> | <b>1,211,689</b> |



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- (1) Includes adjustments during the purchase price allocation period.  
(2) Contingent consideration is related to business combinations consummated prior to January 1, 2009.

**2014 Goodwill Impairment Test**

For the 2014 annual goodwill impairment test performed as of October 1, 2014, we utilized the quantitative test for our six reporting units using a combination of appropriately weighted income and market approaches. The cash flows employed in the income approach are based on our most recent budgets, forecasts and business plans, as well as various growth rate assumptions for years beyond the current business plan period, discounted using an estimated weighted average costs of capital. The results of the Step 1 goodwill impairment analysis indicated that the estimated fair value of all of our reporting units exceeded their respective carrying values.

**2013 Goodwill Impairment Test**

In the third quarter of 2013, in addition to reduced levels of M&A activity, our Strategic Communications segment experienced pricing pressure for certain discretionary communications services, including initial public offering support services where there is volume but also increasing competition. These factors compressed segment margins and contributed to a change in the Company's near-term outlook for this segment. As a result, we performed an interim impairment analysis with respect to the carrying value of goodwill in our Strategic Communications reporting unit in connection with the preparation of our financial statements for the quarter ended September 30, 2013. We concluded that the carrying values of the Strategic Communications reporting unit exceeded its implied fair value, resulting in a \$83.8 million goodwill impairment charge.

**2012 Annual Goodwill Impairment Test**

In connection with our 2012 annual goodwill impairment test, we concluded that the carrying value of the Strategic Communications reporting unit exceeded its implied fair value, resulting in a \$110.4 million goodwill impairment charge.

**Other Intangible Assets**

Other intangible assets with finite lives are amortized over their estimated useful lives. We recorded amortization expense of \$15.5 million, \$23.0 million, and \$22.6 million during the years ended December 31, 2014, 2013 and 2012, respectively. Based solely on the amortizable intangible assets recorded at December 31, 2014, we estimate amortization expense to be \$11.9 million in 2015, \$10.7 million in 2016, \$9.9 million in 2017, \$8.3 million in 2018, \$7.6 million in 2019 and an aggregate of \$23.0 million in years after 2019. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

|                                      | Useful Life<br>in Years | December 31, 2014           |                             | December 31, 2013           |                             |
|--------------------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                      |                         | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization |
| <b>Amortized intangible assets</b>   |                         |                             |                             |                             |                             |
| Customer relationships               | 1 to 15                 | \$ 136,692                  | \$ 69,472                   | \$ 157,064                  | \$ 73,977                   |
| Non-competition agreements           | 1 to 10                 | 9,167                       | 8,275                       | 10,922                      | 9,051                       |
| Software                             | 3 to 10                 | 3,594                       | 613                         | 40,095                      | 33,625                      |
| Tradenames                           | 1 to 2                  | 378                         | 37                          | 485                         | 365                         |
|                                      |                         | 149,831                     | 78,397                      | 208,566                     | 117,018                     |
| <b>Unamortized intangible assets</b> |                         |                             |                             |                             |                             |
| Tradenames                           | Indefinite              | 5,600                       |                             | 5,600                       |                             |
|                                      |                         | \$ 155,431                  | \$ 78,397                   | \$ 214,166                  | \$ 117,018                  |



**Table of Contents****13. Notes Receivable from Employees**

The table below summarizes the changes in the carrying amount of our notes receivable from employees as of December 31, 2014 and 2013:

|  | December 31, |            |
|--|--------------|------------|
|  | 2014         | 2013       |
| <b>Notes Receivable From Employees, outstanding</b>            | \$ 141,391   | \$ 134,817 |
| Notes granted  | 52,698       | 47,032     |
| Repayments   | (8,180)      | (4,907)    |
| Amortization Expense <sup>(1)</sup>                            | (32,070)     | (35,064)   |
| CTA and other  | (4,482)      | (487)      |
| <b>Total Notes receivable From Employees</b>                   | 149,357      | 141,391    |
| Less current portion   | (27,208)     | (33,093)   |
| <b>Notes Receivable from Employees, net of current portion</b> | \$ 122,149   | \$ 108,298 |

<sup>(1)</sup> Includes the accelerated recognition of amortization expense of \$2.3 million in 2013 which is recorded in Special Charges on the Consolidated Statements of Comprehensive Income (Loss)

At December 31, 2014 and 2013 there were 311 and 340 notes outstanding, respectively. Total amortization expense for the years ended December 31, 2014, 2013 and 2012 was \$32.1 million, \$35.1 million and \$32.8 million, respectively.

**14. Long-Term Debt**

The components of the Company's debt were as follows:

|   | December 31, |            |
|---|--------------|------------|
|   | 2014         | 2013       |
| 6 <sup>3</sup> / <sub>4</sub> % senior notes due 2020       | \$ 400,000   | \$ 400,000 |
| 6% senior notes due 2022                                    | 300,000      | 300,000    |
| Notes payable to former shareholders of acquired businesses | 11,000       | 17,000     |
| Other   |              | 14         |
| <b>Total debt</b>   | 711,000      | 717,014    |
| Less current portion  | 11,000       | 6,014      |
| <b>Long-term debt, net of current portion</b>               | \$ 700,000   | \$ 711,000 |

**6% Senior Notes Due 2022.** The 2022 Notes have been registered with the SEC. Cash interest is payable semi-annually beginning on May 15, 2013 at a rate of 6% per year. The 2022 Notes will mature on November 15, 2022. The 2022 Notes are guaranteed, with certain exceptions, by our existing and future domestic subsidiaries. The 2022 Notes and the guarantees are our and the guarantors' general unsecured senior obligations. The indebtedness evidenced by the 2022 Notes and the guarantees (i) rank equally in right of payment with all of FTI Consulting, Inc.'s and the guarantors' existing and future senior indebtedness, (ii) rank senior in right of payment to any existing and future subordinated indebtedness, (iii) are effectively junior to all of FTI Consulting, Inc.'s and the guarantors' secured debt, including borrowings under the Senior Bank Credit Facility (as defined below), to the extent of the value of the collateral securing such indebtedness, and (iv) are structurally subordinated to all existing and future indebtedness and other liabilities of any current and future non-guarantor subsidiaries (other than indebtedness and liabilities owed to FTI Consulting, Inc. or one of its guarantor subsidiaries).



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

| Year                | Redemption Price |
|---------------------|------------------|
| 2017                | 103.000%         |
| 2018                | 102.000%         |
| 2019                | 101.000%         |
| 2020 and thereafter | 100.000%         |

Debt issue costs of approximately \$7.6 million were capitalized and are being amortized over the term of the 2022 Notes, which approximates the effective interest method.

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

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

| Year                | Redemption Price |
|---------------------|------------------|
| 2015                | 103.375%         |
| 2016                | 102.250%         |
| 2017                | 101.125%         |
| 2018 and thereafter | 100.000%         |

Debt issue costs of approximately \$9.8 million were capitalized and are being amortized over the term of the 2020 Notes, which approximates the effective interest method.

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

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security interest in substantially all of the assets of FTI Consulting, Inc. and substantially all of our domestic subsidiaries. Subject to certain conditions, at any time prior to maturity, we will be able to invite existing and new lenders to increase the size of the Senior Bank Credit Facility up to a maximum of \$425.0 million.

The credit agreement governing our Senior Bank Credit Facility and the indentures governing our Notes contain covenants which limit our ability to incur additional indebtedness, create liens, pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments, consolidate, merge or sell assets, guarantee obligations of other entities and our foreign subsidiaries, enter into hedging agreements, enter into transactions with affiliates or related persons and engage in any business other than consulting-related businesses. In addition, the credit agreement governing our Senior Bank Credit Facility includes financial covenants that require us to (i) not to exceed a maximum leverage ratio, (ii) not to exceed a maximum senior secured leverage ratio, and (iii) maintain a minimum fixed charge coverage ratio. At December 31, 2014, we were in compliance with all covenants as stipulated in the credit agreement governing our Senior Bank Credit Facility and the indentures governing our Notes. No borrowings were outstanding under the Senior Bank Credit Facility as of December 31, 2014 or December 31, 2013. However, \$1.4 million of the borrowing limit was used (and, therefore, unavailable) as of December 31, 2014 and December 31, 2013 for letters of credit.

**Notes payable to shareholders of acquired businesses.** In connection with our 2010 acquisition of FS Asia Advisory Limited (formerly Ferrier Hodgson Hong Kong Group), we issued \$35.0 million of notes to selling shareholders as part of the total consideration paid. These notes are unsecured and bear interest at 8% per annum. Payments of unpaid principal and interest are to be made annually on August 19, 2011 through August 19, 2015. The principal payments have been classified as either current or non-current based on the timing of the payments. At December 31, 2014, \$24.0 million had been repaid.

**Guarantees.** Currently, we do not have any debt guarantees related to entities outside of the consolidated group. At December 31, 2014, substantially all of our domestic subsidiaries are guarantors of borrowings under our Senior Bank Credit Facility and our Notes in the amount of \$700.0 million.

**15. Commitments and Contingencies****Operating Lease Commitments**

Rental expense, net of rental income was \$57.8 million, \$60.7 million, and \$57.0 million during the years ended December 31, 2014, 2013 and 2012, respectively. For years subsequent to December 31, 2014, future minimum payments for all operating lease obligations that have initial non-cancelable lease terms exceeding one year, net of rental income from subleases of \$1.9 million in 2015, \$1.9 million in 2016, \$1.5 million in 2017, \$1.2 million in 2018, \$1.2 million in 2019 and \$3.4 million thereafter are as follows:

|            | <b>Operating<br/>Leases</b> |
|------------|-----------------------------|
| 2015       | \$ 39,715                   |
| 2016       | 40,762                      |
| 2017       | 43,424                      |
| 2018       | 35,929                      |
| 2019       | 32,913                      |
| Thereafter | 111,123                     |
|            | <b>\$ 303,866</b>           |

**Table of Contents****Contingencies**

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

**16. Income Taxes**

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

|  | <b>Year Ended December 31,</b> |                     |
|--|--------------------------------|---------------------|
|  | <b>2014</b>                    | <b>2013</b>         |
| <b>Deferred tax assets:</b>                      |                                |                     |
| Allowance for doubtful accounts                  | \$ 14,088                      | \$ 11,126           |
| Accrued vacation and bonus                       | 22,021                         | 18,662              |
| Deferred rent                                    | 15,036                         | 16,119              |
| Share-based compensation                         | 18,617                         | 21,843              |
| Notes receivable from employees                  | 23,158                         | 26,036              |
| State net operating loss carryforward & credits  | 3,558                          | 2,454               |
| Foreign net operating loss carryforward          | 8,040                          | 6,024               |
| Foreign tax credits                              | 2,929                          | 2,169               |
| Future foreign tax credit asset                  | 5,259                          | 6,861               |
| Deferred compensation                            | 4,669                          | 12,463              |
| Other net  | 9,583                          | 9,090               |
| <b>Total deferred tax assets</b>                 | <b>126,958</b>                 | <b>132,847</b>      |
| <b>Deferred tax liabilities:</b>                 |                                |                     |
| Revenue recognition                              | (9,402)                        | (16,474)            |
| Property, equipment and capitalized software     | (4,142)                        | (6,523)             |
| Goodwill and other intangible asset amortization | (233,572)                      | (210,656)           |
| <b>Total deferred tax liabilities</b>            | <b>(247,116)</b>               | <b>(233,653)</b>    |
| Valuation allowance                              | (14,442)                       | (10,201)            |
| <b>Net deferred tax assets (liabilities)</b>     | <b>\$ (134,600)</b>            | <b>\$ (111,007)</b> |

As of December 31, 2014, we have not provided for deferred taxes on \$31.2 million of the undistributed non-U.S. subsidiary earnings that are considered permanently invested. If these earnings were distributed in the form of dividends or otherwise, the distributors would be subject to U.S. federal income tax of approximately \$10.9 million.

At December 31, 2014 and 2013, the Company believed certain deferred tax assets principally associated with foreign net operating loss, foreign tax credit carryforwards, and other related foreign balance sheet accounts which can be carried forward for periods ranging from 20 years to indefinite, would expire unused based on updated forward-looking financial information. Therefore, valuation allowances of \$14.4 million and \$10.2 million were recorded against the Company's net deferred tax assets at December 31, 2014 and 2013, respectively.

As of December 31, 2014, we have not recorded a \$1.5 million deferred tax liability related to the tax basis difference in the investment in our foreign subsidiaries as the investment is considered permanent in duration.

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

|          | Year Ended December 31, |           |           |
|----------|-------------------------|-----------|-----------|
|          | 2014                    | 2013      | 2012      |
| Domestic | \$ 60,315               | \$ 32,498 | \$ 40,275 |
| Foreign  | 41,096                  | (687)     | (37,161)  |
|          | \$ 101,411              | \$ 31,811 | \$ 3,114  |

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

|                             | Year Ended December 31, |            |           |
|-----------------------------|-------------------------|------------|-----------|
|                             | 2014                    | 2013       | 2012      |
| <b>Current</b>              |                         |            |           |
| Federal                     | \$ 288                  | \$ 16,066  | \$ 21,172 |
| State                       | 4,681                   | 6,673      | 6,268     |
| Foreign                     | 14,042                  | 9,599      | 7,021     |
|                             | 19,011                  | 32,338     | 34,461    |
| <b>Deferred</b>             |                         |            |           |
| Federal                     | \$ 21,657               | \$ (1,094) | \$ 7,553  |
| State                       | 2,309                   | (1,054)    | (719)     |
| Foreign                     | (373)                   | 12,215     | (1,195)   |
|                             | 23,593                  | 10,067     | 5,639     |
| <b>Income tax provision</b> | \$ 42,604               | \$ 42,405  | \$ 40,100 |

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

|  | Year Ended December 31, |           |           |
|--|-------------------------|-----------|-----------|
|  | 2014                    | 2013      | 2012      |
| Income tax expense at federal statutory rate                                 | \$ 35,494               | \$ 11,134 | \$ 1,090  |
| State income taxes, net of federal benefit                                   | 3,494                   | 3,270     | 3,607     |
| Benefit from lower foreign tax rates   | (4,154)                 | (5,214)   | (5,357)   |
| Non-deductible goodwill impairment   |                         | 29,313    | 38,635    |
| Valuation allowance on foreign tax credits & net operating loss carryforward | 4,604                   | 8,206     |           |
| Other expenses not deductible for tax purposes                               | 2,962                   | 2,872     | 3,682     |
| Changes in non-taxable contingent consideration                              |                         | (2,777)   | (1,151)   |
| Other adjustments, net   | 204                     | (4,399)   | (406)     |
|  | \$ 42,604               | \$ 42,405 | \$ 40,100 |

We file numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and in many city, state and foreign jurisdictions. We are no longer subject to U.S. federal income tax examinations for years prior to 2011 and are no longer subject to state and local or foreign tax examinations by tax authorities for years prior to 2008. In addition, open tax years related to state and foreign jurisdictions remain subject to



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examination but are not considered material to our financial position, results of operations or cash flows.

Our liability for uncertain tax positions was \$2.8 million and \$2.9 million at December 31, 2014 and 2013, respectively. During the first quarter of 2014, the Company effectively settled certain prior year tax matters. As a

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result, the Company reversed approximately \$1.2 million of its liability for uncertain tax positions. At December 31, 2014, our accrual for the payment of tax-related interest and penalties was not material. Management believes that an adequate provision has been made for any adjustments that may result from tax examinations. Although the timing of the resolution and closure of such examinations is not certain, the Company believes it is reasonably possible that tax audit resolutions could reduce its unrecognized tax benefits by approximately \$1.7 million in the next 12 months.

**17. Stockholders Equity**

***2012 stock repurchase program.***

On June 6, 2012, our Board of Directors authorized a two-year stock repurchase program of up to \$250.0 million (the 2012 Repurchase Program). During the year ended December 31, 2013, we repurchased and retired 1,956,900 shares of our common stock for an average price per share of \$36.35, at a cost of \$71.1 million, of which \$4.4 million was accrued and included in the Condensed Consolidated Balance Sheet, and \$66.7 million was paid at December 31, 2013. In January 2014, we paid the balance due of \$4.4 million on our 2013 share repurchases. No shares were repurchased during the year ended December 31, 2014. The 2012 Repurchase Program expired on June 5, 2014.

**18. Employee Benefit Plans**

We maintain a qualified defined contribution 401(k) plan, which covers substantially all of our U.S. employees. Under the plan, participants are entitled to make pre-tax and/or Roth post-tax contributions up to the annual maximums established by the Internal Revenue Service. We match a certain percentage of participant contributions pursuant to the terms of the plan, which contributions are limited to a percent of the participant's eligible compensation. FTI Consulting matches each participant's eligible 401(k) plan contributions up to the annual limit specified by the Internal Revenue Service. We made contributions related to the plan of \$9.7 million, \$9.2 million and \$8.8 million during the years ended December 31, 2014, 2013 and 2012, respectively.

We also maintain several defined contribution pension schemes for our employees in the United Kingdom and other foreign countries. We contributed to these plans \$6.0 million, \$5.3 million and \$6.2 million during the years ended December 31, 2014, 2013 and 2012, respectively.

**19. Segment Reporting**

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

Our Corporate Finance/Restructuring segment focuses on strategic, operational, financial and capital needs of businesses around the world and provides consulting and advisory services on a wide range of areas, such as restructuring (including bankruptcy), interim management, financings, mergers and acquisitions, 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, risk mitigation services as well as interim management and performance improvement services for our health solutions practice clients.

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.

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Our Technology segment provides electronic 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 electronically stored information, including e-mail, computer files, voicemail, instant messaging, and financial and transactional data.

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

We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We define Total Adjusted Segment EBITDA as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. Although Adjusted Segment EBITDA is not a measure of financial condition or performance determined in accordance with GAAP, we use Adjusted Segment EBITDA to internally evaluate the financial performance of our segments because we believe it is a useful supplemental measure which reflects current core operating performance and provides an indicator of the segment's ability to generate cash.

The table below presents revenues and Adjusted Segment EBITDA for our reportable segments for the three years ended December 31, 2014:

|                                      | Year Ended December 31, |                     |                     |
|--------------------------------------|-------------------------|---------------------|---------------------|
|                                      | 2014                    | 2013                | 2012                |
| <b>Revenues</b>                      |                         |                     |                     |
| Corporate Finance/Restructuring      | \$ 391,115              | \$ 382,526          | \$ 394,719          |
| Forensic and Litigation Consulting   | 483,380                 | 433,632             | 407,586             |
| Economic Consulting                  | 451,040                 | 447,366             | 391,622             |
| Technology                           | 241,310                 | 202,663             | 195,194             |
| Strategic Communications             | 189,367                 | 186,245             | 187,750             |
| <b>Total revenues</b>                | <b>\$ 1,756,212</b>     | <b>\$ 1,652,432</b> | <b>\$ 1,576,871</b> |
| <b>Adjusted Segment EBITDA</b>       |                         |                     |                     |
| Corporate Finance/Restructuring      | \$ 55,492               | \$ 67,183           | \$ 95,916           |
| Forensic and Litigation Consulting   | 90,468                  | 74,481              | 60,566              |
| Economic Consulting                  | 59,282                  | 92,204              | 77,461              |
| Technology                           | 63,545                  | 60,655              | 57,203              |
| Strategic Communications             | 22,588                  | 18,737              | 25,019              |
| <b>Total Adjusted Segment EBITDA</b> | <b>\$ 291,375</b>       | <b>\$ 313,260</b>   | <b>\$ 316,165</b>   |

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The table below reconciles Total Adjusted Segment EBITDA to income before income tax provision. Unallocated corporate expenses include primarily indirect costs related to centrally managed administrative functions which have not been allocated to the segments. These administrative costs include costs related to executive management, legal, corporate office support costs, information technology, accounting, marketing, human resources, and company-wide business development functions.

|   | Year Ended December 31, |                  |                 |
|---|-------------------------|------------------|-----------------|
|   | 2014                    | 2013             | 2012            |
| Total Adjusted Segment EBITDA                                 | \$ 291,375              | \$ 313,260       | \$ 316,165      |
| Segment depreciation expense                                  | (30,267)                | (28,203)         | (25,058)        |
| Amortization of intangible assets                             | (15,521)                | (22,954)         | (22,407)        |
| Special charges   | (16,339)                | (38,414)         | (29,557)        |
| Goodwill impairment charge                                    |                         | (83,752)         | (110,387)       |
| Unallocated corporate expenses, excluding special charges     | (84,545)                | (72,053)         | (74,947)        |
| Interest income and other                                     | 4,670                   | 1,748            | 5,659           |
| Interest expense  | (50,685)                | (51,376)         | (56,731)        |
| Loss on early extinguishment of debt                          |                         |                  | (4,850)         |
| Remeasurement of acquisition-related contingent consideration | 2,723                   | 13,555           | 5,227           |
| <b>Income before income tax provision</b>                     | <b>\$ 101,411</b>       | <b>\$ 31,811</b> | <b>\$ 3,114</b> |

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

|                                    | December 31,        |                     |
|------------------------------------|---------------------|---------------------|
|                                    | 2014                | 2013                |
| Corporate Finance/Restructuring    | \$ 668,631          | \$ 669,027          |
| Forensic and Litigation Consulting | 430,759             | 444,850             |
| Economic Consulting                | 493,694             | 487,549             |
| Technology                         | 214,866             | 208,612             |
| Strategic Communications           | 250,194             | 267,884             |
| <b>Total segment assets</b>        | <b>2,058,144</b>    | <b>2,077,922</b>    |
| Unallocated corporate assets       | 372,383             | 287,025             |
| <b>Total assets</b>                | <b>\$ 2,430,527</b> | <b>\$ 2,364,947</b> |

The table below details information on our revenues for the three years ended December 31, 2014. Revenues have been attributed to location based on the location of the legal entity generating the revenue:

|                             | Year Ended December 31, |                     |                     |
|-----------------------------|-------------------------|---------------------|---------------------|
|                             | 2014                    | 2013                | 2012                |
| United States               | \$ 1,256,046            | \$ 1,208,978        | \$ 1,171,805        |
| United Kingdom              | 232,281                 | 194,614             | 179,643             |
| All other foreign countries | 267,885                 | 248,840             | 225,423             |
| <b>Total revenue</b>        | <b>\$ 1,756,212</b>     | <b>\$ 1,652,432</b> | <b>\$ 1,576,871</b> |

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



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The table below details information on our long-lived assets and net assets at December 31, 2014 and 2013 attributed to geographic location based on the location of the legal entity holding the assets:

|   | December 31, 2014 |                |                             | December 31, 2013 |                |                       |
|---|-------------------|----------------|-----------------------------|-------------------|----------------|-----------------------|
|   | United States     | United Kingdom | All other foreign countries | United States     | United Kingdom | All foreign countries |
| Property and equipment, net of accumulated depreciation | \$ 50,914         | \$ 21,971      | \$ 9,278                    | \$ 50,351         | \$ 16,931      | \$ 11,725             |
| Net assets  | \$ 594,960        | \$ 226,019     | \$ 281,767                  | \$ 504,963        | \$ 220,951     | \$ 316,345            |

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

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

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

**Condensed Consolidating Balance Sheet Information as of December 31, 2014**

|  | FTI Consulting, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations          | Consolidated        |
|--|----------------------|------------------------|----------------------------|-----------------------|---------------------|
| <b>Assets</b>                                    |                      |                        |                            |                       |                     |
| Cash and cash equivalents                        | \$ 171,090           | \$ 159                 | \$ 112,431                 | \$                    | \$ 283,680          |
| Accounts receivable, net                         | 153,495              | 162,032                | 169,574                    |                       | 485,101             |
| Intercompany receivables                         |                      | 875,000                | 12,195                     | (887,195)             |                     |
| Other current assets                             | 74,455               | 22,994                 | 17,943                     |                       | 115,392             |
| <b>Total current assets</b>                      | <b>399,040</b>       | <b>1,060,185</b>       | <b>312,143</b>             | <b>(887,195)</b>      | <b>884,173</b>      |
| Property and equipment, net                      | 33,864               | 17,050                 | 31,249                     |                       | 82,163              |
| Goodwill   | 559,318              | 416,053                | 236,318                    |                       | 1,211,689           |
| Other intangible assets, net                     | 29,807               | 18,432                 | 53,357                     | (24,562)              | 77,034              |
| Investments in subsidiaries                      | 1,915,869            | 484,162                |                            | (2,400,031)           |                     |
| Other assets                                     | 61,025               | 78,388                 | 36,055                     |                       | 175,468             |
| <b>Total assets</b>                              | <b>\$ 2,998,923</b>  | <b>\$ 2,074,270</b>    | <b>\$ 669,122</b>          | <b>\$ (3,311,788)</b> | <b>\$ 2,430,527</b> |
| <b>Liabilities</b>                               |                      |                        |                            |                       |                     |
| Intercompany payables                            | \$ 832,253           | \$ 14,197              | \$ 40,745                  | \$ (887,195)          | \$                  |
| Other current liabilities                        | 148,299              | 113,450                | 105,343                    |                       | 367,092             |
| <b>Total current liabilities</b>                 | <b>980,552</b>       | <b>127,647</b>         | <b>146,088</b>             | <b>(887,195)</b>      | <b>367,092</b>      |
| Long-term debt, net                              | 700,000              |                        |                            |                       | 700,000             |
| Other liabilities                                | 215,625              | 14,955                 | 30,109                     |                       | 260,689             |
| <b>Total liabilities</b>                         | <b>1,896,177</b>     | <b>142,602</b>         | <b>176,197</b>             | <b>(887,195)</b>      | <b>1,327,781</b>    |
| <b>Stockholders equity</b>                       | <b>1,102,746</b>     | <b>1,931,668</b>       | <b>492,925</b>             | <b>(2,424,593)</b>    | <b>1,102,746</b>    |
| <b>Total liabilities and stockholders equity</b> | <b>\$ 2,998,923</b>  | <b>\$ 2,074,270</b>    | <b>\$ 669,122</b>          | <b>\$ (3,311,788)</b> | <b>\$ 2,430,527</b> |



**Table of Contents****Condensed Consolidating Balance Sheet Information as of December 31, 2013**

|  | FTI<br>Consulting, Inc. | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Eliminations   | Consolidated |
|--|-------------------------|---------------------------|-------------------------------|----------------|--------------|
| <b>Assets</b>                                    |                         |                           |                               |                |              |
| Cash and cash equivalents                        | \$ 111,943              | \$ 494                    | \$ 93,396                     | \$             | \$ 205,833   |
| Accounts receivable, net                         | 154,357                 | 162,505                   | 159,583                       |                | 476,445      |
| Intercompany receivables                         |                         | 820,158                   | 18,881                        | (839,039)      |              |
| Other current assets                             | 68,292                  | 20,932                    | 32,359                        |                | 121,583      |
| <b>Total current assets</b>                      | 334,592                 | 1,004,089                 | 304,219                       | (839,039)      | 803,861      |
| Property and equipment, net                      | 31,304                  | 19,047                    | 28,656                        |                | 79,007       |
| Goodwill   | 559,820                 | 408,903                   | 250,010                       |                | 1,218,733    |
| Other intangible assets, net                     | 33,746                  | 19,534                    | 72,221                        | (28,353)       | 97,148       |
| Investments in subsidiaries                      | 1,772,130               | 498,001                   |                               | (2,270,131)    |              |
| Other assets                                     | 75,561                  | 56,949                    | 33,688                        |                | 166,198      |
| <b>Total assets</b>                              | \$ 2,807,153            | \$ 2,006,523              | \$ 688,794                    | \$ (3,137,523) | \$ 2,364,947 |
| <b>Liabilities</b>                               |                         |                           |                               |                |              |
| Intercompany payables                            | \$ 709,628              | \$ 74,813                 | \$ 54,598                     | \$ (839,039)   | \$           |
| Other current liabilities                        | 154,049                 | 114,883                   | 115,398                       |                | 384,330      |
| <b>Total current liabilities</b>                 | 863,677                 | 189,696                   | 169,996                       | (839,039)      | 384,330      |
| Long-term debt, net                              | 700,000                 | 11,000                    |                               |                | 711,000      |
| Other liabilities                                | 201,217                 | 15,009                    | 11,132                        |                | 227,358      |
| <b>Total liabilities</b>                         | 1,764,894               | 215,705                   | 181,128                       | (839,039)      | 1,322,688    |
| <b>Stockholders equity</b>                       | 1,042,259               | 1,790,818                 | 507,666                       | (2,298,484)    | 1,042,259    |
| <b>Total liabilities and stockholders equity</b> | \$ 2,807,153            | \$ 2,006,523              | \$ 688,794                    | \$ (3,137,523) | \$ 2,364,947 |

**Condensed Consolidating Income (Loss) Statement for the Year Ended December 31, 2014**

|  | FTI<br>Consulting, Inc. | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Eliminations | Consolidated |
|--|-------------------------|---------------------------|-------------------------------|--------------|--------------|
| <b>Revenues</b>                                  | \$ 617,843              | \$ 1,002,571              | \$ 506,181                    | \$ (370,383) | \$ 1,756,212 |
| <b>Operating expenses</b>                        |                         |                           |                               |              |              |
| Direct cost of revenues                          | 401,451                 | 778,648                   | 334,015                       | (369,357)    | 1,144,757    |
| Selling, general and administrative expenses     | 181,529                 | 121,085                   | 132,257                       | (1,026)      | 433,845      |
| Special charges                                  | 15,227                  | 30                        | 1,082                         |              | 16,339       |
| Acquisition-related contingent consideration     | (469)                   | (358)                     | (849)                         |              | (1,676)      |
| Amortization of other intangible assets          | 4,235                   | 2,702                     | 12,375                        | (3,791)      | 15,521       |
|  | 601,973                 | 902,107                   | 478,880                       | (374,174)    | 1,608,786    |
| <b>Operating income</b>                          | 15,870                  | 100,464                   | 27,301                        | 3,791        | 147,426      |
| <b>Other (expense) income</b>                    | (51,511)                | (7,104)                   | 12,600                        |              | (46,015)     |
| <b>Income (loss) before income tax provision</b> | (35,641)                | 93,360                    | 39,901                        | 3,791        | 101,411      |
| <b>Income tax (benefit) provision</b>            | (14,981)                | 43,915                    | 13,670                        |              | 42,604       |



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|   |    |        |           |    |           |                       |
|---|----|--------|-----------|----|-----------|-----------------------|
| <b>Equity in net earnings of subsidiaries</b>                         |    | 79,467 | 23,633    |    | (103,100) |                       |
| <b>Net income (loss)</b>  | \$ | 58,807 | \$ 73,078 | \$ | 26,231    | \$ (99,309) \$ 58,807 |
| <b>Other comprehensive loss, net of tax:</b>                          |    |        |           |    |           |                       |
| Foreign currency translation adjustments including tax expense of \$0 |    |        |           |    | (29,179)  | (29,179)              |
| <b>Other comprehensive loss, net of tax:</b>                          |    |        |           |    | (29,179)  | (29,179)              |
| <b>Comprehensive income (loss)</b>                                    | \$ | 58,807 | \$ 73,078 | \$ | (2,948)   | \$ (99,309) \$ 29,628 |

**Table of Contents****Condensed Consolidating Income (Loss) Statement for the Year Ended December 31, 2013**

|   | <b>FTI<br/>Consulting, Inc.</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|---|---------------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Revenues</b>   | \$ 593,644                      | \$ 985,398                        | \$ 453,272                            | \$ (379,882)        | \$ 1,652,432        |
| <b>Operating expenses</b>   |                                 |                                   |                                       |                     |                     |
| Direct cost of revenues   | 382,066                         | 745,227                           | 292,214                               | (377,446)           | 1,042,061           |
| Selling, general and administrative expenses                          | 166,014                         | 110,485                           | 120,618                               | (2,436)             | 394,681             |
| Special charges   | 34,338                          | 112                               | 3,964                                 |                     | 38,414              |
| Acquisition-related contingent consideration                          | 416                             | 653                               | (11,938)                              |                     | (10,869)            |
| Amortization of other intangible assets                               | 4,504                           | 10,211                            | 11,472                                | (3,233)             | 22,954              |
| Goodwill impairment charge  |                                 | 30,321                            | 53,431                                |                     | 83,752              |
|   | 587,338                         | 897,009                           | 469,761                               | (383,115)           | 1,570,993           |
| <b>Operating income (loss)</b>  | 6,306                           | 88,389                            | (16,489)                              | 3,233               | 81,439              |
| <b>Other (expense) income</b>   | (61,461)                        | (5,947)                           | 17,780                                |                     | (49,628)            |
| <b>Income (loss) before income tax provision</b>                      | (55,155)                        | 82,442                            | 1,291                                 | 3,233               | 31,811              |
| <b>Income tax (benefit) provision</b>                                 | (24,654)                        | 53,543                            | 13,516                                |                     | 42,405              |
| <b>Equity in net earnings of subsidiaries</b>                         | 19,907                          | (17,744)                          |                                       | (2,163)             |                     |
| <b>Net (loss) income</b>  | \$ (10,594)                     | \$ 11,155                         | \$ (12,225)                           | \$ 1,070            | \$ (10,594)         |
| <b>Other comprehensive loss, net of tax:</b>                          |                                 |                                   |                                       |                     |                     |
| Foreign currency translation adjustments including tax expense of \$0 | (60)                            |                                   | (9,660)                               |                     | (9,720)             |
| <b>Other comprehensive loss, net of tax:</b>                          | (60)                            |                                   | (9,660)                               |                     | (9,720)             |
| <b>Comprehensive (loss) income</b>                                    | \$ (10,654)                     | \$ 11,155                         | \$ (21,885)                           | \$ 1,070            | \$ (20,314)         |

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

|  | <b>FTI<br/>Consulting, Inc.</b> | <b>Guarantor<br/>Subsidiaries</b> | <b>Non-Guarantor<br/>Subsidiaries</b> | <b>Eliminations</b> | <b>Consolidated</b> |
|--|---------------------------------|-----------------------------------|---------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                                  | \$ 602,917                      | \$ 949,545                        | \$ 413,739                            | \$ (389,330)        | \$ 1,576,871        |
| <b>Operating expenses</b>                        |                                 |                                   |                                       |                     |                     |
| Direct cost of revenues                          | 389,619                         | 713,305                           | 261,936                               | (384,328)           | 980,532             |
| Selling, general and administrative expenses     | 160,919                         | 112,697                           | 109,402                               | (5,002)             | 378,016             |
| Special charges                                  | 19,026                          | 4,738                             | 5,793                                 |                     | 29,557              |
| Acquisition-related contingent consideration     | 91                              |                                   | (3,155)                               |                     | (3,064)             |
| Amortization of other intangible assets          | 5,611                           | 9,927                             | 10,167                                | (3,298)             | 22,407              |
| Goodwill impairment charge                       |                                 | 37,987                            | 72,400                                |                     | 110,387             |
|  | 575,266                         | 878,654                           | 456,543                               | (392,628)           | 1,517,835           |
| <b>Operating income (loss)</b>                   | 27,651                          | 70,891                            | (42,804)                              | 3,298               | 59,036              |
| <b>Other (expense) income</b>                    | (65,698)                        | 42,424                            | 2,237                                 | (34,885)            | (55,922)            |
| <b>Income (loss) before income tax provision</b> | (38,047)                        | 113,315                           | (40,567)                              | (31,587)            | 3,114               |

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|   |             |           |             |          |             |
|---|-------------|-----------|-------------|----------|-------------|
| <b>Income tax (benefit) provision</b>                                   | (1,698)     | 47,623    | (5,825)     |          | 40,100      |
| <b>Equity in net earnings of subsidiaries</b>                           | (637)       | (30,438)  |             | 31,075   |             |
| <b>Net (loss) income</b>  | \$ (36,986) | \$ 35,254 | \$ (34,742) | \$ (512) | \$ (36,986) |
| <b>Other comprehensive income (loss), net of tax:</b>                   |             |           |             |          |             |
| Foreign currency translation adjustments including tax expense of \$654 | (654)       |           | 15,677      |          | 15,023      |
| <b>Other comprehensive income (loss), net of tax:</b>                   | (654)       |           | 15,677      |          | 15,023      |
| <b>Comprehensive (loss) income</b>                                      | \$ (37,640) | \$ 35,254 | \$ (19,065) | \$ (512) | \$ (21,963) |

**Table of Contents****Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2014**

|   | FTI<br>Consulting, Inc. | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Consolidated      |
|---|-------------------------|---------------------------|-------------------------------|-------------------|
| <b>Operating activities</b>                                   |                         |                           |                               |                   |
| Net cash provided by (used in) operating activities           | \$ (36,921)             | \$ 142,540                | \$ 29,782                     | \$ 135,401        |
| <b>Investing activities</b>                                   |                         |                           |                               |                   |
| Payments for acquisition of businesses, net of cash received  | (14,729)                | (7,783)                   | (955)                         | (23,467)          |
| Purchases of property and equipment and other                 | (12,738)                | (13,080)                  | (13,438)                      | (39,256)          |
| Other   | 139                     |                           | 4,989                         | 5,128             |
| Net cash used in investing activities                         | (27,328)                | (20,863)                  | (9,404)                       | (57,595)          |
| <b>Financing activities</b>                                   |                         |                           |                               |                   |
| Payments of long-term debt and capital lease obligations      |                         | (6,000)                   | (14)                          | (6,014)           |
| Deposits  |                         |                           | 13,071                        | 13,071            |
| Purchase and retirement of common stock                       | (4,367)                 |                           |                               | (4,367)           |
| Net issuance of common stock under equity compensation plans  | 4,772                   |                           |                               | 4,772             |
| Other   | 366                     | (555)                     | (943)                         | (1,132)           |
| Intercompany transfers  | 122,625                 | (115,457)                 | (7,168)                       |                   |
| Net cash provided by (used in) financing activities           | 123,396                 | (122,012)                 | 4,946                         | 6,330             |
| Effects of exchange rate changes on cash and cash equivalents |                         |                           | (6,289)                       | (6,289)           |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>59,147</b>           | <b>(335)</b>              | <b>19,035</b>                 | <b>77,847</b>     |
| <b>Cash and cash equivalents, beginning of year</b>           | <b>111,943</b>          | <b>494</b>                | <b>93,396</b>                 | <b>205,833</b>    |
| <b>Cash and cash equivalents, end of year</b>                 | <b>\$ 171,090</b>       | <b>\$ 159</b>             | <b>\$ 112,431</b>             | <b>\$ 283,680</b> |

**Condensed Consolidating Statement of Cash Flows for the Year Ended December 31, 2013**

|  | FTI<br>Consulting, Inc. | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Consolidated |
|--|-------------------------|---------------------------|-------------------------------|--------------|
| <b>Operating activities</b>                                  |                         |                           |                               |              |
| Net cash provided by (used in) operating activities          | \$ (37,166)             | \$ 178,234                | \$ 52,203                     | \$ 193,271   |
| <b>Investing activities</b>                                  |                         |                           |                               |              |
| Payments for acquisition of businesses, net of cash received | (12,555)                | (7,157)                   | (35,786)                      | (55,498)     |
| Purchases of property and equipment and other                | (4,296)                 | (17,507)                  | (20,741)                      | (42,544)     |
| Other  | 45                      |                           | (5,094)                       | (5,049)      |
| Net cash used in investing activities                        | (16,806)                | (24,664)                  | (61,621)                      | (103,091)    |
| <b>Financing activities</b>                                  |                         |                           |                               |              |
| Payments of long-term debt and capital lease obligations     |                         | (6,000)                   | (21)                          | (6,021)      |
| Purchase and retirement of common stock                      | (66,763)                |                           |                               | (66,763)     |
| Net issuance of common stock under equity compensation plans | 29,392                  |                           |                               | 29,392       |
| Other  | 1,515                   |                           | (1,252)                       | 263          |

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|   |            |           |           |            |
|---|------------|-----------|-----------|------------|
| Intercompany transfers  | 135,108    | (147,686) | 12,578    |            |
| Net cash provided by (used in) financing activities           | 99,252     | (153,686) | 11,305    | (43,129)   |
| Effects of exchange rate changes on cash and cash equivalents |            |           | 1,997     | 1,997      |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | 45,280     | (116)     | 3,884     | 49,048     |
| <b>Cash and cash equivalents, beginning of year</b>           | 66,663     | 610       | 89,512    | 156,785    |
| <b>Cash and cash equivalents, end of year</b>                 | \$ 111,943 | \$ 494    | \$ 93,396 | \$ 205,833 |

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

|   | FTI<br>Consulting, Inc. | Guarantor<br>Subsidiaries | Non-Guarantor<br>Subsidiaries | Consolidated      |
|---|-------------------------|---------------------------|-------------------------------|-------------------|
| <b>Operating activities</b>   |                         |                           |                               |                   |
| Net cash (used in) provided by operating activities   | \$ (63,218)             | \$ 172,578                | \$ 10,828                     | \$ 120,188        |
| <b>Investing activities</b>   |                         |                           |                               |                   |
| Payments for acquisition of businesses, including contingent payments, net of cash received | (41,722)                |                           | (21,171)                      | (62,893)          |
| Purchases of property and equipment   | (8,310)                 | (15,689)                  | (3,760)                       | (27,759)          |
| Other   | 246                     |                           |                               | 246               |
| Net cash used in investing activities   | (49,786)                | (15,689)                  | (24,931)                      | (90,406)          |
| <b>Financing activities</b>   |                         |                           |                               |                   |
| Payments of long-term debt and capital lease obligations                                    | (377,810)               | (49)                      |                               | (377,859)         |
| Issuance of debt securities, net  | 292,608                 |                           |                               | 292,608           |
| Purchase and retirement of common stock   | (50,032)                |                           |                               | (50,032)          |
| Net issuance of common stock under equity compensation plans                                | 1,598                   |                           |                               | 1,598             |
| Other   | (2,441)                 |                           | (2,120)                       | (4,561)           |
| Intercompany transfers  | 154,564                 | (156,427)                 | 1,863                         |                   |
| Net cash provided by (used in) financing activities   | 18,487                  | (156,476)                 | (257)                         | (138,246)         |
| Effects of exchange rate changes on cash and cash equivalents                               |                         |                           | 826                           | 826               |
| <b>Net (decrease) increase in cash and cash equivalents</b>                                 | <b>(94,517)</b>         | <b>413</b>                | <b>(13,534)</b>               | <b>(107,638)</b>  |
| <b>Cash and cash equivalents, beginning of year</b>   | <b>161,180</b>          | <b>197</b>                | <b>103,046</b>                | <b>264,423</b>    |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 66,663</b>        | <b>\$ 610</b>             | <b>\$ 89,512</b>              | <b>\$ 156,785</b> |

**Table of Contents****21. Quarterly Financial Data (unaudited)**

|   | March 31 | June 30  | Quarter Ended<br>September 30 | December 31 |
|---|----------|----------|-------------------------------|-------------|
| <b>2014</b>                                       |          |          |                               |             |
| <b>Revenues</b>                                   | 425,552  | 454,324  | 451,178                       | 425,158     |
| <b>Operating expenses</b>                         |          |          |                               |             |
| Direct cost of revenues                           | 274,275  | 295,549  | 293,244                       | 281,689     |
| Selling, general and administrative expenses      | 108,387  | 107,032  | 102,461                       | 115,965     |
| Special charges                                   |          | 9,364    | 5,347                         | 1,628       |
| Acquisition-related contingent consideration      | (1,843)  | (5)      | 257                           | (85)        |
| Amortization of other intangible assets           | 4,616    | 3,452    | 3,398                         | 4,055       |
|   | 385,435  | 415,392  | 404,707                       | 403,252     |
| <b>Operating income</b>                           | 40,117   | 38,932   | 46,471                        | 21,906      |
| <b>Interest income and other</b>                  | 1,003    | 1,448    | 1,014                         | 1,205       |
| <b>Interest expense</b>                           | (12,655) | (12,908) | (12,634)                      | (12,488)    |
| <b>Income before income tax provision</b>         | 28,465   | 27,472   | 34,851                        | 10,623      |
| <b>Income tax provision</b>                       | 10,348   | 10,225   | 12,329                        | 9,702       |
| <b>Net income (loss)</b>                          | 18,117   | 17,247   | 22,522                        | 921         |
| <b>Earnings (loss) per common share basic</b>     | \$ 0.46  | \$ 0.43  | \$ 0.57                       | \$ 0.02     |
| <b>Earnings (loss) per common share diluted</b>   | \$ 0.45  | \$ 0.42  | \$ 0.55                       | \$ 0.02     |
| <b>Weighted average common shares outstanding</b> |          |          |                               |             |
| Basic   | 39,438   | 39,681   | 39,789                        | 39,991      |
| Diluted   | 40,457   | 40,750   | 40,819                        | 41,090      |
|   | March 31 | June 30  | Quarter Ended<br>September 30 | December 31 |
| <b>2013</b>                                       |          |          |                               |             |
| <b>Revenues</b>                                   | 407,178  | 414,613  | 414,643                       | \$ 415,998  |
| <b>Operating expenses</b>                         |          |          |                               |             |
| Direct cost of revenues                           | 258,480  | 259,528  | 255,152                       | 268,901     |
| Selling, general and administrative expenses      | 96,647   | 96,325   | 94,513                        | 107,196     |
| Special charges                                   | 427      |          | 10,419                        | 27,568      |
| Acquisition-related contingent consideration      | 731      | (7,452)  | 630                           | (4,778)     |
| Amortization of other intangible assets           | 5,564    | 5,953    | 5,776                         | 5,661       |
| Goodwill impairment charge                        |          |          | 83,752                        |             |
|   | 361,849  | 354,354  | 450,242                       | 404,548     |
| <b>Operating income (loss)</b>                    | 45,329   | 60,259   | (35,599)                      | 11,450      |
| <b>Interest income and other</b>                  | 937      | (387)    | 1,152                         | 46          |

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|   |          |          |           |           |
|---|----------|----------|-----------|-----------|
| <b>Interest expense</b>                           | (12,715) | (13,071) | (12,814)  | (12,776)  |
| <b>Income (loss) before income tax provision</b>  | 33,551   | 46,801   | (47,261)  | (1,280)   |
| <b>Income tax provision</b>                       | 9,871    | 23,315   | 3,360     | 5,859     |
| <b>Net income (loss)</b>                          | 23,680   | 23,486   | (50,621)  | (7,139)   |
| <b>Earnings (loss) per common share basic</b>     | \$ 0.60  | \$ 0.60  | \$ (1.29) | \$ (0.18) |
| <b>Earnings (loss) per common share diluted</b>   | \$ 0.58  | \$ 0.58  | \$ (1.29) | \$ (0.18) |
| <b>Weighted average common shares outstanding</b> |          |          |           |           |
| Basic   | 39,403   | 39,143   | 39,094    | 39,115    |
| Diluted   | 40,620   | 40,293   | 39,094    | 39,115    |

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



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

None.

**ITEM 9A. CONTROLS AND PROCEDURES**  
**Evaluation of Disclosure Controls and Procedures**

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

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

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

**Changes in Internal Control over Financial Reporting**

There have not been any changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None

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**PART III**

Certain information required in Part III is omitted from this report, but is incorporated herein by reference from our definitive proxy statement for the 2015 Annual Meeting of Stockholders to be filed within 120 days after the end of our fiscal year ended December 31, 2014, pursuant to Regulation 14A with the Securities and Exchange Commission.

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

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

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

**ITEM 11. EXECUTIVE COMPENSATION**

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

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

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

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information contained in our proxy statement under the captions Certain Relationships and Related Party Transactions, Information About the Board of Directors and Committees and Corporate Governance is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information contained in our proxy statement under the caption Principal Accountant Fees and Services is incorporated herein by reference.

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**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE**

- (a) (1) The following financial statements are included in this Annual Report on Form 10-K:
- Management's Report on Internal Control over Financial Reporting
  - Report of Independent Registered Public Accounting Firm Internal Control over Financial Reporting
  - Reports of Independent Registered Public Accounting Firm Consolidated Financial Statements
  - Consolidated Balance Sheets December 31, 2014 and 2013
  - Consolidated Statements of Comprehensive Income (Loss) Years Ended December 31, 2014, 2013 and 2012
  - Consolidated Statements of Stockholders' Equity Years Ended December 31, 2014, 2013 and 2012
  - Consolidated Statements of Cash Flows Years Ended December 31, 2014, 2013 and 2012
  - Notes to Consolidated Financial Statements
- (2) The following financial statement schedule is included in this Annual Report on Form 10-K:
- Schedule II Valuation and Qualifying Accounts
- All schedules, other than the schedule listed above, are omitted as the information is not required or is otherwise provided.

**Table of Contents****FTI Consulting, Inc. and Subsidiaries****Schedule II Valuation and Qualifying Accounts**

(in thousands)

| Description   | Balance<br>at<br>Beginning<br>of Period | Charged<br>to<br>Expense | Additions<br>Charged<br>to Other<br>Accounts* | Deductions** | Balance<br>at End<br>of<br>Period |
|---|---|--------------------------|---|--------------|-----------------------------------|
| <b>Year Ended December 31, 2014</b>                   |   |                          |   |              |                                   |
| Reserves and allowances deducted from asset accounts: |   |                          |   |              |                                   |
| Allowance for doubtful accounts and unbilled services | \$ 109,273                              | \$ 18,252                | \$ 35,423                                     | \$ 18,123    | \$ 144,825                        |
| Valuation allowance for deferred tax asset            | \$ 10,201                               | \$ 4,241                 | \$  | \$           | \$ 14,442                         |
| <b>Year Ended December 31, 2013</b>                   |   |                          |   |              |                                   |
| Reserves and allowances deducted from asset accounts: |   |                          |   |              |                                   |
| Allowance for doubtful accounts and unbilled services | \$ 94,048                               | \$ 13,335                | \$ 20,463                                     | \$ 18,573    | \$ 109,273                        |
| Valuation allowance for deferred tax asset            | \$ 1,939                                | \$ 8,262                 | \$  | \$           | \$ 10,201                         |
| <b>Year Ended December 31, 2012</b>                   |   |                          |   |              |                                   |
| Reserves and allowances deducted from asset accounts: |   |                          |   |              |                                   |
| Allowance for doubtful accounts and unbilled services | \$ 80,096                               | \$ 14,179                | \$ 13,054                                     | \$ 13,281    | \$ 94,048                         |
| Valuation allowance for deferred tax asset            | \$ 886                                  | \$ 1,053                 | \$  | \$           | \$ 1,939                          |

\* Includes estimated provision for unbilled services recorded as a reduction to revenues (i.e., fee, rate and other adjustments).

\*\* Includes estimated direct write-offs of uncollectible and unrealizable accounts receivable.

**Exhibit**

| Number | Description of Exhibits   |
|--------|---|
| 3.1    | Articles of Incorporation of FTI Consulting, Inc., as amended and restated. (Filed with the Securities and Exchange Commission on May 23, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 21, 2003 and incorporated herein by reference.) |
| 3.2    | Articles of Amendment dated June 1, 2011 to Charter of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.) |
| 3.3    | Bylaws of FTI Consulting, Inc., as Amended and Restated on June 1, 2011. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)    |
| 3.4    | Amendment No. 1 to Bylaws of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)                 |



**Table of Contents****Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 3.5           | Amendment No. 2 to Amended and Restated Bylaws of FTI Consulting, Inc. (Filed with the SEC on September 22, 2014 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 17, 2014 and incorporated herein by reference.)  |
| 4.1           | Indenture, dated September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto and Wilmington Trust Company, as trustee, relating to FTI Consulting, Inc.'s 8 <sup>1</sup> / <sub>4</sub> % Senior Notes due 2020. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)  |
| 4.2           | Form of 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2020 (included in Exhibit 4.35). (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)  |
| 4.3           | Form of Notation of Guarantee (included in Exhibit 4.35). (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)  |
| 4.4           | Registration Rights Agreement, dated September 27, 2010, among FTI Consulting, Inc., the guarantors party thereto and Banc of America Securities LLC. (Filed with the Securities and Exchange Commission on September 27, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 28, 2010 and incorporated herein by reference.)  |
| 4.5           | First Supplemental Indenture relating to the 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2020, dated as of July 10, 2012, by and among FTI Consulting, Inc., the other Guarantors, Sports Analytics LLC, a Maryland limited liability company, and Wilmington Trust Company, as trustee. (Filed with the Securities and Exchange Commission on November 8, 2012 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference.) |
| 4.6           | Indenture, dated as of November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, relating to FTI Consulting, Inc.'s 6.0% Senior Notes due 2022. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)  |
| 4.7           | Form of Notation of Guarantee of 6.0% Senior Notes due 2022 (included in Exhibit 4.2 to the Indenture, dated as of November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, relating to FTI Consulting, Inc.'s 6.0% Senior Notes due 2022 filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)      |
| 4.8           | Registration Rights Agreement, dated November 27, 2012, among FTI Consulting, Inc., the guarantors party thereto and J.P. Morgan Securities LLC. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)   |
| 4.9           | Second Supplemental Indenture relating to the 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2020, dated as of May 15, 2013, by and among FTI Consulting, Inc., FTI Consulting (Government Affairs) LLC, FTI Consulting Realty LLC and Wilmington Trust Company, as trustee. (Filed with Securities and Exchange Commission on May 22, 2013 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 dated May 22, 2013 and incorporate herein by reference.)  |

**Table of Contents****Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>  |
|---------------|---|
| 4.10          | First Supplemental Indenture relating to the 6.0% Senior Notes due 2022, dated as of May 15, 2013, by and among FTI Consulting, Inc., FTI Consulting (Government Affairs) LLC, FTI Consulting Realty LLC and U.S. Bank National Association, as trustee. (Filed with Securities and Exchange Commission on May 22, 2013 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 dated May 22, 2013 and incorporate herein by reference.)     |
| 4.11          | Third Supplemental Indenture relating to the 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2020, dated as of August 16, 2013, by and among FTI Consulting, Inc., FTI Consulting Acuity LLC and Wilmington Trust Company, as trustee. (Filed with Securities and Exchange Commission on November 8, 2013 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013 and incorporate herein by reference.) |
| 4.12          | Second Supplemental Indenture relating to the 6.0% Senior Notes due 2022, dated as of August 16, 2013, by and among FTI Consulting, Inc., FTI Consulting Acuity LLC and U.S. Bank National Association, as trustee. (Filed with Securities and Exchange Commission on November 8, 2013 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013 and incorporate herein by reference.)                     |
| 4.13          | Fourth Supplemental Indenture relating to the 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2020, dated as of December 5, 2014, by and among FTI Consulting, Inc., FTI Consulting Platt Sparks LLC, WDSScott (US) Inc. and Wilmington Trust Company, as trustee.   |
| 4.14          | Third Supplemental Indenture relating to the 6.0% Senior Notes due 2022, dated as of December 5, 2014, by and among FTI Consulting, Inc., FTI Consulting Platt Sparks LLC, WDSScott (US) Inc. and U.S. Bank National Association, as trustee.   |
| 10.1 *        | Employment Agreement dated as of November 5, 2002, between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 27, 2003 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 and incorporated herein by reference.)   |
| 10.2 *        | Employment Agreement dated September 20, 2004 between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)  |
| 10.3 *        | Restricted Stock Agreement between FTI Consulting, Inc. and Dennis J. Shaughnessy dated October 18, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)  |
| 10.4 *        | Incentive Stock Option Agreement between FTI Consulting, Inc. and Dennis J. Shaughnessy dated October 18, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 filed and incorporated herein by reference.)  |
| 10.5 *        | Amendment dated September 23, 2004 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 filed with the SEC on November 9, 2004 and incorporated herein by reference.)  |
| 10.6 *        | Restricted Stock Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated September 23, 2004. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)  |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 10.7 *        | FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated as of April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)                            |
| 10.8 *        | Form of Incentive Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)               |
| 10.9 *        | Form of Restricted Stock Agreement used with 2004 Long-Term Incentive Plan, as amended. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)         |
| 10.10 *       | Incentive Stock Option Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated as of October 28, 2004. (Filed with the Securities and Exchange Commission on February 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated February 24, 2005 and incorporated herein by reference.)  |
| 10.11 *       | Incentive Stock Option Agreement between FTI Consulting, Inc. and Jack B. Dunn, IV, dated as of February 17, 2005. (Filed with the Securities and Exchange Commission on February 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated February 24, 2005 and incorporated herein by reference.) |
| 10.12 *       | FTI Consulting, Inc. Non-Employee Director Compensation Plan established effective April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)                           |
| 10.13 *       | Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)                                 |
| 10.14 *       | Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)                             |
| 10.15 *       | Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Unit Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)                                   |
| 10.16 *       | Form of Nonqualified Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-4/A and incorporated herein by reference.)  |
| 10.17 *       | Amendment to FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated effective April 27, 2005. (Filed with the Securities and Exchange Commission on March 31, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated March 31, 2006 and incorporated herein by reference.)       |
| 10.18 *       | Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. Non-Employee Director Compensation Plan. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 7, 2006 and incorporated herein by reference.)                      |



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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>  |
|---------------|---|
| 10.19 *       | Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated Effective as of April 27, 2005, as further amended. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 7, 2006 and incorporated herein by reference.) |
| 10.20 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission, on June 6, 2006 as exhibit 4.3 to FTI Consulting, Inc. s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)  |
| 10.21 *       | Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)   |
| 10.22 *       | Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)   |
| 10.23 *       | FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc. s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)  |
| 10.24 *       | Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)        |
| 10.25 *       | Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)                   |
| 10.26 *       | FTI Consulting, Inc. 2007 Employee Stock Purchase Plan. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc. s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)  |
| 10.27 *       | Offer Letter dated May 17, 2005 to and accepted by David G. Bannister. (Filed with the Securities and Exchange Commission on June 9, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 6, 2006 and incorporated herein by reference.)  |
| 10.28 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, Amended and Restated Effective October 25, 2006. (Filed with the Securities and Exchange Commission on October 26, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated October 25, 2006 and incorporated herein by reference.)   |
| 10.29 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix II: Australian Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)   |
| 10.30 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix III: Ireland Sub-Plan. (Filed with the Securities Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)   |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>  |
|---------------|---|
| 10.31 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix IV: United Kingdom Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)   |
| 10.32 *       | FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)  |
| 10.33 *       | FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)  |
| 10.34 *       | FTI Consulting, Inc. Non-Qualified Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)  |
| 10.35 *       | Amendment No. 1 made and entered into as of April 23, 2007 to the Employment Agreement dated as of September 20, 2004, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on April 26, 2007 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated April 23, 2007 and incorporated herein by reference.)   |
| 10.36 *       | FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)  |
| 10.38 *       | FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.) |
| 10.39 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)  |
| 10.40 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended March 31, 2008 and incorporated herein by reference.)  |
| 10.41 *       | FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors [Amended and Restated Effective as of May 14, 2008]. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)   |

**Table of Contents****Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 10.42 *       | Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)                           |
| 10.43 *       | Form of Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)                                      |
| 10.44 *       | Form of FTI Consulting, Inc. 2004 Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)   |
| 10.45 *       | FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan [Amended and Restated Effective as of May 14, 2008]. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.)   |
| 10.46 *       | Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for quarter ended June 30, 2008 and incorporated herein by reference.) |
| 10.47 *       | Form of Incentive Stock Option Agreement under the FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, as amended and restated. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)  |
| 10.48 * **    | Amendment No. 2 effective as of August 11, 2008 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)   |
| 10.49 *       | Amendment No. 3 as of December 31, 2008 to the Employment Agreement dated November 5, 2002 between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)   |
| 10.50 *       | Amendment No. 2 as of December 31, 2008 to the Employment Agreement dated as of September 20, 2004, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)  |
| 10.51 *       | Employment Letter dated as of December 31, 2008 to and accepted by Roger Carlile. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)   |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 10.52 *       | Offer Letter dated April 26, 2006 to and accepted by Eric B. Miller. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)  |
| 10.53 *       | Amendment made and entered into as of December 31, 2008 to Offer Letter dated April 26, 2006 to and accepted by Eric B. Miller. (Filed with the Securities and Exchange Commission on March 2, 2009 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.)                                     |
| 10.54 *       | Amendment No. 1 dated March 31, 2009 to the FTI Consulting, Inc. Non-Employee Director Compensation Plan (Amended and Restated Effective as of February 20, 2008). (Filed with the Securities and Exchange Commission on May 5, 2009 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and incorporated herein by reference.) |
| 10.55 * **    | Amendment No. 3 to Employment Agreement made and entered into as of January 2, 2009 by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on May 5, 2009 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and incorporated herein by reference.)                 |
| 10.56 *       | FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 23, 2009 as an exhibit to FTI Consulting, Inc. s Definitive Proxy Statement and incorporated herein by reference.)  |
| 10.57 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)  |
| 10.58 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)  |
| 10.59 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)  |
| 10.60 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)   |
| 10.61 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)   |
| 10.62 *       | Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Nonstatutory Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)   |

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| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 10.63 *       | FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Cash-Based Performance Award Agreement. (Filed with the Securities and Exchange Commission on March 29, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 25, 2010 and incorporated herein by reference.)  |
| 10.64 *       | FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan [as Amended and Restated Effective as of June 2, 2010]. (Filed with the Securities and Exchange Commission on April 23, 2010 as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement dated April 23, 2010 and incorporated herein by reference.)  |
| 10.65 *       | Offer Letter, as amended, dated March 23, 2010, between FTI Consulting, Inc. and Eric B. Miller. (Filed with the Securities and Exchange Commission on May 6, 2010 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 and incorporated herein by reference.)   |
| 10.66 *       | Amendment No. 4 dated as of June 2, 2010 to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)                 |
| 10.67 *       | Amendment No. 4 dated as of June 2, 2010 to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)          |
| 10.68 *       | Amendment dated June 2, 2010 to Offer Letter dated May 17, 2005 to David G. Bannister. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)   |
| 10.69 *       | Amendment dated June 2, 2010 to Employment Letter dated December 31, 2008 to Roger D. Carlile. (Filed with the Securities and Exchange Commission on June 8, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 2, 2010 and incorporated herein by reference.)   |
| 10.70 *       | Second Amended Offer Letter dated June 2, 2010 to Eric B. Miller. (Filed with the Securities and Exchange Commission on August 5, 2010 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 and incorporated herein by reference.)  |
| 10.71 *       | Amendment No. 5 dated as of February 23, 2011 to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on March 25, 2011 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (333-173096) and incorporated herein by reference.) |
| 10.72 *       | Amendment No. 5 dated as of February 23, 2011 to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on March 25, 2011 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (333-173096) and incorporated herein by reference.)        |
| 10.73 *       | FTI Consulting, Inc. Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 18, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)   |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>  |
|---------------|---|
| 10.77 *       | Amendment No. 6 dated as of December 13, 2011, to Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on December 15, 2011 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 13, 2011 and incorporated herein by reference.)   |
| 10.78 *       | Amendment No. 6 dated as of April 5, 2012, to Employment Agreement dated as of November 5, 2002, as amended, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on April 10, 2012 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated April 4, 2012 and incorporated herein by reference.)   |
| 10.79 **      | Credit Agreement, dated as of November 27, 2012, among FTI Consulting, Inc., the designated borrowers party thereto, the guarantors party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.) |
| 10.80 **      | Security Agreement, dated as of November 27, 2012, by and among grantors party thereto and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)  |
| 10.81 **      | Pledge Agreement, dated as of November 27, 2012, by and among pledgors party thereto and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on November 29, 2012 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated November 27, 2012 and incorporated herein by reference.)  |
| 10.82 *       | Employment Agreement dated as of December 13, 2013, by and between FTI Consulting, Inc. and Steven Gunby. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)   |
| 10.83 *       | Amendment No. 7 dated December 13, 2013 to the Employment Agreement dated as of September 20, 2004, as amended, by and between FTI Consulting, Inc. and Dennis J. Shaughnessy. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)  |
| 10.84 *       | Separation Agreement dated as of December 13, 2013, by and between FTI Consulting, Inc. and Jack B. Dunn, IV. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)   |
| 10.85*        | Amendment No. 1 to the FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on February 24, 2014 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K dated December 13, 2013 and incorporated herein by reference.)   |
| 10.86 *       | Retention Bonus Letter Agreement dated January 15, 2014 by and between FTI Consulting, Inc. and David G. Bannister. (Filed with the Securities and Exchange Commission on February 20, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated February 18, 2014 and incorporated herein by reference.)   |
| 10.87 *       | Retention Bonus Letter Agreement dated January 15, 2014 by and between FTI Consulting, Inc. and Roger C. Carlile. (Filed with the Securities and Exchange Commission on February 20, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated February 18, 2014 and incorporated herein by reference.)   |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 10.88 *       | Retention Bonus Letter Agreement dated January 15, 2014 by and between FTI Consulting, Inc. and Eric B. Miller. (Filed with the Securities and Exchange Commission on February 20, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated February 18, 2014 and incorporated herein by reference.)  |
| 10.89 *       | Form of Cash-Based Stock Appreciation Right Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)   |
| 10.90 *       | Form of Cash Unit Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)   |
| 10.91 *       | Form of Cash-Based Performance Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)  |
| 10.92*        | Offer of Employment Letter dated July 10, 2014, by and between FTI Consulting, Inc. and David M. Johnson. (Filed with the Securities and Exchange Commission on July 31, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated July 30, 2014 and incorporated herein by reference.)  |
| 10.93 *       | Form of FTI Consulting, Inc. Restricted Stock Agreement for Employment Inducement Awards to Chief Financial Officer and Chief Strategy and Transformation Officer .(Filed with the Securities and Exchange Commission on August 22, 2014 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (File No.: 333-198311) and incorporated herein by reference.)          |
| 10.94 *       | Form of FTI Consulting, Inc. Non-Statutory Stock Option Agreement for Employment Inducement Award to Chief Financial Officer and Chief Strategy and Transformation Officer .(Filed with the Securities and Exchange Commission on August 22, 2014 as an exhibit to FTI Consulting, Inc. s Registration Statement on Form S-8 (File No.: 333-198311) and incorporated herein by reference.) |
| 10.95 *       | Offer of Employment Letter dated July 15, 2014, by and between FTI Consulting, Inc. and Paul Linton. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)  |
| 10.96 *       | Offer of Employment Letter dated July 2, 2014, by and between FTI Consulting, Inc. and Holly Paul. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)  |
| 10.97*        | Amendment No. 1 to Offer of Employment Letter dated July 27, 2014, by and between FTI Consulting, Inc. and Holly Paul. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)  |
| 11.1          | Computation of Earnings Per Share (included in Note 1 to the Consolidated Financial Statements included in Part II Item 8 herein.)   |
| 14.0          | FTI Consulting, Inc. Code of Ethics and Business Conduct, as amended and restated effective September 17, 2014. (Filed with the Securities and Exchange Commission on September 22, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated September 17, 2014 and incorporated herein by reference.)  |
| 21.1          | Subsidiaries of FTI Consulting, Inc.   |

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**Exhibit**

| <b>Number</b> | <b>Description of Exhibits</b>   |
|---------------|--|
| 23.0          | Consent of KPMG LLP  |
| 31.1          | Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002.)   |
| 31.2          | Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002.)   |
| 32.1          | Certification of Principal Executive Officer Pursuant to 18 USC. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002.)   |
| 32.2          | Certification of Principal Financial Officer Pursuant to 18 USC. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002.)   |
| 99.1          | Policy on Disclosure Controls, as amended and restated effective as of December 16, 2013. (Filed with the Securities and Exchange Commission on February 24, 2014 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2013 and incorporated herein by reference.)                                     |
| 99.2          | Policy on Inside Information and Insider Trading, as amended and restated effective February 19, 2014 (Filed with the Securities and Exchange Commission on May 2, 2014 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 and incorporated herein by reference.)                            |
| 99.3          | Corporate Governance Guidelines, as last amended and restated effective as of September 17, 2014. (Filed with the Securities and Exchange Commission on September 22, 2014 as an exhibit to FTI Consulting, Inc. s Current Report on Form 8-K dated September 17, 2014 and incorporated herein by reference.)  |
| 99.5          | Categorical Standards of Director Independence, as last amended and restated effective as of February 25, 2009. (Filed with the Securities and Exchange Commission on February 28, 2013 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for the year ended December 31, 2012 and incorporated herein by reference.)               |
| 99.6          | Charter of Audit Committee of the Board of Directors, as last amended and restated effective as of February 23, 2011. (Filed with the Securities and Exchange Commission on April 11, 2011 as an exhibit to FTI Consulting, Inc. s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)                                 |
| 99.7          | Charter of the Compensation Committee of the Board of Directors, as last amended and restated effective as of February 27, 2013. (Filed with the Securities and Exchange Commission on May 9, 2013 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-K for the quarter ended March 31, 2013 and incorporated herein by reference.) |
| 99.8          | Charter of the Nominating and Corporate Governance Committee, as last amended and restated effective as of December 16, 2009. (Filed with the Securities and Exchange Commission on February 26, 2010 as an exhibit to FTI Consulting, Inc. s Annual Report on Form 10-K for year ended December 31, 2009 and incorporated herein by reference.)     |
| 99.9          | Anti-Corruption Policy, as amended and restated effective February 19, 2014. (Filed with the Securities and Exchange Commission on May 2, 2014 as an exhibit to FTI Consulting, Inc. s Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 and incorporated herein by reference.)   |



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**Description of Exhibits**

101 The following financial information from the Annual Report on Form 10-K of FTI Consulting, Inc. for the year ended December 31, 2014, filed herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Income; (iii) Consolidated Statement of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

\* Management contract or compensatory plan or arrangement.  
Filed herewith.

\*\* With certain exceptions that were specified at the time of initial filing with the Securities and Exchange Commission, exhibits, schedules (or similar attachments) are not filed with the SEC. FTI Consulting, Inc. will furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon request.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized this 23<sup>rd</sup> day of February 2015.

FTI CONSULTING, INC.

By: /s/ STEVEN H. GUNBY  
**Name:** Steven H. Gunby  
**Title:** President and Chief Executive Officer

| <b>SIGNATURE</b>   | <b>CAPACITY IN WHICH SIGNED</b>   | <b>DATE</b>       |
|--|---|-------------------|
| /s/ STEVEN H. GUNBY<br><br>Steven H. Gunby               | Chief Executive Officer and<br><br>President and Director<br><br>(Principal Executive Officer)              | February 23, 2015 |
| /s/ DAVID M. JOHNSON<br><br>David M. Johnson             | Chief Financial Officer<br><br>(Principal Financial Officer)  | February 23, 2015 |
| /s/ CATHERINE M. FREEMAN<br><br>Catherine M. Freeman     | Senior Vice President, Controller<br><br>and Chief Accounting Officer<br><br>(Principal Accounting Officer) | February 23, 2015 |
| /s/ GERARD E. HOLTHAUS<br><br>Gerard E. Holthaus         | Director and Chairman of the Board  | February 23, 2015 |
| /s/ BRENDA J. BACON<br><br>Brenda J. Bacon               | Director  | February 23, 2015 |
| /s/ MARK S. BARTLETT<br><br>Mark S. Bartlett             | Director  | February 23, 2015 |
| /s/ CLAUDIO COSTAMAGNA<br><br>Claudio Costamagna         | Director  | February 23, 2015 |
| /s/ JAMES W. CROWNOVER<br><br>James W. Crownover         | Director  | February 23, 2015 |
| /s/ VERNON ELLIS<br><br>Vernon Ellis                     | Director  | February 23, 2015 |
| /s/ NICHOLAS C. FANANDAKIS<br><br>Nicholas C. Fanandakis | Director  | February 23, 2015 |

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/s/ MARC HOLTZMAN

February 23, 2015

Director

**Marc Holtzman**

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