FTI Compass, LLC
Form S-4
December 15, 2006
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As filed with the Securities and Exchange Commission on December 15, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FTI CONSULTING, INC.

(Exact name of registrant as specified in charter)

Maryland	**8742**	**52-1261113**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

500 East Pratt Street, Suite 1400

Baltimore, Maryland 21202

(410) 951-4800

SUBSIDIARY GUARANTORS LISTED ON SCHEDULE A HERETO

(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)

Theodore I. Pincus

Executive Vice President and Chief Financial Officer

FTI Consulting, Inc.

909 Commerce Road

Annapolis, Maryland 21401

(410) 951-4800

(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

With a copy to:

Joshua N. Korff, Esq.

Kirkland & Ellis LLP

153 E. 53rd Street

New York, New York 10022

(212) 446-4800

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
7 3/4% Senior Notes due 2016	$ 215,000,000	100%	$ 215,000,000	$ 23,005
Guarantees of 7 3/4% Senior Notes due 2016				(2)

(1) The registration fee has been calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended. The proposed maximum offering price is estimated solely for purpose of calculating the registration fee.
(2) Pursuant to Rule 457(n), no additional registration fee is payable with respect to the guarantees.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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SCHEDULE A

Subsidiary Guarantor	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
FTI, LLC	Maryland	34-2025396
FTI Repository Services, LLC	Maryland	02-0736098
Lexecon, LLC	Maryland	20-0302099
Teklicon, Inc.	California	94-3000753
FTI Cambio LLC	Maryland	11-3750355
FTI IP, LLC	Maryland	11-3755429
FTI Compass, LLC	Maryland	42-1684514
FTI Investigations, LLC	Maryland	42-1684517
FTI FD LLC	Maryland	20-5486544
Competition Policy Associates, Inc.	District of Columbia	33-1034453
FTI International Risk, LLC	Maryland	20-5077240
FTI BKS Acquisition LLC	Maryland	20-5335078
FD US Communications Inc.	New York	13-3128710
FD MWA Holdings Inc.	Delaware	05-0579952
Dittus Communications Inc.	District of Columbia	52-2166439
FTI Holder LLC	Maryland	20-5982129
International Risk Limited	Delaware	65-1197096

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The information in this prospectus is not complete and may be changed. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell securities and it is not soliciting an offer to buy these securities in any state where the offer is not permitted.

Subject to completion, dated December 15, 2006

PROSPECTUS

FTI Consulting, Inc.

Offer to Exchange

\$215,000,000 Aggregate Principal Amount of 7 3/4% Senior Notes due 2016

that have been registered under the Securities Act of 1933, as amended,

for any and all outstanding

\$215,000,000 Aggregate Principal Amount of 7 3/4% Senior Notes due 2016

We hereby offer, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the exchange offer), to exchange up to \$215,000,000 aggregate principal amount of our registered 7 3/4% Senior Notes due 2016, which we refer to as the exchange notes, in denominations of \$2,000 in principal amount and integral multiples of \$1,000 in excess thereof, for a like principal amount of our outstanding 7 3/4% Senior Notes due 2016, which we refer to as the old notes. We refer to the old notes and the exchange notes collectively as the notes. The terms of the exchange notes are substantially identical to the terms of the old notes in all material respects, except for the elimination of some transfer restrictions, registration rights and special provisions relating to the old notes.

We will accept for exchange any and all old notes validly tendered and not withdrawn prior to 5:00 pm., New York City time, on , 2007 unless extended. We will not receive any proceeds from the exchange offer.

We have not applied, and do not intend to apply, for listing of the notes on any national securities exchange or automated quotation system.

You should carefully review the Risk Factors beginning on page 11 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2006

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We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law. The delivery of this prospectus does not, under any circumstances, mean that there has not been a change in our affairs since the date of this prospectus. Subject to our obligation to amend or supplement this prospectus as required by law and the rules of the Securities and Exchange Commission, the information contained in this prospectus is correct only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of these exchange notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for securities where those securities were acquired by this broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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ADDITIONAL INFORMATION

This prospectus is part of a registration statement on Form S-4 that we have filed with the Securities Exchange Commission, or SEC, under the Securities Act of 1933, as amended, or the Securities Act. This prospectus does not contain all of the information set forth in the registration statement. For further information about us and the exchange notes, you should refer to the registration statement. This prospectus summarizes material provisions of contracts and other documents to which we refer you. Since this prospectus may not contain all of the information that you find important, you should review the full text of these documents. We have filed these documents as exhibits to our registration statement.

The registration statements (including exhibits and schedules thereto) and the annual, quarterly and special reports, proxy statements and other information we file with the SEC may be read and copied at the public reference facilities of the SEC, 100 F Street, N.E. Room 1580, Washington D.C. 20549. Please call the SEC at 1-888-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC s web site at *www.sec.gov* or from our web site at *www.fticonsulting.com*. However, the information on our web site does not constitute a part of this prospectus.

You should rely only upon the information provided in this prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information in this document is accurate as of any date other than that on the front cover of this prospectus.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, compensation arrangements, financing needs, plans or intentions relating to acquisitions, business trends and other information that is not historical information and, in particular, may appear under the headings Prospectus Summary, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business. When used in this prospectus, the words *estimates*, *expects*, *anticipates*, *projects*, *plans*, *intends*, *believes*, *forecasts* and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management s examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management s expectations, beliefs and projections will result or be achieved.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in this prospectus, including under the heading Risk Factors. As stated elsewhere in this prospectus, such risks, uncertainties and other important factors relate to, among others:

- retention of qualified professionals and senior management;
- conflicts resulting in our inability to represent certain clients;
- former employees joining competing businesses;
- ability to manage utilization and pricing rates;
- ability to integrate the operations of FD International (Holdings) Limited;
- ability to adapt to operating in non-U.S. markets;
- ability to replace senior managers and practice leaders who have highly specialized skills and experience;
- ability to find suitable acquisition candidates or take advantage of opportunistic acquisition situations;
- fluctuations in revenues, operating income and cash flows;
- compliance with the Foreign Corrupt Practices Act;

- damage to our reputation as a result of claims involving the quality of our services;
- unexpected terminations of client engagements;
- competition;
- costs of integrating recent and any future acquisitions;
- industry trends;
- ability to manage growth;
- changes in demand for our services;
- non-payment of notes receivable; and
- changes in our leverage.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. 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.

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PROSPECTUS SUMMARY

This summary contains select information about FTI Consulting, Inc. It likely does not contain all the information that is important to you. You should read the entire prospectus, including the consolidated financial statements and related notes thereto, before making an investment decision. Except in the context of historical financial data, or as otherwise indicated herein, or as the context may otherwise require, references to FTI, we, us, our, Company and similar terms refer to FTI Consulting, Inc., a Maryland corporation, and its subsidiaries after giving effect to the Transactions described in this prospectus. The term FD refers to FD International (Holdings) Limited and its subsidiaries. FTI, through its wholly owned subsidiary, acquired approximately 97% of the outstanding share capital of FD as of October 4, 2006. References to pro forma financials include the effects of the Transactions, defined below.

FTI Consulting, Inc. is a leading global consulting firm to organizations confronting the critical legal, financial and reputational issues that shape their futures. Our experienced teams of professionals, many of whom are widely recognized as experts in their respective fields, provide high-caliber consulting services to a broad range of 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. During 2005, we staffed large and complex assignments for our clients, which include 97 of the top 100 U.S. law firms, 9 of the 10 largest U.S. bank holding companies and 66 corporate clients in the Fortune 100.

Our professionals have experience providing testimony in many areas, including: fraud, damages, lost profits, valuation, anti-trust and anti-competition, accountant s liability and malpractice, contract disputes, patent infringement, price fixing, purchase price disputes, solvency and insolvency, fraudulent conveyance, preferences, disclosure statements, trademark and copyright infringement and the financial impact of government regulations. We have strong capabilities in highly specialized industries, including telecommunications, healthcare, transportation, utilities, chemicals, energy, commercial and investment banking, pharmaceuticals, tobacco, retail and information technology. As of September 30, 2006, we had 1,162 revenue-generating professionals which increased to 1,557 as a result of the acquisition of FD. We currently have operations across 25 U.S. cities, as well as the U.K., Ireland, France, Russia, Australia, India, China, Hong Kong, Japan, Singapore, United Arab Emirates and South Africa.

As of October 4, 2006, we completed our acquisition of approximately 97% of the share capital of FD, a global strategic business and financial communications consulting firm headquartered in London. FD provides consulting services related to financial communications, brand communications, public affairs and issues management and strategy development. In the first quarter of 2007, we anticipate acquiring the remaining approximately 3% of share capital of FD that is outstanding. The total cost (including the cost of acquiring the approximately 3% of the share capital of FD that is outstanding) is anticipated to be approximately $260.6 million, including transaction costs. The total acquisition cost consists of approximately $225.8 million in cash, about 1.2 million shares of restricted common stock, loan notes payable to the certain sellers of FD shares in the aggregate principal amount of approximately $6.9 million, and deferred purchase obligations. Based in London, we believe FD is a world leading provider of strategic business and financial communications consulting services for major international corporations.

We operate through the five business segments listed below.

Forensic/Litigation Consulting

We are a leading provider of forensic/litigation consulting services in the U.S. This practice provides an extensive range of services to assist clients in all phases of litigation, including pre-filing, discovery, jury selection, trial preparation, expert testimony and other trial support services. Specifically, we help clients assess

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complex financial transactions, reconstruct events from incomplete and/or corrupt data, uncover vital evidence, identify potential claims and assist in the pursuit of financial recoveries and settlements. We also provide asset tracing and fraud investigation services. Our graphics services at trial and technology and electronic evidence experts assist clients in preparing for and presenting their cases in court. Through the use of proprietary information technology, we have demonstrated our ability to help control litigation costs, expedite the trial process and provide our clients with the ability to readily organize and access case-related data.

As of September 30, 2006, we had 389 revenue-generating professionals in our forensic/litigation consulting segment.

Corporate Finance/Restructuring Consulting

We believe we are the largest corporate finance/restructuring consulting practice in the U.S. Our corporate finance/restructuring practice provides turnaround, performance improvement, lending solutions, financial and operational restructuring, restructuring advisory, mergers and acquisitions, transaction advisory and interim management services. We analyze, recommend and implement strategic alternatives for our corporate finance/restructuring clients, offering services such as interim management in turnaround situations, rightsizing infrastructure, assessing long-term enterprise viability and business strategy consulting. We assist underperforming companies as they make decisions to improve their financial condition and operations. We lead and manage the financial aspects of in-court restructuring processes by offering services that include an assessment of the impact of a bankruptcy filing on the client s financial condition and operations. We also assist our clients in planning for a smooth transition into and out of bankruptcy, facilitating the sale of assets and arranging debtor-in-possession financing. Through FTI Palladium Partners, we help financially distressed companies implement their plans by providing interim management teams.

As of September 30, 2006, we had 333 revenue-generating professionals in our corporate finance/restructuring practice.

Economic Consulting

We are a leading provider of economic consulting services in the U.S. and deliver sophisticated economic analysis and modeling of issues arising in mergers and acquisitions and other complex commercial and securities litigation. Our economic consultancy business segment includes the Lexecon and Compass practices, both highly respected brands in the economic consulting industry. Within our economic consulting practice, we provide our clients with analyses of complex economic issues for use in legal and regulatory proceedings, strategic decision-making and public policy debates. We are also in the business of advising on developing and implementing concrete strategies for driving revenue growth and profitability. Our statistical and economic experts help companies evaluate issues such as the economic impact of deregulation on a particular industry or the amount of commercial damages suffered by a business. We have deep industry experience in such areas as commercial and investment banking, telecommunications, energy, transportation, healthcare and pharmaceuticals. Our professionals regularly provide expert testimony on damages, rates and prices, valuations, merger effects, intellectual property disputes in antitrust cases, regulatory proceedings and valuations.

As of September 30, 2006, we had 202 revenue-generating professionals in our economic consulting segment.

Technology Practice

In January 2006, we announced the separation of our technology consulting business into a separate business segment. Previously, our technology business was combined with our forensic/litigation consulting

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segment. This segment consists of our electronic evidence and e-discovery practice group, the complex litigation data analysis practice group, the software development group and our application services provider and documents analytics business. Our repository services offer clients a secure extranet and web-hosting service for critical information. Previously, our technology practice was operated as part of our forensic/litigation consulting segment.

As of September 30, 2006, we had 238 revenue-generating professionals in our technology segment.

Strategic Communications Consulting (formerly FD)

We manage FD, which we acquired as of October 4, 2006, as our strategic communications consulting segment. Through this segment, we provide advice and consulting related to four practices comprising financial communications, brand communications, public affairs and issues management, and business consulting. FD has a leading position in its core service offerings and a successful track record. Distinct from other strategic communications consultancies, FD has developed a unique, integrated offering that incorporates a broad scope of services, diverse sector coverage and global reach. This allows FD to advise clients from almost every major business center in the world on strategic communications issues. In addition, FD has won numerous accolades in recent years, including the 2006 International Consultancy of the Year award from PRWeek, a leading trade publication for the public relations and communications industry. With the Acquisition of FD, we achieve an important strategic objective of further expanding internationally. FD brings 476 employees in Western Europe, the U.S., Asia, the Middle East and Russia and a roster of over 750 global clients many of which are leading bluechip companies. The acquisition of FD also contributes to our cross-border execution capabilities and establishes a stronger U.K. presence, in a region where, historically, our start-up expenses have been a burden to financial performance.

As of October 4, 2006, the strategic communications consulting segment currently has approximately 395 revenue-generating professionals.

Corporate Information

FTI Consulting, Inc. is a Maryland corporation. 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 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202. Our telephone number is (410) 951-4800. Our website is www.fticonsulting.com.

The Transactions

As of October 4, 2006, we completed our acquisition of approximately 97% of the share capital of FD, and all of the preferred finance securities of FD International 2 Limited through our wholly-owned subsidiary. In the first quarter of 2007, we expect to acquire the approximately 3% of FD share capital that is outstanding. The total cost (including the cost of acquiring the approximately 3% of the share capital of FD that is outstanding (collectively, the Acquisition)) is anticipated to be approximately $260.6 million, including transaction costs.

To finance the Acquisition, we issued $215.0 million of old notes and we amended and restated our previous senior secured credit facility to provide for borrowings of up to $150.0 million (the amended and restated senior secured credit facility), $40.0 million of which was borrowed on October 3, 2006 (the Closing Date). In addition, we issued approximately $6.9 million in aggregate principal amount of loan notes and approximately

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1.1 million of restricted common stock valued at approximately $26.1 million to shareholders of FD as part of the purchase price for the FD shares acquired as of October 4, 2006. We also used $25.4 million of the cash proceeds to repay debt on behalf of FD. We anticipate paying additional cash consideration of approximately $5.1 million and issuing approximately 77,100 additional shares of restricted common stock in consideration for the remaining approximately 3% of FD share capital currently outstanding. The issuance of the old notes, the draw of $40.0 million under our amended and restated senior secured credit facility, the issuance of the loan notes and the issuance of our common stock as partial consideration of the FD shares are collectively referred to herein as the Financing Transactions.

The Financing Transactions described above, along with the Acquisition, are referred to in this prospectus, collectively, as the Transactions.

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The Exchange Offer

The following is a brief summary of the terms of the exchange offer. For a more complete description of the terms of the exchange offer, see The Exchange Offer in this prospectus.

Background of the Old Notes	On October 3, 2006, we issued $215.0 million aggregate principal amount of our 7 3/4% Senior Notes due 2016, or the old notes, to Deutsche Bank Securities Inc. and Goldman, Sachs & Co., as the initial purchasers, in a transaction exempt from the registration requirements of the Securities Act. The initial purchasers then sold the old notes to qualified institutional buyers in reliance on Rule 144A and to persons outside the United States in reliance on Regulation S under the Securities Act. Because the old notes have been sold in reliance on exemptions from registration, the old notes are subject to transfer restrictions. In connection with the issuance of the old notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to deliver to you this prospectus and to use our commercially reasonable efforts to complete the exchange offer or to file and cause to become effective a registration statement covering the resale of the old notes.
The Exchange Offer	We are offering to issue up to $215.0 million aggregate principal amount of 7 3/4% Senior Notes due 2016, or the exchange notes, in exchange for an identical aggregate principal amount of old notes. Old notes may be exchanged only in denominations of $2,000 in principal amount and integral multiples of $1,000 in excess thereof. The terms of the exchange notes are identical in all material respects to the terms of the old notes, except that the exchange notes have been registered under the Securities Act and do not contain transfer restrictions, registration rights or additional interest provisions. We will issue and deliver the exchange notes as promptly as practicable after the expiration of the exchange offer.
Resale of Exchange Notes	Based on an interpretation by the SEC s staff set forth in no-action letters issued to third parties unrelated to us, we believe that, with the conditions set forth below, exchange notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by the holder of exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if:

- you, or the person or entity receiving the exchange notes, acquires the exchange notes in the ordinary course of business;
- neither you nor any such person or entity receiving the exchange notes is engaging in or intends to engage in a distribution of the exchange notes within the meaning of the federal securities laws;
- neither you nor any such person or entity receiving the exchange notes has an arrangement or understanding with any person or entity to participate in any distribution of the exchange notes; and

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	neither you nor any such person or entity receiving the exchange notes is an affiliate of FTI Consulting, Inc., as that term is defined in Rule 405 under the Securities Act.
	Each broker-dealer that is issued exchange notes in the exchange offer for its own account in exchange for old notes acquired by the broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes issued in the exchange offer. See Plan of Distribution. We have not submitted a no-action letter to the SEC and there can be no assurance that the SEC would make a similar determination with respect to this exchange offer. If you do not meet the conditions described above, you may incur liability under the Securities Act if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act. We do not assume or indemnify you against that liability.
Expiration Date	5:00 p.m., New York City time, on , 2007, unless, in our sole discretion, we extend the exchange offer.
Withdrawal Rights	You may withdraw old notes at any time before 5:00 p.m., New York City time, on the Expiration Date. See The Exchange Offer Withdrawal Rights.
Conditions to the Exchange Offer	The exchange offer is subject to certain customary conditions, including our determination that the exchange offer does not violate any law, statute, rule, regulation or interpretation by the staff of the SEC or any regulatory authority or other foreign, federal, state or local government agency or court of competent jurisdiction, some of which may be waived by us. See The Exchange Offer Conditions to the Exchange Offer.
Consequences of Failure to Exchange	Old notes that are not tendered, or that are tendered but not accepted, will be subject to their existing transfer restrictions. We will have no further obligation, except under limited circumstances, to provide for registration under the Securities Act of the old notes. See The Exchange Offer Purpose and Effect.
Material U.S. Federal Income Tax Consequences	The exchange of old notes for exchange notes by tendering holders should not be a taxable exchange for federal income tax purposes, and such holders should not recognize any taxable gain or loss or any interest income for federal income tax purposes as a result of such exchange. This does not constitute tax advice, and we encourage you to consult with your own tax and legal advisors. See Certain United States Federal Income Tax Considerations.
Exchange Agent	Wilmington Trust Company is serving as exchange agent in connection with the exchange offer.

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The Exchange Notes

Issuer	FTI Consulting, Inc.
Securities Offered	\$215.0 million principal amount of 7 ^{3}/4% Senior Notes due 2016.
Maturity Date	October 1, 2016.
Interest Rate	The exchange notes will accrue interest at the rate of 7 ^{3}/4% per annum, payable semiannually on April 1and October 1, commencing on April 1, 2007.
Ranking	The exchange notes will be our unsecured senior obligations. The exchange notes will rank *pari passu* in right of payment with all of our existing and future senior indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The exchange notes will be effectively subordinated to all of our existing and future secured indebtedness (including obligations under our amended and restated senior secured credit facility), to the extent of the assets securing such debt, and be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the exchange notes. As of September 30, 2006, after giving effect to the Transactions, we had \$100.4 million of revolving availability under our amended and restated senior secured credit facility, all borrowings under which will constitute senior secured indebtedness.
Guarantees	Substantially all of our existing and future domestic subsidiaries will guarantee the exchange notes on a senior unsecured basis.
Optional Redemption	We may redeem some or all of the exchange notes at any time prior to October 1, 2011, at a price equal to 100% of the principal amount of the exchange notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium, as described in the Description of Exchange Notes. On or after October 1, 2011, we may redeem some or all of the exchange notes at the redemption prices set forth under Description of Exchange Notes Optional Redemption. At any time before October 1, 2009, we may redeem up to 35% of the exchange notes at a redemption price of 107.750% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the proceeds of certain equity offerings.
Change of Control	In the event of a change of control, as described under Description of Exchange Notes Repurchase at the Option of Holders Change of Control, holders of the exchange notes may require us to purchase all or part of the exchange notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. If a change in control occurs, we must give holders of the exchange notes the opportunity to sell us their exchange notes at 101% of their face amount, plus accrued and unpaid interest.

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	We might not be able to pay you the required price for exchange notes you present to us at the time of a change of control, because: we might not have enough funds at that time; or the terms of our senior debt may prevent us from paying.
Restrictive Covenants	The indenture governing the exchange notes contains certain covenants that, among other things, limit our ability and that of our subsidiaries to: incur additional indebtedness, issue preferred stock or enter into sale and leaseback transactions; pay dividends or make other distributions in respect of our capital stock or to make other restricted payments; issue stock of subsidiaries; make certain investments; create certain liens on our assets to secure debt; enter into certain transactions with affiliates; transfer or sell assets; or enter into certain mergers and consolidations. In addition, under certain circumstances, we will be required to offer to purchase the exchange notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, with the proceeds of certain asset sales. See Description of Exchange Notes Repurchase at the Option of Holders Asset Sales. These covenants are subject to a number of important limitations, exceptions and qualifications that are described under Description of Exchange Notes Certain Covenants.
Use of Proceeds	We will not receive any proceeds upon the completion of the exchange offer.
Risk Factors	

See Risk Factors and other information in this prospectus for a discussion of factors that you should consider carefully before deciding to invest in the exchange notes.

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Summary Consolidated Financial Data and Other Operating Information

We have derived the following summary historical consolidated income statement, cash flow and other financial data for the years ended December 31, 2003, 2004 and 2005 from our consolidated financial statements, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. We derived the summary historical consolidated income statement, cash flow and other financial data for the nine months ended September 30, 2005 and 2006 and the summary consolidated balance sheet data as of September 30, 2006 from our unaudited consolidated financial statements. We prepared the summary unaudited interim financial data on a basis consistent with the audited consolidated financial statements as of and for the year ended December 31, 2005 except that as of January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards No. 123(R), Share-Based Payments. As a result, we began to recognize expense associated with all share-based awards based on the grant-date fair value of the awards. In management s opinion, the unaudited interim consolidated financial data reflects all adjustments that are necessary for a fair presentation of the results for the interim periods presented. All adjustments made were normal and recurring accruals. You should not expect the results of operations for the interim periods to necessarily be an indication of the results for a full year or any future period. You should read the following data in conjunction with Selected Financial Data, Unaudited Pro Forma Condensed Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

We have prepared the following summary unaudited pro forma consolidated income statement data for the year ended December 31, 2005 and for the nine months ended September 30, 2006 giving effect to the Transactions, and as if they had occurred on January 1, 2005. The as adjusted consolidated balance sheet data reflects the Transactions as if they had occurred on September 30, 2006.

The unaudited pro forma consolidated financial statements have been derived by the application of pro forma adjustments to our historical consolidated financial statements for the year ended December 31, 2005 and the nine-months ended September 30, 2006. The unaudited pro forma adjustments are based on estimates, available information and certain assumptions that we believe are reasonable and may be revised as additional information becomes available.

We have presented the unaudited pro forma financial data for informational purposes only. You should not consider the pro forma consolidated income statement and balance sheet data to be indicative of what the actual results would have been had the transactions described above been completed on the dates indicated nor should you expect the pro forma results to be an indication of the results of operations or financial condition as of any future date or for any future period. You should read the following data in conjunction with Selected Financial Data, Unaudited Pro Forma Condensed Consolidated Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Ratio of Earnings to Fixed Charges**.** For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations, before income taxes plus fixed charges. Fixed charges consist of:

- interest on all indebtedness and amortization of deferred financing costs; and
- the portion of rental expense that we believe is representative of interest,

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	Year Ended December 31,			Nine Months Ended September 30,		Pro Forma	
						Year Ended December 31,	Nine Months Ended September 30,
	2003	2004	2005	2005	2006	2005	2006
	(dollars in thousands, except per share and average billable rate data)						
				(unaudited)		(unaudited)	
INCOME STATEMENT DATA:							
Revenues	$ 375,695	$ 427,005	$ 539,545	$ 373,720	$ 491,092	$ 632,793	$ 583,968
Direct cost of revenues	176,429	234,970	291,592	202,878	276,896	346,630	327,781
Selling, general and administrative expense	78,701	106,730	127,727	90,030	121,547	150,391	143,372
Special charges(1)	3,060				22,972		22,972
Amortization of other intangible assets	3,680	6,836	6,534	4,309	8,310	12,477	11,995
Operating income	113,825	78,469	113,692	76,503	61,367	123,295	77,848
Interest and other expenses, net	(4,196)	(6,086)	(14,876)	(9,879)	(16,105)	(35,442)	(30,709)
Litigation settlement gains (losses), net		1,672	(1,629)	(991)	419	(1,629)	419
Income from continuing operations before income tax provision	109,629	74,055	97,187	65,633	45,681	86,224	47,558
Income tax provision	44,838	31,177	40,819	27,566	21,013	36,215	21,876
Income from continuing operations	64,791	42,878	56,368	38,067	24,668	50,009	25,682
Loss from discontinued operations	(5,322)						
Net income	$ 59,469	$ 42,878	$ 56,368	$ 38,067	$ 24,668	$ 50,009	$ 25,682
Earnings per common share net income							
Basic	$ 1.45	$ 1.02	$ 1.38	$ 0.91	$ 0.63	$ 1.19	$ 0.63
Diluted	$ 1.41	$ 1.01	$ 1.35	$ 0.90	$ 0.61	$ 1.16	$ 0.62
Weighted average number of common shares outstanding							
Basic	40,925	42,099	40,947	41,760	39,338	42,149	40,540
Diluted	42,046	42,512	41,787	42,404	40,112	42,989	41,314
CASH FLOW DATA:							
Net cash provided by (used in) operating activities	$ 100,177	$ 58,443	$ 99,379	$ 43,503	$ (30,903)		
Net cash used in investing activities	(231,741)	(13,693)	(64,858)	(57,658)	(83,312)		
Net cash provided by (used in) financing activities	127,423	(24,811)	93,158	103,708	(16,677)		
OTHER FINANCIAL DATA:							
Capital expenditures	10,612	11,939	17,827	12,077	13,803		
CREDIT STATISTICS:							
Ratio of earnings to fixed charges	14.3x	8.3x	5.9x	6.1x	3.1x	3.1x	2.2x

	September 30, 2006	
	Actual	As adjusted
	(in thousands)	
	(unaudited)	
BALANCE SHEET DATA		
Cash and cash equivalents	$ 22,491	$ 42,513
Working capital	144,487	165,758
Total assets	1,030,877	1,345,607
Long-term debt, including current portion and fair value hedge adjustment of $1,982	348,403	610,277
Stockholders equity	511,531	539,431

(1) Reflects a charge relating to the restructuring of our U.K. corporate finance/restructuring operations and consolidation of non-core practices in the United States primarily through reductions in workforce. See note 7 to our unaudited condensed financial statements included elsewhere in this prospectus.

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RISK FACTORS

In addition to the risks below, other risks and uncertainties not known to us or that we deem to be immaterial may also materially adversely affect our business operations. All of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you could lose all of or a part of your original investment. You should carefully consider the risks described below as well as other information and data included in this prospectus before making an investment decision with respect to the exchange notes.

Risks Related to Our Business

Our failure to retain qualified professionals or hire additional qualified professionals would have a negative effect on our future growth and financial performance as well as on client engagements, services and relationships.

Our business involves the delivery of professional forensic/litigation, corporate finance/restructuring, economic consulting, technology services and strategic communications consulting services. In the consulting business, professional acumen, trust and relationships are critical elements of a company s ability to deliver high quality professional services. Our professionals have highly specialized skills. They also develop strong bonds with the clients they service. Our continued success depends upon our ability to attract and retain our staff of 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 that we must employ to continue our service offerings. As of September 30, 2006, our employment arrangements with our senior managing directors range from at will employment arrangements that include restrictions on post-employment competition and solicitation of our clients and employees to long-term written employment agreements. Currently, expirations of employment agreements are concentrated in years 2008 and 2009 because of the timing of our acquisitions and our 2004 initiative to enter into written agreements with our senior professionals. In addition, there is a concentration of expirations in year 2011 and we expect there will be in 2012 because of our current initiative to renegotiate long term employment arrangements with certain senior managing directors who have been designated as participants in our senior managing director incentive compensation program (SMD compensation program) that is discussed below. We monitor these expirations carefully to commence dialogues with professionals regarding their employment well in advance of the actual contract expiration dates. Our goal is to renew employment agreements when advisable and to stagger the expirations of the agreements if possible. Because of the high 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. We cannot assure you that we will be able to attract and retain enough qualified professionals to maintain or expand our business. Moreover, competition has been increasing our costs of retaining or hiring qualified professionals, a trend which could harm our operating margins and results of operations.

In 2006, we began to renegotiate new long-term employment agreements with certain key senior managing directors. In connection with those discussions, we offered certain designated senior managing directors the opportunity to participate in all or a portion of the benefits under our SMD compensation program that includes cash, in the form of an unsecured general recourse forgivable loan, and significant additional payments upon the execution and during the term of such employment agreement in the form of stock options and restricted stock awards or, alternatively, cash equivalents if we do not have adequate equity securities available under stockholder approved equity plans. Most of the new employment agreements entered into in 2006 with senior managing directors in our corporate finance/restructuring segment who are participating in this program will expire in 2011, which means that we could face similar retention issues at the end of the terms of those agreements. In an effort to reduce this risk, we have included a renewal provision in most of the new employment agreements providing that the agreements will renew for one year from year to year beginning at the end of their

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initial terms unless either party provides written notice of non-renewal to the other party at least ninety (90) days prior to the date of the expiration of the initial term or any extended term. Starting in 2007, we intend to extend the SMD compensation program to participants in certain of our other practice segments, which could result in a concentration of employment agreements expiring in 2012. While we hope that we enter into new long-term employment agreements with a significant number of those senior managing directors, we have not yet done so and there is no assurance we will do so in the future. The aggregate principal amount of all loans made to senior managing directors during 2006 could approximate $50.0 million, of which some or all of the principal amount and accrued interest could be forgivable by us upon the passage of time, while complying with contractual requirements, or certain other events, such as death or disability or termination by us without cause or by the employee with good reason. All or a portion of the loans extended to employees, including senior managing directors will be repayable in certain events, such as termination by us for cause or by employee without good reason prior to the applicable forgiveness date. The loans are unsecured and there is no assurance that a recipient of a loan will repay it when due. The equity awards to such senior managing directors participating in the SMD compensation program are significant.

Our clients may preclude us from representing multiple clients in connection with the same engagement or competitive matter; our other practices may be precluded from accepting engagements from clients with respect to the same or competitive matter for which another practice has been engaged to provide services and required to forego potential business prospects in order to win engagements, which could harm our revenues, results of operations and client relationships and engagements.

We follow internal practices to assess real and potential issues in the relationships between and among our clients, engagements, practices and professionals. For example, we generally will not represent parties adverse to each other in the same matter. Under bankruptcy rules, we generally may not represent both a debtor and its creditors in the same proceeding. Under federal bankruptcy laws, we are required to notify the U.S. Trustee of real or potential conflicts. 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. In preference actions under bankruptcy law, we could be required to disgorge fees. Acquisitions may result in us resigning from a current client engagement because of relationship issues that are not currently identifiable. In addition, businesses that we acquire may not be free to accept engagements they could have accepted prior to our acquiring them because of relationship issues. Our inability to accept engagements from clients or prospective clients, represent multiple clients in connection with the same or competitive engagements, and any requirement that we resign from client engagements may negatively impact our revenues, revenue growth and results of operations.

If our former professionals go into business in competition with us or join our competitors, our client engagements and relationships could decline, financial performance and growth could slow or decline, and employee morale could suffer, and we may not have legal recourse.

Typically, our professionals have a close relationship with the clients they serve, not only based on their expertise but also on bonds of personal trust and confidence. Although our clients generally contract for services with us as a company, and not with individual professionals, in the event that professionals leave, such clients would not be prohibited from hiring those professionals to perform future engagements. Clients could also decide to transfer active engagements to professionals who leave. 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. Furthermore, while in some cases, the termination of an ongoing engagement by a client could constitute a breach of the client s contract with us, we could decide that preserving the overall client relationship is more important than seeking damages for the breach, and for that or other reasons that are not currently identifiable, decide not to pursue any legal remedies that might be available to us. We would make the determination whether to pursue any legal actions against a client on a case-by-case basis.

Substantially all of our written employment arrangements with our senior managing directors include non-competition and non-solicitation arrangements. These non-competition agreements have generally been

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drafted to comply with state reasonableness standards. However, states generally interpret non-competition clauses narrowly. Therefore, a state may hold certain restrictions on competition to be unenforceable. In the case of employees outside of the U.S., the non-competition provisions have been drafted to comply with applicable foreign law. In the event an employee departs, we will consider any legal remedies we may have against such professional on a case-by-case basis. However, we may decide that preserving cooperation and a professional relationship, or other concerns, outweigh the benefits of any possible legal recovery. Therefore, we may determine not to pursue legal action, even if available.

In the first quarter of 2004, we experienced the unanticipated departures of about 60 professionals in our former FTI/Policano & Manzo restructuring practice. We have strived to build relationships and reassure our professionals and clients of our interest in them and our ability to provide services comparable to those provided by the departing professionals. Those departures had a negative impact on our financial results for 2004. In the fourth quarter of 2004, we entered into a monetary settlement of arbitration proceedings brought against those former employees and the company they formed to compete with us.

Our profitability could suffer if we are not able to manage utilization and pricing rates of our professional staff.

We calculate the utilization rate for our professional staff by dividing the number of hours that our professionals worked on client assignments during a period by the total available working hours for our professionals, assuming a 40-hour work week and a 52-week year. Available working hours include vacation and professional training days, but exclude holidays. The hourly rates we charge our clients for our services and the number of hours our professionals are able to charge our clients for our services are affected by the level of expertise and experience of the professionals working on a particular engagement and, to a lesser extent, the pricing and staffing policies of our competitors. If we fail to manage our utilization rates for our professionals or maintain or increase the hourly rates we charge our clients for our services, we may experience adverse consequences, such as non-revenue-generating professionals, the loss of clients and engagements and the inability to appropriately staff engagements and our profitability will suffer. As we diversify our business offerings and contracting arrangements, utilization is becoming a less meaningful measure of productivity and profitability.

Utilization of our professionals is affected by a number of factors, some of which are within our control, including general economic conditions, the number, size and timing of client engagements, our ability to forecast demand for our services and maintain an appropriate level of professionals, ability to utilize professionals across business segments, acquisitions and the hiring of new professionals and staff vacations. Utilization in our corporate finance/restructuring practice has declined since 2005 due to a decrease in the number and size of its bankruptcy cases and decline in demand for certain of its services resulting from the strengthening of the economy, the availability of credit, low interest rates, fewer mergers and acquisitions and fewer large bankruptcy proceedings. Other factors contributing to the decline in utilization rates in that segment included upfront hiring for expansion into the U.K. without an associated book of business. Utilization within our economic consulting segment in 2006 was also adversely affected by recent acquisition activity.

We may have difficulty integrating the operations of FD. Should we fail to integrate FD s operations, our results of operations and profitability could be negatively impacted.

As of October 4, 2006, we acquired FD. FD is a corporation organized under the laws of England and Wales and it has subsidiaries organized under the laws of other non-U.S. jurisdictions as well as the U.S. We may not be successful in integrating the operations of FD and the combined company may not perform as we expect. Some of the integration challenges we face include differences in corporate culture and management styles, additional or conflicting governmental regulations, preparation of the FD operations for compliance with the Sarbanes-Oxley Act of 2002, financial reporting that is not in compliance with U.S. generally accepted accounting principles, or U.S. GAAP, disparate company policies and practices, client relationship issues and retention of key FD officers and personnel. In addition, management may be required to devote a considerable amount of

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time to the integration process, which could decrease the amount of time they have to manage FTI. We cannot assure you that we will successfully or cost-effectively integrate FD s operations. The failure to do so could have a negative effect on results of operations or profitability. The process of integrating operations could cause some interruption of, or the loss of momentum in, the activities of one or more of our or FD s businesses.

FD represents a strategically aligned, but different line of business that we do not have experience in operating.

While we believe that FD is strategically aligned with our current line of business, the success factors for effectively competing for and executing strategic communications consulting engagements are different than those required for our other businesses. FD s professionals have different backgrounds and skill sets. Strategic communications solutions may be more creative than our other services, thereby making an objective assessment of quality of service challenging and different from most of our service offerings. We may have greater challenges in assisting or arbitrating in difficult client matters. In addition, FD, outside of the U.S., does not manage its business or bill its clients based on hours and rates like FTI, but rather runs on the basis of teams that have revenue and profitability objectives, and a substantial portion of FD s revenues are generated through retainers. We may have difficulty identifying emerging problems or opportunities due to this different model, which could negatively impact our business prospects and results of operations.

FD s operations are international in scope, with the majority of its revenues and operations coming from markets where we have little, if any, direct experience.

FD s principal business operations are in London, with offices in more than ten other countries, including locations with substantially different laws and customs. The nature of these international operations may cause us to have difficulties with employees and clients as their law, language, politics, religion, work practices and values may differ from the norms we experience in our existing practices and geography. We may not have existing relationships with many of FD s clients, we may not have relationships with other international prospects for FD and we may not have brand recognition for FTI in non U.S. markets. We will also be exposed to different economic risks and cycles, as well as different governments and political systems which may be unstable. In addition, a significant portion of FD s revenues are denominated in currencies other than the U.S. dollar, which could result in us having significant exposure to currency fluctuations in the British pound, the Euro and to a lesser extent other currencies. If we are not able to quickly adapt to this new market, our business prospects and results of operations could be negatively impacted.

We rely heavily on our senior management team and practice leaders for the success of our business.

We rely heavily on our senior management team and practice leaders to manage our practices. Given the highly specialized nature of our services and the scale of our operations, these people must have a thorough understanding of our service offerings as well as the skills and experience necessary to manage a large organization. If one or more members of our senior management team or our practice leaders leave and we cannot replace them with a suitable candidate quickly, we could experience difficulty in managing our business properly, and this could harm our business prospects, client relationships, employee morale and results of operations.

Any claims involving the quality of our services could harm our overall professional reputation, which could harm our ability to compete for new business opportunities, retain and attract clients and engagements, and hire and retain qualified professionals.

Many of our engagements involve complex analysis and the exercise of professional judgment. Therefore, we are subject to the risk of professional liability. Often, our engagements involve matters that, if resolved unfavorably, may result in a severe impact on the client s business, cause the client a substantial monetary loss or prevent the client from pursuing business opportunities. Since our ability to attract new clients and generate engagements depends upon our ability to maintain a high degree of client satisfaction as well as our reputation among industry professionals, any claims against us involving the quality of our services may be more damaging than similar claims against businesses in other industries.

We do not generally indemnify our clients; however, in certain cases, such as with clients who are governmental agencies or authorities, we may agree to indemnify them and their affiliates against third party liabilities. Indemnification provisions are negotiated on a contract-by-contract basis and in some cases may be reciprocal or may be coupled with limitations on the amount and type of damages that can be recovered.

Any claim by a client or a third party against us could expose us to professional or other liabilities in excess of our insurance limits. We maintain a limited amount of liability insurance. The damages and/or expenses resulting from any successful claims against us, for indemnity or otherwise, in excess of our insurance limits would have to be borne directly by us and could seriously harm our profitability, financial resources and reputation.

Our clients may terminate our engagements with little or no notice, which may cause us to experience unexpected declines in our profitability and utilization.

Much of our business involves large client engagements that we staff with a substantial number of professionals. 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. If our clients unexpectedly cancel engagements with us or curtail the scope of our engagements, we may be unable to replace the lost revenues from those engagements, quickly eliminate costs associated with those engagements, or quickly find other engagements to utilize our professionals. Any decrease in revenues without a corresponding reduction in our costs will likely harm our profitability.

We face intense competition in our business. If we fail to compete effectively, we may miss new business opportunities or lose existing clients and our revenues and profitability may decline. Parties from whom we acquire assets may reenter the marketplace to compete with us in the future.

The market for our consulting services is highly competitive. Our competitors range from large organizations, such as the national accounting firms and the large management consulting companies that offer a broad range of consulting services, to small firms and independent contractors that provide one specialized service. Some of our competitors have significantly more financial resources, larger professional staffs and greater brand recognition than we do. Since our business depends in a large part on professional relationships, our business has low barriers of entry for professionals wanting to start their own firms. In addition, it is relatively easy for professionals to change employers. We cannot assure you that we will continue to compete successfully for new business opportunities or retain our existing clients or professional employees.

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. In some cases we enter into non-competition or non-solicitation arrangements generally with sellers. We cannot assure you that any one or more of the parties from whom we acquire assets or a business who do not join us, or persons who join us upon expiration or breach of their agreements not to compete or solicit, will not compete with us in the future. Also, the duration of those agreements are limited ranging from three to eight years after the acquisition date. Certain activities may be carved out of or otherwise may not be prohibited by those arrangements. Also, in some cases we may agree to restraints on our ability to compete with the sellers of those businesses with respect to certain practice areas or locations. Competition may harm our expected revenue growth and results of operations and cause the actual profitability of a business to differ materially from our expectations and the expectations of the investing public.

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We may have difficulty integrating our acquisitions, or convincing clients to allow assignment of their engagements to us, with a consequent detrimental effect on our financial results.

The process of integrating our future acquisitions into our existing operations may result in unforeseen operating difficulties and may require significant financial, operational and managerial resources that would otherwise be available for the operation, development and expansion of our existing business. To the extent that we have miscalculated our ability to integrate and properly manage any or all of our acquisitions, we may have difficulty in achieving our operating and strategic objectives.

A substantial amount of our growth has been due to acquisitions. During 2003, we completed three significant acquisitions: Lexecon, the former dispute advisory business of KPMG LLP and Ten Eyck, all of which occurred in the fourth quarter. As of February 28, 2005, we acquired substantially all of the assets and assumed certain liabilities of the Ringtail group. Ringtail is a leading developer of litigation support and knowledge management technologies for law firms. As of May 31, 2005, we acquired substantially all of the assets and assumed certain liabilities of Cambio from certain of the individual owners of Cambio Partners, the direct parent of Cambio, and certain of its investors. Cambio is a leading provider of change management solutions for hospital and health systems. As of January 6, 2006, we completed our acquisition of Competition Policy Associates, Inc., which we refer to as Compass. Compass is one of the top competition economics consulting firms in the world, with offices in Washington, D.C. and San Francisco. Compass provides services that involve sophisticated economic analysis in the context of antitrust disputes, mergers and acquisitions, regulatory and policy debates, and general commercial litigation across a broad range of industries in the United States, Europe and the Pacific Rim. As of July 1, 2006, we completed our acquisition of International Risk Limited. International Risk provides comprehensive business risk solutions including investigative due diligence services, fraud and corporate investigations, business intelligence, brand protection and intellectual property strategies, political risk assessments and crisis containment services. All of these acquisitions have been substantially integrated with FTI. As of September 20, 2006, we acquired assets of Bower Brower, Kriz & Stynchcomb, LLC, or BKS, a company in the business of construction consulting, that we intend to integrate with our forensic/litigation consulting practice group. As of October 4, 2006, we acquired substantially all of the share capital of FD. FD, based in London, is one of the world s largest business and financial communications consultancies and provides a comprehensive range of solutions critical to today s corporate boardroom. As of October 5, 2006, we acquired the share capital of G3 Consulting Limited, or G3. G3 delivers technology and business consulting to U.K. clients facing corporate litigation, electronic disclosure and public inquiries. For the past six years G3 has served as the primary direct U.K. supplier of FTI s Ringtail Legal products and associated Application Service Provider (ASP). We intend to integrate G3 with our technology practice group. We also have made smaller acquisitions over these same periods.

Some of the integration challenges we face include differences in corporate cultures and management styles, additional or conflicting government regulation, disparate company polices and practices and client conflict issues. All of our acquisitions in 2003, our Ringtail and Cambio acquisitions in 2005 and our BKS acquisition and a portion of our Compass acquisition were structured as asset transactions. Asset transactions generally necessitate receipt of third party consents to assign client engagements. All clients might not affirmatively consent to an assignment. In addition, in some cases there are no written client contracts memorializing an engagement. Such engagements will only continue at the pleasure of those clients. 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 contracts may be subject to security clearance requirements or bidding provisions with which we might not be able to comply. There is no assurance that local, state and federal governments will agree to novate their contracts to us. In addition, in an engagement that involves a bankruptcy case, we must make a filing with the applicable U.S. Trustee, at which time such U.S. Trustee may find that we are no longer disinterested. In connection with such bankruptcy cases, we may be required to resign and to refund fees collected in connection with those engagements. We could be responsible for returning fees even if they were not paid to us, but rather to the company from whom we acquired the business. In some cases, we may not have legal recourse to demand that the seller of the business reimburse us. FD and G3 are headquartered in the U.K., and FD operates globally. In addition to the integration challenges mentioned above, these acquisitions

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offer unique integration challenges relating to non-U.S. GAAP financial reporting, foreign laws and governmental regulations, and other factors some of which have been discussed above in the discussion regarding the difficulties we may face integrating the operations of FD. If we fail to integrate their operations, our results of operations and profitability could be negatively impacted. See We may have difficulty integrating the operations of FD International (Holdings) Limited, or FD.

Our corporate finance/restructuring practice has an increased risk of fee non-payment.

Many of our clients have engaged us because they are experiencing financial distress. We recognize that these 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 amount of our corporate finance/restructuring business. In the cases that we have received retainers, we cannot assure you that the retainers will adequately cover our fees for the services we perform on behalf of these clients. We are not always able to obtain retainers from clients in bankruptcy as the bankruptcy court must approve our retainers for those clients. Even if a bankruptcy court approves our retainer or engagement, a bankruptcy court has the discretion to require us to return all, or a portion of, our fees. Therefore, we face the risk of non-payment, which can result in write-offs. More write-offs than we expect in any period would have a negative impact on our results of operations.

If the size, complexity and number of debt defaults, bankruptcy or restructuring actions or other factors affecting demand for our corporate finance/restructuring services declines, or if economic conditions beyond our control result in a reduced demand for our corporate finance/restructuring, forensic/litigation, economic, technology, strategic communications consulting and other services, our revenues and profitability could suffer.

Our corporate finance/restructuring practice provides various restructuring and restructuring-related services to companies in financial distress or their creditors or other stakeholders. A number of factors outside of our control affect demand for our services. These include:

- the availability and level of lending activity, interest rates and over-leveraging of companies;
- over-expansion by various businesses;
- merger and acquisition activity;
- management problems;
- governmental regulations; and
- other general economic factors resulting in the decline in the economy in the U.S.

Notwithstanding increases in debt, we have also seen a decline of the mega-bankruptcy cases, resulting in a greater portion of our business being comprised of engagements relating to bankruptcy and restructuring matters involving mid-size companies, primarily as a result of general economic conditions, including the strengthening of the economy, the availability of credit and low interest rates. In our experience, mid-size bankruptcy and restructuring engagements are more susceptible to cyclical factors such as holidays and vacations. The shift to mid-size engagements could result in lower utilization, especially during the third and fourth quarters of any year due to these factors. Declines in demand for our restructuring, turnaround and bankruptcy services as well as smaller engagements could result in lower revenues and decrease our overall profitability. Our other practice groups, including forensic/litigation, economic consulting, technology and strategic communications consulting services, also are driven by crisis situations that affect companies but which are outside of our control. We are not able to predict the effect future events or changes to the U.S. or global business environment could have on our operations. Changes to any of the factors described above as well as other events, including by way of example, tort reform, changes to laws and regulations, including recent changes to the bankruptcy code, decline in government enforcement, and alternative dispute resolution practices, or a decline in litigation, and declines in monetary damages or remedies that are sought, may have an adverse effect on one or more of our businesses.

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

The number of suitable acquisition candidates may decline if the competition for acquisition candidates increases or the cost of acquiring acquisition candidates becomes too expensive. As a result, we may be unable to make acquisitions or be forced to pay more or agree to less advantageous acquisition terms for the companies that we are able to acquire. Alternatively, at the time an acquisition opportunity presents itself, internal and external pressures (including, but not limited to, borrowing capacity under our amended and restated senior secured 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. We cannot assure you, however, that we will be able to obtain financing when we need it or on terms acceptable to us. In any case, we may be unable to grow our business or expand our service offerings as quickly as we have in the past and our profitability may decline.

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

We have experienced rapid growth in recent years. This rapid expansion of our business may strain our management team, human resources and information systems. We cannot assure you that we can successfully manage the integration of any businesses we may acquire or that they will result in the financial, operational and other benefits that we anticipate. To manage our 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. Such expansion may result in significant expenditures. If we fail to add qualified managers and employees or manage our growth effectively, our business, results of operations and financial condition may be harmed.

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

We have experienced fluctuating revenues, operating income and cash flows and expect that this will occur from time to time in the future. We experience fluctuations in our annual or quarterly revenues and operating income because of the timing of our client assignments, utilization of our revenue-generating professionals, the types of assignments we are working on at different times, new hiring, acquisitions and decreased productivity because of vacations taken by our professionals. This means our profitability will likely decline if we experience an unexpected variation in the number or timing of client assignments or utilization, especially during the third quarter when substantial numbers of professionals take vacations, which reduces their utilization rates. We may also experience future fluctuations in our cash flows because of increased compensation, including changes to our incentive compensation structure and the timing of those payments, which we generally pay during the first quarter of each year. Also, the timing of future acquisitions and the cost of integrating them may cause fluctuations in our operating results.

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

Our governance and management practices and policies do not mirror the policies and practices of acquired companies or their parents. In some cases, different management practices and policies may lead to workplace dissatisfaction on the part of acquired professionals with our way of conducting business. The loss of one or more key professionals may harm our business and results of operations.

Compliance with the Foreign Corrupt Practices Act could adversely affect our competitive position; failure to comply could subject us to penalties and other adverse consequences.

We are subject to the Foreign Corrupt Practices Act, which generally prohibits U.S. companies from engaging in bribery of or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some of our competitors, are not subject to these prohibitions. Corruption, extortion,

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bribery, pay-offs, theft and other fraudulent practices occur from time to time in the markets in which we operate, including the U.S. and other countries. There is no assurance that our employees or other agents will not engage in such conduct, for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, properties, prospects, financial condition and results of operations.

Risks Related to the Exchange Notes and the Exchange Offer

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under the exchange notes and our other financial obligations.

We have a significant amount of indebtedness. As of September 30, 2006, after giving pro forma effect to the Transactions, we had total indebtedness of $610.3 million and an additional $110.0 million of revolving availability under our amended and restated senior secured credit facility senior secured credit facility, subject to $9.6 million of outstanding letters of credit.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the exchange notes;
- make it more difficult to satisfy our other financial obligations;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to borrow additional funds; and
- limit our ability to make future acquisitions.

In addition, our amended and restated senior secured credit facility and the indentures governing the exchange notes, our 7 $^{5}/8$% senior notes due 2013 (2005 Senior Notes) and our 3 $^{3}/4$% senior subordinated convertible notes due 2012 (2005 Convertible Notes, and together with the 2005

Senior Notes, the 2005 Notes) contain restrictive (and, in the case of the amended and restated senior secured credit facility, financial) covenants that limit our ability to engage in activities that may be in our best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indentures governing the exchange notes, the 2005 Notes and our amended and restated senior secured credit facility do not fully prohibit us or our subsidiaries from doing so. As of September 30, 2006, after giving pro forma effect to the Transactions, we had an additional $110.0 million of revolving availability under our amended and restated senior secured credit facility, subject to $9.6 million of outstanding letters of credit. Any borrowings under our amended and restated senior secured credit facility would be effectively senior to the exchange notes to the extent of the value of the assets securing the amended and restated senior secured credit facility. If new debt is added to our and our subsidiaries current debt levels, the related risks that we and they now face could intensify. See Description of Other Indebtedness.

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To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the exchange notes, and to fund capital expenditures, acquisitions and research and development efforts will depend on our ability to generate cash. This, to a certain extent, is subject to economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our amended and restated senior secured credit facility will be adequate to meet our liquidity needs for at least the next few years.

We cannot assure you, however, that our business will generate sufficient cash flows from operations, that anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our amended and restated senior secured credit facility or that we can obtain alternative financing proceeds in an amount sufficient to enable us to pay our indebtedness, including the exchange notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our amended and restated senior secured credit facility or the notes, on commercially reasonable terms or at all.

Your right to receive payments on the exchange notes is effectively subordinated to the rights of our existing and future secured creditors.

Holders of our secured indebtedness will have claims that are prior to your claims as holders of the exchange notes to the extent of the value of the assets securing that other indebtedness. Notably, we and certain of our subsidiaries are parties to the amended and restated senior secured credit facility, which are secured by liens on substantially all of our assets and the assets of the guarantors. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our assets that constitute their collateral. Holders of the exchange notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the exchange notes, 2005 Senior Notes and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the exchange notes. As a result, holders of exchange notes may receive less, ratably, than holders of secured indebtedness.

As of September 30, 2006, after giving pro forma effect to the Transactions, we had $110.0 million of revolving availability under our amended and restated senior secured credit facility, subject to $9.6 million of outstanding letters of credit. Our amended and restated senior secured credit facility is secured by substantially all of our assets. See   Description of Other Indebtedness.

The 2005 Senior Notes will mature prior to the exchange notes. In addition, we may be required to pay substantial amounts in cash to holders of the 2005 Convertible Notes at the time of conversion prior to maturity. As a result of making cash payments on the 2005 Senior Notes, we may not have sufficient cash to pay the principal of, or interest on, the exchange notes.

The exchange notes are senior in right of payment to the 2005 Convertible Notes and rank equally in right of payment to the 2005 Senior Notes. However, the 2005 Convertible Notes will mature on July 15, 2012, four years before the maturity of the exchange notes and the 2005 Senior

Notes will mature on June 15, 2013, three years before the maturity of the exchange notes. Therefore, we will repay the holders of the 2005 Notes, combined, $350.0 million before we are required to repay principal of the exchange notes at maturity. In

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addition, we may be required to pay substantial amounts in cash to holders of the 2005 Convertible Notes prior to their stated maturity at the time of conversion. The indentures governing the exchange notes and the 2005 Senior Notes generally allow for these payments, and our amended and restated senior secured credit facility permits these payments in some, but not all, circumstances. See Description of Other Indebtedness. However, payments of the 2005 Convertible Notes upon conversion could be construed to be a prepayment of principal on subordinated debt, and our existing and future senior debt may prohibit us from making those payments, or may restrict our ability to do so by requiring that we satisfy certain covenants relating to the making of restricted payments. If we are unable to pay the conversion consideration, we could seek consent from our senior creditors to make the payment. If we are unable to obtain their consent, we could attempt to refinance the debt. If we were unable to obtain consent or refinance the debt, we would be prohibited from paying the cash portion of the conversion consideration, in which case we would have an event of default under the indenture governing the 2005 Convertible Notes. An event of default under the 2005 Convertible Note indenture most likely would constitute an event of default under the indentures governing the exchange notes and the 2005 Senior Notes and under our amended and restated senior secured credit facility.

The indenture governing the 2005 Convertible Notes provides that they are convertible only upon the occurrence of certain events. However, we generally will be unable to control timing of any conversion of the 2005 Convertible Notes. As a result of making cash payments on the 2005 Convertible Notes, we may not have sufficient cash to pay the principal of, or interest on, the exchange notes and the 2005 Senior Notes. For example, if a significant amount of 2005 Convertible Notes were converted shortly before a regular interest payment date for the exchange notes offered hereby, we may not have sufficient cash to make the interest payment on the exchange notes and the 2005 Senior Notes. We may attempt to borrow under our amended and restated senior secured credit facility to fund interest payments on the exchange notes and the 2005 Senior Notes, but there can be no assurance that we will have sufficient availability under that or any successor facility or that our credit facility lenders will allow us to draw on that facility for the purpose of making payments on the Notes and the 2005 Senior Notes.

Your right to receive payments on the exchange notes could be adversely affected if any of our non-guarantor subsidiaries declare bankruptcy, liquidate, or reorganize. Our guarantor subsidiaries also guarantee the 2005 Notes and the amended and restated senior secured credit facility, and their assets may not be sufficient to pay all obligations under the exchange notes and the 2005 Notes.

Some but not all of our subsidiaries will guarantee the exchange notes. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

As of September 30, 2006, after giving pro forma effect to the Transactions, the exchange notes were effectively junior to $28.3 million of indebtedness and other liabilities (including trade payables) of our non-guarantor subsidiaries. As of September 30, 2006, after giving pro forma effect to the Transactions, our non-guarantor subsidiaries generated 13.4% of our consolidated revenues in the nine-month period ended September 30, 2006 and held 9.6% of our consolidated assets as of that date.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims in respect of a guarantee can be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

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- was insolvent or rendered insolvent by reason of such incurrence; or

- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee can be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or

- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that each guarantor, after giving effect to its guarantee of these notes and the 2005 Notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the exchange notes.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding exchange notes at 101% of the principal amount thereof plus accrued and unpaid interest and special interest, if any, to the date of repurchase. We will be required to offer to repurchase all outstanding 2005 Notes upon similar events. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes or that restrictions in our amended and restated senior secured credit facility will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations, that would increase the level of our indebtedness, would not constitute a change of control under the indenture. See Description of the Exchange Notes Repurchase at the Option of Holders.

If an active trading market does not develop for the exchange notes, you may not be able to resell them.

There is no existing trading market for the exchange notes. We do not intend to list the old notes or the exchange notes on any national securities exchange or to seek the admission of the notes for quotation through the National Association of Securities Dealers Automated Quotation System. Although the initial purchasers of the old notes have informed us that they intend to make a market in the exchange notes, they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer and the pendency of any shelf registration statement. Although the old notes are eligible for trading in The PORTAL Market, there can be no assurance as to the development or liquidity of any market for the old notes or the exchange notes, the ability of the holders of the old notes or the exchange notes to sell their old notes or the exchange notes or the price at which the holders would be able to sell their old notes or the exchange notes.

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The liquidity of any trading market for the exchange notes will depend upon the number of holders of the exchange notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the exchange notes and other factors. As a result, you cannot be sure that an active trading market will develop for the exchange notes.

In addition, the market for non-investment grade debt historically has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the old notes and the exchange notes. The market for the old notes or exchange notes, if any, may be subject to similar disruptions that could adversely affect their value and liquidity.

Risks Related to Notes Not Exchanged

If you do not properly tender your old notes, your ability to transfer those old notes will be adversely affected.

We will only issue exchange notes in exchange for old notes that are timely received by the exchange agent, together with all required documents, including a properly completed and signed letter of transmittal. Therefore, you should allow sufficient time to ensure timely delivery of the old notes, and you should carefully follow the instructions on how to tender your old notes. See The Exchange Offer Procedures for Tendering. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of the old notes. If you do not tender your old notes or if we do not accept your old notes because you did not tender your old notes properly, then, after we consummate the exchange offer, you may continue to hold old notes that are subject to the existing transfer restrictions. In addition, if you tender your old notes for the purpose of participating in a distribution of the exchange notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes. If you are a broker-dealer that receives exchange notes for your own account in exchange for old notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of those exchange notes. After the exchange offer is consummated, if you continue to hold any old notes, you may have difficulty selling them because there will be fewer old notes outstanding. In addition, if a large number of old notes are not tendered or are tendered improperly, the limited number of exchange notes that would be issued and outstanding after we consummate the exchange offer could lower the market price of the exchange notes.

If you do not exchange your old notes, your old notes will continue to be subject to the existing transfer restrictions and you may be unable to sell your old notes.

We did not register the old notes under the Securities Act, nor do we intend to do so following the exchange offer. Old notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. If you do not exchange your old notes, you will lose your right to have your old notes registered under the federal securities laws, except in limited circumstances. As a result, you will not be able to offer or sell old notes except in reliance on an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Because we anticipate that most holders of old notes will elect to exchange their old notes, we expect that the liquidity of the market for any old notes remaining after the completion of the exchange offer may be substantially limited. Any old notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the old notes outstanding. Following the exchange offer, if you did not tender your old notes you generally will not have any further registration rights. Accordingly, the liquidity of the market for any old notes could be adversely affected and you may be unable to sell them.

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THE EXCHANGE OFFER

Purpose and Effect

On October 3, 2006, we entered into a registration rights agreement with the initial purchasers of the old notes, which requires us to file a registration statement under the Securities Act with respect to the old notes and, upon the effectiveness of the registration statement, offer to the holders of the old notes the opportunity to exchange their old notes for a like principal amount of exchange notes. The exchange notes will be issued without a restrictive legend and generally may be reoffered and resold without registration under the Securities Act. The registration rights agreement further provides that we must use our commercially reasonable efforts to have the registration statement declared effective by the SEC by April 30, 2007 and must use our commercially reasonable efforts to issue on or prior to 30 business days, or longer, if required by the federal securities laws, after the date on which the registration statement was declared effective by the SEC, exchange notes in exchange for all old notes tendered prior thereto in the exchange offer.

Except as described below, upon the completion of the exchange offer, our obligations with respect to the registration of the old notes and the exchange notes will terminate. Please read the following summary in conjunction with the complete version of the registration rights agreement, a copy of which was filed with the SEC on October 10, 2006 as an exhibit to our Current Report on Form 8-K, dated October 3, 2006. This summary of the material provisions of the registration rights agreement does not purport to be complete and is qualified in its entirety by reference to the complete registration rights agreement. Capitalized terms in this summary that have not been defined herein have the meanings given to those terms in the registration rights agreement.

As a result of the timely filing and the effectiveness of the registration statement, we will not have to pay certain Special Interest on the old notes provided in the registration rights agreement. Following the completion of the exchange offer, holders of old notes not tendered will not have any further registration rights other than as set forth in the following paragraph and the old notes will continue to be subject to certain restrictions on transfer. Additionally, the liquidity of the market for the old notes could be adversely affected upon consummation of the exchange offer.

After the exchange offer, we will still be required to file a shelf registration statement covering resales of the old notes if:

(1) we are not permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy; or

(2) any holder of Transfer Restricted Securities notifies FTI prior to the 20th business day following consummation of the exchange offer that:

(a) it is prohibited by law or SEC policy from participating in the exchange offer;

(b) it may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales; or

(c) it is a broker-dealer and owns notes acquired directly from FTI or an affiliate of FTI.

For purposes of the preceding, *Transfer Restricted Securities* means each old note until the earliest to occur of:

(1) the date on which such old note has been exchanged by a Person other than a broker-dealer for an exchange note in the exchange offer;

(2) following the exchange by a broker-dealer in the exchange offer of an old note for an exchange note, the date on which such exchange note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the exchange offer registration statement;

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(3) the date on which such old note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

(4) the date on which such old note is distributed to the public pursuant to Rule 144 under the Securities Act.

If obligated to file the shelf registration statement, we will use our commercially reasonable efforts to file the shelf registration statement with the SEC on or prior to 30 days after the filing obligation arises (but no earlier than January 31, 2007) and to cause the shelf registration statement to be declared effective by the SEC on or prior to 90 days after the obligation arises (but no earlier than April 30, 2007).

If:

(1) we fail to file any of the registration statements required by the registration rights agreement on or before the date specified for such filing;

(2) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness;

(3) we fail to consummate the exchange offer within 30 business days of the date the exchange offer registration statement is declared effective by the SEC; or

(4) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4) above, a Registration Default),

then we will pay Special Interest to each holder of Transfer Restricted Securities from and including the date on which any such Registration Default occurs to but excluding the date on which all Registration Defaults have been cured or waived.

The rate of Special Interest will be 0.25% per annum for the first 90-day period immediately following the occurrence of the first Registration Default, and such rate will increase by an additional 0.25% per annum with respect to each subsequent 90-day period thereafter until all Registration Defaults have been cured or waived, up to a maximum amount of Special Interest for all Registration Defaults of 1.0% per annum.

All accrued Special Interest will be paid by us on the next scheduled interest payment date to The Depository Trust Company or its nominee by wire transfer of immediately available funds or by federal funds check and to holders of Certificated Notes by wire transfer to the accounts specified by them or by mailing checks to their registered addresses if no such accounts have been specified. Special Interest is in addition to any other interest or premium, if any, that may be payable from time to time with respect to the notes.

Following the cure of all Registration Defaults, the accrual of Special Interest will cease.

Transferability of the Exchange Notes

Based on an interpretation by the SEC s staff set forth in no-action letters issued to third parties unrelated to us, we believe that, with the exceptions set forth below, exchange notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by the holder of exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if:

you, or the person or entity receiving the exchange notes, acquires the exchange notes in the ordinary course of business;

neither you nor any such person or entity is engaging in or intends to engage in a distribution of the exchange notes within the meaning of the federal securities laws;

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- neither you nor any such person or entity has an arrangement or understanding with any person or entity to participate in any distribution of the exchange notes; and

- neither you nor any such person or entity is an affiliate of FTI Consulting, Inc., as that term is defined in Rule 405 under the Securities Act.

To participate in the exchange offer, you must represent as the holder of old notes that each of these statements is true.

Any holder of outstanding notes who is our affiliate or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

- will not be able to rely on the interpretation of the staff of the SEC set forth in the no-action letters described above; and

- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the exchange notes, unless the sale or transfer is made pursuant to an exemption from those requirements.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where those old notes were acquired by that broker-dealer as a result of market making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. See Plan of Distribution. Broker-dealers who acquired old notes directly from us and not as a result of market making activities or other trading activities may not rely on the staff s interpretations discussed above or participate in the exchange offer and must comply with the prospectus delivery requirements of the Securities Act in order to sell the old notes.

Following the consummation of the exchange offer, holders of the old notes who were eligible to participate in the exchange offer but who did not tender their old notes will not have any further registration rights and the old notes will continue to be subject to certain restrictions on transfer. Accordingly, the liquidity of the market for the outstanding notes could be adversely affected.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on , 2007, or such date and time to which we extend the offer. We will issue in denominations of $2,000 in principal amount and integral multiples of $1,000 in principal amount in excess thereof of exchange notes in exchange for each $1,000 principal amount of outstanding old notes accepted in the exchange offer. Holders may tender some or all of their old notes pursuant to the exchange offer. However, old notes may be tendered only in integral multiples of $1,000 in principal amount.

The exchange notes will evidence the same debt as the old notes and will be issued under the terms of, and entitled to the benefits of, the indenture relating to the old notes.

This prospectus, together with the letter of transmittal, is being sent to the registered holder and to others believed to have beneficial interests in the old notes. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated under the Exchange Act.

We will be deemed to have accepted validly tendered old notes when we have given oral or written notice thereof to Wilmington Trust Company, the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us. If any tendered old notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth under the heading Conditions to the Exchange Offer or otherwise, certificates for any such unaccepted old notes will be returned, without expense, to the tendering holder of those old notes promptly after the Expiration Date unless the exchange offer is extended.

Holders who tender old notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of old notes in the exchange offer. We will pay all charges and expenses, other than certain applicable taxes, applicable to the exchange offer. See Fees and Expenses.

Expiration Date; Extensions; Amendments

The Expiration Date shall be 5:00 p.m., New York City time, on , 2007 unless we, in our sole discretion, extend the exchange offer, in which case the Expiration Date shall be the latest date and time to which the exchange offer is extended. In order to extend the exchange offer, we will issue a notice of such extension by press release or other public announcement and notify the exchange agent and each registered holder of such extension by oral or written notice prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. We reserve the right, in our sole discretion:

- to extend the exchange offer (and, in connection with any such extension, to delay the acceptance of any old notes) or, if any of the conditions set forth under Conditions to the Exchange Offer have not been satisfied, to terminate the exchange offer, by giving oral or written notice of that delay, extension or termination to the exchange agent; or

- to amend the terms of the exchange offer in any manner.

In the event that we make a fundamental change to the terms of the exchange offer, we will file a post-effective amendment to the registration statement.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Procedures for Tendering

Only a holder of old notes may tender the old notes in the exchange offer. Except as set forth under Book-Entry Transfer, to tender in the exchange offer a holder must complete, sign and date the letter of transmittal, or a copy of the letter of transmittal, have the signatures on the letter of transmittal guaranteed if required by the letter of transmittal and mail or otherwise deliver the letter of transmittal or copy to the exchange agent prior to the Expiration Date. In addition:

- certificates for the old notes must be received by the exchange agent along with the letter of transmittal prior to the Expiration Date;

a timely confirmation of a book-entry transfer, or a Book-Entry Confirmation, of the old notes, if that procedure is available, into the exchange agent s account at The Depository Trust Company, or the Book-Entry Transfer Facility, following the procedure for book-entry transfer described below, must be received by the exchange agent prior to the Expiration Date; or

you must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the letter of transmittal and other required documents must be received by the exchange agent at the address set forth under Exchange Agent prior to the Expiration Date.

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Your tender, if not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date, will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth herein and in the letter of transmittal.

The method of delivery of old notes and the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Instead of delivery by mail, it is recommended that you use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the Expiration Date. No letter of transmittal or old notes should be sent to us. You may request your broker, dealer, commercial bank, trust company or nominee to effect these transactions for you.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company, or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner s behalf. If the beneficial owner wishes to tender on its own behalf, the beneficial owner must, prior to completing and executing the letter of transmittal and delivering the owner s old notes, either make appropriate arrangements to register ownership of the old notes in the beneficial owner s name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act unless old notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Registration Instruction or Special Delivery Instructions on the letter of transmittal; or

- for the account of an eligible guarantor institution.

If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantee must be by any eligible guarantor institution that is a member of or participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or an eligible guarantor institution.

If the letter of transmittal is signed by a person other than the registered holder of any old notes listed in the letter of transmittal, the old notes must be endorsed or accompanied by a properly completed bond power, signed by the registered holder as that registered holder s name appears on the old notes.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal unless waived by us.

All questions as to the validity, form, eligibility, including time of receipt, acceptance, and withdrawal of tendered old notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent, nor any other person will incur any liability for failure to give that notification. Tenders of old notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the tendering holders, unless otherwise provided in the letter of transmittal, promptly following the Expiration Date, unless the exchange offer is extended.

In addition, we reserve the right in our sole discretion to purchase or make offers for any old notes that remain outstanding after the Expiration Date or, to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions, or otherwise, following a termination of the exchange offer. The terms of any such purchases or offers could differ from the terms of the exchange offer.

In all cases, issuance of exchange notes for old notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of certificates for those old notes or a timely Book-Entry Confirmation of those old notes into the exchange agent s account at the Book-Entry Transfer Facility, a properly completed and duly executed letter of transmittal or, with respect to The Depository Trust Company and its participants, electronic instructions in which the tendering holder acknowledges its receipt of and agreement to be bound by the letter of transmittal, and all other required documents. If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, those unaccepted or non-exchanged old notes will be returned without expense to the tendering holder or, in the case of old notes tendered by book-entry transfer into the exchange agent s account at the Book-Entry Transfer Facility according to the book-entry transfer procedures described below, those non-exchanged old notes will be credited to an account maintained with that Book-Entry Transfer Facility, in each case, promptly after the expiration or termination of the exchange offer.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the old notes at the Book-Entry Transfer Facility for purposes of the exchange offer within two business days after the date of this prospectus, and any financial institution that is a participant in the Book-Entry Transfer Facility s systems may make book-entry delivery of old notes being tendered by causing the Book-Entry Transfer Facility to transfer those old notes into the exchange agent s account at the Book-Entry Transfer Facility in accordance with that Book-Entry Transfer Facility s procedures for transfer. However, although delivery of old notes may be effected through book-entry transfer at the Book-Entry Transfer Facility, the letter of transmittal or copy of the letter of transmittal, with any required signature guarantees and any other required documents, must, in any case other than as set forth in the following paragraph, be transmitted to and received by the exchange agent at the address set forth under Exchange Agent on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

The Depository Trust Company s Automated Tender Offer Program, or ATOP, is the only method of processing exchange offers through The Depository Trust Company. To accept the exchange offer through ATOP, participants in The Depository Trust Company must send electronic instructions to The Depository Trust Company through The Depository Trust Company s communication system instead of sending a signed, hard copy letter of transmittal. The Depository Trust Company is obligated to communicate those electronic instructions to the exchange agent. To tender old notes through ATOP, the electronic instructions sent to The Depository Trust Company and transmitted by The Depository Trust Company to the exchange agent must contain the character by which the participant acknowledges its receipt of and agrees to be bound by the letter of transmittal.

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Guaranteed Delivery Procedures

If a registered holder of the old notes desires to tender old notes and the old notes are not immediately available, or time will not permit that holder s old notes or other required documents to reach the exchange agent prior to 5:00 p.m., New York City time, on the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

- the tender is made through an eligible guarantor institution;
- prior to 5:00 p.m., New York City time, on the Expiration Date, the exchange agent receives from that eligible guarantor institution a properly completed and duly executed letter of transmittal or a facsimile of duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us, by telegram, telex, fax transmission, mail or hand delivery, setting forth the name and address of the holder of old notes and the amount of the old notes tendered and stating that the tender is being made by guaranteed delivery and guaranteeing that within three New York Stock Exchange, Inc., or NYSE, trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, will be deposited by the eligible guarantor institution with the exchange agent; and
- the certificates for all physically tendered old notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, are received by the exchange agent within three NYSE trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal Rights

Tenders of old notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal of a tender of old notes to be effective, a written or, for The Depository Trust Company participants, electronic ATOP transmission notice of withdrawal, must be received by the exchange agent at its address set forth under Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. Any such notice of withdrawal must:

- specify the name of the person having deposited the old notes to be withdrawn, or the Depositor;
- identify the old notes to be withdrawn, including the certificate number or numbers and principal amount of those old notes;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which those old notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to have the trustee register the transfer of those old notes into the name of the person withdrawing the tender; and
- specify the name in which those old notes are to be registered, if different from that of the Depositor.

All questions as to the validity, form, eligibility and time of receipt of these notices will be determined by us, which determination will be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes which have been tendered for exchange, but which are not exchanged for any reason, will be returned to the holder of those old notes without cost to that holder promptly after withdrawal, rejection of tender, or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures under Procedures for Tendering at any time on or prior to the Expiration Date.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any old notes and may terminate or amend the exchange offer if at any time before the acceptance of those old notes for exchange or the exchange of the exchange notes for those old notes, we determine in our reasonable judgment that the exchange offer violates applicable law, any applicable interpretation of the staff of the SEC or any order of any governmental agency or court of competent jurisdiction.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any of those rights and each of those rights will be deemed an ongoing right which may be asserted at any time and from time to time. Notwithstanding the foregoing, all conditions to the exchange offer, other than those relating to violations of applicable law or an order of a governmental agency or court, must be satisfied or waived prior to expiration of the exchange offer. In the event that we waive any of the foregoing conditions, such waiver will apply equally to all tendering holders.

In addition, we will not accept for exchange any old notes tendered, and no exchange notes will be issued in exchange for those old notes, if at such time any stop order will be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939. In any of those events we are required to use every commercially reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

Effect of Not Tendering

To the extent old notes are tendered and accepted in the exchange offer, the principal amount of old notes will be reduced by the amount so tendered and a holder s ability to sell untendered old notes could be adversely affected. In addition, after the completion of the exchange offer, the old notes will remain subject to restrictions on transfer. Since the old notes have not been registered under the federal securities laws, they bear a legend restricting their transfer absent registration or the availability of a specific exemption from registration. The holders of old notes not tendered will have no further registration rights, except for the limited registration rights described above under the heading Purpose and Effect.

Accordingly, the old notes not tendered may be resold only:

- to us or our subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- for so long as the old notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A; or
- pursuant to any other available exemption from the registration requirements of the Securities Act (in which case FTI Consulting, Inc. and the trustee under the indenture for the old notes will have the right to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to FTI Consulting, Inc. and the trustee).

Upon completion of the exchange offer, due to the restrictions on transfer of the old notes and the absence of such restrictions applicable to the exchange notes, it is likely that the market, if any, for old notes will be relatively less liquid than the market for exchange notes. Consequently, holders of old notes who do not participate in the exchange offer could experience significant diminution in the value of their old notes compared to the value of the exchange notes.

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Exchange Agent

All executed letters of transmittal should be directed to the exchange agent. Wilmington Trust Company has been appointed as exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

By Certified or Registered Mail:	By Overnight Courier or Hand:	By Facsimile:
Wilmington Trust Company	Wilmington Trust Company	(302) 636-4139
Rodney Square North	Rodney Square North	Attention: Exchanges
1100 North Market Street	1100 North Market Street	Confirm by Telephone:
Wilmington, DE 19890-1626	Wilmington, DE 19890-1626	(302) 636-6470
Attention: Alisha Clendaniel	Attention: Alisha Clendaniel	For Information Call:
		(302) 636-6470

Originals of all documents sent by facsimile should be sent promptly by registered or certified mail, by hand or by overnight delivery service.

Fees And Expenses

We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail; however, additional solicitations may be made in person or by telephone by our officers and employees. The estimated cash expenses to be incurred in connection with the exchange offer will be paid by us and will include fees and expenses of the exchange agent, accounting, legal, printing and related fees and expenses.

Transfer Taxes

Holders who tender their old notes for exchange notes will not be obligated to pay any transfer taxes in connection with that tender or exchange, except that holders who instruct us to register exchange notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax on those old notes.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the old notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will recognize no gain or loss for accounting purposes upon the closing of the exchange offer. We will amortize the expenses of the exchange offer over the term of the exchange notes under accounting principles generally accepted in the United States.

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USE OF PROCEEDS

We will not receive any cash proceeds from the exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange old notes in like principal amount, which will be cancelled and as such will not result in any increase in our indebtedness.

The following table summarizes the sources and uses of funds in connection with the issuance of the old notes and the Transactions.

Sources of Funds:	($ millions)	Uses of Funds:	($ millions)
Old notes	$ 215.0	Acquisition of FD(4)	$ 255.4
Amended and restated senior secured credit facility(1)	40.0	Repayment of FD bank debt	25.4
Notes issued in connection with the Acquisition(2)	6.9	Fees and expenses related to the Acquisition	5.2
FTI common stock(3)	27.9		
Cash on hand	5.4	Fees and expenses related to the old notes	9.2
Total sources	$ 295.2	Total uses	$ 295.2

(1) The amended and restated senior secured credit facility provides for borrowings of up to $150.0 million. See Description of Other Indebtedness Amended and Restated Senior Secured Credit Facility. On the Closing Date, we borrowed $40.0 million under the revolving line of credit.

(2) Reflects the issuance of approximately $6.9 million of loan notes to FD shareholders in connection with the Acquisition.

(3) Assumes the issuance of approximately 1.2 million shares of restricted common stock to FD shareholders in connection with the Acquisition. As of October 4, 2006, we issued approximately 1.1 million shares of restricted common stock to FD shareholders. We anticipate issuing approximately 77,100 additional shares of our common stock in consideration for the remaining approximately 3% of FD share capital that is outstanding.

(4) Represents purchase consideration for 100% of FD. The acquisition of an estimated 3% of the FD share capital that is outstanding is expected to be completed in the first quarter of 2007.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2006, on an actual basis and on an as adjusted basis to give effect to the Transactions as if they had occurred on that date. You should read this table in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this prospectus.

	As of September 30, 2006	
	Actual	As Adjusted
	(unaudited)	
	(in thousands)	
Cash and cash equivalents	$ 22,491	$ 42,513
Debt:		
Amended and restated senior secured credit facility	$	$ 40,000
Exchange notes offered hereby		215,000
7 5/8% senior notes due 2013, including a fair value hedge adjustment of $1,982	198,018	198,018
3 3/4% convertible senior subordinated notes due 2012	150,000	150,000
Other	385	7,259(1)
Total debt	348,403	610,277
Total stockholders equity	511,531	539,431(2)
Total capitalization	$ 859,934	$ 1,149,708

(1) Reflects the issuance of approximately $6.9 million of loan notes to FD shareholders in connection with the Acquisition.

(2) Assumes the issuance of approximately 1.2 million of restricted common stock to FD shareholders in connection with the Acquisition. As of October 4, 2006, we issued approximately 1.1 million shares of restricted common stock to FD shareholders. We anticipate issuing approximately 77,100 additional shares of restricted common stock in consideration for the remaining approximately 3% of FD share capital that is outstanding.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial statements have been derived by the application of pro forma adjustments to our historical consolidated financial statements. The unaudited pro forma condensed consolidated balance sheet as of September 30, 2006 gives effect to the Transactions as if they had occurred as of September 30, 2006. The unaudited pro forma condensed consolidated income statements for the year ended December 31, 2005 and the nine months ended September 30, 2006 give effect to the Transactions (as defined below) as if they had occurred as of January 1, 2005. The unaudited pro forma condensed consolidated financial statements do not purport to represent what our results of operations or financial position would have been as if the Transactions had occurred on the dates indicated and are not intended to project our results of operations or financial position for any future period or date.

The term Financing Transactions means, collectively:

- the issuance of the $215.0 million of our 7 $^{3}/4$% senior notes due 2016;
- the draw of $40.0 million under our amended and restated senior secured credit facility;
- the issuance of $6.9 million of loan notes to FD shareholders; and
- the assumed issuance of 1.2 million shares of our common stock to FD shareholders valued at $27.9 million.

The Financing Transactions, together with the Acquisition, are collectively referred to as the Transactions.

All historical FD financial data included in the pro forma condensed consolidated financial statements are presented in accordance with U.K. generally accepted accounting principles. With the exception of certain reclassifications to conform FD financial data to FTI s historical presentation, the U.S. GAAP adjustments for 2005 have been audited in accordance with auditing standards generally accepted in the United States of America. The U.S. GAAP adjustments to the income statement for the nine months ended September 30, 2006 are unaudited. For purposes of the following unaudited pro forma condensed consolidated financial statements, the FD balance sheet as of September 30, 2006 has been converted at an exchange rate of $1.87/£1, the FD income statement for the year ended December 31, 2005 has been converted at an average exchange rate of $1.82/£1 and the FD income statement for the nine months ended September 30, 2006 has been converted at an average exchange rate of $1.82/£1.

The unaudited pro forma adjustments are based on estimates, available information and certain assumptions that we believe are reasonable. The pro forma adjustments and primary assumptions are described in the accompanying notes. You should read our unaudited pro forma condensed consolidated financial statements and the related notes hereto in conjunction with our historical consolidated financial statements and the related notes thereto and other information contained in Use of Proceeds, Capitalization, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

We expect to make 338G elections with respect to the Acquisition and therefore no deferred tax adjustments have been assumed for purposes of the pro forma financial statements.

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FTI CONSULTING, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2006

	Historical FTI	Historical FD	Adjustments to conform to U.S. GAAP		Historical FD as Adjusted	Pro Forma Adjustments		Pro Forma
			(in thousands)					
Assets								
Current assets								
Cash and cash equivalents	$ 22,491	$ 25,473			$ 25,473	245,800	(e)	$ 42,513
						(225,800)	(f)	
						(25,451)	(g)	
Accounts receivable, net	178,112	23,521			23,521			201,633
Notes receivable	7,528							7,528
Deferred income taxes	9,816	1,766			1,766			11,582
Prepaid expenses and other current assets	27,215	4,355			4,355			31,570
Total current assets	245,162	55,115			55,115			294,826
Property and equipment, net	33,612	5,375			5,375			38,987
Goodwill	647,317	67,697	(14,713)	(a)	44,923	138,554	(h)	830,794
			(8,061)	(c)				
Other intangible assets, net	33,442		14,997	(a)	14,997	50,685	(i)	99,124
Other assets	71,344	1,332	1,537	(b)	2,869	9,200	(e)	81,876
						(1,537)	(j)	
Total assets	$ 1,030,877	$ 129,519			$ 123,279			$ 1,345,607
Liabilities and Stockholders Equity								
Current liabilities								
Accounts payable, accrued expenses and other	$ 33,488	$ 20,574	1,537	(b)	$ 15,464			$ 48,952
			(2,223)	(c)				
			(4,424)	(d)				
Accrued compensation	56,399	6,545			6,545			62,944
Current portion of long-term debt	42	9,943			9,943	(2,252)	(j)	3,479
						3,437	(k)	
						(7,691)	(g)	
Billings in excess of services provided	10,746	2,947			2,947			13,693
Total current liabilities	100,675	40,009			34,899			129,068
Revolving credit facility						40,000	(e)	40,000
Exchange notes offered hereby						215,000	(e)	215,000
Senior notes	198,018							198,018
Convertible notes	150,000							150,000
Other long term debt	343	56,632			56,632	(38,872)	(j)	3,780
						3,437	(k)	
						(17,760)	(g)	
Deferred rent, capital lease obligations and other, net of current portion	24,662	10,244			10,244	(10,244)	(j)	24,662
Deferred income taxes	45,648							45,648
Stockholders equity	511,531	22,634	284	(a)	21,504	(21,504)	(l)	539,431
			(5,838)	(c)		27,900	(m)	

			4,424	(d)		
Total liabilities and stockholders equity	$ 1,030,877	$ 129,519			$ 123,279	$ 1,345,607

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

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FTI CONSULTING, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Historical FTI	Historical FD	Adjustments to conform to U.S. GAAP		Historical FD as Adjusted	Pro Forma Adjustments		Pro Forma
	(in thousands, except per share data)							
INCOME STATEMENT DATA								
Revenues	$ 539,545	$ 93,248			$ 93,248			$ 632,793
Direct cost of revenues	291,592	10,725	44,313	(n)	55,038			346,630
Selling, general and administrative expense	127,727	66,419	1,361	(o)	23,414	(1,361)	(q)	150,391
			(44,366)	(n)		611	(r)	
Amortization of other intangibles	6,534	2,641	(342)	(o)	2,299	3,644	(s)	12,477
Operating income	113,692	13,463			12,497			123,295
Interest and other expenses, net	(14,876)	(4,128)	(53)	(n)	(4,181)	(21,073)	(t)	(35,442)
						4,688	(u)	
Litigation settlement gains (losses), net	(1,629)							(1,629)
Income from operations, before income tax provision	97,187	9,335			8,316			86,224
Income tax provision	40,819	3,695	(1,114)	(p)	2,581	(7,185)	(v)	36,215
Net income	$ 56,368	$ 5,640			$ 5,735			$ 50,009
Earnings per common share								
Basic	$ 1.38							$ 1.19
Diluted	$ 1.35							$ 1.16
Weighted average number of common shares outstanding								
Basic	40,947					1,202	(m)	42,149
Diluted	41,787					1,202	(m)	42,989

See accompanying notes to unaudited pro forma condensed consolidated financial statements

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FTI CONSULTING, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	Historical FTI	Historical FD	Adjustments to conform to U.S. GAAP		Historical FD as Adjusted	Pro Forma Adjustments		Pro Forma
			(in thousands, except per share data)					
INCOME STATEMENT DATA								
Revenues	$ 491,092	$ 92,876			$ 92,876			$ 583,968
Direct cost of revenues	276,896	6,732	44,153	(n)	50,885			327,781
Selling, general and administrative expense	121,547	65,520	4,323	(o)	25,690	(4,323)	(q)	143,372
			(44,153)	(n)		458	(r)	
Special Charges	22,972							22,972
Amortization of other intangibles	8,310	2,876	(710)	(o)	2,166	1,519	(s)	11,995
Operating income	61,367	17,748			14,135			77,848
Interest and other expenses, net	(16,105)	(2,749)			(2,749)	(15,804)	(t)	(30,709)
						3,949	(u)	
Litigation settlement gains (losses), net	419							419
Income from operations, before income tax provision	45,681	14,999			11,386			47,558
Income tax provision	21,013	6,010	(2,464)	(p)	3,546	(2,683)	(v)	21,876
Net income	$ 24,668	$ 8,989			$ 7,840			$ 25,682
Earnings per common share								
Basic	$ 0.63							$ 0.63
Diluted	$ 0.61							$ 0.62
Weighted average number of common shares outstanding								
Basic	39,338					1,202	(m)	40,540
Diluted	40,112					1,202	(m)	41,314

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

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NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Adjustments to the unaudited pro forma condensed consolidated balance sheet as of September 30, 2006 and income statements for the year ended December 31, 2005 and the nine months ended September 30, 2006 are presented below:

(a) Adjustment to conform FD s balance sheet and accounting for acquisitions to accounting principles generally accepted in the U.S. to reclassify $14.7 million from goodwill to other accounts as follows:

$22.8 million to other intangible assets, net of $7.8 million of amortization expense; and

$0.3 million to increase retained earnings representing the elimination of $8.1 million of goodwill amortization recognized under U.K. generally accepted accounting principles offset by $7.8 million of intangible asset amortization recognized in conformity with accounting principles generally accepted in the U.S.

(b) Adjustment to reclassify $1.5 million of deferred financing costs from current liabilities to other assets in conformity with accounting principles generally accepted in the U.S.

(c) Adjustment to reflect contingent consideration related to certain business combinations in conformity with accounting principles generally accepted in the U.S. including:

$5.8 million of compensation expense to be recognized under accounting principles generally accepted in the U.S.; and

$8.1 million to reduce current liabilities and goodwill related to contingent consideration liabilities recorded at the acquisition date.

(d) Adjustment to reflect deferred taxes in conformity with accounting principles generally accepted in the U.S.

(e) Adjustment to record the issuance of $215.0 million of our 7 3/4 senior notes due 2016 and $40.0 million of revolving line of credit borrowings under our amended and restated senior secured credit facility, net of the payment of related fees and expenses that we estimate will be $9.2 million.

(f) Adjustment to reflect the use of $225.8 million of proceeds from the Financing Transactions, including $5.2 million of fees and expenses, to acquire FD and record the related purchase price allocation adjustments. The purchase price allocation adjustments include the adjustments listed in (h) through (m) below.

(g) Adjustment to record the use of $25.4 million to repay bank debt of FD.

(h) Adjustment to eliminate $44.9 million of goodwill on FD s historical balance sheet and record $183.5 million of goodwill resulting from the Acquisition.

(i)

Adjustment to eliminate $15.0 million of other intangible assets on FD s historical balance sheet and record $65.7 million of other intangible assets resulting from the Acquisition.

(j) Adjustment to eliminate $41.1 million of long-term debt, including the current portion of $2.2 million and the long-term portion of $38.9 million, along with accrued interest of $10.2 million and $1.5 million of related deferred financing fees which we are not assuming as part of the Acquisition.

(k) Adjustment to reflect the assumed issuance of $6.9 million of notes in connection with the Acquisition of which $3.44 million is recorded in the current portion of long-term debt and $3.44 million is recorded as long-term assuming the loan notes will be repaid over two years.

(l) Adjustment to eliminate stockholders equity from FD s historical balance sheet.

(m) Adjustment to reflect the assumed issuance of 1.2 million shares of our common stock valued at $27.9 million in connection with the Acquisition.

(n) Adjustment to reclassify FD s expenses for the year ended December 31, 2005 and the nine months ended September 30, 2006, consistent with our presentation.

(o) Adjustments to present FD s income statement in conformity with accounting principles generally accepted in the U.S. related to the accounting for business combinations. For the year ended December 31, 2005, the adjustments include (i) a $0.3 million adjustment to reduce amortization expense attributable to amortizable intangible assets and (ii) the accrual of $1.4 million of contingent consideration as compensation expense related to certain business combinations completed by FD. For the nine months ended September 30, 2006, the adjustments include (i) a $0.7 million adjustment to reduce amortization expense attributable to amortizable intangible assets and (ii) the accrual of $4.3 million of contingent consideration as compensation expense related to business combinations completed by FD.

(p) Represents the income tax effect of the U.S. GAAP adjustments described in note (o).

(q) In connection with the Acquisition, the terms of FD s contingent consideration agreements were modified such that the consideration was no longer contingent on continued employment. As a result, this adjustment eliminates the compensation expense reflected in note (o).

(r) Adjustment to record $0.6 million and $0.5 million of expense attributable to share-based awards we intend to grant to employees of FD in connection with the Acquisition for the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively.

(s) For the year ended December 31, 2005, the adjustment reflects additional amortization expense of $5.9 million attributable to amortizable intangibles acquired as a result of the Acquisition; offset by the reversal of $2.3 million associated with acquisitions completed by FD. For the nine months ended September 30, 2006, the adjustment reflects additional amortization expense of $3.7 million attributable to amortizable intangibles acquired as a result of the Acquisition; offset by the reversal of $2.2 million associated with acquisitions completed by FD.

(t) Adjustment represents pro forma interest expense calculated using a 7.75% interest rate for the $215.0 million of Notes offered hereby, an assumed interest rate of 7.63% for the $40.0 million of borrowings under our amended and restated senior secured credit facility and an assumed interest rate of 4.1% on $6.9 million of loan notes issued to FD shareholders as a result of the Acquisition, all of which are considered outstanding for each period presented. For the year ended December 31, 2005, the adjustment also includes amortization of deferred financing costs of $0.8 million related to the notes over a ten-year period and $0.3 million related to the borrowings under our revolving line of credit over a five-year period. For the nine months ended September 30, 2006, the adjustment includes amortization of deferred financing costs of $0.6 million related to the notes over a ten-year period and $0.2 million related to the borrowings under our revolving line of credit over a five-year period.

(u) Adjustment to reverse interest expense attributable to FD s long-term debt which we are not assuming as part of the Acquisition.

(v) Represents the income tax effect of the pro forma adjustments described in notes (n) through (u) calculated at our effective tax rate which was 42.0% for the year ended December 31, 2005 and 46.0% during the nine months ended September 30, 2006.

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SELECTED FINANCIAL DATA

We derived the selected financial data presented below for the periods or dates indicated from our consolidated financial statements. The consolidated financial statements as of and for the years ended December 31, 2001, 2002, 2003, 2004 and 2005 were audited by Ernst & Young LLP, an independent registered public accounting firm. Our audited consolidated financial statements as of December 31, 2004 and 2005 and for each of the three years in the period ended December 31, 2005 and our unaudited consolidated financial statements as of September 30, 2006 and for the nine months ended September 30, 2005 and 2006 are included elsewhere in this prospectus. We prepared the summary unaudited interim consolidated financial data on a basis consistent with the audited consolidated financial statements as of and for the year ended December 31, 2005, except as noted below related to share-based payments. In management s opinion, the unaudited interim consolidated financial data reflects all adjustments that are necessary for a fair presentation of the results for the interim periods presented. All adjustments made were normal and recurring accruals. You should not expect the results of operations for the interim periods to necessarily be an indication of the results for a full year or any future period. You should read the following data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

Acquisitions. Our results of operations and financial position for the periods presented were impacted by our acquisition activities. We acquired the following businesses in transactions accounted for as purchase business combinations.

- During 2002, we acquired the U.S. Business Recovery Services division of PwC.
- During the fourth quarter of 2003, we acquired Ten Eyck Associates, Lexecon, Inc. and the dispute advisory services business of KPMG LLP.
- During 2005, we acquired the Ringtail group and Cambio.
- During the first quarter of 2006, we acquired Compass.
- During the third quarter of 2006, we acquired International Risk Limited and Brower, Kriz & Stynchcomb.

Share-Based Payments. Effective January 1, 2006, we adopted Statement No. 123(R) using the modified prospective transition method under which prior period amounts are not restated for comparative purposes. In 2006, we began to recognize expense associated with all share-based awards based on the grant-date fair value of the awards. As a result of adopting Statement No. 123(R), our results of operations are different than they would have been if we had continued to account for share-based compensation under APB Opinion No. 25. See Recent Events Affecting Our Operations for the financial statement impact.

Revenues. In December 2005, we received a $22.5 million success fee in connection with the resolution of a legal case involving a bankrupt estate for which we served as fiduciary for several years. We used approximately $13.0 million of the proceeds to compensate professionals in the corporate finance/restructuring practice who participated in the assignment and to provide incentive compensation for other employees. This amount was recorded as accrued compensation in our consolidated balance sheet as of December 31, 2005.

Special Charges. Special charges primarily consist of severance and other contractual employee related costs associated with reductions in workforce. See Note 7 to our condensed consolidated financial statements included elsewhere in this prospectus.

Amortization. Effective January 1, 2002, we adopted Statement of Financial Accounting Standards, or SFAS, No. 142, *Goodwill and Other Intangible Assets*, Under SFAS No. 142, we no longer amortize goodwill and intangible assets with indefinite useful lives, but we are required to test these assets for impairment at least annually.

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Interest Expense, Net. For the year ended December 31, 2004, interest expense, net, includes a $475,000 discount on a note receivable due from the purchaser of one of our former subsidiaries. We discounted this note by $475,000 in exchange for payment of the note ahead of its maturity in 2010. We received this prepayment in January 2005.

On January 1, 2003, we adopted Statement of Financial Accounting Standards No. 145, *Rescission of FASB Statements No. 4, 44 and 64*, *Amendment of FASB Statement No. 13*, and Technical Corrections. Among other changes, Statement No. 145 rescinds Statement No. 4, which required all gains and losses from extinguishments of debt to be aggregated and classified as an extraordinary item, net of the related tax effect. Statement No. 145 provides that gains and losses from extinguishments of debt should be classified as extraordinary items only if they are unusual or infrequent or they otherwise meet the criteria for classification as an extraordinary item, and observes that debt extinguishment transactions would seldom, if ever, result in extraordinary item classification of the resulting gains and losses. Accordingly, we have included losses on retirement of debt in interest expense of $0.8 million for the year ended December 31, 2003 and $1.7 million for the year ended December 31, 2005 and the nine months ended September 30, 2005.

Discontinued Operations. In 2002, we committed to a plan to sell our applied sciences practice which we sold in 2003. Because we eliminated the operations and cash flows of the business components comprising the applied sciences practice from our ongoing operations as a result of the disposal transactions, and because we do not have any significant continuing involvement in the operations after the disposal transactions, we have presented the results of the applied sciences practice s operations as a discontinued operation for all periods.

Ratio of Earnings to Fixed Charges. For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations, before income taxes plus fixed charges. Fixed charges consist of:

- interest on all indebtedness and amortization of deferred financing costs; and
- the portion of rental expense that we believe is representative of interest.

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	Year Ended December 31, 2001	2002	2003	2004	2005	Nine Months Ended September 30, 2005 (unaudited)	2006
	(in thousands, except per share data)						
INCOME STATEMENT DATA							
Revenues	$ 122,317	$ 224,113	$ 375,695	$ 427,005	$ 539,545	$ 373,720	$ 491,092
Direct cost of revenues	59,074	108,104	176,429	234,970	291,592	202,878	276,896
Selling, general and administrative expense	33,085	51,647	78,701	102,060	126,807	89,110	121,547
Loss on abandoned facilities				4,670	920	920	
Special charges			3,060				22,972
Amortization of other intangible assets	4,235	1,033	3,680	6,836	6,534	4,309	8,310
Operating income	25,923	63,329	113,825	78,469	113,692	76,503	61,367
Interest and other expenses, net	(4,356)	(4,717)	(4,196)	(6,086)	(14,876)	(9,879)	(16,105)
Litigation settlement gains (losses), net				1,672	(1,629)	(991)	419
Income from continuing operations before income tax provision	21,567	58,612	109,629	74,055	97,187	65,633	45,681
Income tax provision	8,621	23,704	44,838	31,177	40,819	27,566	21,013
Income from continuing operations	12,946	34,908	64,791	42,878	56,368	38,067	24,668
Income from operations of discontinued operations, net of income tax provision	3,523	3,145	1,649				
Loss from sale of discontinued operations, net of income tax provision (benefit)		(891)	(6,971)				
Income (loss) from discontinued operations	3,523	2,254	(5,322)				
Net income	$ 16,469	$ 37,162	$ 59,469	$ 42,878	$ 56,368	$ 38,067	$ 24,668
Earnings per common share basic							
Income from continuing operations	$ 0.48	$ 1.09	$ 1.58	$ 1.02	$ 1.38	$ 0.91	$ 0.63
Net income	$ 0.61	$ 1.16	$ 1.45	$ 1.02	$ 1.38	$ 0.91	$ 0.63
Earnings per common share diluted							
(Loss) Income from continuing operations	$ 0.44	$ 1.02	$ 1.54	$ 1.01	$ 1.35	$ 0.90	$ 0.61
Net income	$ 0.56	$ 1.09	$ 1.41	$ 1.01	$ 1.35	$ 0.90	$ 0.61
OTHER DATA							
Ratio of earnings to fixed charges	4.8x	9.2x	14.3x	8.3x	5.9x	6.1x	3.1x

	December 31, 2001	2002	2003	2004	2005	September 30, 2006 (unaudited)
BALANCE SHEET DATA						
Cash and cash equivalents	$ 12,856	$ 9,906	$ 5,765	$ 25,704	$ 153,383	$ 22,491
Working capital	28,766	13,778	14,933	60,241	193,208	144,487
Total assets	159,098	430,531	660,565	703,827	959,464	1,030,877
Long-term debt, including current portion and fair value hedge adjustment	28,166	97,833	121,250	105,000	348,431	348,403
Stockholders equity	105,136	267,975	455,156	496,154	454,269	511,531

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this section is to discuss and analyze the consolidated financial condition, liquidity and capital resources and results of operations of FTI Consulting, Inc. without giving effect to the Transactions, except where otherwise expressly noted. You should read this analysis in conjunction with the consolidated financial statements and notes that appear elsewhere in this prospectus. This section contains certain forward-looking statements within the meaning of federal securities laws that involve risks and uncertainties, including statements regarding our plans, objectives, goals, strategies and financial performance. Our actual results could differ materially from the results anticipated in these forward-looking statements as a result of factors set forth under Cautionary Notice Regarding Forward-Looking Statements and Risk Factors and elsewhere in this prospectus.

Overview

We are a leading global firm that organizations rely on when confronting the critical legal, financial and reputational issues that shape their futures. We provide advice and solutions to major corporations, financial institutions and law firms in the areas of forensic analysis, investigation, economic analysis, restructuring, due diligence, strategic communication, financial communication and technology.

Through our forensic/litigation practice, we provide an extensive range of services to assist clients in all phases of litigation, including pre-filing, discovery, jury selection, trial preparation, expert testimony and other trial support services. Specifically, we help clients assess complex financial transactions, reconstruct events from incomplete and/or corrupt data, uncover vital evidence, identify potential claims and assist in the pursuit of financial recoveries and settlements. Through the use of proprietary information technology, we have demonstrated our ability to help control litigation costs, expedite the trial process and provide our clients with the ability to readily organize and access case-related data. Our graphics services at trial and technology and electronic evidence experts assist clients in preparing for and presenting their cases in court.

Our corporate finance/restructuring practice assists underperforming companies as they make decisions to improve their financial condition and operations. We analyze, recommend and implement strategic alternatives for our corporate finance/restructuring clients, such as interim management in turnaround situations, rightsizing infrastructure, assessing long-term viability, transaction advisory and business strategy consulting. We lead and manage the financial aspects of in-court restructuring processes by offering services that include an assessment of the impact of a bankruptcy filing on the client s financial condition and operations. We also assist our clients in planning for a smooth transition into and out of bankruptcy, facilitating the sale of assets and arranging debtor-in-possession financing.

Through our economic consulting practice, we deliver sophisticated economic analysis and modeling of issues arising in mergers and acquisitions and other complex commercial and securities litigation. Our services include providing advice and testimony related to:

- antitrust and competition issues that arise in the context of potential mergers and acquisitions;

- other antitrust issues, including alleged price fixing, cartels and other forms of exclusionary behavior;

- the application of modern finance theory to issues arising in securities litigation; and

- public policy studies on behalf of companies, trade associations and governmental agencies.

Our statistical and economic experts help companies evaluate issues such as the economic impact of deregulation on a particular industry or the amount of commercial damages suffered by a business. We have deep industry experience in such areas as commercial and investment banking, telecommunications, energy, transportation, healthcare and pharmaceuticals. Our professionals have experience providing testimony in the following areas: fraud, damages, lost profits, valuation, accountant s liability and malpractice, contract disputes, patent infringement, price fixing, purchase price disputes, solvency and insolvency, fraudulent conveyance, preferences, disclosure statements, trademark and copyright infringement and the financial impact of government regulations.

Beginning in January 2006, we began to manage our technology practice as a separate reportable operating segment. Prior to 2006, our technology business was combined with our forensic/litigation consulting practice. Our technology consulting segment consists of our electronic evidence and e-discovery practice group, the complex litigation data analysis practice group, the software development group and our application services provider and document analytics business. Our repository services offer clients a secure extranet and web-hosting service for critical information. Previously, our technology practice was managed within our forensic/litigation practice. We have presented estimated 2005 segment results to compare to our 2006 presentation. However, if our technology practice had been managed as a separate segment during 2005, our actual results may have differed significantly as items such as direct bonuses and allocations of selling, general and administrative expenses may have been computed differently.

We manage FD, which we acquired as of October 4, 2006, as our strategic communications consulting segment. Through our strategic communications practice, we provide advice and consulting related to financial communications, brand communications, public affairs and issues management and business consulting. Our financial communications service offerings include strategic boardroom advice, financial calendar support, mergers and acquisitions transactions, investor relations, financial and business media relations, capital market intelligence, initial public offerings, debt markets, corporate restructuring, proxy solicitation, corporate governance, corporate social responsibility advice and regulatory communications. The brand communications practice provides creative services to build consumer and business-to-business brands. Its communication service offerings include strategic marketing advice, business-to-business marketing consultancy, media relations, brand consultancy and repositioning, qualitative and quantitative research, sponsorship consultancy, thought leadership consultancy, launch and event management, strategy and event management and consumer communications. The public affairs and issues management practice helps to shape messages to policymakers and respond to crisis situations. The services of public affairs include political intelligence, policy formation, political and media campaigns, third party and coalition mobilization, state aid, monopoly and anti-trust regulatory affairs. The services of issues management include business continuity planning, crisis communications planning, crisis handling, media relations, reputation rehabilitation and simulation exercises. The business consulting practice has dedicated teams providing strategic advice and solving business problems by utilizing world-class research and methodologies. The consulting services offered include corporate strategy, growth strategy, cost management, mergers and acquisitions, organization, performance improvement, private equity and revenue enhancement.

Recent Events Affecting Our Operations. Effective January 1, 2006, we adopted Statement No. 123(R) using the modified prospective transition method under which prior period amounts are not restated for comparative purposes. In 2006, we began to recognize expense in our statement of operations associated with all share-based awards based on the grant-date fair value of the awards. As a result of adopting Statement No. 123(R), our results of operations are different than they would have been if we had continued to account for share-based compensation under APB Opinion No. 25. If we had continued to account for share-based compensation under APB Opinion No. 25:

- for the three months ended September 30, 2006,
  - our income before income taxes would have been $2.8 million higher;
  - our net income would have been $2.0 million higher;
  - our basic earnings per share would have been $0.05 higher than our reported basic loss per share of $0.01; and
  - our diluted earnings per share would have been $0.05 higher than our reported diluted loss per share of $0.01; and

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for the nine months ended September 30, 2006,

- our income before income taxes would have been $8.3 million higher;
- our net income would have been $6.2 million higher;
- our basic earnings per share would have been $0.15 higher than our reported basic earnings per share of $0.63; and
- our diluted earnings per share would have been $0.15 higher than our reported diluted earnings per share of $0.61.

As of September 30, 2006, there was $17.9 million of unrecognized compensation cost related to unvested stock options, net of forfeitures. That cost is expected to be recognized ratably over a weighted-average period of 3.8 years as the options vest. See note 2 to our unaudited condensed consolidated financial statements for more detailed information.

In January 2006, we completed our acquisition of Competition Policy Associates, Inc., or Compass. The total acquisition cost, net of post-closing adjustments, was about $73.4 million consisting of net cash of $46.9 million, $0.4 million of transaction costs and 909,346 restricted shares of common stock valued at $26.1 million. Compass is a top competition economics consulting firm, with offices in Washington, D.C. and San Francisco. Compass provides services that involve sophisticated economic analysis in the context of antitrust disputes, mergers and acquisitions, regulatory and policy debates, and general commercial litigation across a broad range of industries in the United States, Europe and the Pacific Rim. Compass operates as part of our economic consulting group.

Through September 30, 2006, we have entered into employment arrangements with 28 senior managing directors in our corporate finance practice. Most of these professionals signed employment agreements that cover an initial term of five years and include automatic one-year renewal options. The agreements provide for fixed salary and participation in compensation payment plans (for the practice group, including incentive awards based on financial measures such as earnings before interest, income taxes, depreciation of property and equipment and amortization of other intangible assets, or EBITDA.) The employment agreements also provide for initial and periodic equity incentives in the form of stock options or restricted share-based awards. The initial grants of equity incentive awards generally vest over a six-year period. Periodic equity awards will, in most cases, vest over periods ranging from three to five years. In lieu of paying cash signing bonuses, we also extended unsecured general recourse forgivable loans to professionals, provided they were not executive officers. All or a portion of the loans may be forgiven in certain circumstances after the fifth year of service. We believe the loan arrangements enhance our ability to attract and retain senior professionals. The forgivable loans require repayment in full prior to the fifth year of service if the employee s employment terminates, based on certain events specified in the agreement. If the employee s employment terminates after the fifth year of service all or a portion of the principal amount of the loan and accrued interest could be forgiven. In connection with the agreements we entered into during the nine months ended September 30, 2006,

- we issued stock options to purchase a total of 670,000 shares of common stock at exercise prices equal to the fair market value of our common stock in each case as of the date that was the later of the date of approval by our Compensation Committee or the effective date of the new employment agreement entered into by the employee;
- we issued 98,000 restricted share awards; and

we funded $21.7 million of forgivable loans provided to senior managing directors in the corporate finance/restructuring practice who entered into new employment arrangements during the period.

During the nine months ended September 30, 2006, we issued forgivable loans and refundable signing bonuses totaling about $40 million.

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Long-term employment agreements generally provide for salary continuation benefits, accrued bonuses, accelerated vesting of equity awards and other benefits beyond the termination date if the professional leaves our employ for certain reasons prior to the agreement s expiration date. The length and amount of payments we make, following the termination or resignation of a professional who is a party to a long-term employment agreement, varies depending on whether the professional resigned or was terminated with cause or good reason, resigned or was terminated without cause or good reason, died or became disabled, retired or was terminated as a result of a change of control. Our employment agreements generally contain non-competition and non-solicitation covenants, which under various circumstances, may extend beyond the applicable expiration or termination date depending upon the reason for termination. Under the non-competition covenants, the professional generally agrees not to offer or perform consulting services of the type performed during his employment, directly, or indirectly through another person or entity, in competition with us, within specified geographic areas, subject, in some cases, to certain exceptions. Generally, the professional also agrees not to solicit business regarding any case, matter or client the professional worked on our behalf, or to solicit, hire, or influence the departure of any of our employees, consultants or independent contractors. Under the general terms of the long-term employment agreement, the professional also agrees to maintain the confidentiality of our proprietary information and affirm that we are the owners of copyrights, trade marks, patents and inventions developed during the course of employment.

In July 2006, we completed our acquisition of International Risk Limited which is headquartered in Hong Kong. The total acquisition cost was about $12.0 million consisting of $9.0 million in cash and 114,618 restricted shares of common stock valued at $3.0 million. The purchase agreement also provides future contingent consideration based on specified financial objectives over the next 6 years. International Risk provides comprehensive business risk solutions including investigative due diligence services, fraud and corporate investigations, business intelligence, brand protection and intellectual property strategies, political risk assessments and crisis containment services. International Risk provides services to clients in Asia, Europe and the United States and operates as part of our forensic/litigation practice.

In September 2006, we completed our acquisition of Brower, Kriz & Stynchcomb, or BKS, a construction consulting firm based in Maryland specializing in critical path method schedule development, technical schedule review and progress evaluation. The total acquisition cost was about $11.5 million consisting of $10.5 million in cash and 40,816 restricted shares of common stock valued at $1.0 million. The purchase agreement also provides future contingent consideration based on specified financial objectives over the next 5 years. BKS operates as part of our forensic/litigation practice.

During the third quarter of 2006, we recorded special charges totaling $23.0 million. The charges reflect actions we took to address certain underperforming operations. In particular, we restructured our corporate finance U.K. operations and consolidated certain of our non-core practices in the United States, primarily through reductions in workforce. The charges consist of:

- $22.1 million of severance and other contractual employee related costs associated with the reduction in workforce, including $0.6 million related to the accelerated vesting of share-based awards; and

- a $0.9 million non-cash intangible impairment charge associated with the contract backlog we acquired in May 2005 in connection with our acquisition of Cambio Health Solutions.

These actions had the impact of reducing total headcount by 61, including 51 of our revenue-generating professionals. We reduced the number of revenue-generating professionals by 11 in our forensic/litigation practice, by 21 in our corporate finance/restructuring practice and by 19 in our economic consulting practice. We expect to make cash payments in connection with the reduction in workforce during the remainder of 2006 and continuing through 2008.

Transactions Affecting our Operations after September 30, 2006. On October 3, 2006, we completed the issuance and sale in a private placement of the old notes, generating net cash proceeds of $207.5 million after

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deducting fees and expenses and the initial purchasers discounts. Cash interest is payable semiannually beginning April 1, 2007 at a rate of 7.75% per year.

In October 2006, we completed our acquisition of approximately 97% of the share capital of FD, a global strategic business and financial communications consulting firm headquartered in London. FD provides consulting services related to financial communications, brand communications, public affairs and issues management and strategy development. The total acquisition cost (including the cost of acquiring the approximately 3% of the share capital of FD that is outstanding) is anticipated to be approximately $260.6 million, including transaction costs. The total acquisition cost consists of approximately $225.8 million in cash, approximately 1.2 million shares of restricted common stock, loan notes payable to the certain sellers of FD shares in the aggregate principal amount of approximately $6.9 million, and deferred purchase obligations. We funded the cash portion of the purchase price through the issuance of the old notes and borrowings of $40.0 million under our amended and restated senior secured credit facility.

Financial and Operating Overview. We derived substantially all of our revenues from providing professional services to our clients in the United States. Over the past several years the growth in our revenues and profitability has resulted primarily from the acquisitions we have completed and also from our ability to attract new and recurring engagements. As a result of our acquisition of FD, a larger percentage of our revenues will be generated from services we provide outside of the U.S.

Most of our services are rendered under time-and-expense arrangements that require the client to pay us a fee for the hours that we incur at agreed upon rates. Under this type of arrangement, we also bill our clients for reimbursable expenses, which may include the cost of the production of our work products and other direct expenses that we incur on behalf of the client, such as travel costs and materials that we purchase to produce presentations for courtroom proceedings. We also have performance-based engagements in which we earn a success fee if and when certain predefined outcomes occur. This type of success fee may supplement a time-and-expense arrangement. Success fee revenues may cause significant variations in our revenues and operating results due to the timing of achieving the performance-based criteria.

During the three months ended September 30, 2006, our revenues increased $28.9 million, or 21.7%, as compared to the three months ended September 30, 2005. During the nine months ended September 30, 2006, our revenues increased $117.4 million, or 31.4%, as compared to the nine months ended September 30, 2005. Revenues increased in each of our operating segments for the three- and nine-month periods ended September 30, 2006 as compared to 2005. This growth is primarily attributable to an increase in the number of billable professionals we employ, improvements in the general economic conditions under which we operate and the acquisitions we completed during 2005 and 2006. See Results of Operations for a more detailed discussion and analysis of our financial results.

During the year ended December 31, 2005, our revenues increased $112.5 million, or 26.4%, as compared to the year ended December 31, 2004. Revenues increased in each of our operating segments for the year ended December 31, 2005 as compared to 2004. This growth is primarily attributable to an increase in the number of billable professionals we employ, improvements in the general economic conditions under which we operate and the acquisitions of Ringtail and Cambio completed during 2005. In addition, during December 2005 we received a $22.5 million success fee which contributed to the increase.

During the year ended December 31, 2004, our revenues increased $51.3 million, or 13.7%, as compared to the year ended December 31, 2003. Revenues increased by 73.3% in our forensic/litigation/technology practice and by 397.5% in our economic consulting practice. This growth was almost entirely due to the acquisitions we completed during the fourth quarter of 2003 and to a lesser extent from internal growth. Although total revenues increased, the reduced volume of new business in the restructuring market and the unanticipated departure of a number of billable professional staff in our corporate finance/restructuring practice resulted in a 36.4% decrease in revenues from those services during 2004 as compared to 2003.

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Our financial results are primarily driven by:

- the utilization rates of the billable professionals we employ;
- the number of billable professionals we employ;
- the rates per hour we charge our clients for service;
- the number and size of engagements we secure; and
- demand for our software products and other technology services.

Utilization Rates of Billable Professionals

We calculate the utilization rate for our professionals by dividing the number of hours that all of our professionals worked on client assignments during a period by the total available working hours for all of our professionals, assuming a 40-hour work week and a 52-week year. Available working hours include vacation and professional training days, but exclude holidays. Utilization rates are presented for each of our segments that primarily bill clients on an hourly basis. While we began to manage our technology practice as a separate reportable operating segment in 2006, we have not presented a utilization rate for this segment as more than half of its revenues are not generated on an hourly basis.

	Year Ended December 31,		
	2003	2004	2005
Forensic/Litigation	70%	74%	76%
Corporate Finance/Restructuring	91%	82%	82%
Economic Consulting	82%	78%	82%

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2005	2006	Percentage Change	2005	2006	Percentage Change
Forensic/Litigation	72%	73%	1.4%	76%	78%	2.6%
Corporate Finance/Restructuring	79%	73%	(7.6)%	82%	76%	(7.3)%
Economic Consulting	80%	76%	(5.0)%	84%	80%	(4.8)%

Utilization of our professionals is affected by a number of factors, including:

- the number, size and timing of client engagements;
- the hiring of new professionals, which generally results in a temporary drop in our utilization rate during the transition period for new hires;

our ability to forecast demand for our services and thereby maintain an appropriate level of professionals;

conditions affecting the industries in which we practice as well as general economic conditions;

the timing of staff vacations; and

conditions affecting the industries in which we practice as well as general economic conditions.

Three and nine months ended September 30, 2006 compared to three and nine months ended September 30, 2005

During the three- and nine-month periods ended September 30, 2006, our utilization rates decreased as compared to 2005 in our corporate finance/restructuring and economic consulting practices. The utilization of professionals in our corporate finance/restructuring practice decreased primarily due to a decrease in the number of bankruptcy cases in the United States which has caused a decline in demand for our restructuring and

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turnaround services. In addition, our corporate finance/restructuring group in the U.K. was underperforming and experienced low utilization rates. We took actions to reduce our workforce in the U.K. As a result, we expect utilization rates to improve in our corporate finance/restructuring practice. The utilization of professionals in our economic consulting practice decreased primarily due to an acquisition we completed on July 31, 2005. These professionals who provide strategy and brand consulting services have a lower utilization rate than we have historically experienced. In addition, demand for our economic consulting services was very high during 2005 and the first quarter of 2006 and began to decline to more normal levels beginning in the second quarter of 2006.

Our utilization rate is highly impacted by seasonal factors such as the vacation of our staff as well as client personnel. As a result, utilization rates are lower during the summer months of the third quarter than we experience during the first half of the year.

Year ended December 31, 2005 compared to year ended December 31, 2004

During the year ended December 31, 2005, our utilization rates increased as compared to 2004 in our forensic/litigation and economic consulting practices. The increased utilization rate in our economic consulting practice is primarily attributable to larger client assignments in 2005 as compared to 2004 and to more robust market conditions. The increased utilization rate in our forensic/litigation practice for the year ended December 31, 2005 as compared to 2004 is primarily attributable to more robust market conditions in 2005 and also due to the dispute advisory services business of KPMG that we acquired in the fourth quarter of 2003. The overall utilization rate of these professionals was low during 2004 after completion of the acquisition. This had a negative impact on the overall utilization rate for this practice during 2004. Our utilization rate is highly impacted by seasonal factors such as the vacation of our staff as well as client personnel. As a result, utilization rates are lower during the summer months of the third quarter than we experience during the first half of the year.

Year Ended December 31, 2004 compared to year ended December 31, 2003

During the first half of 2003, utilization rates were high and our financial performance was strong across all practice areas. However, during the third quarter of 2003, demand for our corporate finance/restructuring services began to decline, primarily resulting from a strengthening economy coupled with a decline in the volume of new business in the restructuring market. As a result of economic conditions, utilization rates decreased in our corporate finance/restructuring practice during 2003. The unanticipated departures of professionals from this practice area during the first quarter of 2004 resulted in a further reduction to utilization rates beginning in 2004, since these professionals were highly utilized. Beginning in late 2003, we began to mitigate the impact of declining utilization rates by reassigning our corporate finance/restructuring professionals to other practice areas where demand was higher. We also began to more closely manage our professional staffing levels to optimize our utilization rates. We believe we successfully implemented our business strategy as evidenced by the stabilization of the utilization rates generated by this practice area.

During the year ended December 31, 2004, the utilization rate in our forensic/litigation practice was higher than for the same period of 2003. This is primarily attributable to the dispute advisory services business of KPMG that we acquired in the fourth quarter of 2003. The overall utilization rate of these professionals was much lower than we anticipated for the first few months after completion of the acquisition. This had a negative impact on the overall utilization rate of this practice late in 2003 and early in 2004. However, utilization rates improved beginning late in the first quarter of 2004, resulting in a higher utilization rate in 2004 as compared to 2003.

The utilization rate for economic consulting practice in 2004 predominately reflects the results of the Lexecon business we acquired in the fourth quarter of 2003. Prior to the Lexecon acquisition, our economic consulting practice was relatively small and the utilization rates in 2003 primarily reflect the impact of several large engagements that were ongoing at that time.

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Number of Revenue Generating Professionals

Revenue-generating professionals include both billable consultants that generate revenues based on hourly billing rates and other revenue-generating employees who support our customers or develop software products.

	Year Ended December 31,					
	2003		2004		2005	
	Headcount	% of Total	Headcount	% of Total	Headcount	% of Total
Forensic/Litigation/Technology[(1)]	343	41.5%	357	47.9%	485	48.3%
Corporate Finance/Restructuring	305	36.9%	243	32.6%	336	33.4%
Economic Consulting	179	21.6%	145	19.5%	184	18.3%
Total Company	827	100.0%	745	100.0%	1,005	100.0%

(1) The 2005 headcount includes 155 professionals that formed our technology practice beginning in 2006. Prior to 2006, we did not manage our technology practice as a separate reportable operating segment.

	September 30, 2005		September 30, 2006		Percent
	Headcount	% of Total	Headcount	% of Total	Change
Forensic/Litigation	326	33.7%	389	33.5%	19.3%
Corporate Finance/Restructuring	333	34.5%	333	28.6%	
Economic Consulting	171	17.7%	202	17.4%	18.1%
Technology	136	14.1%	238	20.5%	75.0%
Total Company	966	100.0%	1,162	100.0%	20.3%

Three and nine months ended September 30, 2006 compared to three and nine months ended September 30, 2005

The number of revenue-generating professionals was affected by actions we took to reduce our workforce beginning in September 2006. These actions had the impact of reducing the number of revenue-generating professionals by 11 in our forensic/litigation practice, by 21 in our corporate finance/restructuring practice and by 19 in our economic consulting practice. The number of billable employees in the forensic/litigation practice increased primarily due to the acquisitions we completed during the third quarter of 2006. Excluding the impact of the workforce reduction, the number of billable professionals in the corporate finance/restructuring practice increased primarily due to the expansion of our lender and transaction support group that assists lenders and other institutional clients in performing financial due diligence for loans, acquisitions and other transactions, such as stock option accounting issues. The number of billable professionals in the economic consulting practice increased primarily due to the acquisition of Compass in January 2006 that added 26 revenue-generating professionals. The number of revenue-generating employees in our technology practices increased from September 30, 2005 to September 30, 2006 primarily due to increased demand for our services that began during the second half of 2005.

Year ended December 31, 2005 compared to year ended December 31, 2004

The number of revenue-generating employees in the forensic/litigation/technology practice increased from December 31, 2004 to December 31, 2005 due to increased demand for services as well as the acquisition of Ringtail on February 28, 2005. This acquisition added 23 revenue-generating professionals to the forensic/litigation/technology practice. These professionals primarily develop software products. The number of billable professionals in the corporate finance/restructuring practice increased during 2005. In addition, the acquisition of Cambio on May 31, 2005 added 56 revenue-generating professionals to the corporate finance/restructuring practice. During 2005, the number of billable professionals in the economic consulting practice increased in response to increased demand for economic consulting services resulting from improving market conditions.

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Year ended December 31, 2004 compared to year ended December 31, 2003

The number of revenue-generating employees decreased from December 31, 2003 to December 31, 2004 largely due to the decrease in demand for our corporate finance/restructuring services. In addition, during the first quarter of 2004, about 60 professionals departed from our corporate finance/restructuring practice. During the first quarter of 2004, about 35 employees were reorganized from the economic consulting practice to the forensic/litigation/technology practice, resulting in a decrease in the headcount in the practice area.

Average Billable Rate per Hour

We calculate average billable rate per hour by dividing (a) employee revenues for the period; excluding:

- revenues generated from utilizing outside consultants;
- revenues not associated with billable hours;
- revenues resulting from reimbursable expenses; and
- any large success fees not substantially attributable to billable hours generated by our professionals;

by (b) the number of hours worked on client assignments during the same period.

Average billable rates are presented for each of our segments that primarily bill clients on an hourly basis. While we began to manage our technology practice as a separate reportable operating segment in 2006, we have not presented average billable rates for this segment as more than half of its revenues are not generated on an hourly basis.

	Year Ended December 31,		
	2003	2004	2005
Forensic/Litigation/Technology	$ 270	$ 287	$ 275
Corporate Finance/Restructuring	393	407	396
Economic Consulting	270	366	368
Total Company[(1)]	347	343	332

(1) Prior to 2006, we did not manage our technology practice as a separate reportable operating segment. If we had managed our technology practice separate from our forensic/litigation practice, we estimate the average billable rate per hour would have been $284 for our forensic/litigation practice.

	Three Months	Nine Months

	Ended September 30,			Ended September 30,		
	2005	2006	Percent Change	2005	2006	Percent Change
Forensic/Litigation	$ 287	$ 332	15.7%	$ 289	$ 307	6.2%
Corporate Finance/Restructuring	388	417	7.5%	399	402	0.8%
Economic Consulting	368	393	6.3%	375	383	1.9%

Average billable rates are affected by a number of factors, including:

- the relative mix of our billable professionals (utilization and number of billable professionals at varying levels of billing rates);
- our standard billing rates, which we have increased across all practices;
- our clients perception of our ability to add value through the services we provide;
- the market demand for our services;
- introduction of new services by our competitors;

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- the pricing policies of our competitors;

- the mix of services that we provide;

- the level of revenue realization adjustments made during the period, including adjustments for potential or court ordered fee and expense adjustments; and

- general economic conditions.

Three and nine months ended September 30, 2006 compared to three and nine months ended September 30, 2005

Average billable rate per hour increased in our forensic/litigation practice primarily due to planned increases in billing rates during the third quarter of 2005 and the first and third quarters of 2006. Average billable rate per hour increased in our corporate finance/restructuring practice during the three and nine months ended September 30, 2006 as compared to 2005 primarily due to improved realization, higher success fees and a change in staff mix. Average billable rate per hour increased in our economic consulting practice during the three months ended September 30, 2006 as compared to 2005 primarily to due to planned billing rate increases implemented by Compass during the quarter. During the nine months ended September 30, 2006 as compared to 2005, the increase in average billable rate for the economic consulting practice was primarily due to planned billing rate increases implemented by our Lexecon group in January of 2006 and to a lesser extent due to the acquisition of Compass.

Year ended December 31, 2005 compared to year ended December 31, 2004

Average billable rate per hour decreased in our forensic/litigation/technology practice for the year ended December 31, 2005 as compared to 2004 primarily due to an increase in the proportion of billable professionals at lower levels, resulting in lower billing rates relative to the prior year. Our corporate finance/restructuring practice implemented bill rate increases during the second quarter of 2004, during the third quarter of 2004 as a result of promotions and again during the first quarter of 2005. However, the average billable rate per hour decreased in this practice primarily due to the following:

Changes in staff mix consisting of:

- a 169.3% increase from 2004 to 2005 in the number of billable hours at the lowest billing rate levels as compared to a 15.6% increase in the number of billable hours at the highest levels; and

- an increase in utilization of the professionals at the lowest billing rate levels from 2004 compared to 2005 while utilization of the highest billing professionals decreased during the same period; and

- an increase in realization adjustments.

Average billable rate per hour increased in our economic consulting practice primarily due to an increase in demand for these services and fee increases implemented in the first and third quarters of 2005 offset by higher utilization of professionals at lower billing rate levels.

Year ended December 31, 2004 compared to year ended December 31, 2003

Our average billable rate per hour increased across all practice areas for the year ended December 31, 2004 as compared to 2003. The improvement in average billable rates by practice area is the result of several factors, including:

- bill rate increases implemented throughout our corporate finance/restructuring practice during the second quarter of 2004, and as a result of promotions during the third quarter of 2004;
- a change in the mix of billable professionals in our corporate finance/restructuring practice, which resulted in an increasing percentage of our professional employees being billable at higher rates; and
- an increase in the billable rates in our economic practice attributable to the Lexecon acquisition.

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Although average billable rates increased across all of our practice areas during 2004 as compared to 2003, the total company average billable rate decreased. This decrease is due to a larger percentage of our business being generated in 2004 by the forensic/litigation/technology practice which has lower billable rates than our corporate finance/restructuring practice. In 2003, our corporate finance/restructuring practice accounted for 68.0% of our consolidated revenues, while in 2004, our corporate finance/restructuring practice accounted for 38.1% of our consolidated revenues. At the same time, the percentage of consolidated revenues generated by our forensic/litigation/technology practice increased from 27.4% during 2003 to 41.8% during 2004.

Segment Profits

We evaluate the performance of our operating segments based on income before income taxes, net interest expense, depreciation, amortization, special charges and corporate selling, general and administrative expenses, which we refer to as segment profits. Segment profit consists of the revenues generated by that segment, less the direct costs of revenues and selling, general and administrative costs that are incurred directly by that segment as well as an allocation of some centrally managed costs, such as information technology services, marketing and facility costs. Unallocated corporate costs include costs related to other centrally managed administrative costs. These administrative costs include corporate office support costs, costs relating to accounting, human resources, legal, company-wide business development functions, as well as costs related to overall corporate management.

Three and nine months ended September 30, 2005 compared to three and nine months ended September 30, 2006

	2005		2006		
	Segment Profits	% of Segment Revenues	Segment Profits	% of Segment Revenues	Percent Change
			(dollars in thousands)		
Three Months Ended September 30,					
Forensic/Litigation	$ 9,564	25.1%	$ 13,352	28.5%	39.6%
Corporate Finance/Restructuring	14,084	28.4%	12,026	23.7%	(14.6)%
Economic Consulting	7,211	25.4%	7,631	22.1%	5.8%
Technology	7,222	42.2%	11,346	37.9%	57.1%
Corporate	(7,803)		(9,644)		(23.6)%
Total Company	$ 30,278	22.7%	$ 34,711	21.4%	14.6%
Nine Months Ended September 30,					
Forensic/Litigation	$ 33,862	29.5%	$ 39,702	27.9%	17.2%
Corporate Finance/Restructuring	41,281	30.5%	36,412	23.5%	(11.8)%
Economic Consulting	19,880	24.4%	25,877	23.9%	30.2%
Technology	16,782	39.8%	34,270	39.8%	104.2%
Corporate	(23,676)		(33,799)		(42.8)%
Total Company	$ 88,129	23.6%	$ 102,462	20.9%	16.3%

Segment profits increased by $4.4 million for the three-month period ended September 30, 2006 as compared to 2005 and by $14.3 million for the nine-month period ended September 30, 2006 as compared to 2005. The increase in segment profits for the three- and nine-month periods ended September 30, 2006 as compared to 2005 was driven by several factors, including the following:

a $3.8 million and a $5.8 million increase attributable to our forensic/litigation practice. The increase was primarily due to planned billing rate increases implemented in the first and third quarters of 2006 and improvements in segment profit related to a large client assignment that was substantially completed during the first quarter of 2006 that resulted in higher than normal utilization rates during that quarter. In addition, the acquisitions we completed during the third quarter of 2006 contributed $0.8 million to the increase.

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a $2.1 million and a $4.9 million decrease in segment profits attributable to our corporate finance/restructuring practice. Segment profits declined primarily due to our operations in the U.K. which experienced a $1.8 million quarterly decline and a $5.6 million year-to-date decline in segment profits where the growth in compensation expense significantly exceeded the growth in revenues. The acquisition of Cambio contributed $2.7 million to the decrease in segment profits for the three-month period and $0.2 million to the decrease for the nine-month period. We also increased our investment in our current and recently hired professionals. As described above, we entered into new employment agreements with our current senior managing directors in this practice during 2006 that also resulted in an increase in salary expense, an increase in share-based compensation expense and an increase in expense related to the forgivable loans granted in connection with employment contract renewals. The increase in compensation related expenses relating to newly hired senior professionals coupled with a decrease in utilization rates has also resulted in a decrease of segment profits in this practice. Segment profits for our investment banking practice increased by $1.9 million during the three-month period and by $1.5 million during the nine-month period primarily due to a success fee earned during the third quarter of 2006.

a $0.4 million and a $6.0 million increase attributable to our economic consulting practice. For the three-month period, segment profits increased $2.5 million due to our acquisition of Compass offset by the performance of certain non-core practices. For the nine-month period, segment profits increased $8.1 million due to our acquisition of Compass also offset by the performance of certain non-core practices.

a $4.1 million and a $17.5 million increase attributable to our technology practice primarily driven by $0.6 million and $5.1 million of increased segment profits for Ringtail and an increase in demand for our technology services and products. Growth in our technology segment is being driven by the offerings of end-to-end solutions to our customers and the addition of a technical sales team, resulting in increasing sales of our electronic evidence and other services.

a $1.8 million and a $10.1 million increase in corporate segment costs that consist primarily of the change in selling, general and administrative expense which is discussed in more detail below under Results of Operations Selling, General and Administrative Expense.

Following is a detail by segment of the special charges, as described above under Recent Events Affecting Our Operations :

Forensic/Litigation	$ 9,890
Corporate Finance/Restructuring	7,740
Economic Consulting	4,148
Technology	
Corporate	1,194
Total Company	$ 22,972

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	Year Ended December 31,					
	2003		2004		2005	
	Segment Profits	% of Segment Revenues	Segment Profits	% of Segment Revenues	Segment Profits	% of Segment Revenues
	(dollars in thousands)					
Forensic/Litigation/Technology	N/A	N/A	$ 50,556	28.3%	$ 70,380	32.0%
Corporate Finance/ Restructuring	N/A	N/A	50,714	31.2%	70,809	33.6%
Economic Consulting	N/A	N/A	19,333	22.5%	24,254	22.4%
Corporate	(18,720)	N/A	(26,185)	N/A	(33,857)	N/A
Total	$ 123,537	32.9%	$ 94,418	22.1%	$ 131,586	24.4%

N/A Not available

Year ended December 31, 2005 compared to year ended December 31, 2004

The increase in segment profits for the year ended December 31, 2005 as compared to 2004 was driven by several factors, including the following:

a $19.8 million increase attributable to our forensic/litigation/technology practice. Included in this increase is $8.3 million attributable to the acquisition of Ringtail in February 2005. The remaining increase was due primarily to an increase in the number of billable professionals, coupled with an increase in utilization rates. This resulted in revenues growing at a faster pace than operating costs and thereby generating increased profitability.

a $20.1 million increase attributable to our corporate finance/restructuring practice. Improved segment profits in this practice are primarily attributable to the $22.5 million success fee received in the fourth quarter of 2005, which contributed about $13 million to segment profits after providing for incentive compensation. The acquisition of Cambio contributed $3.6 million to the increase. Segment profits also increased due to an increase in the number of billable professionals and billable hours.

a $4.9 million increase attributable to our economic consulting practice. This increase was due primarily to an increase in the number of billable professionals, and increased utilization of our professionals coupled with increasing average billable rates which results in increased profitability.

offset by a $7.7 million increase in corporate overhead expenses, which is discussed in more detail below under Results of Operations Selling, General and Administrative Expense.

Prior to 2006, we managed our technology practice within our forensic/litigation practice. We estimate that our technology practice had $62.8 million of revenues and generated $25.0 million of segment profits during 2005. Our acquisition of Ringtail contributed $8.3 million to the estimated segment profits in our technology practice. Excluding our technology practice, we estimate that our forensic/litigation practice had revenues of $157.3 million and generated segment profits of $45.4 million during 2005. We have not presented similar comparative information for 2004 and 2003 as the technology practice was not material to our financial results until we acquired Ringtail in 2005. If our technology practice had been managed as a separate segment during 2005, our actual results may have differed significantly as items such as direct bonuses and allocations of selling, general and administrative expenses may have been computed differently.

Year ended December 31, 2004 compared to year ended December 31, 2003

In 2003, we did not operate our business practices as segments. Accordingly, we did not report results of operations by segment for that year.

Total segment profits decreased during the year ended December 31, 2004 as compared to the comparable period of 2003. This decrease was driven by several factors, including:

- the decrease in demand for our corporate finance related services, which began late in the third quarter of 2003;

- the unanticipated departure during the first quarter of 2004 of a number of billable professionals from our corporate finance practice who operated at high utilization rates;
- lower utilization rates generated by the businesses we acquired in late 2003 relative to our historical experience;
- lower gross profit margins generated by our recently acquired businesses, particularly Lexecon, an economic consulting business that operates in a competitive environment that typically generates lower gross margins than those experienced by our forensic and corporate finance practices;
- the increased investment in practice area expansion, including sign-on and direct compensation for several senior level professionals;
- a $4.7 million loss on abandoned facilities recorded in our corporate segment during 2004 related to the relocation and consolidation of our New York City and one of our Saddle Brook, New Jersey offices; and
- an increase in corporate overhead expenses driven largely by increased staffing and consulting costs to support our growing organization, to address the requirements of the Sarbanes-Oxley Act and to further strengthen our corporate governance activities.

During 2004, we addressed the decrease in demand for our services through the voluntary and involuntary turnover of our professionals as well as through reassignments of professionals to other practice areas. Our efforts were successful in neutralizing the impact of decreased demand for our services. Any decrease in revenues without a corresponding reduction in our costs would harm our profitability.

Critical Accounting Policies

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

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

Revenue Recognition. Our services are primarily rendered under arrangements that require the client to pay us on a time-and-expense basis. 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. We recognize revenues from reimbursable expenses in the period in which the expense is incurred. The basis for our policy is the fact that we normally obtain engagement letters or other agreements from our clients prior to performing any services. In these letters and other agreements, the clients acknowledge that they will pay us based upon our time spent on the engagement and at our agreed-upon hourly rates. We are periodically engaged to provide services in connection with client matters where payment of our fees is deferred until the conclusion of the matter or upon the achievement of performance-based criteria. We recognize revenues for these arrangements when all the performance-based criteria are met and collection of the fee is reasonably assured.

Revenues recognized but not yet billed to clients are recorded at net realizable value as unbilled receivables in our consolidated balance sheets. Billings in excess of services provided represent amounts billed to clients, such as retainers, in advance of work being performed.

Some clients pay us retainers before we begin any work for them. We hold retainers on deposit until we have completed the work. We apply these retainers to final billings and refund any excess over the final amount billed to clients, as appropriate, when we complete our work. If the client is in bankruptcy, fees for our professional 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. We make a determination whether to record all or a portion of such a holdback as revenue prior to collection on a case-by-case basis.

Allowance for Doubtful Accounts and Unbilled Services. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our clients to pay our fees or for disputes that affect our ability to fully collect our billed accounts receivable, as well as potential fee reductions or refunds imposed by bankruptcy courts. Even if a bankruptcy court approves of our services, it has the discretion to require us to refund all or a portion of our fees due to the outcome of the case or a variety of other factors. We estimate the allowance for these risks by reviewing the status of all accounts and recording reserves based on our experiences in these cases and historical bad debt expense. 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 the bankruptcy court requires us to refund certain fees, we may need to record additional allowances or write-offs in future periods. This risk is mitigated to the extent that we may receive retainers from some of our clients prior to performing significant services.

The provision for doubtful accounts and unbilled services is recorded as a reduction to revenues to the extent the provision relates to fee adjustments, estimates of refunds that may be imposed by bankruptcy courts and other discretionary pricing adjustments. To the extent the provision relates to a client s inability or unwillingness to make required payments, the provision is recorded as bad debt expense which we classify within selling, general and administrative expense.

Goodwill and Other Intangible Assets. As of September 30, 2006, goodwill and other intangible assets represent 66.0% of our total assets. The majority of our goodwill and other intangible assets were generated from acquisitions we have completed since 2002. Other intangible assets include tradenames, customer relationships, contract backlog, non-competition agreements and software. We make at least annual impairment assessments of our goodwill and intangible assets. In making these impairment assessments, we must make subjective judgments regarding estimated future cash flows and other factors to determine the fair value of the reporting units of our business that are associated with these assets. It is possible that these judgments may change over time as market conditions or our strategies change, and these changes may cause us to record impairment charges to adjust our goodwill and other intangible assets to their estimated implied fair value or net realizable value.

Share-Based Compensation. Effective January 1, 2006, we adopted Statement No. 123(R) and began to recognize expense in our statement of operations associated with all share-based awards based on the grant-date fair value of the awards. Compensation expense related to share-based awards is recognized on a straight-line basis based on the value of share awards that are scheduled to vest during the requisite service period. We use the Black-Scholes option pricing model to estimate the fair value of share-based awards, such as stock options and discounts provided for stock purchases under our employee stock purchase plan. However, we use a lattice model to value options that vest upon the earlier of the achievement of a service condition or the achievement of a market condition. The determination of the fair value of share-based awards using an option pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. Depending upon the model used, those assumptions include estimating:

- the expected term of the award, or the length of time option holders will retain their vested awards;
- the expected volatility of the market price of our common stock over the expected term;
- the risk free interest rate expected during the option term;

the expected dividends to be paid;

the expected post-vesting forfeiture rate; and the expected suboptimal exercise factor, or the ratio by which the stock price must increase before an employee is expected to exercise the option.

We have reviewed each of these assumptions carefully and based on the analysis discussed in note 2 to our unaudited condensed consolidated financial statements determined our best estimate for these variables. Of these assumptions, the expected term of the option, post-vesting forfeiture rate, suboptimal exercise factor and expected volatility of our common stock are the most difficult to estimate since they are based on the exercise behavior of option holders and the expected performance of our common stock. An increase in the volatility of our common stock will increase the amount of compensation expense on new awards. An increase in the expected term of the awards will also cause an increase in compensation expense. An increase in the post-vesting forfeiture rate will cause a decrease in compensation expense as the employee is not likely to hold the option for the contractual term. An increase in the suboptimal exercise factor will cause an increase in the value of the award. Risk-free interest rates are less difficult to estimate, but an increase in the risk-free interest rate will increase compensation expense. We do not currently anticipate paying any dividends on our common stock in the foreseeable future. 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.

Under Statement No. 123(R), share-based compensation expense is based on awards ultimately expected to vest and must be reduced for estimated forfeitures. Forfeitures are estimated at the time an award is granted and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Pre-vesting forfeitures were estimated to be between 0% and 3% based on historical experience. Changes in our estimated forfeiture rate could materially impact our estimate of the fair value of share-based compensation and consequently, the related amount of expense recognized in our consolidated Statement of operations.

If factors change and we employ different assumptions in the application of Statement No. 123(R) in future periods, the compensation expense that we record may differ significantly from what we have recorded in the current period. Therefore, we believe it is important for investors to be aware of the high degree of subjectivity involved when using option pricing models to estimate share-based compensation. The Black-Scholes option-pricing model and other models were developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. Because our stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, we believe the existing models do not necessarily provide a reliable measure of the fair value of our share-based awards. Consequently, there is a risk that our estimates of the fair values of our share-based awards on the grant dates may bear little resemblance to the actual values realized upon the exercise, expiration, early termination or forfeiture of those share-based payments in the future. Some share-based payments, such as stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our financial statements. Alternatively, value may be realized from these instruments that is significantly in excess of the fair values originally estimated on the grant date and reported in our financial statements. There is currently no market-based mechanism nor other practical application to verify the reliability and accuracy of the estimates derived from these valuation models, nor is there a means to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with Statement No. 123(R) using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

Income Taxes. Our income tax provision consists principally of federal and state income taxes. We generate income in a significant number of states located throughout the United States. Our effective income tax rate may fluctuate due to a change in the mix of earnings between higher and lower state 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. We have not recorded any significant valuation allowances on our deferred tax assets as we believe the recorded amounts are more likely than not to be realized. If the assumptions used in preparing our income tax provision differ from those used in the preparation of our income tax return, we may experience a change in our effective income tax rate for the year.

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Results of Operations

Three and nine months ended September 30, 2006 compared to three and nine months ended September 30, 2005

Revenues

	2005		2006		Percent
	Revenues	% of Total	Revenues	% of Total	Change
		(dollars in thousands)			
Three Months Ended September 30,					
Forensic/Litigation	$ 38,096	28.6%	$ 46,833	28.9%	22.9%
Corporate Finance/Restructuring	49,605	37.3%	50,725	31.3%	2.3%
Economic Consulting	28,387	21.3%	34,554	21.3%	21.7%
Technology	17,101	12.8%	29,956	18.5%	75.2%
Total Company	$ 133,189	100.0%	$ 162,068	100.0%	21.7%
Nine Months Ended September 30,					
Forensic/Litigation	$ 114,740	30.7%	$ 142,058	28.9%	23.8%
Corporate Finance/Restructuring	135,441	36.2%	154,729	31.5%	14.2%
Economic Consulting	81,355	21.8%	108,257	22.1%	33.1%
Technology	42,184	11.3%	86,048	17.5%	104.0%
Total Company	$ 373,720	100.0%	$ 491,092	100.0%	31.4%

Revenues for the quarter ended September 30, 2006 increased $28.9 million or 21.7% as compared to the quarter ended September 30, 2005. Revenues for the nine months ended September 30, 2006 increased $117.4 million or 31.4% as compared to the nine months ended September 30, 2005. The increase in revenues is attributable to the following.

Forensic/Litigation Practice. Revenues increased by $8.7 million for the three-month period and by $27.3 million for the nine-month period due to the following:

a $2.1 million increase during the three- and nine-month periods attributable to our acquisition of International Risk during the third quarter of 2006;

a $0.7 million increase during the three- and nine-month periods attributable to our acquisition of Brower, Kriz & Stynchcomb during the third quarter of 2006; and

a $5.9 million increase for the three-month period and a $24.5 million increase for the nine-month period primarily due to a planned bill rate increases that went into effect during the third quarter of 2005 and the first and third quarters of 2006, an increase in the number of billable professionals and a large client assignment which was substantially completed during the first quarter of 2006 that temporarily drove up utilization rates.

Corporate Finance/Restructuring Practice. Revenues increased by $1.1 million for the three-month period and $19.3 million for the nine-month period due to the following:

a $3.2 million decrease and a $6.4 million increase attributable to the acquisition of Cambio that occurred on May 31, 2005;

a $2.2 million and a $11.3 million increase attributable to increases in hourly billing rates as well as increases in the number of billable professionals partially offset by decreased utilization rates and increased realization adjustments;

a $2.1 million increase for the three-month period and a $1.8 million increase for the nine-month period related to our merger and acquisitions group primarily due to a success fee earned during the third quarter of 2006; offset by

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a $0.2 million decrease during the nine-month period in revenues related to our corporate finance operations in the U.K.

Economic Consulting Practice. Revenues increased by $6.2 million for the three-month period and by $26.9 million for the nine-month period. These increases are primarily due to the acquisition of Compass in January 2006 which contributed $5.9 million to the increase in the three-month period and $17.7 million to the increase in the nine-month period. Improving market conditions throughout 2005 and into the first quarter of 2006 also contributed to the increase during the nine-month period.

Technology Practice. Revenues increased by $12.9 million for the three-month period and by $43.9 million for the nine-month period. The acquisition of Ringtail in February 2005 contributed $2.0 million and $9.0 million to the increase. Growth in our technology segment is being driven by the offerings of end-to-end solutions to our customers and the addition of a technical sales team, resulting in increasing sales of our electronic evidence and other services.

Direct Cost of Revenues

	2005		2006		
	Cost of Revenues	% of Segment Total	Cost of Revenues	% of Segment Total	Percent Change
	(dollars in thousands)				
Three Months Ended September 30,					
Forensic/Litigation	$ 21,094	55.4%	$ 24,923	53.2%	18.2%
Corporate Finance/Restructuring	27,067	54.6%	30,350	59.8%	12.1%
Economic Consulting	17,672	62.3%	22,168	64.2%	25.4%
Technology	7,508	43.9%	14,113	47.1%	88.0%
Total Company	$ 73,341	55.1%	$ 91,554	56.5%	24.8%
Nine Months Ended September 30,					
Forensic/Litigation	$ 60,652	52.9%	$ 77,082	54.3%	27.1%
Corporate Finance/Restructuring	71,632	52.9%	93,079	60.2%	29.9%
Economic Consulting	51,129	62.8%	68,584	63.4%	34.1%
Technology	19,465	46.1%	38,151	44.3%	96.0%
Total Company	$ 202,878	54.3%	$ 276,896	56.4%	36.5%

Our direct cost of revenues consists primarily of employee compensation and related payroll benefits, including the amortization of signing bonuses, including bonuses given in the form of forgivable loans, share-based compensation, the cost of outside consultants that we retain to supplement our professional staff, reimbursable expenses, including travel and out-of-pocket expenses incurred in connection with an engagement; depreciation on equipment used to support our client engagements and other related expenses billable to clients. Direct cost of revenues decreased as a percentage of revenues in our forensic/litigation practice during the three-month period primarily due to an increase in billing rates implemented during the first and third quarters of 2006. Direct cost of revenues increased as a percentage of revenues in our forensic/litigation practice during the nine-month period and in our corporate finance/restructuring and economic consulting practices during the three- and nine-month periods and our technology practice during the nine-month period ended September 30, 2006 as compared to 2005 primarily due to increased employee compensation expenses as we continue to invest in high quality people, particularly at the senior management level, to respond to the demand for our services. As discussed above, during the second quarter of 2006, we entered into new employment agreements with senior managing directors in our corporate finance/restructuring practice resulting in an increase in salary, bonus, share-based compensation and forgivable loan expenses. In addition, the expansion of our presence in the U.K., where utilization has been low, resulted in expenses increasing at a faster pace than revenues. As a result of our actions to reduce our workforce in the U.K., the U.K. corporate finance/restructuring practice will not continue to have a negative impact on our financial results. In the technology practice, direct cost of revenues increased as a percentage of revenues for the three months ended September 30, 2006 as compared to 2005 primarily due to an increase in incentive compensation and the adoption of a new accounting standard in 2006 that requires us to record expense related to stock options granted.

Selling, General and Administrative Expense

	2005		2006		
	Selling, General & Administrative	% of Segment Revenues	Selling, General & Administrative	% of Segment Revenues	Percent Change
	(dollars in thousands)				
Three Months Ended September 30,					
Forensic/Litigation	$ 7,939	20.8%	$ 9,006	19.2%	13.4%
Corporate Finance/Restructuring	8,883	17.9%	8,661	17.1%	(2.5)%
Economic Consulting	3,811	13.4%	5,107	14.8%	34.0%
Technology	2,976	17.4%	5,559	18.6%	86.8%
Corporate	8,978		11,378		26.7%
Total Company	$ 32,587	24.5%	$ 39,711	24.5%	21.9%
Nine Months Ended September 30,					
Forensic/Litigation	$ 21,821	19.0%	$ 26,683	18.8%	22.3%
Corporate Finance/Restructuring	23,546	17.4%	26,020	16.8%	10.5%
Economic Consulting	11,236	13.8%	14,774	13.6%	31.5%
Technology	7,463	17.7%	16,555	19.2%	121.8%
Corporate	25,964		37,515		44.5%
Total Company	$ 90,030	24.1%	$ 121,547	24.8%	35.0%

Selling, general and administrative expenses consist primarily of salaries and benefits paid to office and sales staff, including share-based compensation, rent, marketing, corporate overhead expenses, bad debt expense and depreciation and amortization of property and equipment. Segment selling, general and administrative costs include those expenses that are incurred directly by that segment as well as an allocation of some centrally managed costs, such as information technology services, marketing and facility costs. Unallocated corporate selling, general and administrative costs include expenses related to other centrally managed administrative and marketing functions. These costs include corporate office support costs, costs relating to accounting, human resources, legal, company-wide business development and advertising functions, as well as costs related to overall corporate management.

Selling, general and administrative expenses related to our operating segments increased by $4.7 million for the three-month period ended September 30, 2006 as compared to 2005 and by $19.9 million for the nine-month period ended September 30, 2006 as compared to 2005. The increased expenses resulted from the following.

Forensic/Litigation Practice. Selling, general and administrative expenses increased by $1.0 million and $4.8 million for the three- and nine-month periods ended September 30, 2006 as compared to 2005. These increases are primarily due to a $0.7 million and a $1.9 million increase in payroll and travel related expenses; a $0.4 million and a $1.3 million increase in outside services and legal expenses; a $0.4 million decrease and a $1.3 million increase in bad debt expense; a $0.2 million and a $0.7 million increase in marketing and advertising related expenses; and a $0.1 million increase and a $0.4 million decrease in rent and other expenses.

Corporate Finance/Restructuring Practice. Selling, general and administrative expenses decreased by $0.2 million for the three-month period and increased by $2.5 million for the nine-month period ended September 30, 2006 as compared to 2005. These changes are primarily due to a $0.6 million decrease and a $1.5 million increase in payroll and travel related expenses; a $0.2 million and a $0.7 million increase in marketing and advertising related expenses, a $0.4 million increase in outside services and legal expenses for the nine-month period; a $0.1 million and a $0.3 million increase in bad debt expense; and a $0.1 million increase and a $0.4 million decrease in rent and other expenses. About 50% of the overall increase in selling, general and administrative expenses in this practice during the three-month period ended September 30, 2006 is related to the acquisition of Cambio on May 31, 2005, and during the nine-month period it was about 68%.

Economic Consulting Practice. Selling, general and administrative expenses increased by $1.3 million and $3.5 million for the three- and nine-month periods ended September 30, 2006 as compared to 2005. These increases are primarily due to a $0.4 million and a $1.8 million increase in payroll and travel related expenses; a $0.4 million increase in bad debt expense in each period; a $0.1 million and a $0.5 million increase in outside services and a $0.4 million and a $0.8 million increase in rent and other costs. The acquisition of Compass represents 69% of the increase in overall selling, general and administrative expenses for the three-month period and 57% of the increase in expenses for the nine-month period ended September 30, 2006.

Technology Practice. Selling, general and administrative expenses increased by $2.6 million and $9.1 million for the three- and nine-month periods ended September 30, 2006 as compared to 2005. These increases are primarily due to a $0.9 million and a $4.0 million increase in payroll and travel related expenses; a $1.2 million and a $3.1 million increase in rent and facility related costs, including depreciation expense; a $0.2 million and a $1.3 million increase in bad debt expense; and a $0.3 million and a $0.7 million increase in marketing and other expenses. Selling, general and administrative expenses have grown in this practice primarily to support its enormous growth over the last year.

Our corporate selling, general and administrative expenses increased by $2.4 million and $11.6 million for the three- and nine-month periods ended September 30, 2006 as compared to 2005. The increase in our corporate selling, general and administrative expenses for the three- and nine-month periods ended September 30, 2006 as compared to 2005 is attributable to the following.

a $1.7 million and a $5.8 million increase related to the implementation of a new accounting standard which requires us to expense the fair value of stock options we grant and the fair value of the discount we offer employees who purchase shares under our employee stock purchase plan;

a $0.9 million and $2.7 million increase in salaries and benefits as a result of a 20.2% increase in the number of corporate employees necessary to support our growing organization and increased regulatory requirements offset by a decrease in incentive compensation expense during 2006;

a $0.6 million and a $1.8 million increase in travel related expenses primarily related to the lease of a corporate aircraft which we entered into in December 2005;

a $0.8 million decrease and a $0.5 million increase in office rent and facility related costs, including depreciation and amortization expense; and

a $0.8 million increase in marketing and other expenses for the nine-month period primarily attributable to corporate sponsorships and events to promote our company.

Amortization of Other Intangible Assets. Amortization expense related to other intangible assets increased by $0.6 million, or 30.7%, for the three months ended September 30, 2006 as compared to 2005 and by $4.0 million, or 92.9%, for the nine months ended September 30, 2006 as compared to 2005. The increase is primarily due to the acquisition of Cambio that we completed during the second quarter of 2005 and the acquisitions that we completed in 2006. We expect amortization to increase as a result of our acquisitions completed during the third and fourth quarters of 2006.

Interest Expense and Other. Interest expense increased by $1.3 million, or 26.8%, for the three months ended September 30, 2006 as compared to 2005 and increased by $9.0 million, or 98.6%, for the nine months ended September 30, 2006 as compared to 2005. The increase is due to the issuance of our 2005 Notes in August 2005. During the three- and nine-month periods ended September 30, 2005, interest expense primarily consists of interest on our secured bank credit facility. We expect interest expense to increase as a result of the issuance of the old notes.

Early Extinguishment of Term Loans. On August 2, 2005, we used $142.5 million of the net proceeds from our 2005 Notes offerings to repay all outstanding term loan borrowings under our previous senior secured credit facility prior to maturity. As a result of this early extinguishment of debt, we wrote off $1.7 million of unamortized debt financing fees.

Income Tax Provision. Our effective tax rate increased from 42.0% for the three and nine months ended September 30, 2005 to 46.0% for the nine months ended September 30, 2006. This rate increase is primarily due to the implementation of a new accounting standard which requires us to expense the fair value of incentive stock options we grant and the fair value of the discount we offer employees who purchase shares under our employee stock purchase plan. We are not entitled to a tax deduction for these expenses unless a disqualifying disposition occurs. Since we can not predict when or if we will be entitled to a tax deduction for these items, we are unable to record a tax benefit for these items. Excluding the impact of implementing this accounting standard, our effective tax rate was about 43% for the three and nine months ended September 30, 2006.

Year ended December 31, 2005 compared to year ended December 31, 2004

Revenues

	Year Ended December 31, 2004		2005		
	Revenues	% of Total	Revenues	% of Total	Percent Change
	(dollars in thousands)				
Forensic/Litigation/Technology	$ 178,650	41.8%	$ 220,120	40.8%	23.2%
Corporate Finance/Restructuring	162,495	38.1%	211,027	39.1%	29.9%
Economic Consulting	85,860	20.1%	108,398	20.1%	26.2%
Total Company	$ 427,005	100.0%	$ 539,545	100.0%	26.4%

Revenues for the year ended December 31, 2005 increased $112.5 million, or 26.4%, as compared to the year ended December 31, 2004. The increase in revenues is attributable to the following:

Forensic/Litigation/Technology Practice. Revenues increased by $41.5 million during 2005 as compared to 2004. The acquisition of the Ringtail group on February 28, 2005 contributed to the increased revenues by $11.5 million for the year ended December 31, 2005 as compared to 2004. Our existing technology practice also contributed to the increased revenues in this practice by $16.3 million for the year ended December 31, 2005 as compared to 2004. The remaining increase is attributable to an increase in the number of billable professionals and higher utilization rates.

Corporate Finance/Restructuring Practice. Revenues increased by $48.5 million during the year ended December 31, 2005 as compared to 2004 due to the following:

- a $22.5 million success fee received during the fourth quarter of 2005;
- a $16.8 million increase attributable to the acquisition of Cambio that occurred on May 31, 2005;
- a $15.0 million increase attributable to increases in the number of billable professionals as well as increases in hourly billing rates; and
- a $0.7 million increase attributable to our merger and acquisitions group; offset by

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a $6.5 million decrease related to the unanticipated departure of a number of billable professionals during the year ended December 31, 2004.

Economic Consulting Practice. Revenues increased by $22.5 million primarily due to increases in the number of billable professionals as well as increased utilization of our professionals relating to increased demand for economic consulting services resulting from more robust market conditions in 2005 as compared to 2004.

Direct Cost of Revenues

	Year Ended December 31, 2004		2005		
	Revenues	% of Total	Revenues	% of Total	Percent Change
	(dollars in thousands)				
Forensic/Litigation/Technology	$ 95,473	53.4%	$ 112,503	51.1%	17.8%
Corporate Finance/Restructuring	84,877	52.2%	109,617	51.9%	29.1%
Economic Consulting	54,620	63.6%	69,472	64.1%	27.2%
Total Company	$ 234,970	55.0%	$ 291,592	54.0%	24.1%

Our direct cost of revenues consists primarily of employee compensation and related payroll benefits, including the amortization of signing bonuses given in the form of forgivable loans, the cost of outside consultants that we retain to supplement our professional staff, reimbursable expenses, including travel and out-of-pocket expenses incurred in connection with an engagement; depreciation on equipment used to support our client engagements and other related expenses billable to clients. Direct cost of revenues decreased as a percentage of revenues for the year ended December 31, 2005 as compared to 2004 for the forensic/litigation/technology practice. This is primarily due to higher utilization rates as well as the acquisition of Ringtail on February 28, 2005, which generates a high gross margin due to the nature of its software business as compared with the historical results of this operating segment. Direct cost of revenues decreased as a percentage of revenues in our corporate finance/restructuring practice primarily due to the net effect of the $22.5 million success fee received in 2005. Excluding the impact of the success fee, direct cost of revenues for the corporate finance/restructuring practice increased as a percentage of revenues to 53% primarily due to an increase in compensation expense as we continue to invest in high quality people, particularly at the senior management level, to respond to increasing demand for our services. Direct cost of revenues as a percentage of revenues in our economic consulting practice remained relatively stable at about 64% for the year ended December 31, 2005 as compared to 2004.

Selling, General and Administrative Expense

	Year Ended December 31, 2004		2005		
	Selling, General & Administrative	% of Segment Revenues	Selling, General & Administrative	% of Segment Revenues	Percent Change
	(dollars in thousands)				
Forensic/Litigation/Technology	$ 36,175	20.2%	$ 41,637	18.9%	15.1%

Corporate Finance/Restructuring	28,512	17.5%	32,248	15.3%	13.1%
Economic Consulting	12,839	15.0%	15,858	14.6%	23.5%
Corporate	29,204		37,984		30.1%
Total Company	$ 106,730	25.0%	$ 127,727	23.7%	19.7%

Selling, general and administrative expenses consist primarily of salaries and benefits paid to office and sales staff, rent, marketing, corporate overhead expenses, bad debt expense and depreciation and amortization of property and equipment. Segment selling, general and administrative costs include those expenses that are incurred directly by that segment as well as an allocation of some centrally managed costs, such as information technology services, marketing and facility costs. Unallocated corporate selling, general and administrative costs include expenses related to other centrally managed administrative and marketing functions. These costs include corporate office support costs, costs relating to accounting, human resources, legal, company-wide business development and advertising functions, as well as costs related to overall corporate management. Selling, general and administrative expenses decreased as a percentage of revenues across all operating segments for the year ended December 31, 2005 as compared to 2004 except for corporate overhead costs which increased as a percentage of total revenues from 6.8% during 2004 to 7.0% during 2005.

Selling, general and administrative expenses related to our operating segments increased by $12.2 million for the year ended December 31, 2005 as compared to 2004. The increased expenses resulted from the following:

- ***Forensic/Litigation/Technology Practice.*** Selling, general and administrative expenses increased by $5.5 million for the year ended December 31, 2005 as compared to 2004. This increase is primarily due to a $3.5 million increase in rent and facility related costs; a $1.0 million increase in recruiting expenses; a $1.3 million increase in payroll related and other expenses; offset by a $0.3 million decrease in bad debt expense.

- ***Corporate Finance/Restructuring Practice.*** Selling, general and administrative expenses increased by $3.7 million for the year ended December 31, 2005 as compared to 2004. This increase is primarily due to a $1.7 million increase in rent and facility related costs; a $0.9 million increase in recruiting expenses; a $0.5 million increase in outside service and legal expenses; and a $1.7 million increase in payroll related and other expenses; offset by a $1.1 million decrease in bad debt expense.

- ***Economic Consulting Practice.*** Selling, general and administrative expenses increased by $3.0 million for the year ended December 31, 2005 as compared to 2004. This increase is primarily due to a $1.0 million increase in rent and facility related costs; a $0.4 million increase in recruiting expenses; a $1.7 million increase in payroll related and other expenses; offset by a $0.1 million decrease in bad debt expense.

Rent expense increased in our forensic/litigation/technology and corporate finance/restructuring practices primarily due to the relocation of our New York City offices into a larger facility during the fourth quarter of 2004.

Our corporate selling, general and administrative expenses increased by $8.8 million for the year ended December 31, 2005 as compared to 2004. The increased expenses resulted from the following:

- a $6.5 million increase in salaries, bonuses and related employee expenses as a result of a $3.3 million increase in executive bonus expense and a 20.7% increase in the number of corporate employees necessary to support our growing organization and to comply with increased regulatory requirements;

- a $0.6 million increase in recruiting expense primarily to expand our executive management team to support a larger organization;

- a $3.1 million increase related to office rent and facility related costs, including a $1.1 million increase in depreciation and amortization expense, to support a growing corporate services organization;

- a $1.6 million increase in outside services, primarily due to increases in fees for audit, tax, legal and other consulting services;

a $0.8 million increase in advertising and other costs necessary to support a larger organization; offset by

a $3.8 million decrease in losses related to subleased facilities in our New York City facilities. See Overview Recent Events Affecting Our Operations.

Amortization of Other Intangible Assets. The amortization expense related to other intangible assets decreased by $0.3 million, or 4.4%, for the year ended December 31, 2005 as compared to 2004 resulting from a $4.4 million increase attributable to the acquisitions completed during 2005, offset by a decrease of $4.7 million as substantially all of the contract backlog, intellectual property and non-competition agreements associated with the acquisitions completed in 2002 and 2003 became fully amortized during 2004 and 2005.

Interest Expense and Other. During 2004 and through the second quarter of 2005, interest expense primarily consisted of interest on our term loans and revolving line of credit. Since August 2, 2005, interest expense is primarily attributable to the debt offerings we completed on that date. Interest expense increased by $8.7 million for the year ended December 31, 2005 as compared to 2004, primarily due to the debt offerings we completed during 2005.

Early Extinguishment of Term Loans. On August 2, 2005, we used $142.5 million of the net proceeds from our 2005 Notes offerings to repay all outstanding term loan borrowings under our previous senior secured credit facility prior to maturity. As a result of this early extinguishment of debt, we wrote off $1.7 million of unamortized debt financing fees.

Discount on Note Receivable. In December 2004, we agreed to discount a note receivable due from the purchasers of one of our former subsidiaries. We discounted this note by $475,000 in exchange for payment of the note ahead of its maturity in 2010. We received this prepayment in January 2005.

Litigation Settlement Gains (Losses), net. Litigation settlement losses for the year ended December 31, 2005 consists primarily of $0.7 million we paid in May 2005 to settle potential litigation in connection with a company we sold in 2003 as well as $0.9 million for employment related and other smaller settlements.

Year ended December 31, 2004 compared to year ended December 31, 2003

Revenues

	Year Ended December 31,				
	2003		2004		
	Revenues	% of Total	Revenues	% of Total	Percent Change
	(dollars in thousands)				
Forensic/Litigation/Technology	$ 103,101	27.4%	$ 178,650	41.8%	73.3%
Corporate Finance/Restructuring	255,336	68.0%	162,495	38.1%	(36.4)%
Economic Consulting	17,258	4.6%	85,860	20.1%	397.5%
Total	$ 375,695	100.0%	$ 427,005	100.0%	13.7%

Revenues from continuing operations increased during the year ended December 31, 2004 as compared to 2003. This increase is primarily attributable to the acquisitions we completed during the fourth quarter of 2003 offset by the decrease in demand for our corporate finance/

restructuring services, which began during the third quarter of 2003, as well as the unanticipated departure of professionals from this practice during the first quarter of 2004. The acquisitions of Ten Eyck and the dispute advisory services business from KPMG accounted for about $67.8 million of the $75.5 million increase in revenues from our forensic/litigation/technology practice. The remainder of the increase in revenues from our forensic practice is primarily attributable to growth in our trial consulting business.

The acquisition of Lexecon accounted for substantially all of the increase in revenues related to our economic consulting practice.

Our corporate finance/restructuring practice accounted for 68.0% of our revenues during the year ended December 31, 2003 as compared to 38.1% during the year ended December 31, 2004. Late in the third quarter of 2003, we began to experience a decrease in demand for our corporate finance/restructuring related services, which negatively impacted our revenues from that practice. The departure of a number of our billable professionals in the corporate finance/restructuring practice during the first quarter of 2004 also contributed to the decrease in revenues from that practice. Because this practice generates the highest billable rate per hour, the decrease in revenues attributable to this practice has largely impacted our overall revenue growth. Revenues attributable to this practice stabilized beginning in the second quarter of 2004 after decreasing significantly from the fourth quarter of 2003 to the first quarter of 2004.

Direct Cost of Revenues

	Year Ended December 31,				
	2003		2004		
	Cost of Revenues	% of Segment Revenues	Cost of Revenues	% of Segment Revenues	Percent Change
	(dollars in thousands)				
Forensic/Litigation/Technology	$ 57,256	55.5%	$ 95,473	53.4%	66.7%
Corporate Finance/Restructuring	108,826	42.5%	84,877	52.2%	(22.0)%
Economic Consulting	10,347	60.0%	54,620	63.6%	427.9%
Total	$ 176,429	47.0%	$ 234,970	55.0%	33.2%

Direct cost of revenues increased as a percentage of revenues in both our corporate finance/restructuring and economic consulting segments primarily due to lower utilization rates experienced by those practices during the year ended December 31, 2004 as compared to the same period in 2003. This resulted from revenues growing at a slower pace than direct costs. In addition:

The number of billable professionals in our corporate finance/restructuring practice decreased by 20.3%, from 305 to 243, resulting in a decrease in direct costs in that practice. The unanticipated departure of some of our professionals in this practice during the first quarter of 2004 accounts for the majority of the decrease. This contributed to the increase in direct costs as a percentage of revenues in that practice, primarily because these professionals generally operated at higher utilization rates and higher billable rates than our other professionals.

The acquisition of Lexecon, which operates at a lower gross margin than our other operating segments, contributed to the increase in our economic consulting practice.

During 2004, we paid $10.6 million in signing bonuses to attract and retain highly-skilled professionals. These signing bonuses were granted in the form of forgivable loans that we are amortizing over periods of one to five years. These signing bonuses increased direct costs during 2004 as compared to 2003 by $0.8 million in the forensic practice, $1.4 million in the corporate finance/restructuring practice and $0.4 million in the economic consulting practice.

Direct cost of revenues as a percentage of revenues for the forensic/litigation/technology practice decreased slightly during 2004 as compared to 2003. This is primarily due to an improvement in utilization rates which resulted in revenues growing at a faster pace than direct costs.

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Selling, General and Administrative Expense

	Year Ended December 31, 2003		Year Ended December 31, 2004		
	Selling, General & Administrative	% of Segment Revenues	Selling, General & Administrative	% of Segment Revenues	Percent Change
Forensic/Litigation/Technology	N/A	N/A	$ 36,175	20.2%	N/A
Corporate Finance/Restructuring	N/A	N/A	28,512	17.5%	N/A
Economic Consulting	N/A	N/A	12,839	15.0%	N/A
Corporate	$ 17,632	N/A	29,204	N/A	65.6%
Total	$ 78,701	20.9%	$ 106,730	25.0%	35.6%

N/A Not available

Selling, general and administrative expense increased as a percentage of our total revenues for the year ended December 31, 2004 as compared to 2003. This increase is largely attributable to increased personnel, facilities and general corporate expenses associated with the businesses we acquired in late 2003. The number of non-billable employees increased by 12.4%, from 258 at December 31, 2003 to 290 at December 31, 2004.

The increase in corporate overhead expenses is primarily related to increased back-office staffing and related costs to support our growing organization. In addition, corporate staffing and consulting costs have increased to address the requirements of the Sarbanes-Oxley Act and to further strengthen our corporate governance activities. In particular, beginning in late 2003 we began expanding our internal legal and audit departments and enhanced our regulatory reporting functions.

Bad debt expense increased as a percentage of revenues from 1.4% for the year ended December 31, 2003 to 1.7% for the year ended December 31, 2004. This increase accounted for $2.0 million of the increase in our total selling, general and administrative expenses. The majority of this increase, or $1.6 million, is attributable to our acquired operations. The remaining increase is primarily attributable to our corporate finance/restructuring practice. The days sales outstanding related to our corporate finance/restructuring practice more than doubled, from just under 30 days to just under 60 days. As a result of the unanticipated departure of professionals during the first quarter of 2004, we returned a large volume of retainers to clients we lost. This resulted in an increase in days sales outstanding, as the remaining part of this practice does not generally obtain large retainers in advance of performing work.

Depreciation and amortization of property and equipment classified within total selling, general and administrative expense increased by $2.1 million, or 34.8%, from the year ended December 31, 2003 as compared to the same period in 2004. This increase is a result of the increase in the furniture and equipment and office build-out necessary to support a larger organization which grew as a result of the acquisitions we completed during the fourth quarter of 2003.

Loss on Abandoned Facilities. During the fourth quarter of 2004, we consolidated our New York City and one of our Saddle Brook, New Jersey offices and relocated our employees into new office facilities in New York City. As a result of this decision, we vacated our leased office facilities prior to the lease termination dates. During the fourth quarter of 2004, we recorded a loss of $4.7 million related to the abandoned facilities.

Special Termination Charges. During the fourth quarter of 2003 we recorded $3.1 million of special termination charges. These charges relate to contractual benefits payable to specified employees as a result of the termination of their employment.

Amortization of Other Intangible Assets. The amortization expense related to other intangible assets increased by $3.2 million, or 85.8%, for the year ended December 31, 2004 as compared to the same period in 2003. This increase is related to the identifiable intangible assets recorded in connection with the acquisitions we completed during the fourth quarter of 2003.

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Interest Expense. Interest expense consists primarily of interest on debt we incurred to purchase businesses over the past several years, including the amortization of deferred bank financing fees. Interest expense increased by $1.8 million, or 38.5%, for the year ended December 31, 2004 as compared to 2003. This increase is primarily attributable to higher average borrowings outstanding during 2004 as compared to 2003. Average borrowings increased in the fourth quarter of 2003 and remained at this higher level throughout 2004 as a result of the three business combinations completed in late 2003. During the year ended December 31, 2003, we wrote off $768,000 of deferred bank financing fees as a result of the early extinguishment of long-term debt.

Discount on Note Receivable. In December 2004, we agreed to discount a note receivable due from the owners of one of our former subsidiaries. We discounted this note by $475,000 in exchange for payment of the note ahead of its maturity in 2010. We received this prepayment in January 2005.

Litigation Settlement Gains (Losses), Net. During the fourth quarter of 2004, we reached a settlement on various lawsuits. As a result, we recorded a gain of $1.7 million, net of legal costs.

Income Taxes. Our effective tax rate for continuing operations was 42.1% during 2004 and 40.9% during 2003. Our effective tax rate increased over the past year as a result of an increasing portion of our taxable income being generated in state and local jurisdictions with higher tax rates. See note 9 of Notes to Consolidated Financial Statements for the year ended December 31, 2005 appearing elsewhere in this prospectus for a reconciliation of the federal statutory rate to our effective tax rates during each of these years, and a summary of the components of our deferred tax assets and liabilities. We anticipate that our effective tax rate during 2005 will be similar to 2004.

Liquidity and Capital Resources

Cash Flows

	Year Ended December 31,		Change from Previous Year		Nine Months Ended September 30,		Change from Previous Year	
	2004	2005	Dollars	Percent	2005	2006	Dollars	Percent
	(dollars in thousands)							
Net cash provided by (used in) operating activities	$ 58,443	$ 99,379	$ 40,936	70.0%	$ 43,503	$ (30,903)	$ (74,406)	(171.0)%
Net cash used in investing activities	(13,693)	(64,858)	(51,165)	373.7%	(57,658)	(83,312)	(25,654)	(44.5)%
Net cash (used in) provided by financing activities	(24,811)	93,158	117,969	(475.5)%	103,708	(16,677)	(120,385)	(116.1)%

Nine months ended September 30, 2006 compared to nine months ended September 30, 2005

We have historically financed our operations and capital expenditures solely through cash flows from operations. During the first quarter of our fiscal year, our working capital needs generally exceed our cash flows from operations due to the payments of annual incentive compensation amounts and estimated income taxes. Our cash flows generally improve subsequent to the first quarter of each year.

During the nine months ended September 30, 2006, we have used more cash to fund our operating activities than we did during the nine months ended September 30, 2005. This is primarily due to our increasing investment in our professionals. Our operating assets and liabilities consist primarily of billed and unbilled accounts receivable, accounts payable and accrued expenses and accrued compensation expense. The timing of billings and collections of receivables as well as payments for compensation arrangements affect the changes in these balances. During 2006, we had higher incentive compensation payments than in 2005 primarily due to our strong performance in 2005 as well as the payment of $8.1 million of bonuses in connection with the large success fee we received during the fourth quarter of 2005. In connection with the employment agreements we entered into with senior managing directors in the corporate finance/restructuring practice during the nine months ended September 30, 2006, we funded $21.7 million of forgivable loans. In addition, we funded an additional $18.3 million of forgivable loans and refundable signing bonuses during the period. We also used $8.0 million during 2006 to fund loans in connection with the Compass acquisition.

During 2006, our accounts receivable, net of billings in excess of services provided, have increased across most of our practice areas causing an increase in our cash used in operations as compared to 2005. This is due to increasing revenues and increasing days sales outstanding primarily in our technology and economic segments consistent with industry experience. Our days sales outstanding increased by about 20 days from December 31, 2005 to September 30, 2006. At September 30, 2006, a trade receivable for our economics practice classified within other long-term assets represents $12.0 million of fees for services rendered where payment will not be received until completion of the client engagement. This specific matter causes days sales outstanding to be high in this practice.

Net cash used in investing activities during the nine months ended September 30, 2006 increased $25.7 million as compared to the same period in 2005 primarily due to an increase in cash used to fund acquisition activities. During the nine months ended September 30, 2006, net cash used in investing activities includes $46.9 million used to acquire Compass, which represents the total cash paid for the acquisition of $47.3 million net of $0.4 million of cash received. In addition, we used $19.5 million of cash to complete two other acquisitions during the third quarter of 2006. During the nine months ended September 30, 2005, net cash used in investing activities included $26.3 million of net cash used to acquire Cambio and $19.6 million to fund the Ringtail acquisition, offset by $5.5 million received as payment in full from a note receivable due from the purchasers of one of our former subsidiaries. Capital expenditures have increased slightly during the nine-month period ended September 30, 2006 as compared to 2005. We expect capital expenditures to increase as we continue to invest in our technology practice and renovate or expand our offices. We had no material outstanding purchase commitments as of September 30, 2006.

Our financing activities have consisted principally of borrowings and repayments under long-term debt arrangements as well as issuances of common stock. Our long-term debt arrangements have principally been obtained to provide financing for our business acquisitions or to refinance existing indebtedness. During the nine months ended September 30, 2006, our financing activities primarily consisted of $23.4 million of cash used to repurchase shares of our common stock, offset by $6.5 million of cash received from the exercise of stock options. During the nine months ended September 30, 2005, our financing activities consisted of $350.0 million of gross proceeds from our 2005 Notes offerings and additional term loan borrowings of $50.0 million offset by $155.0 million used to fully repay our term loans; $13.0 million used to pay debt financing costs; and $133.1 million to purchase shares of our common stock.

Since October 2003, our board of directors has authorized us to use up to $219.7 million of cash to purchase, from time to time, shares of our common stock. Our share repurchase program is effective through December 31, 2006. The shares of common stock may be purchased through open market or privately negotiated transactions and will be funded with a combination of cash on hand, existing bank credit facilities or new credit facilities. During the nine months ended September 30, 2006, we purchased and retired 600,000 shares of our common stock at a total cost of $16.6 million. During the nine months ended September 30, 2005, we purchased and retired 5.6 million shares of our common stock at a total cost of about $133.1 million, of which we financed $125.3 million from the net proceeds of our 2005 Convertible Notes offering. Since inception of the program, we have purchased and retired a total of 7.6 million shares of our common stock for a total of $186.2 million leaving $33.5 million authorized for future purchases.

Year ended December 31, 2005 compared to year ended December 31, 2004

During the first quarter of our fiscal year, we used borrowings under our revolving line of credit to finance some of our cash needs for operating activities and capital expenditures. We also used borrowings under our revolving line of credit during the first quarter to finance our acquisition of Ringtail and our share repurchase program, discussed in more detail below. Our cash flows from operations improved during 2004 and 2005 subsequent to the first quarter of each year.

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During 2005, our accounts receivable, net of billings in excess of services provided have increased across all practice areas since December 31, 2004. This is primarily due to increasing revenues. Our days sales outstanding have improved since December 31, 2004 due to our increased focus on collection activities. At December 31, 2005, trade receivables classified within other long-term assets include $11.2 million of fees for services rendered where payment will not be received until completion of the client engagement.

Net cash used in investing activities during the year ended December 31, 2005 increased $51.2 million as compared to the same period in 2004. This is primarily due to:

the $27.4 million of net cash used to acquire Cambio, which represents the total cash paid for the acquisition of $30.6 million net of $3.2 million of cash received,

the $19.6 million we used to fund the Ringtail acquisition, an increase in capital expenditures of $5.9 million to support our growing organization, offset by

the $5.5 million we received as payment in full from a note receivable due from the purchasers of one of our former subsidiaries.

Capital expenditures increased from $11.9 million during 2004 to $17.8 million during 2005. Capital expenditures increased by a total of $5.9 million, including a $2.0 million increase due to purchases of computer equipment acquired to directly support client engagements and a $3.9 million increase in spending to relocate and expand our computer data center to support our growing organization and technology business, to modify and expand our office facilities and to acquire additional furniture and information technology equipment.

During the year ended December 31, 2004, our financing activities consisted principally of $16.3 million of principal payments on our term loans. During the year ended December 31, 2005, our financing activities consisted of $350.0 million of gross proceeds from our 2005 Notes offerings and additional term loan borrowings of $50.0 million offset by $155.0 million used to fully repay our term loans and $13.1 million used to pay debt financing costs.

Capital Resources

In connection with the Acquisition, we amended and restated our existing senior secured credit facility. Our amended and restated senior secured credit facility provides for a $150.0 million revolving line of credit. The maturity date of the revolving line of credit is September 30, 2011. We may choose to repay outstanding borrowings under the amended and restated senior secured credit facility at any time before maturity without penalty. Debt under the amended and restated senior secured credit facility bears interest at an annual rate equal to the Eurodollar rate plus an applicable margin or an alternative base rate defined as the higher of (1) the lender s announced prime rate or (2) the federal funds rate plus the sum of 50 basis points and an applicable margin. Under the amended and restated senior secured credit facility, the lenders have a security interest in substantially all of our assets.

Our amended and restated senior secured credit facility and the indentures governing the exchange notes and 2005 Notes contain covenants which limit our ability to incur additional indebtedness; create liens; pay dividends on, 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; enter into hedging agreements; enter into transactions with affiliates or related persons or engage in any business other than the consulting business. The amended and restated senior secured credit facility requires compliance with financial ratios, including total indebtedness to earnings before interest, taxes, depreciation and amortization, or EBITDA; EBITDA to specified charges and the maintenance of a minimum net worth, each as defined under the senior secured credit facility. At September 30, 2006, there were no events of default under the covenants in the amended and restated senior secured credit facility and the indentures governing our 2005 Senior Notes.

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As of September 30, 2006, on a pro forma basis after giving effect to the Transactions, our capital resources included approximately $42.5 million of cash and cash equivalents and $110.0 million of borrowing capacity under our revolving line of credit. As of September 30, 2006, we had no borrowings outstanding under our revolving line of credit, however on October 3, 2006; we borrowed $40.0 million under our revolving line of credit in connection with the acquisition of FD. The availability of borrowings under our revolving line of credit is subject to specified borrowing conditions. We use letters of credit primarily as security deposits for our office facilities. Letters of credit reduce the availability under our revolving line of credit. As of September 30, 2006, on a pro forma basis after giving effect to the Transactions, we had $9.6 million of outstanding letters of credit, which reduced the available borrowings under our revolving line of credit to $100.4 million.

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 business;
- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service requirements;
- funds required to compensate designated senior managing directors under our new incentive compensation program;
- discretionary funding of our share repurchase program;
- potential earnout obligations related to our acquisitions; and
- potential acquisitions of businesses that would allow us to diversify or expand our service offerings.

We anticipate capital expenditures will be about $20.0 million to $24.0 million to support our organization during 2006, including direct support for specific client engagements. Our estimate takes into consideration the needs of our existing business as well as the needs of our recently completed acquisitions, including FD, but does not include the impact of any further purchases that we may be required to make as a result of any 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 business combinations.

Off-Balance Sheet Arrangements.

On July 28, 2005, we entered into an accelerated share repurchase transaction for 2.3 million shares of our common stock as part of our publicly announced share repurchase program. To implement this transaction, we simultaneously entered into a forward contract with an investment bank that was indexed to and potentially settled in our own common stock. The forward contract was a derivative instrument which was classified as equity and therefore considered to be an off-balance sheet arrangement. In February 2006, we made a cash payment of $6.8 million to settle this contract.

We have no other 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 and commitments as of September 30, 2006. The table also includes our principal and interest obligations with respect to the exchange notes. The information in the table reflects future unconditional payments and is based on the terms of the relevant agreements, appropriate classification of items under generally accepted accounting principles currently in effect and certain assumptions such as interest rates. Future events could cause actual payments to differ from these amounts. See Forward-Looking Statements.

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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 September 30, 2006 and prior to the September 30, 2011 maturity date.

The interest obligation on our long-term debt assumes that the exchange notes and 2005 Senior Notes will bear interest at their stated rates. We enter into derivative contracts, mainly to protect against adverse interest rate movements on the value of our long-term debt, under which we are required to either pay cash to or receive cash from counterparties depending on changes in interest rates. These derivative contracts consist of interest rate swap agreements with notional amounts totaling $60.0 million. Derivative contracts are carried at fair value on our consolidated balance sheet. Because the derivative contracts recorded on our consolidated balance sheet at September 30, 2006 do not represent the amounts that may ultimately be paid under these contracts, they are excluded from the following table. However, our total interest expense will be impacted by net cash flows under these derivative contracts. Further discussion of our derivative instruments is included in note 6 to our consolidated financial statements.

Future contractual obligations related to our operating leases are net of contractual sublease receipts. The payment amounts for capital lease obligations include amounts due for interest.

Contractual Obligations	Total	2006	2007	2008	2009	2010	2011	Thereafter
				(in thousands)				
Long-term debt	$ 565,385	$ 10	$ 44	$ 45	$ 45	$ 46	$ 47	$ 565,148
Interest on long-term debt	307,066	11,700	37,544	37,543	37,543	37,542	37,542	107,652
Operating leases	156,022	3,409	13,679	14,419	14,579	14,251	13,714	81,971
Capital leases	38	38						
Total obligations	$ 1,028,511	$ 15,157	$ 51,267	$ 52,007	$ 52,167	$ 51,839	$ 51,303	$ 754,771

The following table sets forth the amounts and timing of contractual payments as of September 30, 2006, on a pro forma basis after giving effect to the Transactions. The table excludes any revolving credit borrowings or any revolving credit repayments under the amended and restated senior secured credit facility prior to the September 30, 2011 maturity date.

Pro Forma Contractual Obligations	Total	2006	2007	2008	2009	2010	2011	Thereafter
				(in thousands)				
Exchange notes offered hereby	$ 215,000	$	$	$	$	$	$	$ 215,000
Amended and restated senior secured credit facility	40,000						40,000	
Notes issued in connection with the Acquisition[(1)]	6,874		3,437	3,437				
7 5/8% senior notes	200,000							200,000
3 3/4% convertible notes[(2)]	150,000							150,000
Other long-term debt	385	10	44	45	45	46	47	148
Interest on long-term debt	318,682	12,627	40,844	40,702	40,595	40,594	39,831	103,489
Operating leases	159,926	3,441	13,813	14,553	14,713	14,385	13,848	85,173
Capital leases	38	38						
Total obligations	$ 1,090,905	$ 16,116	$ 58,138	$ 58,737	$ 55,353	$ 55,025	$ 93,726	$ 753,810

(1) Reflects the issuance of $6.9 million of loan notes to FD shareholders in connection with the Acquisition.

(2) The 2005 Convertible Notes are convertible prior to their stated maturity upon the occurrence of certain events beyond our control. Upon conversion, the principal is payable in cash.

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Future Outlook.

We believe that our anticipated operating cash flows and our total liquidity, consisting of our cash on hand and $140.4 million of availability under our revolving line of credit are sufficient to fund our capital and liquidity needs for at least the next twelve months. In making this assessment, we have considered:

- our $22.5 million of cash and cash equivalents at September 30, 2006;
- funds required for debt service payments, including interest payments on our long-term debt;
- funds required for capital expenditures during 2006 of about $20.0 million to $24.0 million;
- funds required to satisfy earnout and other obligations in relation to our acquisitions, including our acquisition of FD;
- funds required to compensate designated senior managing directors by issuing unsecured forgivable employee loans, which could approximate $50.0 million in 2006;
- the discretionary funding of our share repurchase program; and
- other known future contractual obligations.

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 revolving line of credit, 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 acquisition transactions, not currently contemplated, or any unexpected changes in significant 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 amended and restated senior secured credit facility or the indentures that govern the exchange notes and the 2005 Notes. See Forward-Looking Statements.

Quantitative and Qualitative Disclosures about Market Risk

We primarily use senior notes, convertible notes and bank credit facilities to finance our obligations. We are exposed to market risk from changes in interest rates and equity prices. Our primary interest rate risk results from changes in the London Interbank Offered Rate, or LIBOR, U.S. Prime and Eurodollar rates, which are used to determine the interest rates applicable to our borrowings. Interest rate changes expose our fixed rate long-term

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borrowings to changes in fair value and expose our variable rate long-term borrowings to changes in future cash flows. From time to time, we use derivative instruments primarily consisting of interest rate swap agreements to manage this 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 table below summarizes our market risks from changes in interest rates as of September 30, 2006 and December 31, 2005. Since our financial instruments expose us to interest rate risks, these instruments are presented within each market risk category. The table presents principal cash flows and related weighted average interest rates by year of maturity for our 2005 Notes and our other notes. The table excludes the exchange notes and the potential exercise of the relevant redemption or conversion features of any of our notes. For interest rate swap agreements, the table presents notional amounts and related interest rates by year of maturity. The fair values included in this section have been determined based on quoted market prices for our 2005 Notes and estimates from bankers to settle interest rate swap agreements.

	Year of Maturity							December 31, 2005		September 30, 2006	
									Fair		Fair
	2006	2007	2008	2009	2010	2011	Thereafter	Total	Value	Total	Value
						(dollars in thousands)					
Interest Rate Sensitivity:											
Long-term debt											
Fixed rate	$ 10	$ 44	$ 45	$ 45	$ 46	$ 47	$ 350,148	$ 350,000	$ 372,975	$ 350,000	$ 368,163
Average interest rate	2%	2%	2%	2%	2%	2%	6%	6%		6%	
Interest rate swaps											
Fixed to variable	$	$	$	$	$	$	$ 60,000	$ 60,000	$ (1,569)	$ 60,000	$ (1,982)
Average pay rate							8%	7%		8%	
Average receive rate							8%	8%		8%	

Equity Price Sensitivity

We currently have outstanding $150.0 million in principal amount of 3 3/4% convertible senior subordinated notes due July 15, 2012. We are subject to equity price risk related to the convertible feature of this debt. The convertible notes are convertible only under certain conditions at the option of the holder. Upon conversion, the principal portion of the convertible notes will be paid in cash and any excess over the conversion rate will be paid in shares of our common stock or cash at an initial conversion rate of 31.998 shares of our common stock per $1,000 principal amount of convertible notes, representing an initial conversion price of $31.25 per share, subject to adjustment upon specified events. Upon normal conversions, for every $1.00 the market price of our common stock exceeds $31.25 per share, we will be required to pay either an additional $4.8 million in cash or to issue shares of our common stock with a then market price equivalent to $4.8 million, at our option, to settle the conversion feature. If a specified fundamental change event occurs, the conversion price of our convertible notes may increase, depending on our common stock price at that time. However, the number of shares of our common stock issuable upon conversion of a note may not exceed 41.5973 per $1,000 principal amount of convertible notes. As of September 30, 2006, the conversion price has not required adjustment and we would not be required to issue any shares of our common stock upon conversion.

We granted certain sellers of Cambio contractual protection against a decline in the value of the common stock we issued them as consideration for the acquisition. Upon the lapse of restrictions on the common stock, if the market price of our common stock is below $22.33, we have agreed to make an additional cash payment to the sellers equal to the deficiency. The price protection periods vary from one to four years after May 31, 2005. If the market value of our common stock is lower than $22.33 on any date that restrictions lapse, then for every $1.00 that our stock price is below $22.33, we may be required to make total price protection payments of about $0.6 million. Based on the price of our common stock on September 30, 2006, we would not be obligated to make any price protection related payments.

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We granted certain sellers of Compass contractual protection against a decline in the value of the common stock we issued them as consideration for the acquisition. Upon the lapse of restrictions on the common stock between the years ending December 31, 2006 and December 31, 2013, if the market price of our common stock is below $27.61, we have agreed to make an additional cash payment to the sellers equal to the deficiency. If the market value of our common stock is lower than $27.61 on any date that restrictions lapse, then for every $1.00 that our stock price is below $27.61, we may be required to make price protection payments of about $0.9 million. Based on the price of our common stock of $25.06 per share on September 30, 2006, we may be obligated to make price protection related payments of about $2.4 million.

We granted certain sellers of International Risk contractual protection against a decline in the value of the common stock we issued them as consideration for the acquisition. The price protection periods end on July 1, 2007, 2008 and 2009. Upon the lapse of restrictions on the common stock, if the market price of our common stock, as defined in the purchase agreement, is below $25.84, we have agreed to make an additional cash payment to the sellers equal to the deficiency. If the market value of our common stock is lower than $25.84 on any date that restrictions lapse, then for every $1.00 that our stock price is below $25.84, we may be required to make price protection payments of about $0.1 million. Based on the calculated market value of our common stock as of September 30, 2006, we may be obligated to make price protection related payments of about $0.1 million.

We granted certain sellers of BKS contractual protection against a decline in the value of the common stock we issued them as consideration for the acquisition. Upon the lapse of restrictions on the common stock on December 31, 2011, if the market price of our common stock, as defined in the purchase agreement, is below $24.50, we have agreed to make an additional cash payment to the sellers equal to the deficiency. If the market value of our common stock is lower than $24.50 on any date that restrictions lapse, then for every $1.00 that our stock price is below $24.50, we may be required to make price protection payments of about $41,000. Based on the price of our common stock on September 30, 2006, we would not be obligated to make any price protection related payments.

The following table lists the high and low sale prices per share for our common stock as reported on the New York Stock Exchange for the periods indicated.

	High	Low
Three Months Ended September 30, 2006	$ 28.44	$ 19.82
Nine Months Ended September 30, 2006	29.77	19.82

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BUSINESS

FTI Consulting, Inc. is a leading global consulting firm to organizations confronting the critical legal, financial and reputational issues that shape their futures. Our experienced teams of professionals, many of whom are widely recognized as experts in their respective fields, provide high-caliber consulting services to a broad range of 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. During 2005, we staffed large and complex assignments for our clients, which include 97 of the top 100 U.S. law firms, 9 of the 10 largest U.S. bank holding companies and 66 corporate clients in the Fortune 100.

Our professionals have experience providing testimony in many areas, including: fraud, damages, lost profits, valuation, anti-trust and anti-competition, accountant s liability and malpractice, contract disputes, patent infringement, price fixing, purchase price disputes, solvency and insolvency, fraudulent conveyance, preferences, disclosure statements, trademark and copyright infringement and the financial impact of government regulations. We have strong capabilities in highly specialized industries, including telecommunications, healthcare, transportation, utilities, chemicals, energy, commercial and investment banking, pharmaceuticals, tobacco, retail and information technology. As of September 30, 2006, we had 1,162 revenue-generating professionals which increased to 1,557 as a result of the acquisition of FD. We currently have operations across 25 U.S. cities, as well as the U.K., Ireland, France, Russia, Australia, India, China, Hong Kong, Japan, Singapore, United Arab Emirates and South Africa.

We operate through the five business segments listed below.

Forensic/Litigation Consulting

We are a leading provider of forensic/litigation consulting services in the U.S. This practice provides an extensive range of services to assist clients in all phases of litigation, including pre-filing, discovery, jury selection, trial preparation, expert testimony and other trial support services. Specifically, we help clients assess complex financial transactions, reconstruct events from incomplete and/or corrupt data, uncover vital evidence, identify potential claims and assist in the pursuit of financial recoveries and settlements. We also provide asset tracing and fraud investigation services. Our graphics services at trial and technology and electronic evidence experts assist clients in preparing for and presenting their cases in court. Through the use of proprietary information technology, we have demonstrated our ability to help control litigation costs, expedite the trial process and provide our clients with the ability to readily organize and access case-related data.

As of September 30, 2006, we had 389 revenue-generating professionals in our forensic/litigation consulting segment.

Corporate Finance/Restructuring Consulting

We believe we are the largest corporate finance/restructuring consulting practice in the U.S. Our corporate finance/restructuring practice provides turnaround, performance improvement, lending solutions, financial and operational restructuring, restructuring advisory, mergers and acquisitions, transaction advisory and interim management services. We analyze, recommend and implement strategic alternatives for our corporate finance/restructuring clients, offering services such as interim management in turnaround situations, rightsizing infrastructure, assessing long-term enterprise viability and business strategy consulting. We assist underperforming companies as they make decisions to improve their financial condition and operations. We lead and manage the financial aspects of in-court restructuring processes by offering services that include an assessment of the impact of a bankruptcy filing on the client s financial condition and operations. We also assist our clients in planning for a smooth transition into and out of bankruptcy, facilitating the sale of assets and arranging debtor-in-possession financing. Through FTI Palladium Partners, we help financially distressed companies implement their plans by providing interim management teams.

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As of September 30, 2006, we had 333 revenue-generating professionals in our corporate finance/restructuring practice.

Economic Consulting

We are a leading provider of economic consulting services in the U.S. and deliver sophisticated economic analysis and modeling of issues arising in mergers and acquisitions and other complex commercial and securities litigation. Our economic consultancy business segment includes the Lexecon and Compass practices, both highly respected brands in the economic consulting industry. Within our economic consulting practice, we provide our clients with analyses of complex economic issues for use in legal and regulatory proceedings, strategic decision-making and public policy debates. We are also in the business of advising on developing and implementing concrete strategies for driving revenue growth and profitability. Our statistical and economic experts help companies evaluate issues such as the economic impact of deregulation on a particular industry or the amount of commercial damages suffered by a business. We have deep industry experience in such areas as commercial and investment banking, telecommunications, energy, transportation, healthcare and pharmaceuticals. Our professionals regularly provide expert testimony on damages, rates and prices, valuations, merger effects, intellectual property disputes in antitrust cases, regulatory proceedings and valuations.

As of September 30, 2006, we had 202 revenue-generating professionals in our economic consulting segment.

Technology Practice

In January 2006, we announced the separation of our technology consulting business into a separate business segment. Previously, our technology business was combined with our forensic/litigation consulting segment. This segment consists of our electronic evidence and e-discovery practice group, the complex litigation data analysis practice group, the software development group and our application services provider and documents analytics business. Our repository services offer clients a secure extranet and web-hosting service for critical information. Previously, our technology practice was operated as part of our forensic/litigation consulting segment.

As of September 30, 2006, we had 238 revenue-generating professionals in our technology segment.

Strategic Communications Consulting (formerly FD)

We manage FD, which we acquired as of October 4, 2006, as our strategic communications consulting segment. Through this segment we provide advice and consulting related to four practices comprising financial communications, brand communications, public affairs and issues management, and business consulting. FD has a leading position in its core service offerings and a successful track record. Distinct from other strategic communications consultancies, FD has developed a unique, integrated offering that incorporates a broad scope of services, diverse sector coverage and global reach. This allows FD to advise clients from almost every major business center in the world on strategic communications issues. In addition, FD has won numerous accolades in recent years, including the 2006 International Consultancy of the Year award from PRWeek, a leading trade publication for the public relations and communications industry. With the Acquisition of FD, we achieve an important strategic objective of further expanding internationally. FD brings approximately 476 employees in Western Europe, the U.S., Asia, the Middle East and Russia and a roster of over 750 global clients many of which are leading bluechip companies. The acquisition of FD also contributes to our cross-border execution capabilities and establishes a stronger U.K. presence, in a region where, historically, our start-up expenses have been a burden to financial performance.

The financial communications practice is involved with the event-driven capital markets. Its communications service offerings include strategic boardroom advice, financial calendar support, mergers and

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acquisitions transactions, investor relations, financial and business media relations, capital market intelligence, initial public offerings, debt markets, corporate restructuring, proxy solicitation, corporate governance, corporate social responsibility advice and regulatory communications.

The brand communications practice provides creative services to build consumer and business-to-business brands. Its communication service offerings include strategic marketing advice, business-to-business marketing consultancy, media relations, brand consultancy and repositioning, qualitative and quantitative research, sponsorship consultancy, thought leadership consultancy, launch and event management, strategy and event management and consumer communications.

The public affairs and issues management practice helps to shape messages to policymakers and respond to crisis situations. The services of public affairs include political intelligence, policy formation, political and media campaigns, third party and coalition mobilization, state aid, monopoly and anti-trust regulatory affairs. The services of issues management include business continuity planning, crisis communications planning, crisis handling, media relations, reputation rehabilitation and simulation exercises.

The business consulting practice has dedicated teams providing strategic advice and solving business problems by utilizing world-class research and methodologies. The consulting services offered include corporate strategy, growth strategy, cost management, mergers and acquisitions, organization, performance improvement, private equity and revenue enhancement.

As of October 4, 2006, we had 395 revenue-generating professionals in the strategic communications consulting segment.

Industry Overview

We compete in the global consulting services industry, focusing on providing forensic/litigation, corporate finance/restructuring, economic, technology and strategic communications consulting services. There are a number of factors that drive demand for our services:

Increasing Need for Independent Expertise. We believe that as a result of increased public scrutiny, regulatory complexity and litigation, businesses and their creditors will increasingly engage consulting firms to provide objective and independent expertise. This is particularly true in highly complex and sophisticated areas such as restructurings, bankruptcies, economic consulting, forensic accounting and high-stakes regulatory and legal proceedings. The emerging trend toward hiring consulting firms unaffiliated with company auditors represents a fundamental shift in the demand for our services and has increased the size of our overall practices.

Regulatory Complexity, Public Scrutiny and Increased Litigation. We believe that heightened focus on corporate mismanagement, fraud-related investigations, ongoing regulatory activity such as SEC rulemaking, corporate governance scrutiny and increasing complexity in financial reporting requirements, including requirements under the Sarbanes-Oxley Act of 2002, drive demand for our services. In addition, we believe that increasing litigation costs require businesses to focus on better managing risks and the litigation process, particularly in large, complex, multi-jurisdiction cases and mass tort claims, which increases the demand for our technology practice services.

Strong Economy and Growing Merger and Acquisition Activity. We believe that the overall strength of the economy and the growth in merger and acquisition activity are important drivers for our economic consulting services. We also believe there is more complex litigation and regulatory activity during strong economic conditions. During periods of increased merger and acquisition activity, we have experienced increased use of our economic consulting services driven by growing areas such as antitrust regulation, intellectual property disputes and breaches of contract.

***Trends in Corporate Debt and Debt Default Rates*.** We believe that corporate debt levels and related default rates are important indicators of the potential need for restructuring, turnaround, bankruptcy and

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related consulting services. According to Thomson Financial, both U.S. and international companies have continued to rely on debt to finance acquisitions, growth initiatives and working capital requirements, as evidenced by the fact that there were more issuances of U.S. and global long-term debt in 2005 than 2004. Demand for our services is currently strong in sectors such as automotive, airline and retail, all of which rely on corporate debt and continue to exhibit sector weakness.

Importance of Corporate Communications and Increasingly Complicated Market Environment. Corporate communications has become a key strategic issue demanding the attention of C-suite and boards of directors, as reputational risk becomes a rising concern on the corporate boardroom s risk management agenda. There is an increasingly complicated market environment for large corporations, which requires an integrated and consultative approach covering several different aspects of business communications.

Growth of Multinational Firms and Increase in Growth Companies from Developing World. Multinational firms are seeking to establish global branding, investor relations and communications strategies. Furthermore, increasing numbers of growth companies from the developing world are requiring access to developed markets capital base, with best practice communications advice being a key component in achieving this objective.

Our Competitive Strengths

We compete primarily on the basis of institutional and individual reputations, ability to immediately staff a significant engagement, performance record, quality of work, range of services provided and existing client relationships. We attribute our success and distinction to a combination of long-standing advantages, including:

Premium Brand Names with Leading Market Positions. We believe that we are one of the most recognized brand names in the corporate finance/restructuring and economic consulting services industries, and with the acquisition of FD, in the strategic communications services industry. In addition, we believe we have leading market positions in our forensic/litigation consulting and technology segments based on revenues for those segments. The strength of our brand names and market positions are enhanced by the reputation of our well-recognized consultants, many of whom are leading members of their respective fields. We have benefited from our strategy of acquiring the leading practitioners in each practice, as well as including, in select cases, the continued use of their brand names, either independently or coupled with the FTI brand, such as Lexecon, Ringtail, Cambio, Compass and FD.

Diversified Revenue Sources. We have created a balanced portfolio of services organized into five practice segments: forensic/litigation, corporate finance/restructuring, economic, technology and strategic communications consulting. We began to separately manage our technology segment in 2006 and our strategic communications consulting segment was created with the acquisition of FD. Our strategy is to continue to maintain such diversification. We believe that our broad service offerings and diversity of our revenues insulate us from fluctuations in market conditions in any one of our practices. Also, our strategy is to expand globally, and with the acquisition of FD, for the nine months ended September 30, 2006 and the year ended December 31, 2005, after giving pro forma effect to the Transactions, we generated approximately 12.7% and 11.1% of revenues, respectively, outside the U.S.

Diversified Portfolio of Elite Clients. We provide services for a diverse group of clients, many of whom are blue chip corporations, financial institutions, law firms and private equity firms. In 2005, we performed work for approximately 1,200 clients on about 3,200 matters across multiple industries, including:

approximately 510 law firms, 97 of which were ranked among the top 100 U.S. law firms (based on 2004 U.S. revenues as measured by The American Lawyer magazine);

9 of the 10 largest bank holding companies (based on total assets as of September 30, 2005 as reported by the Federal Reserve System);

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66 corporate clients that were among the Fortune 100 in 2005; and

a broad range of federal, state and local government agencies.

In 2005, our top 10 clients accounted for 23% of our total revenues, with no single client accounting for more than 5% of our total revenues. Among these top 10 clients were five nationally recognized law firms, each of whom represented multiple clients and matters.

FD s premier list of over 750 clients has been established through over 20 years of service. These clients are diversified in size, geography, and industry, and include Air Liquide, AON, Coca-Cola, Credit Suisse, Dell, Delta Airlines, Diageo, Disney, Ford, Fortis, General Electric, General Motors, Heineken, Hewlett Packard, MasterCard, McDonald s, Merrill Lynch, Nestle, Novartis, PricewaterhouseCoopers, Sainsbury s, SAP, Shell, Sprint, Vodafone, Wyeth, and Xerox. FD s top ten customers accounted for less than 10% of total revenues in 2005 and no single customer represented more than 1% of total revenues.

High Level of Repeat and Referral Business and Attractive, Highly Recurring Financial Model. We derive a substantial portion of our revenues from repeat clients or referrals. In 2005, approximately 80% of our revenues were derived from repeat or referral business. Many of our client relationships are long-standing and include multiple contact points within each organization, increasing the depth and continuity of these relationships. We cultivate our critical relationships with financial institutions and law firms, which have served as entry points into significant, high-profile and reputation enhancing engagements.

In addition, our strategic communications consulting segment has a compelling financial model, which is a recurring, retainer based engagement structure that accounted for over 80% of FD s total annual revenues in 2005. Clients in this segment are typically billed on a project-based billing system that reflects the value added by the business rather than the industry standard of lower value time and materials billing basis.

Strong Cash Flow. For the nine months ended September 30, 2006 and the year end December 31, 2005, after giving pro forma effect to the Transactions, we generated revenues of $585.5 million and $632.8 million, respectively. Our business model has several characteristics that produce strong cash flows including high margins, low capital expenditures and low working capital requirements. Our consistently strong cash flow supports our acquisition and growth strategies and our ability to service our indebtedness.

Our Business Strategy

The following are key elements of our business strategy:

Attract and Retain Highly Qualified Professionals. Our professionals are crucial to delivering our services to clients and generating new business. We have assembled a staff of 1,557 revenue-generating professionals, many of whom have established and widely recognized names in their respective practice areas. 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, primarily in the form of forgivable loans, incentive bonuses and equity compensation, along with a competitive benefits package and the chance to work on challenging engagements. We have employment arrangements with substantially all of our senior managing directors that include non-competition and non-solicitation clauses.

Optimize Utilization and Billing Rates of FTI Professionals that Bill on an Hourly Basis. We carefully monitor our utilization rates on a weekly, monthly and annual basis and have maintained average annual utilization rates between 77% and 83% over each of the last three years (based on approximately 2,032 available hours per year). Our goal is to manage growth to maintain utilization rates among all of our professionals rather than intermittently expanding our staff in anticipation of short-term demand. We strive to attain utilization rates that allow us to maintain our profitability, make us less vulnerable to fluctuations in our workload and minimize seasonal factors affecting utilization. In addition, the nature of our services allows us to bill premium rates for the services of our revenue-generating professionals, which enhances our profitability. As we diversify our business offerings and contracting arrangements, utilization is becoming a less meaningful measure of productivity and profitability, particularly with respect to our technology and strategic communications consulting segments.

Leverage Our Relationships and Expertise**.** We work hard to maintain our existing client relationships and develop new ones. We believe that the strength of our existing client relationships and the quality of our reputation across our industry, coupled with our recognized industry expertise, successful track record and size, are the most critical elements in a decision to retain us. We receive a significant amount of repeat business and referrals from our clients. We strive to build client relationships on a company-wide basis and encourage cross-selling among our practices. By successfully leveraging our reputation, experience and broad client base, we expect to continue to obtain engagements from both existing and new clients.

Expand the Breadth of Our Services and Geographic Presence**.** We strive to offer our clients comprehensive solutions to their most complex problems, wherever they are in the world. Increasingly, our clients demand expertise across multiple markets and continents. To meet this demand, we provide our clients with a complete suite of services across all five practices. As we continue to grow, we plan to broaden our industry expertise and expand our electronic evidence and electronic repository services. With the addition of FD, we are positioned to further explore opportunities to increase our European, Asian and other international presence to better serve our clients and to capitalize on what we believe are favorable market conditions.

Through our strategic communications consulting segment, we are planning to extend operations into key business centers in South Africa, and several markets in the Middle East. We seek to take advantage of the opportunities provided by the growth of these economies, and address sources where growth is anticipated. In the long term, our strategic communications consulting segment s established global platform is uniquely positioned to capitalize on the expanding emerging market opportunities arising as financial markets become increasingly regulated and more robust control mechanisms are put in place in the developing world.

Selectively Acquire Companies and Integrate Our New Professionals and Capabilities**.** We follow a disciplined approach to executing and integrating acquisitions, targeting those that complement our business strategy or operate in an attractive specialized niche. Since June of 1998, we have completed fourteen acquisitions that have greatly enhanced our practices. We intend to continue to selectively pursue strategic acquisitions. We seek to integrate acquisitions in a way that fosters organic growth and provides synergies or cross-practice growth opportunities. We also structure our acquisitions to ensure that key individuals from the acquired company are retained and integrated after the transaction is executed.

Our Services

Forensic/Litigation Consulting. Our forensic accounting specialists work with companies faced with fraud, financial disclosure and accounting investigations, misstatements and malpractice issues. As perpetrators of fraud become more ingenious, the expertise required to unravel their schemes increases. We have a team of forensic accountants, certified fraud examiners and computer technicians who are experts in discovering and analyzing the most sophisticated ways to circumvent internal financial controls. We routinely assess complex financial transactions and reconstruct events from incomplete and/or corrupt data, uncover vital evidence, identify potential claims and assist in the pursuit of financial recoveries and settlements. We utilize sophisticated software tools to analyze and uncover important information from the computer systems used in the frauds. With our advanced search techniques and innovative methods, we are able to uncover valuable information that was considered lost, deleted or hidden. The acquisition of the U.S. dispute advisory business of KPMG LLP in 2003 greatly expanded our ability to provide those services.

We develop and deliver creative solutions to litigation problems. As an innovator in digital graphic presentations, we have been one of the leaders in providing high-quality, cost-effective methods to prepare for and try cases. Our trial technology professionals have supported clients in the courtroom in some of the largest

and most complex civil trials. Through the use of proprietary information technology, we have demonstrated our ability to help control litigation costs, expedite the trial process and provide our clients with the ability to readily organize and access case-related data. We prepare and enhance presentations and expert testimony on complex subjects, such as toxic torts, financial disputes and intellectual property resolutions. We have responded to the increasing demand for document management in cases involving thousands or even millions of pages of depositions, testimony and exhibits by developing document management and exhibit and trial preparation solutions that enable our clients to better focus on preparing for and trying cases. Our range of services for complex litigation matters include visual communication consulting services; graphic exhibit design and production; customized database development and distribution; video deposition capture and transcript linking; management of designated trial exhibits; courtroom survey, design and configuration; on-site technical trial support; trial-specific hardware procurement and tracking; and secure extranet storage and distribution of data, documents, transcripts, videos and exhibits. We have developed a number of technology-based tools to assist our clients in managing complex litigation. TrialMax®, our comprehensive trial preparation software, enables a litigation team to easily store, annotate and display documents, computer graphics, video clips and digitized depositions in the courtroom. We employ an automated tool for handling trial data regardless of information source or data type.

We provide services relating to securities, regulatory and Sarbanes-Oxley investigations, and dispute advisory services. The acquisition of the Ten Eyck business in 2003 has greatly expanded our ability to provide those services.

Our experienced intellectual property professionals provide valuation, damage analysis and expert testimony services. They provide those services to a range of industries, including oil and gas, technology and consumer products. They perform financial analyses of intellectual property in licensing and royalty disputes, antitrust claims and other types of disputes. Our professionals employ industry research, statistical analysis, regression techniques, portfolio analysis and sophisticated financial modeling to support defensible, credible valuation and damage conclusions. In August 2005, several professionals joined us to initiate our San Francisco intellectual property practice within the forensic/litigation practice, which involved the acquisition of associated practice assets from their former firm.

Our dispute settlement services help our clients mitigate the cost of, or avoid, litigation by evaluating claims and risks. These professionals coordinate business expertise with legal and technical analysis to develop cost-effective settlement strategies and implement mutually beneficial business resolutions.

We also provide asset tracing and other investigative services. We analyze corporate and personal records and electronic information, conduct interviews and evaluate related financial information to trace the flow of funds and locate assets that may have been misappropriated due to illegal or fraudulent activity. We use sophisticated software tools, advanced data mining and search techniques as well as databases to conduct asset searches for companies, government agencies and individuals. We have provided investigative services in diverse cases involving misdirected or stolen assets, embezzlements and bank, healthcare, insurance, energy, telecommunications and bankruptcy frauds. Our acquisition of International Risk in July 2006 has expanded our offering of investigative services to Asia and Europe.

Corporate Finance/Restructuring Consulting. Our corporate finance/restructuring consulting practice has regularly advised companies and creditors in some of the largest, most complex bankruptcy proceedings and out-of-court restructurings in the U.S. A number of factors affect demand for this practice s services. These include:

- the level of lending activity and over-leveraging of companies;
- over-expansion by various businesses;

- increases in merger and acquisition activity;
- management problems; and
- the general economy in the U.S. and abroad.

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When we represent companies, we work with our client s management. We assess the client s financial condition and viability to structure and implement a business rehabilitation plan to manage the client s cash flow to at least a break-even point. We help clients to identify any non-essential assets or business units that could be sold to generate cash for the client. We assist clients as they negotiate with their lenders to restructure their debt. If an out-of-court workout appears unlikely, we assess the impact of a bankruptcy filing on the client s financial condition and operating performance and seek debtor-in-possession financing on the client s behalf. If the client voluntarily files for bankruptcy or is involuntarily forced into bankruptcy, we have the expertise to manage the entire bankruptcy process, including structuring, negotiating with creditors and implementing the plan of reorganization. We also provide expert testimony in bankruptcy and restructuring proceedings on such issues as business unit valuation and economic loss. When we represent creditors, we seek to maximize amounts owed to them by the debtor, whether in an out-of-court workout or bankruptcy. In a workout engagement, we evaluate and monitor the quality and value of the collateral and any other assets available to the creditor, analyze the debtor s business plan and underlying cash flow projections and assess the adequacy of the debtor s financial reporting systems. Based on our analysis, we assess the debtor s viability and develop and evaluate restructuring plans. If we conclude that an out-of-court workout is not feasible, we assist the creditors in deciding whether to provide debtor-in-possession financing, in working through the bankruptcy process, and in structuring and evaluating various reorganization plan alternatives. Demand for our corporate finance/restructuring services declined in 2004 as compared to 2003, primarily as a result of general economic conditions, including the strengthening of the economy, the availability of credit, low interest rates, fewer mergers and acquisitions and fewer large bankruptcy proceedings. We have been able to offset a portion of the effects of that decline by increasing our middle market bankruptcy, restructuring and workout engagements.

To better meet the needs of companies suffering a financial or operating crisis, we also offer interim management services. Interim management professionals are able to assume interim senior management roles at companies in crisis. We can deploy our professionals to function as a chief executive officer, chief operating officer, chief financial officer or chief restructuring officer. We reevaluate business strategy and financial forecasts and implement plans to meet financial and operating challenges for our clients. Our creative approaches and innovative solutions can create short-term liquidity to stabilize the business and afford the distressed company time to explore its options. We are keenly aware of the sensitive nature of these arrangements and the need to build consensus around a realistic restructuring plan.

We have extensive experience in crisis management, negotiations of complex mergers, acquisitions and capital restructurings, as well as the liquidation of surplus assets. We have regularly provided our corporate financing, turnaround, restructuring, bankruptcy and related consulting services to the largest banks in the United States, including Bank of America, N.A., Wachovia Bank, N.A. and JP Morgan Chase Bank. We have been involved in many of the largest bankruptcy proceedings and out-of-court restructurings in the United States. In January and February 2004, we experienced the unanticipated departure of about 60 professionals in our corporate finance/restructuring practice. We continue to employ and have hired additional professionals who have expertise in providing the same type and level of services.

Our lender and transactional support services assist lenders and other institutional clients in performing financial due diligence for loans, acquisitions and other transactions.

Economic Consulting. Our economic consulting practice provides sophisticated economic analysis of issues arising in merger, acquisition and other complex commercial and securities litigation, and modeling and analysis of the potential competitive effects and other financial advisory services. Our statistical and economic experts in our regulatory consulting practice use a range of tools to help companies evaluate issues such as the economic impact of deregulation on a particular industry, the amount of commercial damages suffered by a business as a result of a tort or a breach of contract or the value of a business. We also work with clients to develop business strategy and tactics on an ongoing basis to address these issues. We have deep industry experience in areas such as telecommunications, energy, transportation, healthcare and pharmaceuticals. Our professionals regularly provide expert testimony on damages, rates and prices, merger effects, intellectual property disputes in antitrust cases, regulatory proceedings, mergers, acquisitions and valuations. Our 2003 acquisition of the Lexecon business and our 2006 acquisition of Compass have greatly enhanced our ability to provide complex economic consulting services.

Technology Practice. In January 2006, we announced the separation of our technology business into a separate segment. Previously, our technology business was combined with our forensic/litigation consulting business. The technology consulting segment consists of our electronic evidence and e-discovery practice group, the complex litigation data analysis practice group, the software development group and our application services provider and documents analytics business. The remainder of our technology business, including our trial technology group, will continue to be managed within our current forensic/litigation practice.

Our repository services include secure extranet and web-hosting services for clients that are parties to multi-district litigation. We also intend to expand our web-hosting capabilities to teleconference and other Internet-based applications. On February 28, 2005, we acquired substantially all of the assets and assumed certain liabilities of the Ringtail group. We integrated Ringtail into our repository services offerings within our forensic/litigation/technology practice. Ringtail is a leading developer of litigation support and knowledge management technologies for law firms, Fortune 500 corporate legal departments, government agencies and courts. Ringtail has developed a suite of integrated software modules to manage the information and workflow in complex legal cases. Specifically, Ringtail s technologies are designed to ensure quality, reduce risk, increase productivity and improve cost effectiveness in the review, preparation and production of litigation data. In addition, Ringtail s software has also been used in a transactional capacity to support deal rooms and merger and acquisition activity. Ringtail s flagship product, Ringtail Legal 2005, provides knowledge management and case preparation through an Intranet repository for litigation document and information management and collaboration for legal cases. We accounted for approximately 30% of Ringtail s business in 2004. Historically, Ringtail has offered its products either through application service providers, or ASPs, or as direct client installations. The ASP model allows clients to outsource information technology and case management needs. The direct installation model allows clients to in-source Ringtail s benefits within their existing infrastructure and accommodates particular data management or legacy requirements. The acquisition of Ringtail expanded our international presence to Melbourne, Australia. With our financial and human capital resources behind Ringtail s application technologies, we believe the Ringtail business can serve as a platform to:

- pursue content development in other areas already served by us, such as corporate finance/restructuring and economic consulting;
- expand our international presence; and
- diversify our client base.

Strategic Communications Consulting. Our strategic communications consulting segment, formerly FD, is comprised of the following four practices: financial communications, brand communications, public affairs and issues management, and business consulting.

The financial communications practice is involved with the event-driven capital markets. Its communications service offerings include strategic boardroom advice, financial calendar support, mergers and acquisitions transactions, investor relations, financial and business media relations, capital market intelligence, initial public offerings, debt markets, corporate restructuring, proxy solicitation, corporate governance, corporate social responsibility advice and regulatory communications.

The brand communications practice provides creative services to build consumer and business-to-business brands. Its communication service offerings include strategic marketing advice, business-to-business marketing consultancy, media relations, brand consultancy and repositioning, qualitative and quantitative research, sponsorship consultancy, thought leadership consultancy, launch and event management, strategy and event management and consumer communications.

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The public affairs and issues management practice helps to shape messages to policymakers and respond to crisis situations. The services of public affairs include political intelligence, policy formation, political and media campaigns, third party and coalition mobilization, state aid, monopoly and anti-trust regulatory affairs. The services of issues management include business continuity planning, crisis communications planning, crisis handling, media relations, reputation rehabilitation and simulation exercises.

The business consulting practice has dedicated teams providing strategic advice and solving business problems by utilizing world-class research and methodologies. The consulting services offered include corporate strategy, growth strategy, cost management, mergers and acquisitions, organization, performance improvement, private equity and revenue enhancement.

Recent Acquisitions

As of October 5, 2006, we completed our acquisition of G3 Consulting, Inc., or G3, a consulting firm based in the U.K. G3 delivers technology and business consulting to U.K. clients facing corporate litigation, electronic disclosure and public inquiries. For the past six years G3 has served as the primary direct U.K. supplier of FTI s Ringtail Legal products and associated Application Service Provider (APS). The total acquisition cost was about $2.5 million consisting of $1.7 million in cash, 27,315 restricted shares of common stock valued at $0.7 million, subject to a post-closing purchase price adjustment, if required and $0.1 million of transaction costs. If at the date restrictions lapse on the restricted shares issued as purchase price consideration the closing price per share reported on the New York Stock Exchange for our common stock is less than $24.98 per share, we have agreed to pay the holder an amount in cash to be determined by (A) multiplying the number of our share held by such holder, by (B) an amount equal to the difference between (i) $24.98 and (ii) the closing price per share on the date restrictions lapsed. We intend to integrate G3 with out Technology group.

As of October 4, 2006, we completed our acquisition of approximately 97% of the share capital of FD, a global strategic business and financial communications consulting firm headquartered in London. In the first quarter of 2007, we anticipate acquiring the approximately 3% of FD s share capital that is outstanding. The total acquisition cost (including the cost of acquiring the approximately 3% of the share capital of FD that is outstanding) is anticipated to be approximately $260.6 million, including transaction costs. The total acquisition cost consists of approximately $225.8 million in cash, about 1.2 million shares of restricted common stock, loan notes payable to the certain sellers of FD shares in the aggregate principal amount of approximately $6.9 million, and deferred purchase obligations. Based in London, we believe FD is a world leading provider of strategic business and financial communications consulting services for major international corporations. FD has a leading position in its core service offerings and a successful track record. Distinct from other strategic communications consultancies, FD has developed a unique, integrated offering that incorporates a broad scope of services, diverse sector coverage and global reach. This allows FD to advise clients from almost every major business center in the world on strategic communications issues. In addition, FD has won numerous accolades in recent years, including the 2006 International Consultancy of the Year award from PRWeek, a leading trade publication for the public relations and communications industry. The acquisition of FD is consistent with our strategy as it drives growth for our business and provides substantial cross-selling opportunities. FD diversifies our business into a new consulting area and has a leading market share. We believe we already have the largest restructuring practice and one of the largest economic consulting and forensic/litigation practices in the U.S. and now also believe we have one of the largest strategic communications practice in the world. As we continue to expand globally, FD s relationships will be very significant for our other practice areas. Similarly, while successful, FD currently has a relatively narrow penetration into the U.S. corporate market which we believe will be a key area for future growth as we leverage our existing U.S. clients. With the acquisition of FD, we achieve an important strategic objective of further expanding internationally. FD brings approximately 476 employees in Western Europe, the U.S., Asia, the Middle East and Russia and a roster of over 750 global clients many of which are leading bluechip companies. The Acquisition also contributes to our cross-border execution capabilities and establishes a stronger U.K. presence, in a region where, historically, our start-up expenses have been a burden to financial performance.

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Brower, Kriz & Stynchcomb. As of September 20, 2006, we completed our acquisition of Brower, Kriz & Stynchcomb, or BKS, a construction consulting firm based in Maryland specializing in critical path method schedule development, technical schedule review and progress evaluation. The total acquisition cost was about $11.5 million consisting of $10.5 million in cash and 40,816 restricted shares of common stock valued at $1.0 million. The purchase agreement also provides future contingent consideration based on specified financial objectives over the next 5 years. BKS operates as part of our forensic/litigation practice.

International Risk. As of July 1, 2006, we completed our acquisition of International Risk which is headquartered in Hong Kong. The total acquisition cost was about $12.0 million consisting of $9.0 million in cash and 114,618 shares of common stock valued at $3.0 million. The cash purchase price was deposited into escrow as of June 30, 2006, subject to the completion of certain closing conditions. International Risk provides comprehensive business risk solutions including investigative due diligence services, fraud and corporate investigations, business intelligence, brand protection and intellectual property strategies, political risk assessments and crisis containment services. International Risk provides services to clients in Asia, Europe and the United States.

Compass. As of January 6, 2006, we completed our acquisition of all the outstanding common stock of Competition Policy Associates, Inc., or Compass, and the related assets from the stockholders of Compass. The total acquisition cost, net of post-closing adjustments, was approximately $73.4 million consisting of net cash of $46.9 million, $0.4 million of transaction costs and 909,346 restricted shares of common stock valued at $26.1 million. We financed the cash portion of the purchase price from cash on hand. The purchase agreement provides for (A) post-closing purchase price adjustments based on actual adjusted earnings before interest and taxes, or EBIT (as defined in the purchase agreement), of the business as of December 31, 2005 and (B) post-closing cash adjustment payments based on actual working capital (as defined in the purchase agreement) as of December 31, 2005. For each fiscal year ending between December 31, 2006 and December 31, 2013, the purchase agreement provides for:

- additional consideration based on EBIT of the business unit (as defined in the purchase agreement);
- the set aside of a percentage of EBIT of the business unit for each fiscal year to be used as incentive compensation to employees of and consultants to the business; and
- conditional contractual protection against a decline in the value of the shares of our common stock issued as purchase price below the issuance price of $27.61.

The selling stockholders, or sellers, of the Compass business have entered into employment or consulting agreements with us pursuant to which they have agreed to provide services for an eight year period and covenants not to compete with us or to solicit our employees for an additional two years. Certain sellers have been awarded stock options to purchase shares of our common stock. We also entered into restricted stock agreements with the sellers which provide for the escrow of all shares paid to them as acquisition purchase price. The shares of common stock placed in escrow will be available for purchase price adjustments and to secure indemnity obligations. In addition, the sellers have agreed not to sell, transfer, assign, pledge or otherwise dispose of the shares of common stock after the closing. Shares of common stock will be released from escrow and the contractual restrictions on transfer will lapse in increments over a five year period from the closing date of the acquisition, except that the restrictions will lapse immediately upon death or disability and certain other events related to employment or consulting status. In the event a seller is terminated by us for cause or resigns without good reason or breach of contract (as each term is defined in the employment or consulting agreement) any restrictions on the shares of our common stock then held in escrow would be extended for an additional five year period from the date of termination or resignation. Certain of the sellers also received loans from us aggregating $8.0 million. As of the closing date, such sellers executed and delivered promissory notes in our favor. The loans accrue interest payable quarterly. Outstanding principal is repayable on the tenth anniversary of the closing date, unless the seller s repayment obligation has been accelerated due to events specified in the agreement.

Cambio. As of May 31, 2005, we acquired substantially all of the assets and assumed certain liabilities of Cambio s business from certain of the individual owners of Cambio Partners, the direct parent of Cambio. Cambio is a leading provider of change management solutions for hospital and health systems. It provides strategic,

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operational and turnaround management consulting services to improve the operational efficiency and financial performance of its clients which include academic medical centers, integrated delivery systems, stand-alone community hospitals, investor-owned hospitals and special medical facilities. Cambio was founded in 1989 and is based in Nashville, Tennessee. The total acquisition cost was $42.8 million, consisting of net cash of $29.7 million, transaction costs of $0.9 million and 555,660 restricted shares of our common stock valued at $12.2 million. We financed the cash portion of the purchase price from cash on hand. Certain recipients of the shares of our common stock issued pursuant to the purchase agreement entered into agreements not to sell, transfer, assign, pledge or otherwise dispose of their shares of our common stock issued in connection with the acquisition for periods ranging from two to five years after the closing. The restrictions on any such recipient s shares would lapse immediately upon the occurrence of specified change-of-control events. In addition, in the case of such a recipient that is employed by us, the restrictions would lapse immediately upon certain employment-related events, and, in the event that the recipient is terminated for cause or resigns without good reason, any restrictions on the shares then held by the recipient would be extended for a period ranging from four to eight years from the date of termination or resignation. We would be required, subject to specified conditions, to register these recipients shares of our common stock for resale on Form S-3 (or a successor form) if, on the 182nd day after the second anniversary of the closing or on the fifth anniversary of the closing, Rule 144 promulgated under the Securities Act is not available for resales of such shares. Subject to limited exceptions, we granted contractual protection against a decline in the value of our common stock from the closing date value of $22.33 to recipients of shares of our common stock issued as consideration for the acquisition. The price protection periods vary from one to four years after the closing date. The price protection will generally be further extended for any longer period during which the shares are held in escrow. We are required to make any price protection payments in cash.

Ringtail. As of February 28, 2005, we acquired substantially all of the assets and assumed certain liabilities of the Ringtail group. The total acquisition cost was $34.6 million, consisting of net cash of $19.2 million, transaction costs of $0.4 million and 784,109 restricted shares of our common stock valued at $15.0 million. The asset purchase agreement that governed the acquisition provides for an earnout over the next three years based on future performance of up to an aggregate of $7.5 million, or $2.5 million per year, consisting, in our sole discretion, of all cash, restricted shares of our common stock, or a combination of cash and stock. Based on 2005 financial results, the first $2.5 million was earned and accrued at December 31, 2005. The cash portion of the purchase price was financed from cash on hand and our senior secured credit facility. We have contractually agreed to pay additional consideration if the value of the shares issued as part of the purchase price and earnout is not at least 10% higher than their respective issuance prices on the date such shares or portion thereof first become eligible for resale under Rule 144 of the Securities Act. If the market value (as such value will be determined pursuant to the asset purchase agreement) of the stock issued as of February 28, 2005 is less than $16.5 million, and the earnout stock is up to $8.25 million, on their respective eligible resale dates, we will be obligated to pay the difference between the actual market value on such date and the protected share value, which will be paid in cash. On February 28, 2006, we were not obligated to make any price protection payments related to the initial shares of common stock issued in connection with this transaction. We have substantial experience with the Ringtail products and the employees from Ringtail who have joined us, as we use Ringtail s software in the electronic evidence, repository services and document management services we provide to certain clients. In connection with the acquisition, Edward O Brien and Christopher Priestley, Ringtail s founders, joined us. Mr. O Brien has entered into a written three-year employment agreement, and Mr. Priestley has entered into a written four-year employment agreement. The employment arrangements for the other employees range from one year to three years and may be extended. The agreements also contain non-competition and non-solicitation provisions, which in most cases have been designed to comply with Australian law.

Lexecon. As of November 28, 2003, we acquired substantially all of the assets and assumed certain liabilities of Lexecon from its parent company, Nextera. The acquisition of Lexecon has enabled us to expand the type and sophistication of the economic consulting services that we offer our clients. In connection with the acquisition, we entered into a non-competition arrangement with Nextera. During the five-year non-competition period, Nextera has agreed not to, directly or indirectly, offer or provide services of the type offered by Lexecon in the United States and Canada.

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Dispute Advisory Business of KPMG. As of October 31, 2003, we acquired specified assets and assumed liabilities associated with the dispute advisory services, or DAS, business of KPMG. The DAS business complements and expands our forensic/litigation practice in the analysis and resolution of all phases of complex claims and disputes. In connection with the acquisition, we entered into a non-competition arrangement with KPMG LLP. During the four-year non-competition period, KPMG has agreed not to, directly or indirectly, offer or provide dispute advisory services of the type offered within 12 months prior to October 31, 2003, with specified exceptions, and market services using the terms DAS or DAS Services in the United States. For a period of five years following the closing date of the acquisition, KPMG also agreed not to hire as a partner, director, principal or employee or engage as an agent or contractor, certain former employees that joined us in connection with the acquisition. We agreed not to solicit for hire or hire any employee employed by KPMG in its investigative and integrity advisory services business for a period of five years following the closing date, unless such person is a former employee who has not been employed by KPMG for a period of six consecutive months.

Ten Eyck. As of October 15, 2003, we acquired substantially all of the assets and assumed certain liabilities associated with Ten Eyck. Through that acquisition we expanded our consulting services to include SEC and similar regulatory investigations, securities law litigation, SEC accounting and enforcement, fraud investigations and Sarbanes-Oxley mandated requirements. Ten Eyck complements and expands our forensic/litigation practice.

Employment Terms

Our employment arrangements with our senior managing directors range from at will employment arrangements that include restrictions on post-employment competition and solicitation of our clients and employees to long-term written employment agreements. Currently, expirations of employment agreements are concentrated in years 2008 and 2009 because of the timing of our acquisitions and our 2004 initiative to enter into written agreements with our senior professionals. In addition, there is a concentration of expirations in year 2011 and we expect there will be in 2012 because of our current initiative to renegotiate long term employment arrangements with certain senior managing directors who have been designated as participants in our SMD compensation program that is discussed below.

The employment arrangements extended to new employees in connection with acquisitions and new hires of senior professionals at the senior managing director level or higher generally provide for fixed salary, participation in incentive payment programs (which in some cases may be based on financial measures such as earnings before interest, income taxes, depreciation of property and equipment and amortization of other intangible assets, or EBITDA) and a long term equity incentive in the form of stock options or restricted stock. They also entitle the professional to participate in our benefit plans. In many cases, we extend forgivable loans to professionals, provided they are not executive officers, in lieu of paying cash signing bonuses. We believe that the loan arrangements (which require repayment in full if the employee s employment terminates on certain events prior to his contract s expiration date) enhance our ability to attract and retain senior professionals. As of September 30, 2006, unforgiven loans to senior managing directors and other key professionals in the principal amount of $33.2 million were outstanding and classified as assets on our balance sheet.

Our employment arrangements with professionals at the senior managing director level or higher generally provide for salary continuation benefits, accrued bonuses and other benefits beyond the termination date if the professional leaves our employ for certain reasons prior to the agreement s expiration date. The length and amount of payments to be paid by us, following the termination or resignation of a professional who is a party to a long-term employment agreement, varies depending on whether such person resigned or was terminated with cause or good reason, resigned or was terminated without cause or good reason, died or became disabled, or was terminated as a result of a change of control. Such employment agreements contain non-competition and non-solicitation covenants, which under various circumstances, may extend beyond the expiration or termination date depending upon the reason for such termination. Under such non-competition covenants, the professional generally agrees not to offer or perform consulting services of the type performed during his employment, directly, or indirectly through another person or entity, in competition with us, within specified geographic areas, subject, in some cases, to certain exceptions. Generally, such professionals also agree not to solicit business

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regarding any case, matter or client upon which such professional worked on our behalf, or to solicit, hire, or influence the departure of, any of our employees, consultants or independent contractors. Under the general terms of his or her long-term employment agreement, the professionals also agree to maintain the confidentiality of our proprietary information and affirm that we are the owners of copyrights, trade marks, patents and inventions developed during the course of employment.

In 2006, we began to renegotiate new long-term employment agreements with certain key senior managing directors. In connection with those discussions, we offer certain designated senior managing directors the opportunity to participate in all or a portion of the benefits under our SMD compensation program that includes cash, in the form of an unsecured general recourse forgivable loans, and significant additional payments upon the execution and during the term of such employment agreement in the form of stock options and restricted stock awards or, alternatively, cash equivalents if we do not have adequate equity securities available under stockholder approved equity plans. The new employment agreements entered into in 2006 with senior managing directors in our corporate finance/restructuring segment who are participating in this program will expire in 2011, which means that we could face similar retention issues at the end of the terms of those agreements. In an effort to reduce this risk, we have included a renewal provision in most of the new employment agreements providing that the agreement will renew for one year from year to year beginning at the end of their initial terms unless either party provides written notice of non-renewal to the other party at least ninety (90) days prior to the date of the expiration of the initial term or any extended term. During 2007, we intend to extend the SMD compensation program to participants in other practice segments which could result in a concentration of employment agreement expirations in 2012. While we hope that we enter into new long-term employment agreements with a significant number of senior managing directors, we have not yet and there is no assurance we will do so. The aggregate principal amount of all loans made to senior managing directors through 2006 could approximate $50.0 million, of which some or all of the principal amount and accrued interest could be forgivable by us upon the passage of time, while complying with contractual requirements, or certain other events, such as death or disability or termination by us without cause or by the employee with good reason. The equity awards to such senior managing directors participating in the SMD compensation program will be significant.

Marketing and Sales

We rely primarily on referrals and our reputation to market our services to new and existing clients since most of our work is repeat work for existing clients or comes from referrals from existing clients or relationships with partners in major law firms or other professionals. Our professionals develop close working relationships with clients and often learn about new business opportunities from their frequent contacts 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 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 employ 23 full-time people in our marketing and sales divisions who assist with the marketing of our consulting services.

Clients

We have cultivated long-term relationships with many premier corporations, financial institutions, law firms and private equity firms.

In 2005, we performed work for approximately 1,200 clients on about 3,200 matters, including:

- about 510 law firms, 97 of which were rated among the top 100 U.S. law firms (based on 2004 U.S. revenues as measured by *The American Lawyer* magazine);

9 of the 10 largest U.S. bank holding companies (based on total assets as of September 30, 2005 as reported by the Federal Reserve System);

66 corporate clients that were among the Fortune 100 in 2005; and

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a broad range of federal, state and local government agencies.

In 2005, about 80% of our revenues were derived from repeat or referral business. No single client accounted for more than 5% of our 2005 revenues.

Competition

Our business is highly competitive. Our competitors range from large organizations, such as the national accounting firms and the large management consulting companies that offer a broad range of consulting services, to small firms and independent contractors that provide one specialized service. We compete primarily on the basis of institutional and individual reputations, ability to immediately staff a significant engagement, performance record, quality of work, range of services provided and existing client relationships. To a lesser extent, we also compete on price, but the critical nature of our services typically reduces price to a secondary consideration. Since our business depends in a large part on professional relationships, our business has low barriers of entry for professionals, including our professionals, wanting to start their own firms or to change employers.

Some national service providers are larger than we are and, on any given engagement, may have a competitive advantage over us with respect to one or more competitive factors. The smaller local or regional firms, while not offering the range of services we provide, often are able to provide the lowest price on a specific engagement because of their lower overhead costs and proximity to the engagement.

Patents, Licenses and Proprietary Information

We consider certain of our products and processes, including our TrialMax® comprehensive trial preparation software, proprietary and confidential. We consider the Ringtail Casebook software that we acquired from the Ringtail group on February 28, 2005 and the other technologies and software that we acquired in connection with the Ringtail transaction to be proprietary and confidential. A newer version of that software, Ringtail Legal 2005, has since been issued. We believe that our non-patented software and intellectual property, particularly some of our process software and intellectual property, is important to our forensic/litigation/technology practice. We rely upon non-disclosure agreements and contractual agreements and a system of 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 use such information.

Employees

As of September 30, 2006, we had 1,548 total employees, including 1,162 revenue-generating professionals which increased to 1,557 as a result of the acquisition of FD. We currently have operations across 25 U.S. cities as well as the U.K., Ireland, France, Russia, Australia, India, Hong Kong, China, Singapore, Japan, United Arab Emirates and South Africa. We also engage independent contractors to supplement our professionals on client engagements as needed. Most of our professionals have many years of experience in their field of practice, and many are well recognized for their expertise and experience. None of our employees are subject to collective bargaining contracts or represented by a union. We believe our relationship with our employees is good.

Legal Matters

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.

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MANAGEMENT

The table below sets forth our executive officers, other key employees and directors and their ages as of December 11, 2006:

NAME	AGE	POSITION
Jack B. Dunn, IV	55	President, Chief Executive Officer and Director
Dennis J. Shaughnessy	59	Chairman of the Board
David G. Bannister	51	Executive Vice President Strategic Development
Dominic DiNapoli	51	Executive Vice President and Chief Operating Officer
John A. MacColl	58	Executive Vice President and Chief Risk and Legal Officer
Theodore I. Pincus	63	Executive Vice President and Chief Financial Officer
Eric B. Miller	47	Senior Vice President and General Counsel
Charles Boryenace	56	Vice President Controller and principal accounting officer
Curt A.H. Jeschke, Jr.	56	Vice President Internal Audit
Brenda J. Bacon	56	Director
Mark H. Berey	54	Director
Denis J. Callaghan	64	Director
James W. Crownover	63	Director
Gerard E. Holthaus	57	Director
Matthew F. McHugh	68	Director
George P. Stamas	55	Director
Gary C. Wendt	64	Director

Jack B. Dunn, IV has served as our Chief Executive Officer since October 1995 and as a director since 1992. In May 2004, he assumed the position of President, a position he also held from October 1995 to December 1998. He served as our Chairman of the Board from December 1998 to October 2004. From May 1994 to October 1995, he served as our Chief Operating Officer. Prior to joining us, he was a member of the Board of Directors and a Managing Director of Legg Mason Wood Walker, Incorporated and directed its Baltimore corporate finance and investment banking activities. Mr. Dunn also is a director of NexCen Brands, Inc. and Chair of its Nominating Committee and a member of its Compensation Committee and Corporate Governance Committee. He is a director of Pepco Holdings, Inc. and a member of its Corporate Governance/Nominating Committee and its Compensation Committee. Mr. Dunn is a limited partner of the Baltimore Orioles L.P.

Dennis J. Shaughnessy has been our executive Chairman of the Board since October 2004 and a director since 1992. From 1989 to October 2004, he was a General Partner of Grotech Capital Group, Inc., a private equity firm. He continues to be a non-voting special general partner of certain partnerships affiliated with Grotech Capital Group. Prior to becoming a General Partner of Grotech Capital Group in 1989, Mr. Shaughnessy was the Chief Executive Officer of CRI International, Inc. Mr. Shaughnessy also is a director and a member of the Compensation Committee and Nominating Committee of TESSCO Technologies, Inc.

David G. Bannister is our Executive Vice President Strategic Development and joined FTI as Senior Vice President Business Development in May 2005. From 1983 to 1998, Mr. Bannister was employed in the investment banking division of Alex Brown & Sons, holding the position of Managing Director when he left in 1998. From 1998 to 2004, Mr. Bannister was a General Partner of Grotech Capital Group. Mr. Bannister is a director of Landstar System, Inc., the Chairman of its Audit Committee and a member of several of its committees. Mr. Bannister is also a director of Allied Holding, Inc., the Chairman of its Audit Committee, and a member of several of its committees.

Dominic DiNapoli has been an Executive Vice President and our Chief Operating Officer since February 2004. From August 2002 to February 2004, Mr. DiNapoli was a Senior Managing Director in our corporate finance practice. From 1998 to 2002, Mr. DiNapoli was a Managing Partner of PricewaterhouseCoopers LLP s U.S. business recovery services (BRS) practice.

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John A. MacColl has been an Executive Vice President and our Chief Risk Officer since January 2006. In April 2006, Mr. MacColl also assumed the position of Chief Legal Office of FTI. From April 2004 to April 2005, Mr. MacColl was Vice Chairman of St. Paul Travelers, a Position he held with its predecessor, The St. Paul Companies, Inc. from May 2002 to April 2004. From May 1999 to August 2004, Mr. MacColl also held the position of General Counsel. Mr. MacColl joined the St. Paul Companies in 1998, following the company s merger with United States Fidelity and Guaranty Company, where he served as Executive Vice President of Human Resources and General Counsel. From April 2005 to January 2006, Mr. MacColl pursued personal business interests.

Theodore I. Pincus has been an Executive Vice President and our Chief Financial Officer since April 1999. Prior to joining us, Mr. Pincus was Executive Vice President and Chief Financial Officer of Nitinol Medical Technologies from May 1995 to March 1999. He was President of the Pincus Group, a financial consulting firm, from December 1989 to May 1995, and prior to that was a Partner at Ernst & Young LLP.

Eric B. Miller joined us in May 2006 and was elected Senior Vice President and General Counsel in June 2006. From 1995 to May 2006, Mr. Miller was a Partner with DLA Piper.

Charles Boryenace assumed the duties as our Vice President and Controller and principal accounting officer in May 2005. From November 2004 to May 2005, he was our Interim Controller and acting principal accounting officer. From May 2004 to November 2004, he was our Vice President Financial Planning and Analysis. From February 2002 to May 2004, he was a Managing Director of our Policano & Manzo subsidiary, which we acquired in February 2002. Prior to February 2002, Mr. Boryenace was a consultant to Policano & Manzo.

Curt A. H. Jeschke, Jr. joined us as Vice President Internal Audit in May 2004. From November 1998 through June 2003, he was Senior Vice President and Chief Financial Officer of Renaissance Aircraft LLC, a manufacturer of general aviation aircraft. He managed his family s real estate business from July 2003 to May 2004.

Brenda J. Bacon is President and CEO of Brandywine Senior Care, Inc., a company she co-founded in 1996, now named Brandywine Senior Living. Ms. Bacon became President and Chief Operating Officer in May 2003, and President and Chief Executive Officer in July 2004. From 1989 to 1993, Ms. Bacon served as Chief of Management and Planning, a cabinet-level position under New Jersey Governor James J. Florio, where she oversaw all health care and human services reform efforts and departments, and served as a senior advisor to the Governor. In addition, in 1993, Ms. Bacon spent several weeks in Washington on loan to the Presidential Transition Team for the transition of the Department of Health and Human Services where she participated in the confirmation preparation for Secretary Donna Shalala.

Mark H. Berey has been a member of our Board since 2004. Mr. Berey has been Executive Vice President and Chief Financial Officer and a director of Avendra, LLC a procurement company serving the hospitality industry in North America and the Caribbean since its formation in 2001. From 2000 to 2001, he was Executive Vice President and Chief Financial Officer of Discovery.com. Prior to mid-2000, he was the Senior Vice President and Chief Financial Officer for Giant Food, Inc.

Denis J. Callaghan has been a member of our Board of Directors since 2000. Mr. Callaghan retired from Deutsche Bank Securities Inc. in February 2000, where he was the Director of North American Equity Research. Prior to becoming Director of Equity Research in 1992, Mr. Callaghan was responsible for the Insurance and Financial Services Research Groups of Alex, Brown & Sons Incorporated.

James W. Crownover, has been a member of our Board of Directors since October 2006. Mr. Crownover had a 30-year career with McKinsey & Company, Inc. when he retired in 1998. He headed McKinsey s

Southwest practice for many years, and also co-headed the firm s worldwide energy practice. In addition, he served as a member of McKinsey s Board of Directors. Mr. Crownover serves on the board of directors of Chemtura Corporation and is a member of its Organization, Compensation and Governance Committee and Safety, Health and Environment Committee. Mr. Crownover services on the board of directors of Weingarten Realty Investors (a REIT) and is Chair of its Audit Committee and a member of its Governance Committee. He also is on the board of directors of Allied Waste Industries, Inc. and is Chair of its Governance Committee and a member of its Audit Committee. Mr. Crownover also is Chairman of Rice University s Board of Trustees.

Gerard E. Holthaus has been a member of our Board of Directors since 2004. Since April 1997, Mr. Holthaus has been President and Chief Executive Officer of Williams Scotsman International, Inc., the largest provider of mobile office space and modular buildings in North America. He was elected Chairman of the Board of Williams Scotsman in April 1999. From October 1995 to April 1997, he was its President and Chief Operating Officer. Prior to October 1995, he was its Executive Vice President and Chief Financial Officer. He is a Certified Public Accountant.

Matthew F. McHugh has been a member of our Board of Directors since 2006. Congressman McHugh, after retiring from Congress was a senior advisor at The World Bank, acting as senior counselor to the President from May 1993 to June 2005, as an employee until December 2000 and beginning in December 2000 as a consultant. From 1975 to 1992, Congressman McHugh was a U.S. Representative in Congress for the 27th and 28th congressional Districts of New York. He was also a member of the House Appropriations Committee and House Permanent Select Committee on Intelligence from 1985 to 1990. In 1991, he was appointed Acting Chairman of the Committee on Standards of Official Conduct.

George P. Stamas has been a member of our Board of Directors since 1992. Since 2002, Mr. Stamas has been a Partner of the international law firm of Kirkland & Ellis LLP. He is also a Venture Partner of New Enterprise Associates, a venture capital firm. From 1999 to January 2002, Mr. Stamas was Vice Chairman of the Board of Directors of Deutsche Bank Securities Inc. He is a limited partner of the Baltimore Orioles L.P., the Washington Capitals and the Washington Wizards. Mr. Stamas is a director of NexCen Brands, Inc.

Gary C. Wendt has been a member of our Board of Directors since 2006. Mr. Wendt was the Chairman and Chief Executive Officer of GE Capital Services from June 1985 to January 1999. In 1999, Mr. Wendt founded two businesses in India including EXL, a back-office service company that was subsequently sold to a private equity advisor and GW Capital. From June 2000 to September 2002, Mr. Wendt served as President and Chief Executive Officer of Conseco, Inc. (Conseco). During his term as an officer of Conseco, Conseco filed for Chapter 11 bankruptcy protection. From March 2001 to present, Mr. Wendt has been Chairman of India Value Fund, a private equity fund manager in India. He is also a director of Covansys, Inc., a software development and management company where he serves as Lead Director and Chairman of the Compensation Committee.

Committees of the Board of Directors

Our Board of Directors has an audit committee, a nominating and corporate governance committee and a compensation committee. The audit committee selects, appoints and approves fees of our independent auditors, reviews and discusses the scope of the annual audit and our independent auditors written communications to the audit committee and management, oversees our financial reporting activities, approves audit and non-audit services by our independent auditors, reviews and discusses our periodic reports filed with the SEC, and reviews and oversees our internal system of audit, financial and disclosure controls. The current members of the audit committee are: Messrs. Holthaus (Chair) and Berey, each of whom are audit committee financial experts within the meaning of Rule 401(h) of Regulation S-K, and Messrs. Crownover and Wendt, each of whom qualifies as financially literate under the rules of the New York Stock Exchange. The nominating and corporate governance committee recommends the slate of nominees for election to the Board of Directors and appointment to each of the committees of the Board of Directors and monitors compliance with, reviews and recommends changes to our corporate governance guidelines and the committee charters. The current members of the

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nominating and corporate governance committee are Messrs. McHugh (Chair), Bacon, Berey, Callaghan, and Crownover. The compensation committee reviews and makes recommendations regarding the compensation of executive officers and other employees and our compensation policies, strategies, plans and programs, including, but not limited to, any performance-based incentive plans, stock option or equity award plans and change in control or other severance plans. The current members of the compensation committee are Messrs. Wendt (Chair), Callaghan, Holthaus and McHugh. Gerard E. Holthaus is the Presiding Director of the Board.

Executive Compensation

Summary Compensation Table

We have set forth below information concerning the cash and non-cash compensation earned by our President and Chief Executive Officer and the four other most highly compensated persons who were serving as our executive officers on December 31, 2005.

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)(1)**	**Bonus ($)(2)**	**Other Annual Compensation ($)(3)**	**Restricted Stock Award(s) ($)**	**Securities Underlying Options (#)**	**LTIP Payouts ($)**	**All Other Compensation ($)(4)**
Jack B. Dunn, IV	2005	1,000,000	1,069,000	36,950		90,000		7,033
	2004	1,000,000		15,873	1,000,000(5)	90,000		6,440
President and Chief Executive Officer	2003	1,000,000	600,000	3,436		90,000		6,743
Dennis J. Shaughnessy	2005	1,000,000	1,069,000	29,749				6,868
Chairman of the Board	2004	192,308(6)		854	3,000,000(7)	200,000(7)		10,708
Dominic DiNapoli	2005	2,000,000	946,000(8)	25,766	3,280,000(8)	100,000		19,767(9)
Executive Vice President and Chief Operating Officer	2004	2,000,000	500,000	4,473		50,000		34,162(8)
Theodore I. Pincus	2005	500,000	477,000	20,203				9,238(10)
	2004	500,000	100,000	6,090		50,000		8,535
Executive Vice President and Chief Financial Officer	2003	500,000	400,000	4,763				10,071
Barry S. Kaufman	2005	500,000	487,000	13,584				7,369
	2004	500,000	125,000	6,802		50,000		6,572
Executive Vice President Chief Risk Management Officer(11)	2003	500,000	250,000					7,290

(1) Includes annual base salary, including amounts earned but deferred at the election of the executive officer, such as salary deferrals under our 401(k) Plan.
(2) For purposes of this table, bonuses have been reported in the fiscal year earned.
(3) These amounts include our cost to lease automobiles for the benefit of each of the named executive officers. We paid automobile expenses for 2005 for Messrs. Dunn, Shaughnessy, DiNapoli, Pincus and Kaufman of $21,838, $21,095, $20,096, $20,203 and $13,584, respectively. We pay the annual fees for memberships to two golf clubs that are used primarily for client entertainment purposes by certain of the executive officers as well as other employees. The golf club memberships require us to designate individuals as members. Mr. Dunn is designated as a member of two clubs, Mr. Shaughnessy is designated as a member of one club, and Mr. DiNapoli is designated as a member of one club. Golf club fees paid in 2005 for Messrs. Dunn, Shaughnessy and DiNapoli aggregated $15,112, $8,654 and $5,670, respectively. These amounts do not reflect deposits paid by us on account of the golf club memberships in the aggregate net amount of $300,000 as of December 31, 2005. For client entertainment purposes, we purchase season tickets to sporting teams and venues in various locations in the U.S. In 2003, 2004 and 2005, the Company purchased season tickets to the Baltimore Orioles for client entertainment purposes costing $6,237, $7,867 and $7,938, respectively. Mr. Dunn is a limited partner of the Baltimore Orioles. These perquisites and other personal benefits amount in the aggregate to the lesser of either $50,000 or 10% of the total of annual salary and bonus reported for the named executive officer.
(4) Included in these amounts are our payment of matching and discretionary contributions to our 401(k) Plan and premiums paid by us for a portable life insurance benefit not generally provided to our employees. In 2005, the Company s matching 401(k) contributions for Messrs. Dunn, Shaughnessy, DiNapoli, Pincus and Kaufman were $6,300 each. In 2005 and 2004 (the first year the benefit was provided), the premiums paid by us for a portable life insurance benefit for each of the five executive officers was: Mr. Dunn: $733 and $290, Mr. Shaughnessy: $568 and $0, Mr. DiNapoli: $250 and $99, Mr. Pincus: $783 and $310, and Mr. Kaufman: $1,069 and $422, respectively.
(5) In connection with the amendment of Mr. Dunn s employment agreement, he was awarded restricted stock under our 2004 Plan valued at $1,000,000 at the grant date of September 23, 2004, equating to 53,106 whole shares based on the closing price of $18.83 per share of

common stock on the NYSE on that date, which vest in five equal annual installments beginning one year from the date of grant. On December 31, 2004 and December 31, 2005, those shares were valued at approximately $1,100,000 and $1,457,229, based on the closing price of $21.07 and $27.44 per share, respectively (the closing price of a share of our common stock on the NYSE on that date). We have never paid dividends on our common stock but Mr. Dunn would be entitled to receive such dividends on account of the restricted stock if and when authorized, declared and paid.

(6) Dennis J. Shaughnessy was appointed as our executive Chairman of the Board on October 18, 2004. Under his employment agreement, his base annual salary for 2004 is $1,000,000. The amount shown in the table represents the amount actually paid to him as base salary for the period October 18, 2004 through December 31, 2004.

(7) In 2004, in connection with his employment, Mr. Shaughnessy was awarded restricted stock under our 2004 Plan valued at $3,000,000 at the grant date of October 18, 2004, equating to 152,517 whole shares based on the closing price of $19.67 per share of common stock on the NYSE on that date. The restricted shares vest in ten equal annual installments beginning one year from the date of grant. On December 31, 2004 and December 31, 2005, those shares were valued at approximately $3,200,000 and $4,185,066, based on the closing price of $21.07 and $27.44 per share, respectively (the closing price of a share of our common stock on the NYSE on that date). We have never paid dividends on our common stock but Mr. Shaughnessy would be entitled to receive such dividends on account of the restricted stock if and when authorized, declared and paid. As of October 18, 2004, he was also awarded an option exercisable for 200,000 shares of our common stock at an exercise price equal to the closing price of a share of our common stock on the NYSE on that date, or $19.67 per share, which option vests in three equal annual installments beginning on the date of grant.

(8) Dominic DiNapoli was appointed our Executive Vice President and Chief Operating Officer in February 2004. He joined us from the business recovery services (BRS) business of PricewaterhouseCoopers LLP, which was acquired by us in August 2002. In connection with that acquisition, Mr. DiNapoli received shares of our common stock that are restricted under the terms of his employment agreement. We granted the former BRS partners who joined us contractual protection against a decline in the value of their restricted shares during the four-year restricted period if the market price falls below $18.89 per share. In 2004, $27,913 included in the above table relates to his contractual stock price protection. All restricted shares become unrestricted on August 30, 2006. If Mr. DiNapoli were to terminate his employment with us prior to August 30, 2006, the restricted period for his restricted shares would be extended to eight years from the date of termination. On November 1, 2005, we entered into a new employment agreement with Mr. DiNapoli. Mr. DiNapoli was awarded an option for 100,000 shares of our common stock pursuant to our 2004 Plan with an exercise price equal to the closing price of a share of our common stock on that date, or $26.24 per share. The option vests in three equal annual installments beginning on the grant date. In addition, as of November 1, 2005, Mr. DiNapoli was awarded 125,000 shares of restricted stock under the 2004 Plan, which as of the date of grant had a value of $3,280,000 based on a common stock price of $26.24 per share. On December 31, 2005, those shares were valued at approximately $3,430,000 based on the closing price of $27.44 per share (the closing price of a share of our common stock on the NYSE on that date). One-ninth of the award shares will vest and become nonforfeitable on December 31, 2006, and one-ninth of the award shares will vest and become nonforfeitable on each anniversary of such date, such that 100% of the award shares will be vested and nonforfeitable on December 31, 2014, provided that, Mr. DiNapoli is employed by us or an affiliate on each such anniversary date. We have never paid dividends on our common stock but Mr. DiNapoli would be entitled to receive such dividends on account of the restricted stock if and when authorized, declared and paid. Mr. DiNapoli will be entitled to an annual incentive bonus as determined by the Compensation Committee. The Compensation Committee has approved a minimum bonus amount of $500,000 per year at a minimum target of $1.00 consolidated earnings per share for the term of the employment agreement pursuant to the FTI Consulting, Inc. Incentive Compensation Plan, Amended and Restated Effective October 25, 2005, or successor plan.

(9) Includes $13,217 paid by us for legal expenses incurred by Mr. DiNapoli in connection with the negotiation of his new employment agreement.

(10) Includes premium payments for 2005 for the following insurance benefits that are not provided to other executive officers or employees in general: approximately $835 for additional liability coverage and $1,320 for additional long-term disability coverage.

(11) On January 9, 2006, Mr. Kaufman assumed the position of leader of our Technology initiative, which is not an executive officer position with FTI. He left the position of Executive Vice President and Chief Risk Management Officer of FTI as of that date.

Corporate Aircraft

In October 2005, the Board authorized the procurement of a corporate aircraft to maintain scheduling flexibility and a greater degree of control over the security of senior executives as they travel. As of December 13, 2005, we entered into an operating lease with Banc of America Leasing & Capital, LLC and a resale aircraft purchase agreement for a Hawker 800XP aircraft. At that time, we also entered into a Charter and Management Services Agreement with Summit Jet, LLC, or Summit, a FAA Part 135 air carrier whereby Summit will provide the crew and maintain, manage and operate the aircraft to carry executives, non-employee directors, other personnel and guests of the company on official travel, as well as charter to third parties. In February 2006, the Board upon the recommendation of the Compensation Committee approved an internal Corporate Aircraft Policy to govern the use and administration of the aircraft, including the personal use of the aircraft by executives and non-employee directors and their family members and other invitees. Pursuant to that policy, authorized executives and non-employee directors are permitted to personally use the corporate aircraft *provided* that they directly charter the aircraft from Summit. The hourly leasing fee per in flight travel hour for

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personal charters by corporate executives and non-employee directors is $1,800. That fee is less than the approximately $3,600 per hour that Summit charges to unaffiliated third parties to charter the aircraft. Based on the formula set forth in the Charter and Management Services Agreement between FTI and Summit, the fee credited by Summit to FTI resulting from Summit s charter of the aircraft to an executive officer or non-employee director of FTI is less than that realized by FTI when Summit charters the aircraft to unaffiliated third parties. Because any such personal use has been arranged and paid for by the executive or non-employee director as a direct charter with Summit without any charge to us, executives and non-employee directors have not been imputed with compensation reflecting either the cost to the executive or non-employee director of that use nor the differential between the hourly charter rate paid by them and the hourly rate that Summit would charge for charters to unaffiliated third parties. In the event that a family member or other invitee travels on the aircraft when an executive or non-employee director is using it for primarily a business purpose, if the person is a family member, the related executive or non-employee director will be imputed taxable income relating to that person s travel. If the invitee is a third party, we will issue a Form 1099 to such invitee for the taxable income imputed to such third party. The taxable income will be imputed at a rate equivalent to the Standard Industry Fare Level formula calculation (SIFL), or such other calculation as may be required under applicable rules and regulations of the Internal Revenue Service, for the executive or non-employee director and each family member or other invitee over the age of two. During 2005, all personal travel on the corporate aircraft by an executive officer was arranged as a direct charter from Summit and no imputed income relating to the use of the aircraft is reflected in the Summary Compensation Table. During 2005, no non-employee director chartered the aircraft for personal use. During 2005, no family members or other invitees of any executives or non-employee directors traveled on the aircraft while it was being used for business.

Equity Compensation Plans

Option Grants in Last Fiscal Year

The following table sets forth the options granted to our named executive officers during 2005.

	Individual Grants				Potential Realizable Value at Assumed Annual Rate of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in 2005	Exercise Price per Share ($/Share)[1]	Expiration Date	5% ($)[2]	10% ($)
Jack B. Dunn, IV[3]	22,500	2.39%	21.07	02.17.15	228,000	643,000
	22,500	2.39%	23.72	04.28.15	256,000	724,000
	22,500	2.39%	26.36	07.20.15	285,000	805,000
	22,500	2.39%	28.86	11.01.15	312,000	882,000
Dennis J. Shaughnessy						
Dominic DiNapoli[4]	100,000	10.64%	26.24	11.01.15	1,650,000	4,181,000
Theodore I. Pincus						
Barry S. Kaufman						

(1) All options were granted at exercise prices equal to or above the fair market value of a share of our common stock as of the date of grant.

(2) The dollar amounts are the result of calculations at assumed 5% and 10% compounded rates of stock appreciation from the date of grant to the expiration date of the options. The potential realizable value is reported net of the option price but before income taxes associated with

exercise. These assumed rates of growth were selected by the SEC for illustration purposes only. They are not intended to forecast possible future appreciation, if any, of our stock price. No gain to the optionees is possible without an increase in stock price.

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(3) Since 1996, Mr. Dunn has received a quarterly standing grant of stock options as authorized by the Compensation Committee pursuant to the terms of our equity-based plans in effect from time to time. Mr. Dunn continues to receive standing grants as part of his equity compensation. Each quarterly grant is currently for 22,500 shares of our common stock (which number may be adjusted pursuant to the applicable plan terms in effect from time to time) awarded as of the day following each quarterly earnings release. Each grant of options has been made at an exercise price 10% higher than the fair market value of a share of common stock on the date of grant. Each option will become fully exercisable upon an increase of 25% in the market value of a share of common stock but not earlier than one year after the date of grant, and will become exercisable eight years from the date of grant if the market value does not reach the target value.

(4) As of November 1, 2005, Mr. DiNapoli was awarded an option exercisable for 100,000 shares of common stock at an exercise price equal to the closing price of a share of common stock on the NYSE on that date, which vests in three equal annual installments beginning on the date of grant.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Values of Options

The following table sets forth information regarding outstanding options held by our named executive officers as of December 31, 2005.

Name	Shares Acquired on Exercise	Value Realized($)	Number of Securities Underlying Unexercised Options at December 31, 2005 Exercisable	Unexercisable	Value of Unexercised In-the-Money Options at December 31, 2005(1) Exercisable	Unexercisable
Jack B. Dunn, IV	233,382	4,661,000	465,459	180,000	3,528,000	251,000
Dennis J. Shaughnessy			268,333	66,667	1,861,000	518,000
Dominic DiNapoli			117,500	100,000	434,000	442,000
Theodore I. Pincus			207,917	33,333	2,260,000	362,000
Barry S. Kaufman	25,926	265,000	28,241	33,333	78,000	362,000

(1) The value of the in-the-money options is based on the market price of a share of our common stock on December 31, 2005, which was $27.44 per share, less the total exercise price and multiplied by the total number of shares underlying the options.

Employment Arrangements

Jack B. Dunn, IV. We entered into an employment agreement with Jack B. Dunn, IV as of November 5, 2002, to replace the employment agreement that we previously had with him. That employment agreement was amended as of September 23, 2004. The employment agreement, as amended, provides that Mr. Dunn will serve as our President and Chief Executive Officer. Mr. Dunn agreed to waive any right he might have otherwise had under his employment agreement to resign for Good Reason (as defined in his employment agreement) based on his change in title and responsibilities because of our employment of Mr. Shaughnessy as executive Chairman of the Board. This waiver in no way affects Mr. Dunn s right or entitlement to exercise Good Reason resignation rights under his employment agreement based on other or future circumstances, including but not limited to additional changes to his title and/or responsibilities beyond those contemplated by the amendment.

For consideration for Mr. Dunn s services, Mr. Dunn received an annual base salary set at $1,000,000 for 2005, and is entitled to participate in our incentive compensation and other bonus plans adopted by the Board and Compensation Committee of the Board and in our health, pension and other benefit plans. His annual salary is subject to annual increases at the discretion of the Compensation Committee but the Compensation Committee may not decrease his annual salary. In May 2006, the Compensation Committee increased Mr. Dunn s annual salary to $1,250,000 retroactive to January 1, 2006. Under the provisions of his employment agreement, as amended, Mr. Dunn agrees to serve as a director on our Board. In connection with the execution of the employment agreement in November 2002, we granted Mr. Dunn an option for 135,000 shares of our common

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stock (as adjusted for the three-for-two stock split paid as a stock dividend on June 4, 2003 to stockholders of record on May 7, 2003). This option vested in three equal installments, on the date of the agreement and on the first and second anniversaries of such date.

Mr. Dunn s amended employment agreement extends the renewal options under that agreement. As amended, the three-year initial term of his employment agreement will automatically extend by one year effective at the close of business on the day before the first, second, third, fourth and fifth anniversaries of its November 5, 2002 initial effective date, unless by such date we or Mr. Dunn gives the other notice of an intention not to further extend the term. Prior to the amendment, Mr. Dunn s employment term with all extensions would have expired on November 5, 2008, absent notice by a party not to extend. As amended, with all extensions, Mr. Dunn s employment term will expire on November 5, 2010, absent notice by a party not to extend. As of November 4, 2005, extension options have become effective that extend the term of Mr. Dunn s employment agreement to November 4, 2008. As compensation to Mr. Dunn for agreeing to serve as our President and Chief Executive Officer, the additional extension options, and for other agreements in the amendment, Mr. Dunn received an award of restricted stock under the 2004 Plan with a value of $1,000,000 as of September 23, 2004, which equates to the award of 53,106 whole shares of common stock based on the closing price of a share of our common stock on the NYSE on that day. The restricted stock will vest in five equal installments, beginning on the first anniversary of the date of the amendment to the employment agreement and continuing on the following four anniversaries of such date, *provided* that, Mr. Dunn is employed with us on each such anniversary, such that the restricted stock would be fully vested on September 23, 2009. Vesting of his options, restricted stock and any other equity-based awards granted from time to time will continue through his transition term (as described below).

If Mr. Dunn s employment term expires or earlier terminates other than upon certain specified events such as death or disability, Mr. Dunn will continue to provide services to us as a part-time employee for five years (his transition term), providing not more than 500 hours of service per 12-month period at our offices in Maryland. During his transition term, in lieu of his salary, we will pay Mr. Dunn five annual transition payments of $500,000. Upon a termination event or during a transition period, Mr. Dunn will be entitled to specified payments, which may include payment of any unreimbursed business expenses, any vested benefits under our pension or other benefit plans, and the continuation of health and life insurance benefits for him and his family for their respective lifetimes and for his dependents until such dependents attainment of the maximum age up to which our plans, as then in effect, cover dependents of our employees. Mr. Dunn will also be entitled to use of a car during the transition period.

Depending on whether Mr. Dunn is deemed terminated due to a specified event, including, termination with or without Cause, with or without Good Reason, upon his Death or Disability or for another reason, including a Change of Control, (as those terms are defined in his employment agreement), he will be entitled to specified payments and benefits (or after-tax cash payments to reimburse the cost of benefits), the amount and value of which cannot now be calculated but would exceed $100,000, including, salary continuation, bonus payments, severance and vesting of equity awards, depending on the triggering event, in accordance with his employment agreement or applicable equity award agreements.

Mr. Dunn s agreement contains non-competition terms that will continue for three years from the last day of his employment. During this period, Mr. Dunn also will be prohibited from soliciting any entity or person that has been our client, customer, employee or contractor to terminate their relationship with us.

If any payment made by us under the employment agreement with Mr. Dunn is subject to an excise tax, we will pay Mr. Dunn an additional payment in an amount that after the payment by him of all taxes, he will retain an amount equal to such excise tax.

Dennis J. Shaughnessy. We entered into an employment agreement with Dennis J. Shaughnessy as of September 20, 2004, with an effective date of October 18, 2004. Mr. Shaughnessy s employment agreement

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provides that he will serve as our full-time Chairman of the Board of Directors, which is an executive officer s position, reporting to the Board and our Chief Executive Officer. Mr. Shaughnessy also serves as a management director.

In consideration for Mr. Shaughnessy s services, he received an annual base salary of $1,000,000 for 2005, and is entitled to participate in our incentive compensation and other bonus plans adopted by the Board and Compensation Committee of the Board and our health, pension and other benefit plans. Mr. Shaughnessy s annual salary is subject to annual increases at the discretion of the Compensation Committee but the Compensation Committee may not decrease his annual salary. Pursuant to his employment agreement, as of October 18, 2004, Mr. Shaughnessy was awarded an option for 200,000 shares of common stock under our 2004 Plan with an exercise price calculated as of the close of trading of shares of our common stock on the NYSE on the date of grant. This option vests in three equal annual installments, beginning on the date of grant and on the first and second anniversaries of such date. In addition, Mr. Shaughnessy received an award of restricted stock under the 2004 Plan with a value of $3,000,000 as of October 18, 2004, equating to 152,517 whole shares of common stock based on the closing price of a share of our common stock on the NYSE for that date. The shares of restricted stock vest in ten equal installments, beginning on the first anniversary of the date of grant, *provided*, that, Mr. Shaughnessy is employed by us on each such anniversary date, such that the shares of restricted stock would be fully vested on October 18, 2014. Mr. Shaughnessy is also entitled to retain the options awarded to him while he was a non-employee director pursuant to our 1997 Plan. Vesting of his options, restricted stock and any other equity-based awards granted from time to time will continue through his transition term (as described below).

Mr. Shaughnessy s employment agreement has a five-year term, expiring October 17, 2009, unless it terminates earlier. If Mr. Shaughnessy s employment term expires or earlier terminates other than upon certain specified events such as death or disability, Mr. Shaughnessy will continue to provide services to us as a part-time employee for five years (his transition term), at the request of our Chief Executive Officer or Board, of not more than 500 hours of service per 12-month period at our offices in Maryland. During this transition term, in lieu of his salary, we will pay Mr. Shaughnessy $200,000 for each year of the transition term. Upon a termination event or during a transition period, Mr. Shaughnessy will be entitled to specified types of payments, which may include payment of any unreimbursed business expenses, any vested benefits under our pension or other benefit plans, and the continuation of health and life insurance benefits for him and his family for their respective lifetimes and for his dependents until such dependents attainment of the maximum age up to which our plans, as then in effect, cover dependents of our employees.

Depending on whether Mr. Shaughnessy is deemed terminated due to a specified event, including, termination with or without Cause, with or without Good Reason, upon his Death or Disability or for another reason, including a Change of Control, (as those terms are defined in his employment agreement), he will be entitled to receive certain specified payments and benefits (or after-tax cash payments to reimburse the cost of benefits), the amount and value of which cannot now be calculated but would exceed $100,000, including, salary continuation, bonus payments, severance and vesting of equity awards, depending on the triggering event, in accordance with his employment agreement or applicable equity award agreements.

Mr. Shaughnessy s agreement contains non-competition terms that will continue for three years from the last day of his employment. During this period, Mr. Shaughnessy also will be prohibited from soliciting any entity or person that has been a client, customer, employee or contractor of ours to terminate its relationship with us.

If any payment made by us under the employment agreement with Mr. Shaughnessy is subject to an excise tax, we will pay Mr. Shaughnessy an additional payment in an amount that after the payment by him of all taxes, he will retain an amount equal to such excise tax.

Dominic DiNapoli. On October 26, 2005, the Board approved, and on November 1, 2005, we entered into a new employment agreement with Dominic DiNapoli effective as of that date that supersedes and replaces the

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employment agreement dated July 17, 2002 between Dominic DiNapoli and us and the letter agreement dated March 24, 2004 to amend the employment agreement between Dominic DiNapoli and us. The employment agreement commences November 1, 2005 and terminates on December 31, 2011, subject to the transition term (as defined below). During its term, Mr. DiNapoli will serve as our full-time Executive Vice President and Chief Operating Officer. Mr. DiNapoli is entitled to participate in our incentive compensation and other bonus plans adopted by our Board and Compensation Committee of the Board and in our health, pension and other benefit plans.

In consideration for Mr. DiNapoli s services, he received an annual base salary of $2,000,000 in 2005. Mr. DiNapoli s annual salary will be subject to annual increases at the discretion of the Compensation Committee of our Board but the Compensation Committee may not decrease his annual salary. With respect to each fiscal year during the employment term, Mr. DiNapoli will be entitled to an annual incentive bonus as determined by the Compensation Committee. The Compensation Committee has approved a minimum bonus amount of $500,000 per year at a minimum target of $1.00 consolidated earnings per share for the term of the employment agreement pursuant to the FTI Consulting, Inc. Incentive Compensation Plan, Amended and Restated Effective October 25, 2005, or successor plan. Mr. DiNapoli will be eligible to earn additional bonus amounts pursuant to that plan, subject to the discretion of the Compensation Committee, and the recommendation of our Chief Executive Officer or Chairman of the Board.

As of November 1, 2005, Mr. DiNapoli was awarded an option for 100,000 shares of our common stock pursuant to our 2004 Plan, with an exercise price equal to the closing price of a share of our common stock on that date. The option vests in three equal annual installments beginning on the grant date and the first and second anniversaries of such dates. In addition, as of November 1, 2005, Mr. DiNapoli was awarded 125,000 shares of restricted stock under out 2004 Plan. One-ninth of the award shares vested and became nonforfeitable on December 31, 2006, and one-ninth of the award shares will vest and become nonforfeitable on each anniversary of such date, such that 100% of the award shares will be vested and nonforfeitable on December 31, 2014, *provided* that, Mr. DiNapoli is employed by us or an affiliate on each such anniversary date. Vesting of his options, restricted stock and any other equity-based awards granted from time to time will continue through his transition term (as described below).

If Mr. DiNapoli s employment term expires or earlier terminates other than upon certain specified events such as death or disability, Mr. DiNapoli will continue to provide services to us as a part-time employee for three years (his transition term), at such dates and time as may be mutually agreed to by him and us, and upon the request and direction of the Chief Executive Officer, of not more than 500 hours of service per 12-month period. During the transition term, in lieu of his salary, we will pay Mr. DiNapoli annual transition payments of $500,000. Upon a termination event or during a transition period, Mr. DiNapoli will be entitled to specified payments, which may include payment of any unreimbursed business expenses, any vested benefits under our pension or other benefit plans, and continued health and life insurance benefits for him and his spouse during their respective lifetimes and for his dependents until such dependents attainment of the maximum age up to which our plans, as then in effect, cover dependents of our employees.

Depending on whether Mr. DiNapoli is deemed terminated due to a specified event, including, termination with or without Cause, with or without Good Reason, upon his Death or Disability or for another reason, including a Change of Control, (as those terms are defined in his employment agreement), he will be entitled to specified payments and benefits (or after-tax cash payments to reimburse the cost of benefits), the amount and value of which cannot now be calculated but would exceed $100,000, including, salary continuation, bonus payments, severance and vesting of equity awards, depending on the triggering event, in accordance with his employment agreement or applicable equity award agreements.

Mr. DiNapoli s agreement contains non-competition terms that will continue for three years from the last day of his employment. During this period, Mr. DiNapoli also will be prohibited from soliciting any entity or person that has been a client, customer, employee or contractor of ours to terminate its relationship with us.

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If any payment we make under the employment agreement with Mr. DiNapoli is subject to an excise tax, we will pay Mr. DiNapoli an additional payment in an amount that after the payment by him of all taxes, he will retain an amount equal to such excise tax.

Theodore I. Pincus. We entered into an employment agreement with Theodore I. Pincus as of November 5, 2002. As of March 21, 2006, we entered into an amendment to Mr. Pincus employment agreement. The employment agreement provides that during its term, Mr. Pincus will serve as our Executive Vice President and Chief Financial Officer. Pursuant to the amended employment agreement, as of January 1, 2006 Mr. Pincus base salary increased to $650,000 per annum from his $500,000 base salary amount in 2005. Mr. Pincus is entitled to participate in our incentive compensation and other bonus plans adopted by our Board and Compensation Committee of the Board and in our health, pension and other benefit plans. His annual salary is subject to annual increases at the discretion of the Compensation Committee but the Compensation Committee may not decrease his annual salary. In connection with the execution of the employment agreement in 2002, we granted Mr. Pincus an option for 67,500 shares of common stock (as adjusted for the three-for-two stock split paid as a stock dividend on June 4, 2003 to stockholders of record on May 7, 2003) under our 1997 Plan. This option vested in three equal installments.

Mr. Pincus employment agreement had an initial three-year term. As of November 4, 2003, the term was extended for one additional one-year period. Pursuant to the amendment to his employment agreement dated as of March 21, 2006, the term of Mr. Pincus employment agreement, which would have expired on November 2, 2006, has been extended until November 2, 2007 (the Continuation Date) and, thereafter, the term will automatically renew for an additional year from year to year (each an Annual Renewal, and collectively the Annual Renewals) unless either party provides written notice of non-renewal to the other party at least 45 days prior to end of the Continuation Date or the expiration of such Annual Renewal term, as applicable.

If Mr. Pincus employment term expires or earlier terminates other than upon certain specified events such as death or disability, Mr. Pincus will continue to provide services to us as a part-time employee for three years (his transition term), providing for, at the request and direction of the Chief Executive Officer or the Board, not more than 500 hours of service per 12-month period at our offices in Maryland. Mr. Pincus will be required to devote the first six months of his transition period to training and transitioning a new chief financial officer for FTI. During the transition term, in lieu of his salary, we will pay Mr. Pincus three annual transition payments of $325,000 plus $650.00 per hour for each hour worked in excess of 500 hours per year. In addition, Mr. Pincus will have a special bonus opportunity of up to $325,000 that could be earned following completion of the first six months of his transition period in the discretion of the Compensation Committee. Upon a termination event or during a transition period, Mr. Pincus will be entitled to specified payments, which may include payment of any unreimbursed business expenses, any vested benefits under our pension or other benefit plans, and continued health and life insurance benefits for him and his spouse during their respective lifetimes and for his dependents until such dependents attainment of the maximum age up to which our plans, as then in effect, cover dependents of our employees. Vesting of his options, restricted stock and any other equity-based awards granted from time to time will continue through his transition term.

Depending on whether Mr. Pincus is deemed terminated due to a specified event, including, termination with or without Cause, with or without Good Reason, upon his Death or Disability or for another reason, including a Change of Control, (as those terms are defined in his employment agreement), he will be entitled to receive certain specified payments and benefits (or after-tax cash payments to reimburse the cost of benefits), the amount and value of which cannot now be calculated but would exceed $100,000, including, salary continuation, bonus payments, severance and vesting of equity awards, depending on the triggering event, in accordance with his employment agreement or applicable equity award agreements.

Mr. Pincus employment agreement contains non-competition terms that will continue for three years after the last day of his employment. During this period, Mr. Pincus also will be prohibited from soliciting any entity or person that has been our client, customer, employee or contractor to terminate their relationship with us.

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If any payment made by us under the employment agreement is subject to an excise tax, we will pay Mr. Pincus an additional payment in an amount that after the payment by him of all taxes, he will retain an amount equal to such excise tax.

Barry S. Kaufman. We entered into an employment agreement with Barry S. Kaufman as of March 31, 2004, which was amended effective January 9, 2006. The employment agreement provides that during its term, Mr. Kaufman will serve as our Executive Vice President and Chief Risk Management Officer. For consideration for Mr. Kaufman services, Mr. Kaufman received an annual base salary set at $500,000 for 2005. Effective on January 9, 2006, Mr. Kaufman left the position of Executive Vice President and Chief Risk Management Officer to lead our technology activities and initiatives and his employment agreement was amended to recognize that change. As of January 1, 2006, Mr. Kaufman s base salary increased to $700,000 per annum. Mr. Kaufman is entitled to participate in our incentive compensation and other bonus plans adopted by our Board and Compensation Committee and in our health, pension and other benefit plans. His annual salary is subject to annual increases at the discretion of the Compensation Committee but the Compensation Committee may not decrease his salary. In connection with the execution of the employment agreement, we granted Mr. Kaufman an option for 50,000 shares of common stock pursuant to our 1997 Plan. This option vests in three equal installments, beginning on the first anniversary of the date of grant and on the first and second anniversaries of such date, provided we continue to employ him on each of such dates.

The employment agreement had an initial three-year term through March 31, 2007, but pursuant to its terms the employment term was extended on March 31, 2005 by an additional one year period. The term of the agreement currently expires on March 31, 2008 but may terminate earlier. If Mr. Kaufman s employment term expires or earlier terminates other than upon certain specified events such as his death or disability, Mr. Kaufman will provide, at the request and direction of our Chief Executive Officer or Board, services to us as a part-time employee for three years (his transition term), of not more than 500 hours of service per 12-month period at our offices in Maryland. During the transition term, in lieu of his salary, we will pay Mr. Kaufman annual transition payments of $325,000. Upon a termination event or during a transition period, Mr. Kaufman will be entitled to specified payments, which may include payment of any unreimbursed business expenses, any vested benefits under our pension or other benefit plans, and continued health and life insurance benefits for him and his spouse during their respective lifetimes and for his dependents until such dependents attainment of the maximum age up to which our plans, as then in effect, cover dependents of our employees. Vesting of his options, restricted stock and any other equity-based awards granted from time to time will continue through his transition term.

Depending on whether Mr. Kaufman is deemed terminated due to a specified event, including, termination with or without Cause, with or without Good Reason, upon his Death or Disability or for another reason, including a Change of Control, (as those terms are defined in his employment agreement), he will continue to receive certain specified payments and benefits (or after-tax cash payments to reimburse the cost of benefits), the amount and value of which cannot now be calculated but would exceed $100,000, including, salary continuation, bonus payments, severance and vesting of equity awards, depending on the triggering event, in accordance with his employment agreement or applicable equity award agreements.

Mr. Kaufman s employment agreement contains non-competition terms that will continue for three years after the last day of his employment. During this period, Mr. Kaufman also will be prohibited from soliciting any entity or person that has been our client, customer, employee or contractor to terminate their relationship with us.

If any payment made by us under the employment agreement is subject to an excise tax, we will pay Mr. Kaufman an additional payment in an amount that after the payment by him of all taxes, he will retain an amount equal to such excise tax.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the ownership of our common stock as of December 11, 2006, by:

- each person known to own beneficially more than 5% of our outstanding common stock,
- each of our directors,
- each of our executive officers, and
- all of our executive officers and directors as a group.

The amounts and percentages of shares of common stock beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities with respect to which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person s ownership percentage but not for purposes of computing any other person s percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock.

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Name of Beneficial Owner[1]	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned (%)
Jack B. Dunn, IV[2]	533,548	1.27
Dennis J. Shaughnessy[3]	533,550	1.27
Dominic DiNapoli[4]	357,121	*
Theodore I. Pincus[5]	184,083	*
John A. MacColl[6]	48,333	*
David G. Bannister[7]	57,095	*
Charles Boryenace[8]	2,500	*
Curt A. H. Jeschke, Jr.[9]	1,666	*
Brenda J. Bacon[10]	42,207	*
Mark H. Berey[11]	71,500	*
Denis J. Callaghan[12]	209,628	*
James W. Crownover[13]	3,125	*
Gerard E. Holthaus[14]	90,000	*
Matthew F. McHugh[15]	34,100	*
Eric B. Miller[16]	10,000	*
George P. Stamas[17]	179,910	*
Gary C. Wendt[18]	44,700	*
Royce & Associates, LLC 1414 Avenue of the Americas New York, New York 10019[19]	1,052,300	2.52
Snyder Capital Management, L.P. 350 California Street Suite 1460 San Francisco, CA 94104[20]	1,529,000	3.66
Neuberger Berman Inc. 605 Third Avenue New York, New York 10158[21]	2,102,075	5.03
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202[22]	2,176,895	5.21
FMR Corp.	4,073,141	9.75

82 Devonshire Street Boston, MA 02109[23]		
Wachovia Corporation One Wachovia Center Charlotte, NC 8288-0137[24]	1,806,059	4.32
All directors and executive officers as a grrroup (16 persons)	2,403,066	5.53

* Less than 1%.

(1) Unless otherwise specified, the address of these persons is c/o FTI Consulting, Inc., 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202.

(2) Includes 53,106 shares of restricted stock granted on September 23, 2004 that are subject to forfeiture until they vest, which will be in five equal annual installments beginning on the first anniversary of the date of grant, of which 31,864 remain restricted and subject to forfeiture as of December 11, 2006. Includes a performance-based award of 10,000 shares of restricted stock granted on October 24, 2006 that are subject to forfeiture until they vest, which will be December 31, 2009 provided that the performance goals have been attained as of any fiscal year ending December 31, 2007, December 31, 2008 or December 31, 2009. Includes 376,358 shares of common stock issuable upon the exercise of options, 18,000 shares of common stock over which Mr. Dunn and his spouse share voting and investment power, and 450 shares over which Mr. Dunn and his son share voting and investment power.

(3) Includes 152,517 shares of restricted stock granted on October 20, 2004 that are subject to forfeiture until they vest, which will be in 10 equal annual installments beginning on the first anniversary of the date of grant, of which 122,014 remain restricted and subject to forfeiture as of December 11, 2006. Includes performance-based awards of 50,000 shares of restricted stock granted on October 24, 2006 that are subject to forfeiture until they vest, which will be December 31, 2009, provided that the performance goals have been attained as of any fiscal year ending December 31, 2007, December 31, 2008 or December 31, 2009. Includes 335,000 shares of our common stock issuable upon exercise of stock options, of which 135,000 was awarded to Mr. Shaughnessy in his capacity as a non-employee director before he joined us as an executive officer.

(4) Includes 125,0000 shares of restricted stock granted on November 1, 2005, which will vest and become nonforfeitable as to one-ninth on December 31, 2006 and one-ninth on each anniversary of such date thereafter such that 100% of such restricted shares will be vested and nonforfeitable on December 31, 2014, of which 111,112 shares remain restricted and subject to forfeiture as of December 11, 2006. Includes 167,499 shares of our common stock issuable upon exercise of stock options.

(5) Includes 179,583 shares of our common stock issuable upon exercise of stock options.

(6) Includes 33,333 shares of our common stock issuable upon exercise of stock options. Includes 10,000 shares of restricted stock granted on January 9, 2006, that are subject to forfeiture until they vest, which will be in three equal annual installments beginning on the first anniversary of the date of grant.

(7) Includes 25,000 of our common stock issuable upon exercise of options. Includes a performance-based award of 25,000 shares of restricted stock granted on October 24, 2006 that are subject to forfeiture until they vest, which will be December 31, 2009, provided that the performance goals have been attained as of any fiscal year ending December 31, 2007, December 31, 2008 or December 31, 2009.

(8) Includes 2,500 shares of our common stock issuable upon exercise of options.

(9) Includes 1,666 shares of our common stock issuable upon exercise of options.

(10) Includes 37,500 shares of restricted stock granted on December 11, 2006, which will vest one-twelfth each three-month period beginning on the first three-month period after the date of grant, of which currently all are subject to forfeiture. Includes 4,707 shares of our common stock issuable upon exercise of options.

(11) Includes 70,000 shares of our common stock issuable upon exercise of stock options.

(12) Includes 196,803 shares of our common stock issuable upon exercise of stock options.

(13) Includes 3,125 shares our common stock issuable upon settlement of vested restricted stock units issued under our Deferred Compensation Plan for Key Employees and Non-Employee Directors. Upon a termination event under the plan, Mr. Crownover will receive one share of our common stock for each vested restricted stock unit in his account.

(14) Includes 90,000 shares of our common stock issuable upon exercise of stock options.

(15) Includes 37,500 shares of restricted stock granted on October 26, 2005, which will vest one-twelfth each three-month period beginning on the first three-month period after the date of grant, of which 25,000 remain restricted and subject to forfeiture as of December 11, 2006.

(16) Includes 10,000 shares of restricted stock granted on June 6, 2006 that are subject to forfeiture until they vest, which will be in three equal annual installments beginning on the first anniversary of the grant date.

(17) Includes 2,863 shares of our common stock over which Mr. Stamas and his spouse share voting and investment power and 177,047 shares of our common stock issuable upon exercise of stock options.

(18) Includes 6,250 shares our common stock issuable upon settlement of vested restricted stock units issued under our Deferred Compensation Plan for Key Employees and Non-Employee Directors. Upon a

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termination event under the plan, Mr. Wendt will receive one share of our common stock for each vested restricted stock unit in his account.

(19) Based on Schedule 13G/A filed on February 9, 2006. The reporting person reported sole voting and dispositive power with respect to 1,052,300 shares of common stock.

(20) Based on Schedule 13G/A filed on February 16, 2006. The reporting person reported shared voting power with respect to 1,529,000 shares of common stock.

(21) Based on Schedule 3G filed on February 14, 2006, the reporting person reported sole voting power with respect to 1,786,775 shares of common stock and shared dispositive power with respect to 2,102,075 shares of common stock.

(22) Based on Schedule 13G/A filed on February 14, 2006, the reporting person reported sole voting power with respect to 603,500 shares of common stock and sole dispositive power with respect to 2,176,895 shares of common stock. These securities are owed by various individual and institutional investors which T. Rowe Price Associates Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(23) Based on Schedule 13G filed on July 10, 2006, the reporting person reported sole voting power with respect to 878,400 shares of common stock and sole dispositive power with respect to 4,073,141 shares of common stock.

(24) Based on Schedule 13G filed on April 12, 2006, the reporting person reported sole voting power with respect to 1,796,059 shares of common stock, shared voting power with respect to 10,000 shares, sole dispositive power with respect to 1,779,776 shares of common stock and shared dispositive power with respect to 213 shares of common stock.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are not a party to any related party transactions with our executive officers, directors and nominees for director that are required to be reported under Rule 404 of Regulation S-K promulgated by the SEC, except that Mr. Stamas is a partner of Kirkland & Ellis LLP, a law firm that has been engaged during the last fiscal year to provide legal services to us in the ordinary course of business. Mr. Stamas beneficially owns 2,863 shares of FTI s common stock and stock options for 177,047 shares of common stock that are currently exercisable or will be exercisable on or before February 9, 2007.

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DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facility

General. In connection with the Acquisition, we and certain of our subsidiaries entered into an amended and restated credit agreement (Credit Agreement) with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer and the other lenders who are a party to that agreement, providing for the amended and restated senior secured credit facility. The Credit Agreement amends and restates the amended and restated credit agreement entered into as of November 28, 2003, as further amended, supplemented from time to time with Bank of America, as administrative agent, and Wachovia Bank, SunTrust Bank, Comerica Bank, Sovereign Bank, National City Bank, PNC Bank and U.S. Bank, as lenders, providing for the senior secured credit facility. The Credit Agreement also adjusts our financial covenants and effects certain other changes.

The amended and restated senior secured credit facility consists of a $150.0 million senior secured revolving line of credit maturing on September 30, 2011. We borrowed $40.0 million under the amended and restated senior secured credit facility to finance the Acquisition.

We use letters of credit primarily as security deposits for our office facilities. Letters of credit reduce the availability under our revolving line of credit. As of September 30, 2006, after giving pro forma effect to the Transactions, we had $9.6 million of outstanding letters of credit.

Our obligations under our amended and restated senior secured credit facility are guaranteed by substantially all of our domestic subsidiaries and secured by substantially all of our and our domestic subsidiaries assets (including 65% of the issued and outstanding capital stock of foreign subsidiaries).

Interest rates and fees. The borrowings under the amended and restated secured credit facility bear interest on the outstanding principal amount for each interest period as follows: (A) for each Eurodollar Rate Loan at a rate per annum equal to the sum of (i) the Eurodollar Rate for such interest period plus (ii) the Applicable Rate; and (B) for each Base Rate Loan at a rate per annum equal to (i) the Base Rate plus (ii) the Applicable Rate; and (C) each Swing Line Loan at a rate per annum equal to the (i) Base Rate plus (ii) the Applicable Rate. The Eurodollar Rate will be determined by Bank of America by dividing the British Bankers Association LIBOR Rate for the day two days prior to commencement of the interest period, by one minus the Eurodollar Reserve Percentage published by the Federal Reserve Bank in effect on such day. The Base Rate means a fluctuating rate per annum equal to the higher of (i) the Federal Funds rate plus 50 bases points and an applicable margin or (ii) the rate of interest in effect for such day as the prime rate announced by Bank of America. The Applicable Rate means certain percentages established by Bank of America in the Credit Agreement.

Voluntary prepayments. We are not subject to any penalties for early payment of debt under the amended and restated senior secured credit facility.

Covenants. The amended and restated senior secured credit facility contains financial, affirmative and negative covenants that we believe are usual and customary for a senior secured credit agreement. The negative covenants in the amended and restated senior secured credit facility include, among other things, limitations on our ability to:

incur additional indebtedness;

make investments;

create liens;

pay dividends;

make distributions or repurchases of our capital stock;

consolidate, merge or sell all or substantially all of our assets;

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- guarantee obligations of other entities;
- enter into hedging agreements;
- modify the indentures governing the 2005 Notes;
- enter into transactions with our affiliates;
- engage in any business other than the consulting business;
- fundamental change;
- certain restricted payments; and
- transactions with affiliates and insiders.

In addition, the amended and restated senior secured credit facility requires us to comply with certain financial ratios, each as defined in the Credit Agreement, including, among other things:

- maintenance of a Maximum Total Leverage Ratio of 4.25x (total consolidated indebtedness to earnings before interest, taxes, depreciation and amortization, or EBITDA);
- maintenance of a Maximum Senior Leverage Ratio of 3.25x (total senior indebtedness to EBITDA);
- maintenance of a Maximum Fixed Charge Coverage Ratio of 1.50x (EBITDA to specified financial charges); and
- maintenance of a Minimum Net Worth.

7 5/8% Senior Notes

General. In August 2005, we offered $200.0 million in aggregate principal amount of our 7 5/8% senior notes due 2013, which were subsequently exchanged for registered notes effectuated pursuant to an exchange offer made on February 14, 2006. The 2005 Senior Notes are our general unsecured obligations and are guaranteed on a senior unsecured basis by substantially all of our existing and future domestic subsidiaries. The 2005 Senior Notes were issued pursuant to an indenture among us, the guarantors and Wilmington Trust Company, as trustee. Interest on the 2005 Senior Notes is payable at the rate of 7 5/8% per annum and is payable semi-annually in arrears in cash on each June 15 and December 15. The 2005 Senior Notes will mature on June 15, 2013.

Ranking. The 2005 Senior Notes are our senior unsecured obligations and rank *pari passu* in right of payment with all of our existing and future senior indebtedness, including the exchange notes and rank senior in right of payment to all of our existing and future subordinated indebtedness, including our 2005 Convertible Notes. The 2005 Senior Notes are effectively subordinated to our existing and future secured indebtedness to the extent of the collateral securing such indebtedness, as well as to all liabilities, including trade payables, of our subsidiaries that do not guarantee the 2005 Senior Notes.

Optional Redemption. We have the right to redeem all or part of the 2005 Senior Notes at the redemption prices (expressed as percentages of principal amount) set forth below if redeemed during the twelve-month period beginning on June 15 of the years set forth below, plus, in each case, accrued and unpaid interest, if any, to the date of redemption:

Year	**Percentage**
2009	103.813
2010	101.906
2011 and thereafter	100.000

We also have the right, at any time prior to June 15, 2009, to redeem on one or more occasions up to 35% of the aggregate principal amount of 2005 Senior Notes with the proceeds of certain sales of our equity securities at

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a redemption price of 107.625% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date; *provided* that at least 65% of the aggregate principal amount of 2005 Senior Notes originally remains outstanding after the occurrence of each such redemption and the redemption occurs within 90 days of the date we consummate a sale of our equity securities.

In addition, we may redeem the 2005 Senior Notes, in whole or in part, at any time prior to June 15, 2009, at a redemption price equal to 100% of the principal amount of the 2005 Senior Notes plus a make-whole premium, determined by reference to United States treasuries plus a spread of 50 basis points, plus accrued and unpaid interest to the date of redemption.

Repurchase at the Option of Holders. If we experience certain types of change of control, the 2005 Senior Note indenture requires that we make an offer to all holders of the 2005 Senior Notes to repurchase their notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption. In addition, if we sell certain types of assets, the 2005 Senior Notes indenture requires that, to the extent we do not apply the proceeds from the asset sale in accordance with the 2005 Senior Notes indenture, we use the net proceeds of that asset sale to make an offer to all holders of the 2005 Senior Notes to repurchase their 2005 Senior Notes, up to the amount of such net proceeds, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

Covenants. The 2005 Senior Notes indenture includes covenants that limit our ability and the ability of our subsidiaries to:

- incur additional indebtedness and issue preferred stock;
- pay dividends or make other distributions in respect of our capital stock or to make other restricted payments;
- make certain investments;
- create certain liens;
- allow restrictions on the ability of our subsidiaries to make distributions or transfer assets to us;
- enter into certain transactions with affiliates;
- sell assets;
- enter into certain mergers and consolidations;
- enter into new lines of business; and
- amend the subordination provisions contained in the indenture governing the 2005 Convertible Notes.

The foregoing restrictive covenants are incurrence-based, meaning that they limit our ability to take certain actions or allow certain events to occur. The 2005 Senior Notes indenture does not contain any financial covenants, and therefore we are not required to maintain any specified financial condition.

Events of Default. The 2005 Senior Notes indenture contains customary events of default, in some cases subject to grace periods, that could result in the acceleration of the 2005 Senior Notes prior to stated maturity if those events of default are not cured or waived. The 2005 Senior Notes indenture contains a cross-default to any acceleration of, or default in the payment of principal on, indebtedness that has an aggregate principal amount outstanding that exceeds $25.0 million. We also will have an event of default if we fail to pay certain judgments against us in an amount over $25.0 million or if we or any of our significant subsidiaries experience certain types of bankruptcy or insolvency.

Special Interest. The 2005 Senior Notes were issued in a private placement exempt from the registration requirements of the federal securities laws. We entered into a registration rights agreement with the initial purchasers of the 2005 Senior Notes in which we agreed to register a substantially identical series of 2005 Senior

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Notes with the SEC and to conduct an exchange offer pursuant to which would offer to exchange the newly registered series of 2005 Senior Notes for all outstanding 2005 Senior Notes that were issued in the private placement. On January 13, 2006, the registration statement for the exchange notes was declared effective and on February 14, 2006, the outstanding 2005 Senior Notes were exchanged for the registered 2005 Senior Notes.

3 3/4% Convertible Senior Subordinated Notes

General. Contemporaneous with the offering of our 2005 Senior Notes, we offered $150.0 million in aggregate principal amount of our 3 3/4% convertible senior subordinated notes due July 15, 2012. The 2005 Convertible Notes are general unsecured obligations of FTI and are guaranteed on a senior subordinated, unsecured basis by substantially all of FTI s existing and future domestic subsidiaries. The 2005 Convertible Notes were issued pursuant to an indenture among FTI, the guarantors and Wilmington Trust Company, as trustee. Interest on the 2005 Convertible Notes is payable at the rate of 3 3/4% per annum and is payable semi-annually in arrears in cash on each July 15 and January 15. The 2005 Convertible Notes will mature on July 15, 2012, four years prior to the maturity of the Notes offered hereby.

Ranking. The 2005 Convertible Notes are our senior subordinated, unsecured obligations and rank junior in right of payment to all of our existing and future senior indebtedness, including our 2005 Senior Notes, our amended and restated senior secured credit facility and the exchange notes offered hereby. The 2005 Convertible Notes rank *pari passu* in right of payment with all of our future senior subordinated indebtedness, if any, and rank senior in right of payment to all of our future indebtedness that is contractually subordinated to the 2005 Convertible Notes, if any. The 2005 Convertible Notes are effectively subordinated to all liabilities, including trade payables, of those subsidiaries that do not guarantee the 2005 Convertible Notes. The subordination provisions of the 2005 Convertible Notes are customary for securities of that type, and allow the creditors with respect to any designated senior debt, which will include our 2005 Senior Notes, our amended and restated senior secured credit facility and the exchange notes, to block payments on the 2005 Convertible Notes while there is a default on that designated senior debt; *provided* that nonpayment defaults cannot block payments on the 2005 Convertible Notes for more than 179 days in any 365-day period.

Redemption. We do not have the right to redeem the 2005 Convertible Notes. However, the indenture governing the 2005 Convertible Notes does not restrict our ability to repurchase or to commence a tender offer for the 2005 Convertible Notes.

Conversion. The 2005 Convertible Notes are convertible by the holders into the consideration described below at an initial conversion rate of 31.9980 shares of our common stock per $1,000 principal amount of notes (which is equivalent to an initial conversion price of $31.25 per share). The 2005 Convertible Notes may be converted only under the following circumstances:

- prior to June 15, 2012, during any conversion period if the closing sale price of our common stock for at least 20 trading days in the 30 consecutive trading day period ending on the first day of such conversion period is greater than 120% of the applicable conversion price on the first day of the conversion period (the sale price condition);

- prior to June 15, 2012, during the five consecutive business day period following any five consecutive trading day period in which the trading price of a 2005 Convertible Note for each day of that trading period was less than 95% of the closing sale price of our common stock on such corresponding trading day as multiplied by the applicable conversion rate (the trading price condition);

- at any time on or after June 15, 2012; or at any time that we engage in corporate transactions such as distributing to holders of our common stock (1) certain rights or warrants that allow them to purchase our common stock at less than current market price or (2) assets, debt securities or rights or warrants that has a per share value in excess of 10% of the closing market price of our common stock.

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In addition, if a fundamental change occurs, holders have the right to convert their 2005 Convertible Notes during a period beginning 15 days before and ending 15 days after the effective date of the fundamental change.

The 2005 Convertible Notes are structured for net cash settlement. Upon surrender of 2005 Convertible Notes for conversion, the holder will receive a cash payment equal to the lesser of the principal amount of the note and the conversion value of the note, determined by reference to the average closing sale price of our common stock over the past 20 days and the conversion rate then in effect. As a result, we expect that will be required to make substantial cash payments upon conversion of the 2005 Convertible Notes. Our amended and restated senior secured credit facility permits us to pay the required cash portion of the conversion consideration for conversions upon satisfaction of the sale price condition described above or conversions at any time on or after June 15, 2012. However, our senior credit facility will only allow us to pay an aggregate of $12.5 million in cash in connection with conversions upon satisfaction of the trading price condition described above, and does not permit us to pay any cash in connection with conversions upon the occurrence of the corporate transactions described above or fundamental change described below. As a result, if holders of the 2005 Convertible Notes convert and we are not allowed to pay the required cash portion of the conversion consideration, we will be required to obtain the consent of the lenders under our amended and restated senior secured credit facility or to refinance that debt. If we are unable to obtain such consent or refinance the debt, then we may default in payment of the conversion consideration, which would be an event of default under the 2005 Convertible Note indenture and could cause a default under the indenture governing the 2005 Senior Notes and Notes offered hereby.

To the extent the conversion value exceeds the principal amount of a 2005 Convertible Note, we have the right to pay the excess either in shares of our common stock or in cash. We also will pay any fractional shares issuable upon conversion in cash.

Anti-Dilution Adjustment. The conversion rate of the 2005 Convertible Notes is subject to adjustment if we:

- pay stock dividends in common stock;
- issue rights or warrants to purchase our common stock at less than the current market price;
- implement any stock splits, combinations or reclassifications;
- distribute debt, securities or assets to our stockholders;
- effect a spin-off of any subsidiary or business unit to our stockholders;
- pay cash dividends;
- pay a premium in connection with any tender or exchange offer that we make for our common stock in excess of the current market price on the day after the offer expires; or
- pay a premium in connection with any repurchases of our common stock in excess of the current market price that, over a twelve-month period, results in the payment of aggregate consideration in excess of 10% of our market capitalization.

In addition, the conversion rate will be adjusted upon the occurrence of a fundamental change, subject to certain limitations. The indenture governing the 2005 Convertible Notes contains a make-whole adjustment feature designed to compensate the holders of 2005 Convertible Notes for the economic loss of option value in the event of a fundamental change that deprives them of the right to convert their 2005 Convertible Notes into our common stock. The make-whole adjustment does not apply in the event of a change of control in which we are acquired by a public company and we elect to adjust the conversion so that holders can convert their 2005 Convertible Notes into shares of common equity of person that acquired us.

Repurchase at the Option of Holders. If we experience certain types of fundamental changes (such as our common stock no longer being traded or a change of control), the 2005 Convertible Note indenture will require, subject to certain conditions, that we make an offer to all holders of the 2005 Convertible Notes to repurchase

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their 2005 Convertible Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption. In the event of a public acquirer change of control, as defined in the indenture governing the 2005 Convertible Notes, we have the right to adjust the conversion rate of the notes in lieu of permitting a repurchase. We are not be required to make the offer to purchase if, (1) following the announcement or effectiveness of the fundamental change, our common stock trades at 105% or more than the conversion price of the 2005 Convertible Notes or (2) at least 90% of the consideration paid for our common stock in the fundamental change consists of shares of publicly traded common stock of a third person.

Covenants. The indenture governing the 2005 Convertible Notes does not contain any significant restrictive covenants or any financial covenants. The 2005 Convertible Note indenture limits our ability and the ability of our subsidiaries to enter into certain mergers and consolidations, as well as to incur additional indebtedness that is junior to any senior debt of us or our subsidiaries that is also senior to the 2005 Convertible Notes.

Events of Default. The 2005 Convertible Notes indenture contains events of default that are customary for securities of that type that could result in the acceleration of the 2005 Convertible Notes prior to stated maturity if those events of default are not cured or waived. The 2005 Convertible Note indenture contains a cross-default to any acceleration of, or default in the payment of principal on, indebtedness that has an aggregate principal amount outstanding that exceeds $25.0 million. We also have an event of default if we fail to pay certain judgments against us in an amount over $25.0 million or if we or any of our significant subsidiaries experience certain types of bankruptcy or insolvency.

Special Interest. The 2005 Convertible Notes were issued in a private placement exempt from the registration requirements of the federal securities laws. We entered into a registration rights agreement with the initial purchasers of the 2005 Convertible Notes in which we agreed to file a shelf registration statement to allow the holders to resell their 2005 Convertible Notes to the public. On January 13, 2006, the registration statement was declared effective by the SEC. If the shelf registration statement ceases to be available for resales for certain periods of time, we will be required to pay special interest in additional to the regular interest on the 2005 Convertible Notes. If we do not meet our registration obligations, special interest will accrue in an amount equal to 0.25% per annum of the principal amount during the first 90 days of the default, and will increase to 0.50% per annum after the 91st day that a registration default continues. In the case where the shelf registration statement ceases to be available for resales, special interest will accrue in an amount equal to 0.50% per annum of the principal amount during after certain threshold dates.

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DESCRIPTION OF THE EXCHANGE NOTES

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, the word FTI refers only to FTI Consulting, Inc. and not to any of its subsidiaries, and unless the context otherwise indicates, references to notes refer to the exchange notes.

FTI issued the old notes and will issue the exchange notes under an indenture among itself, the Guarantors and Wilmington Trust Company, as trustee. The form and terms of the old notes and the exchange notes are identical in all material respects except that the exchange notes will have been registered under the Securities Act. See The Exchange Offer Purpose and Effect and Transferability of the Exchange Notes. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the indenture and the registration rights agreement. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement because they, and not this description, define your rights as holders of the notes. Copies of the indenture and the registration rights agreement are available as set forth below under Additional Information. Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the indenture.

The registered holder of a note is treated as the owner of it for all purposes. Only registered holders have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The notes:

- will be general unsecured obligations of FTI;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of FTI, including Indebtedness under the Credit Agreement and the Existing Senior Notes;
- will be senior in right of payment to any future subordinated Indebtedness of FTI; and
- will be unconditionally guaranteed by the Guarantors.

The notes will be effectively subordinated to all borrowings under our senior secured credit facility, which are secured by substantially all of the assets of FTI and the Guarantors, as well as to all other secured indebtedness that we have incurred or may incur in the future. See Risk Factors Your right to receive payments on the notes is effectively subordinated to the rights of our existing and future secured creditors.

The Note Guarantees

The notes will be guaranteed by substantially all of FTI s Domestic Subsidiaries.

Each guarantee of the notes:

- will be a general unsecured obligation of the Guarantor;
- will be *pari passu* in right of payment with all existing and future senior Indebtedness of that Guarantor; and
- will be senior in right of payment to any future subordinated Indebtedness of that Guarantor.

The guarantees will be effectively subordinated to all secured indebtedness that the Guarantors have incurred or may incur in the future.

Not all of our Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. On a pro forma basis, the non-guarantor Subsidiaries generated 13.4% of our consolidated revenues in the nine-month period ended September 30, 2006 and held 9.6% of our consolidated assets as of September 30, 2006.

As of the date of the indenture, all of our Subsidiaries are Restricted Subsidiaries. However, under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, we will be permitted to designate certain of our Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Principal, Maturity and Interest

FTI issued $215.0 million in aggregate principal amount of the old notes. FTI may issue additional notes under the indenture from time to time. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock. Unless otherwise specified, references in this description to the notes refer to the notes and any additional notes that may be issued from time to time. The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. FTI issued old notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will mature on October 1, 2016.

Interest on the notes will accrue at the rate of 7 $^{3}/4$% per annum and will be payable semi-annually in arrears on April 1 and October 1, commencing on April 1, 2007. Interest on overdue principal, interest and Special Interest, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. FTI will make each interest payment to the holders of record on the immediately preceding March 15 and September 15.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of notes has given wire transfer instructions to FTI, FTI will pay all principal, interest and premium and Special Interest, if any, on that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless FTI elects to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as paying agent and registrar. FTI may change the paying agent or registrar without prior notice to the holders of the notes, and FTI or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. FTI will not be required to transfer or exchange any note selected for redemption. Also, FTI will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

The notes will be guaranteed by substantially all of FTI s current and future Domestic Subsidiaries. The Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from guarantors.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than FTI or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Note Guarantee and the registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Note Guarantee of a Guarantor will be automatically and unconditionally released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) FTI or a Restricted Subsidiary of FTI, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(2) in connection with any sale or other disposition of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) FTI or a Restricted Subsidiary of FTI, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(3) if FTI designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

(4) upon legal defeasance or satisfaction and discharge of the indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and Discharge.

See Repurchase at the Option of Holders Asset Sales.

Optional Redemption

At any time prior to October 1, 2009, FTI may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes issued under the indenture at a redemption price of 107.750% of the principal amount, plus accrued and unpaid interest and Special Interest, if any, to the redemption date, with the net cash proceeds of a sale of Equity Interests (other than Disqualified Stock) of FTI; *provided* that:

(1) at least 65% of the aggregate principal amount of notes originally issued under the indenture (excluding notes held by FTI and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such sale of Equity Interests.

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At any time prior to October 1, 2011, FTI may also redeem all or a part of the notes upon not less than 30 nor more than 60 days prior notice mailed by first-class mail to each holder s registered address, at a redemption price equal to 100% of the principal amount of notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the two preceding paragraphs, the notes will not be redeemable at FTI s option prior to October 1, 2011.

On or after October 1, 2011, FTI may redeem all or a part of the notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Special Interest, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on October 1 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2011	103.875%
2012	102.583%
2013	101.292%
2014 and thereafter	100.000%

Unless FTI defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

FTI may acquire notes by means other than a redemption, whether by tender offer, open-market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as any such acquisition does not otherwise violate the terms of the indenture.

Mandatory Redemption

FTI is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of notes will have the right to require FTI to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder s notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, FTI will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest and Special Interest, if any, on the notes repurchased to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on an interest payment date that is prior to the purchase date. Within ten days following any Change of Control, FTI will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. Holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note, with the form entitled Option of Holder to Elect Purchase on the reverse of the note completed, to the paying agent at the address specified in the notice of Change of Control Offer prior to the close of business on the third business day prior to the Change of Control Payment Date or, with respect to holders of notes who own beneficial interests in notes in global form, otherwise comply with the applicable procedures of The Depository Trust Company in connection with the Change of Control

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Offer. FTI will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, FTI will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment Date, FTI will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being purchased by FTI.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any. FTI will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require FTI to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that FTI repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

FTI will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by FTI and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the indenture as described above under the caption Optional Redemption, unless and until there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control, conditional upon consummation of the Change of Control, if FTI has entered into a definitive agreement with respect to the Change of Control that is in effect at the time of making the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of FTI and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require FTI to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of FTI and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

FTI will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) FTI (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by FTI or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on FTI s most recent consolidated balance sheet, of FTI or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases FTI or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by FTI or any such Restricted Subsidiary from such transferee that are converted by FTI or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion, within 90 days following the closing of such Asset Sale;

(c) any stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant; and

(d) any Designated Non-Cash Consideration that is received by FTI or any such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, no greater than the greater of (i) 3% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration and (ii) $30.0 million (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value). The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the Board of Directors of FTI, and such determination must be based upon an opinion or appraisal issued by an accounting, appraisal, valuation or investment banking firm of national standing if the Fair Market Value exceeds $20.0 million.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, FTI (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds, at its option:

(1) to repay secured Indebtedness or Indebtedness and other Obligations under a Credit Facility or Indebtedness of a Restricted Subsidiary that is not a Guarantor and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of FTI;

(3) to make a capital expenditure;

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business or that replace the assets that were the subject of such Asset Sale; or

(5) to make any combination of the applications set forth in the immediately preceding clauses (1) through (4).

A binding contract to apply Net Proceeds in accordance with clauses (1) through (5) above will toll the 365-day period in respect of such Net Proceeds, *provided* that such binding contract shall be treated as a permitted application of Net Proceeds from the date of such bi