

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

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

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

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

FTI CONSULTING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(in thousands)

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

FTI CONSULTING, INC.
OPERATING RESULTS BY BUSINESS SEGMENT

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

(1) We use earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA and adjusted net income in evaluating the company's financial performance. EBITDA, adjusted EBITDA and adjusted net income are not measurements under accounting principles generally accepted in the United States ("GAAP"). We define EBITDA as operating income before depreciation and amortization, amortization of intangible assets and litigation settlements. We define Adjusted EBITDA as EBITDA before special charges and loss from subleased facilities. These measures may not be similar to non-GAAP measures of other companies. We believe that the use of such measures, as supplements to operating income, net income and other GAAP measures, are useful indicators of a company's financial performance and its ability to generate cash flow from operations that are available to fund capital expenditures and service debt. Further, these measures exclude certain items to provide better comparability from period to period. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. EBITDA is a common alternative performance measure used by investors, analysts and credit rating agencies to evaluate and compare the operating performance and value of companies within our industry. These non-GAAP measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our statements of income. See also our reconciliation of Non-GAAP financial measures.

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

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

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

FTI CONSULTING, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data)

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

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**RECONCILIATION OF OPERATING INCOME AND NET INCOME TO ADJUSTED EARNINGS BEFORE
INTEREST, TAXES, DEPRECIATION, AMORTIZATION AND SPECIAL CHARGES**

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

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