

FTI CONSULTING INC  
Form 10-K  
February 27, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-14875

FTI CONSULTING, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 52-1261113  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

555 12th Street NW 20004  
Washington, D.C.  
(Address of Principal Executive Offices) (ZIP Code)  
(202) 312-9100

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

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

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

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

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

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

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

Edgar Filing: FTI CONSULTING INC - Form 10-K

Large Accelerated Filer Accelerated filer  
Non-accelerated filer Smaller reporting company  
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was \$2.3 billion, based on the closing sales price of the registrant's common stock on June 30, 2018.

The number of shares of the registrant's common stock outstanding on February 19, 2019 was 37,863,716.

DOCUMENTS

INCORPORATED BY

REFERENCE

Portions of our definitive Proxy Statement to be filed with the Securities and Exchange Commission within 120 days after the end of our 2018 fiscal year are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein.

---

FTI CONSULTING, INC. AND SUBSIDIARIES  
 Annual Report on Form 10-K  
 Fiscal Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
<b>PART I</b>	
Item 1. Business	<u>1</u>
Item 1A. Risk Factors	<u>18</u>
Item 1B. Unresolved Staff Comments	<u>31</u>
Item 2. Properties	<u>31</u>
Item 3. Legal Proceedings	<u>31</u>
Item 4. Mine Safety Disclosures	<u>31</u>
<b>PART II</b>	
Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>32</u>
Item 6. Selected Financial Data	<u>34</u>
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>36</u>
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	<u>59</u>
Item 8. Financial Statements and Supplementary Data	<u>61</u>
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>94</u>
Item 9A. Controls and Procedures	<u>94</u>
Item 9B. Other Information	<u>94</u>
<b>PART III</b>	
Item 10. Directors, Executive Officers and Corporate Governance	<u>95</u>
Item 11. Executive Compensation	<u>95</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>95</u>
Item 13. Certain Relationships and Related Transactions and Director Independence	<u>95</u>
Item 14. Principal Accountant Fees and Services	<u>95</u>

PART IV

Item 15. Exhibits and Financial Statement Schedule

96

Item 16. Form 10-K Summary

106

---

FTI CONSULTING, INC.

PART I

Forward-Looking Information

This Annual Report on Form 10-K (the “Annual Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues, future results and performance, future capital allocations and expenditures, expectations, plans or intentions relating to acquisitions, share repurchases and other matters, business trends, new, or changes to, laws and regulations, including the 2017 U.S. Tax Cuts and Jobs Act, and other information that is not historical. Forward-looking statements often contain words such as “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts” and variations of such words or similar expressions. All forward-looking statements, including, without limitation, management’s financial guidance and examination of operating trends, are based upon our historical performance and our current plans, estimates and expectations at the time we make them, and various assumptions. There can be no assurance that management’s expectations, beliefs, forecasts and projections will result or be achieved. Our actual financial results, performance or achievements could differ materially from those expressed in, or implied by, any forward-looking statements. The inclusion of any forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates, forecasts or expectations contemplated by us will be achieved. Given these risks, uncertainties and other factors, you should not place undue reliance on any forward-looking statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in, or implied by, statements in this Annual Report. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Annual Report are set forth in this report, including under the heading “Risk Factors” in Part I, Item 1A of this Annual Report. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Annual Report and are expressly qualified in their entirety by the cautionary statements included herein. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances and do not intend to do so.

ITEM 1. BUSINESS

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

Company Overview

General

FTI Consulting is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political and regulatory, reputational and transactional. Individually, each of our segments and practices is staffed with experts recognized for the depth of their knowledge and a track record of making an impact. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle, from proactive risk management to rapid response to unexpected events and dynamic environments.

We report financial results for the following five reportable segments:

- Corporate Finance & Restructuring;
- Forensic and Litigation Consulting;
- Economic Consulting;
- Technology; and
- Strategic Communications.

We work closely with our clients to help them anticipate, illuminate and overcome complex business challenges and make the most of opportunities arising from factors such as the economy, financial and credit markets, governmental legislation and regulation, and litigation. We provide our clients with expert advice and solutions involving turnaround and restructuring (including bankruptcy), business transformations (including performance improvement), interim management, transactions (including mergers and acquisitions (“M&A”), forensic accounting and advisory services,

global risk & investigations

1

---

(“GRIP”), antitrust and competition matters, international arbitrations, regulated industries, securities litigation and risk management, electronic discovery management (or “e-discovery”), managed document review, collection and computer forensics), information governance, privacy and security, M&A crisis and special situation communications, and public affairs communications. Our experienced professionals are acknowledged leaders in their chosen field not only for their level of knowledge and understanding, but for their ability to structure practical workable solutions to complex issues and real-world problems. Our clients include Fortune 500 corporations, FTSE 100 companies, global banks, major law firms, and local, state and national governments and agencies around the globe. In addition, major United States (“U.S.”) and international law firms refer us or engage us on behalf of their clients. We believe clients retain us because of our recognized expertise and capabilities in highly specialized areas, as well as our reputation for successfully meeting our clients’ needs.

Our operations span the globe encompassing locations within: (i) the Americas, consisting of our 47 U.S. offices located in 19 states, three offices located in Calgary, Toronto and Vancouver, Canada and our six offices serving Latin America located in Argentina, Brazil, Colombia, Mexico, the Cayman Islands and the Virgin Islands (British); (ii) Asia and the Pacific, consisting of 15 offices located in Australia, China (including Hong Kong), India, Indonesia, Japan, South Korea, Malaysia and Singapore; and (iii) Europe, Middle East and Africa (“EMEA”), consisting of 24 offices located in Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Qatar, South Africa, Spain, United Arab Emirates and the United Kingdom (“UK”).

We derive the majority of our revenues from providing professional services to clients in the U.S. For the year ended December 31, 2018, we derived approximately 68% and 32% of our consolidated revenues from the work of professionals who are assigned to locations inside and outside the U.S., respectively.

#### Summary Financial and Other Information

The following table sets forth the percentage of consolidated revenues for the last three years contributed by each of our five reportable segments.

Reportable Segment	Year Ended December 31,		
	2018	2017	2016
Corporate Finance & Restructuring	28 %	27 %	27 %
Forensic and Litigation Consulting	26 %	26 %	25 %
Economic Consulting	26 %	27 %	28 %
Technology	9 %	10 %	10 %
Strategic Communications	11 %	10 %	10 %
Total	100%	100%	100%

The following table sets forth the number of offices and countries in which each segment operates, as well as the net number of revenue-generating professionals in each of our reportable segments.

Reportable Segment	Year Ended December 31,		Year Ended December 31,		
	2018	2017	2018	2017	2016
	Offices	Countries	Billable Headcount	Billable Headcount	Billable Headcount
Corporate Finance & Restructuring	43	14	948	901	895
Forensic and Litigation Consulting	56	19	1,153	1,067	1,110
Economic Consulting	41	18	708	683	656
Technology	33	9	306	292	288
Strategic Communications	38	17	641	630	647
Total			3,756	3,573	3,596





## Our Reportable Segments

### Corporate Finance & Restructuring

Our Corporate Finance & Restructuring segment focuses on the strategic, operational, financial and capital needs of our clients around the world. We address the full spectrum of financial, operational and transactional risks and opportunities facing our clients. Our clients include companies, boards of directors, investors, private equity sponsors, banks, lenders, and other financing sources and creditor groups, as well as other parties-in-interest. We deliver a wide range of service offerings, including turnaround and corporate restructuring (and bankruptcy), business transformation (including financial, operational and performance improvement services), and interim management services.

Additionally, our services include dispute advisory, M&A, valuation and financial advisory and tax services. Our clients demand our industry expertise, which includes emphasis in the automotive, energy, power & products ("EPP"), healthcare, mining, real estate & infrastructure, retail & consumer products, and telecom, media & technology ("TMT") sectors.

In 2018, our Corporate Finance & Restructuring segment operated through business transformation, turnaround and restructuring, and other practices, which offer the following services:

**Turnaround & Restructuring.** We provide advisory services to help our clients stabilize finances and operations to reassure creditors and other stakeholders that proactive steps are being taken to preserve and enhance value. For clients confronting liquidity problems, excessive leverage, underperformance, overexpansion, or other business or financial issues, we develop liquidity forecasts, identify cash flow improvements, obtain financing, negotiate loan covenant waivers and guide complex debt restructuring.

Our turnaround management professionals provide their turnaround skills, restructuring expertise, and industry and functional experience to lead through crisis situations, such as financial and operational restructuring and insolvency and bankruptcy, by stabilizing financial position, optimizing financial resources, protecting enterprise value, resolving regulatory compliance issues, building morale and establishing credibility with stakeholders. Our professionals serve in the following interim executive and management roles: chief executive officer, chief operating officer, chief financial officer, chief restructuring officer, controller and treasurer, and other senior positions that report to them.

Our company advisory group advises and assists clients by providing liquidity management, operational improvement, turnaround and restructuring, and capital solutions services to achieve successful turnarounds. Through our out-of-court services, we assist clients to right-size infrastructure, improve liquidity and solvency, improve cash flow and working capital management, sell noncore assets or business units and recapitalize. We perform due diligence reviews, financial statement, cash flow and EBITDA (earnings before interest expense, income taxes, depreciation and amortization) analyses, prepare liquidity forecasts and financial projections, recommend credit alternatives, assist in determining optimal capital structure, monitor portfolios of assets, assess collateral, provide crisis credit and securitized transaction assistance, negotiate loan covenant waivers and guide complex debt restructurings. We also lead and manage the financial aspects of in-court restructurings and bankruptcies by offering services that help our clients assess the impact of a bankruptcy filing on their financial condition and operations. We provide critical services specific to court-supervised insolvency and bankruptcy proceedings. We represent underperforming companies that are debtors-in-possession and lenders. With a focus on minimizing disruption and rebuilding the business after an exit from bankruptcy or insolvency, we help clients accelerate a return to business as usual.

Our creditor advisory group advises and assists secured and unsecured creditors in distressed situations to maximize recoveries and preserve the value of assets. Our services include assessing the short-term and long-term liquidity needs, evaluating operations and the reasonableness of business plans, determining enterprise value, negotiating executable restructuring programs, building a consensus within the creditor group, investigating intercompany transactions and potential fraudulent conveyances, bankruptcy preparation and reporting services, financial analysis in support of petitions and affiliated motions, strategies for monetizing a debtor's assets, the discovery of unidentified assets and liabilities, and expert witness testimony.

**Business Transformation.** The services offered by our business transformation practice focus on improving the efficiency and effectiveness of clients' operations by implementing systemic changes leading to sustainable results. Our expert-led teams focus on:

-

Revenues, by helping clients unlock profitability, combining consulting tools, analytics and operating experience to deploy strategies designed to deliver sustainable, accelerated revenue growth in an accelerated time frame;

3

---

Operations, such as sales, customers and sourcing and procurement, by analyzing data and other information that drives improvements, insights and change;

Transactions, such as M&A, by providing due diligence, pre- and post- advisory and merger integration services; Finance, by collaborating with finance and accounting executives to address people, process and technology gaps by using data analytics and best practices to establish solutions that support finance responsibilities while balancing the company's strategic goals, including through our interim management services that address gaps in executive expertise; and

People, by partnering with business leaders, management, communications and HR, to drive business results by fully addressing the people-side of change. We help organizations realize the benefits of a transformation more rapidly and deliver sustainable change that moves our clients' businesses forward.

Office of the Chief Financial Officer ("CFO") Solutions. Our Office of the CFO Solutions provides holistic, practical, value-enhancing solutions to address people, process and technology gaps. Our solutions are designed to preserve, create and sustain value and to help the CFO team achieve rapid success. We collaborate with CFOs and their finance and accounting organizations and use innovative engagement tools to provide transformation services, manage risk, deliver business intelligence capabilities, and prepare for and execute events, all while building confidence, clarity, controls and consistency.

Interim Management. Through interim management services, our professionals fill the void when our clients need skilled, experienced leadership to pursue opportunities, contend with executive turnover and transition, or drive strategic transactions or change. The experienced and credentialed professionals in our transitional management practice assume executive officer level roles, providing the leadership, financial management, and operating and strategic decision-making abilities to lead transitions due to extraordinary events such as M&A, divestitures, changes in control and carve-outs of businesses from larger enterprises.

Transactions. We combine the disciplines of structured finance, investment banking, lender services, M&A, M&A integration, and U.S. Securities and Exchange Commission ("SEC") and other regulatory experience to help our clients maximize value and minimize risk in M&A and other high stakes transactions. The many services that we provide relating to investment banking, lender services, M&A integration, and structured finance and transaction services include: performing due diligence reviews, evaluating key value drivers and risk factors, advising on the most advantageous tax and accounting structures, and assessing quality of earnings, quality of balance sheet and working capital requirements. We identify value enhancers and value issues. We provide comprehensive tax consulting intended to maximize a client's return on investment. We help structure post-acquisition earn-outs and price adjustment mechanisms to allow a client to realize optimal value and perform services for clients involved in purchase price disputes such as assessing the consistent application of U.S. generally accepted accounting principles ("GAAP"), earn-out issues, working capital issues, settlement ranges and allocation of purchase price for tax purposes.

We provide investment banking services in the U.S. and other countries, including Canada and Puerto Rico, through financial industry regulated entities, focusing on identifying and executing value-added transactions for public and private middle market companies. We can also provide investment advisory services through our registered advisors.

Valuation & Financial Advisory Services. We provide an array of forecasting, valuation and transaction support services with respect to strategic transactions, including capital markets, M&A and distressed situations. We have the expertise to provide fairness, solvency, collateral valuation, intellectual asset valuation, and going concern valuation options.

Dispute Advisory. We provide independent litigation consulting, including bankruptcy and avoidance litigation and industry-specific civil, commercial and regulatory dispute services. Our bankruptcy and avoidance litigation services include consulting, expert witness and trial services related to preferential payments, solvency and fraudulent conveyances, substantive consolidation, claims litigation, plan feasibility, valuation disputes and board fiduciary assessments.

Our commercial and regulatory dispute services involve industry-specific expertise relating to industry standards and customary practices, economic damages, fact finding, and forensic review and analysis, primarily related to the



automotive, hospitality, gaming and leisure, real estate and infrastructure, retail and consumer products, structured finance and TMT industries.

**Tax Services.** We provide advisory services relating to corporate, partnership, and real estate investment trust (“REIT”) and real estate tax compliance and reporting, international taxation, debt restructuring, foreign, state and local taxes, research and development, transfer pricing, tax valuation services and value-added taxation. We advise businesses on a variety of tax matters ranging from tax transaction support to best practice process implementation and structuring.

**Executive Compensation & Corporate Governance.** We provide objective advice on the design and implementation of comprehensive executive compensation programs to attract, retain, reward and motivate management and employees for the right kind of performance while closely aligning the interests of employees with those of the company’s shareholders and investors. Our corporate governance services include succession planning, stock ownership requirements, and shareholder engagement and outreach.

#### Forensic and Litigation Consulting

Our Forensic and Litigation Consulting segment provides law firms, companies, government clients and other interested parties with multidisciplinary, independent dispute advisory, investigations, data analytics, forensic accounting, business intelligence and risk mitigation services. We advise our clients in response to allegations involving the propriety of accounting and financial reporting, fraud, regulatory scrutiny and anti-corruption. We assist our clients in protecting enterprise value by (i) quantifying damages and providing expert testimony in a wide range of dispute situations: claims and liabilities, government and regulatory inquiries, investigations and proceedings, litigation, intellectual property (“IP”), professional malpractice, lost profits, valuations, breach of contract, purchase price disagreements, business interruption, environmental claims, construction claims and fraud, (ii) employing forensic accounting and complex modeling to analyze financial transactions, and (iii) identifying, collecting, analyzing and preserving structured information within enterprise systems. We have the capacity to provide our full array of practice offerings across jurisdictional boundaries around the world.

In 2018, our Forensic and Litigation Consulting segment operated through risk advisory, investigations and disputes practices, which offer the following services:

- **Forensic Accounting & Advisory Services.** We assist U.S. and multinational clients with responding to allegations involving the propriety of accounting, financial reporting, fraud, regulatory scrutiny and anti-corruption inquiries. We identify, collect, analyze and interpret financial and accounting data and information for fraud, accounting, complex financial reporting, audit and special committee investigations. We analyze issues, identify options and make recommendations to respond to financial misstatements, financial restatements and inadequate disclosure allegations, claims, threatened and pending litigation, regulatory inquiries and actions, and whistleblower allegations. We employ investigative skills, establish document and database controls, prepare analytical models, perform forensic accounting, present expert testimony and render opinions, and prepare written reports. We have particular expertise investigating compliance with the U.S. Foreign Corrupt Practices Act (the “FCPA”) and other anti-corruption laws, including the UK Anti-Bribery Act (the “UKBA”) and the Organisation for Economic Co-operation and Development (the “OECD”). We provide consulting assistance and expert witness services to securities counsel and their clients regarding inquiries and investigations initiated by the Divisions of Enforcement and Corporate Finance and Office of the Chief Accountant of the SEC. We assist clients in responding to inquiries from the Public Company Accounting Oversight Board.

**GRIP.** We utilize a multidisciplinary approach to conduct complex factual and regulatory investigations combining teams of former federal prosecutors and regulators, law enforcement and intelligence officials, forensic accountants, industry specialists and computer forensic specialists. We uncover actionable intelligence and perform value-added analysis to help our clients address and mitigate risks, protect assets, remediate compliance, make informed decisions and maximize opportunities. Our capabilities and services include white collar defense intelligence and investigations, complex commercial and financial investigations, business intelligence and investigative due diligence, political risk assessments, business risk assessments, fraud and forensic accounting investigations, computer forensics and electronics evidence, specialized fact finding, domestic and international arbitration proceedings, asset searching and analysis, IP and branding protection, anti-money laundering consulting, ethics and compliance program design, and

transactional due diligence. We help our clients navigate anti-bribery and anti-corruption risk proactively (assessing and mitigating risk) and reactively (responding to allegations with multidisciplinary investigation, forensic accounting and information preservation experts). We help clients institute the necessary internal controls with which to comply, and we investigate suspected violations of the FCPA and other anti-corruption laws, including the UKBA and the OECD. We also develop remediation and

5

---

monitoring plans, including the negotiation of settlement agreements. Through our services, we uncover actionable intelligence and perform value-added analysis to help our clients and other decision makers address and mitigate risk, protect assets, remediate compliance deficiencies, make informed decisions and maximize opportunities.

**Cybersecurity.** Our cybersecurity practice uses cutting-edge technologies and capabilities together with our comprehensive practice offerings to enable clients to address their most critical needs and integrate new solutions atop or alongside pre-existing policies and programs to address cyber threats. We help our clients understand their own environments, implement defensive strategies, identify threats, holistically respond to crises, and sustainably recover their operations and reputation after an incident.

**Dispute Advisory Services.** We provide early case assessment and pre-trial, in-trial and post-trial dispute advisory services in judicial and a broad range of alternative dispute resolution and regulatory forums, including international arbitration, to help clients assess potential, threatened and pending claims resulting from complex events, including securities, accounting and regulatory enforcement actions, valuation, solvency and acquisition disputes, intellectual property disputes and valuations, commercial disputes, including business insurance claims, financial and economic transactions, as well as accounting and professional malpractice allegations, and labor and employment disputes. We analyze records and information, including electronic information, to locate assets, trace flows of funds, identify illegal or fraudulent activity, reconstruct events from incomplete and/or corrupt data, uncover vital evidence, quantify damages and prepare for trial or settlement. In many of our engagements, we also act as an expert witness. We perform economic and commercial analyses necessary to support International Trade Commission Section 337 investigations used to prevent certain products subject to IP claims from entering the U.S.

**Trial Services.** We work as part of the team advising and supporting clients in large and highly complex civil trials. Through the use of our proprietary information technology, we turn facts and ideas into presentations and information that drive decisions. We help control litigation costs, expedite the in-trial process, prepare evidence, and help our clients to readily organize, access and present case-related data. Our proprietary TrialMax<sup>®</sup> software integrates documents, photographs, animations, deposition videos, audios and demonstrative graphics into a single trial preparation and presentation tool. Our graphics consulting services select the most appropriate presentation formats to maximize impact and memorability and then create persuasive graphic presentations that support, clarify and emphasize the key themes of a case. We provide illustrations and visual aids that help simplify complex technical subjects for jurors through opening and closing statement consulting, witness presentations, research presentations, exhibit plans and outlines, hardboards, scale models, storyboards, timelines, and technical and medical illustrations.

**Data & Analytics.** We deliver strategic business solutions for clients requiring in-depth identification, analysis and preservation of large, disparate sets of financial, operational and transactional data. We map relationships among various information systems and geographies, mine for specific transactions and uncover patterns that may signal fraudulent activity or transactional irregularities. We assist with recovering assets and designing and implementing safeguards to minimize the risk of recurrence. We produce detailed visualizations from complex data, making it easier to identify abnormalities and share information. We also have the expertise to perform system and information technology (“IT”) audits and due diligence.

**Compliance, Monitoring & Receivership.** Our expert industry professionals provide full-scale assessments and process improvement and support services for compliance programs, as well as act as independent monitors or in support of trustees, monitors, receivers and examiners. In matters involving the appointment of monitors, receivers or examiners by courts or regulators, our experts possess the necessary independence and skills to test and monitor compliance with and the continuing effectiveness of the terms of settlements or reforms across many industries and professions.

**Anti-Corruption Investigations & Compliance.** We help clients mitigate corruption risks and investigate and prevent corruption issues arising from the FCPA, the UKBA, Brazil’s Clean Company Act and other similar global statutes.

**Anti-Money Laundering.** We help banks, broker-dealers, money transmitters, regulators, insurers, law firms, investors and corporations investigate and address anti-money laundering and anti-corruption regulations, compliance and sanctions with specialized consulting services, combining our expertise and investigative experience with our specialized technology and data services.

Health Solutions. We work with a variety of healthcare and life sciences clients to discern innovative solutions that optimize performance in the short term and prepare for future strategic, operational, financial and legal challenges. We provide a one-company team of experts across the spectrum of healthcare disciplines. These

6

---



professionals have specialized capabilities and a record of success across hospital operations and restructuring, healthcare economics, and stakeholder engagement and communication.

#### Economic Consulting

Our Economic Consulting segment provides law firms, companies, government entities and other interested parties with analysis of complex economic issues for use in legal, regulatory and international arbitration proceedings, strategic decision making and public policy debates in the U.S. and around the world. We deliver sophisticated economic analysis and modeling of issues arising in complex M&A transactions, antitrust litigation, commercial disputes, international arbitrations, regulatory proceedings, IP disputes and a wide range of financial litigation. We help clients analyze issues such as the economic impact of deregulation on a particular industry and the amount of damages suffered by a business as a result of a particular event. Our professionals regularly provide expert testimony on damages, rates and prices, valuations (including valuations of complex financial instruments), antitrust and competition regulation, business valuations, IP, transfer pricing and public policy.

In 2018, our Economic Consulting segment offered the following services:

**Antitrust & Competition Economics.** We provide financial, economic and econometric consulting services to assist clients in public policy debates, regulatory proceedings and litigation. We apply our models to complex data in order to evaluate the likely effects of transactions on prices, costs and competition. Our professionals are experts at analyzing and explaining the antitrust and competition impact of diverse transactions and proceedings relating to M&A, price fixing, monopolization and abuse of a dominant position, exclusionary conduct, bundling and tying, and predatory pricing. Our services include financial and economic analyses of policy, regulatory and litigation matters. We provide expert testimony, testimony regarding class certifications and quantification of damages analyses for corporations, governments and public-sector entities in the U.S. and around the world.

**Valuation.** We help clients identify and understand the value of their businesses in both contentious and uncontentious situations. We provide business valuation, expert valuation and expert testimony services relating to traditional commercial disputes and other matters as diverse as transaction pricing and structuring, securities fraud, valuations for financial reporting, tax, regulatory and stakeholder investment compliance, solvency issues, fraudulent transfers, post-acquisition M&A disputes and transactions, and disputes between shareholders. We provide our clients with specialized valuation opinions and expert testimony involving international disputes before international courts of jurisdiction and arbitration tribunals. We assist our clients in making economic and investment decisions that significantly affect shareholder value, economic returns and capital allocation.

**Intellectual Property.** We help clients understand and maximize the value of their intangible business assets. We calculate losses from IP infringement, apply econometrics to develop pricing structures for IP valuations and licensing, manage the purchase or sale of IP assets, negotiate with tax authorities, and determine IP-related losses in legal disputes and arbitrations. We provide IP-related advice and expert opinions and testimony for commercial transactions, intergroup transfers, M&A and negotiations with taxing authorities to a wide range of industries.

**International Arbitration.** We help clients navigate each phase of the dispute resolution process. Our international arbitration practice works with companies, governments and members of the international bar to provide independent advice and expert testimony relating to business valuations and economic damages in a wide variety of commercial and treaty disputes before international arbitration tribunals. Our services include evaluating claims, identifying and quantifying economic damages, litigation support and identifying the best approaches to achieve positive outcomes.

**Labor & Employment.** We prepare economic and statistical analyses for clients facing disputes relating to wage and hour issues, class action, class certification, lost earnings and discrimination. Our experienced labor and employment team provide statistical analyses of data and damage exposure, review and rebut expert reports, calculate the economic value of a claim, determine if the purported class in labor and employment litigation meets legal requirements for certification, and provide expert testimony. We provide clients with statistical and economic analysis of Fair Labor Standards Act wage and hour issues, state wage and hour issues, employment discrimination issues, Equal Employment Opportunity Commission investigations, Office of Federal Contract Compliance Program audits, reduction-in-force assessments and compensation studies.

**Public Policy.** We advise clients regarding the impact of legislation and political considerations on industries and commercial transactions. We perform financial and economic analyses of policy and regulatory matters and the effect

of legislation, regulations and political considerations on a wide range of issues facing our clients around the world, such as the environment, taxation and regulations relating to global competitiveness. We provide comparative analyses of proposed policy alternatives, division of responsibilities of federal and local regulators,

7

---

the effects of regulations on risk sharing across constituencies and geographies, and unintended consequences. Our services include strategic and regulatory planning, program evaluation, regulatory and policy reform, tort liability, forecasting, public private partnerships and public finance.

**Regulated Industries.** We provide economic analysis, econometrics and network modeling to provide information to major network and regulated industry participants on the effects of regulations on global business strategies. We provide advice on pricing, valuation, risk management, and strategic and tactical challenges. We also advise clients on the transition of regulated industries to more competitive environments. Our services include economic analysis, econometrics and modeling, due diligence and expert testimony.

**Securities Litigation & Risk Management.** Our professionals apply economic theory, econometrics and the modern theory of finance to assess, quantify and manage risks inherent in global financial markets. We advise clients and testify on a variety of issues, including securities fraud, insider trading, initial public offering (“IPO”) allocations, market efficiency, market manipulation and forms of securities litigation. We also evaluate financial products such as derivatives, securitized products, collateralized obligations, special purpose entities, and structured financial instruments and transactions.

- **Center for Healthcare Economics and Policy.** We support and facilitate the work of local governments, insurers, providers, physicians, employers and community-based stakeholders by providing data-driven strategies and solutions based on empirical analyses and modeling to reduce the per capita cost of healthcare, improve the health of populations, and enhance patient experience and access to care.

**Network Analysis.** We provide our clients with hindsight, insight and foresight by using our technology and experience to visualize and evaluate relationships and flows among people, groups, markets, organizations, infrastructure, IT systems, biological systems and other interconnected entities in order to understand complex interconnected data. The information we generate can be used by our clients to evaluate and defend insurance claims, support litigation and regulatory proceedings, detect fraud, identify trends and problematic events, certify class litigation claims, and investigate social and terrorist networks.

**Economic Impact Analysis.** We apply both market and macroeconomic models across a range of industries to analyze how markets and the broader economy react to changes in public policy and investments. Our clients use our analyses to formulate their strategic plans to educate key stakeholders, policymakers, regulators, the media and the public on the benefits and costs of their plans when determining the best course of action.

#### Technology

Our Technology segment offers a comprehensive portfolio of information governance, e-discovery management and data analytics software, services and consulting to corporations, law firms, courts and government agencies worldwide. Our consulting and services allow our clients to control the risk and expense of information during legal and regulatory events more confidently, as well as better understand and act on their data in the context of compliance and risk. Our professionals help clients locate, analyze, review and produce electronically stored information (“ESI”), including email, computer files, audio, video, instant messaging, cloud data and social media. Our professionals have a proven track record of helping clients with complex issues, including internal investigations, regulatory and global investigations such as under the FCPA and UKBA, litigation and joint defense, discovery and preparation, and antitrust and competition investigations, including second requests under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

In 2018, our Technology segment operated through software and consulting and services practices, which offer the following services:

**E-discovery Management.** We plan, design and manage discovery workflows and engagements to maximize responsiveness, minimize costs and risks, and provide greater budget predictability. We offer several deployment options, from a do-it-yourself on-premises model to a full-service managed services option. We offer clients the option to establish master repositories so that data need only be collected and processed once. In the repository, the data can be accessed and used across multiple matters, enabling the reuse and retention of valuable attorney work product and other information.

**Managed Document Review.** We offer Acuity®, a managed review offering that allows corporations and law firms to improve the cost-effectiveness of their e-discovery processes while more effectively identifying the most critical

information and documents in large data sets. With Acuity®, we drive review efficiency by leveraging the power of analytics and artificial intelligence while ensuring rigorous project and budget oversight. Acuity® workflows enable collaboration among the corporation, law firm and our managed review teams.

8

---

**Collections & Computer Forensics.** We help organizations meet requirements for collecting, analyzing and producing large amounts of data from a variety of sources, including email, chat, voicemail, backup tapes, social media, the cloud, mobile devices, shared server files and databases, often on multiple continents. We provide both proactive and reactive support using expert services, methodologies and tools that help companies and their legal advisors understand technology-dependent issues. We also offer services to reconstruct data that has been deleted, misplaced or damaged.

**Information Governance, Privacy & Security.** We provide the people, process and technology to develop, implement and deliver information governance, privacy & security strategies that reduce corporate risk, cut storage costs, secure data, improve the e-discovery process and enable better insight into data. Services include: readiness assessment consulting and services for the General Data Protection Regulation Act, data privacy program development and managed services, scanning and quarantine of sensitive data, including personally identifiable information and trade secrets, cleanup of file share, litigation hold and preservation optimization, e-discovery readiness/meet-and-confer support, divestiture data segregation, decommission and disposition of business applications in a defensible manner, modernization of messaging policies, backup remediation, workstation and forensic image remediation, social media and messaging archive migration and remediation, migration to cloud applications, discovery of key data, enterprise content management and SharePoint migration and decommissioning, voice and audio readiness, and cybersecurity readiness assessment.

**Contract Intelligence.** Our Contract Intelligence service provides a cost-effective solution for a key component of contract life cycle management, offering organizations a centralized, organized method to review and analyze their global contract universe. Corporations and firms using our Contract Intelligence service can better find, understand and act upon contracts to meet regulatory requirements, reduce risk and recognize greater business value in business contexts such as pre-merger contract diligence, alignment of contract with new regulations and analyses of leasing agreements for compliance with new accounting standards.

**Relativity®\*.** In 2017, we became an authorized provider of Relativity®, a third-party software product designed to help clients find relevant information quickly and accurately and manage the complexity and scope of investigations and litigation, and have successfully delivered Relativity® on multiple legal and regulatory engagements.

**Ringtail®\* E-discovery Software.** In September 2018, we sold our Ringtail® software and related e-discovery and document review software platform to Nuix, an information software company, for approximately \$55.0 million. At the time of sale, we entered into a three-year preferred partner licensing agreement with Nuix for the Nuix Ringtail Review platform. Ringtail helps companies find relevant information quickly and accurately and manage complex investigations and transactions.

**Radiance Visual Analytics Software.** Radiance is a highly scalable, visual analytics platform to search ESI from disparate sources in a single interface.

\* Registered trademark of Relativity Technologies, Inc. Ringtail is a registered trademark of Nuix.

## Strategic Communications

Our Strategic Communications segment designs and executes communications strategies for management teams and boards of directors to help them seize opportunities, manage financial, regulatory and reputational challenges, navigate market disruptions, articulate their brand, stake a competitive position, and preserve and grow operations. We believe our integrated offerings, which include a broad scope of services, deep industry expertise and global reach, are unique and distinguish us from other strategic communications consultancies.

In 2018, our Strategic Communications segment offered the following services:

**M&A Crisis Communications & Special Situations.** We specialize in advising clients on their communications to investors and other audiences to help them protect their business, brand and market positions and achieve fair valuations in capital markets. We employ a disciplined discovery process to identify preparedness gaps, assess the situation, plan for various possibilities, prepare and disseminate communications, and manage legal and political consequences. We provide services relating to a wide range of M&A scenarios, including transformative and bolt-on acquisitions, friendly and hostile takeovers, and activism defense. We also advise clients in situations that present threats to their valuation and reputation with investors such as proxy contests, financial restatements, shareholder activism, unplanned management changes and other crises. Our integrated communications services are designed to address the concerns of all internal and external stakeholders.

**Capital Markets Communications.** We assist clients in developing and delivering a consistent and credible narrative to investors and the investment community. We help companies articulate and present their entry into the equity markets, from articulating the strategic rationale and investment story to preparing the registration statement with securities regulators to developing the road show for the IPO. We provide investor relations best practices programs and investor relations services and communications. We conduct perception audits and organize investor community events. We provide a wide range of research and analyses to our clients. We also help clients communicate leadership transitions and demonstrate new management credibility to investors.

**Corporate Reputation.** We promote businesses and protect corporate reputations, creating solutions for our clients' mission-critical communications needs. Our services include crisis and issues management, reputational risk advisory, stakeholder identification, mapping and engagement, messaging and organization positioning, thought leadership consultancy, corporate social responsibility, strategic media relations, employee communications, engagement and change communications, and media and presentation coaching, as well as qualitative and quantitative research.

**Public Affairs & Government Relations.** We advise senior business leaders and leading organizations around the world on how to effectively engage with governments, politicians and policymakers and respond to regulatory changes. We advise governments on how to attract investors by improving their regulatory and legal frameworks. Our integrated global team is based in leading political centers, including Berlin, Brussels, London, Melbourne and Washington, D.C. We combine public policy, economic consulting and capital markets expertise with strategic communications and business advisory skills. We offer the full range of engagement programs, ranging from crisis management of imminent legislation to longer-term shaping of the policy environment. We use a range of qualitative and quantitative tools to establish our clients' case in connection with government investigations, political and legislative engagement, public policy debates and business strategies, whether in terms of message refinement, policy mapping, reputation benchmarking, opinion polling or speechwriting.

**People & Change.** We help clients plan, design and implement internal communications and programs to increase engagement and understanding among leadership teams, employees, vendors, partners and customers. We partner with our clients to understand their unique business environment and internal and external communications aspirations. Our services assist business leaders in communicating and navigating change and transformative events, including new strategy and vision introductions, leadership positioning, M&A, operating model changes, outsourcing or insourcing, workforce consolidations or reductions, and restructurings and reorganizations. Our services are designed to align stakeholder insights with organizational needs.

**Digital & Creative Communications.** We collaborate with clients to conceive and produce integrated design, content and digital strategies across all media and markets to advance business objectives with key stakeholders and the media. Our approach includes defining corporate and brand positioning, surveying the audience to gauge social sentiments and needs, demystifying complex business operations and situations, selecting a program that resonates

with the marketplace, building the communications plan, launching the initiative for maximum visibility and evaluating the success of the program. We provide customized solutions to reach target audiences through digital channels. Our design and marketing teams specialize in corporate and brand identity development, website

10

---

development, advertising, interactive marketing campaigns, video and animation, brochures, fact sheets, testimonials and other marketing materials, and annual report development. Our social media experts work with clients to identify and engage stakeholders through the most appropriate and useful paid and non-paid social and digital media outlets. Strategy Consulting & Research. We provide in-depth market and stakeholder analyses to help our clients solve complex business and communications problems. Our research services include reputation benchmarking, peer analysis, benchmarking and financial market valuations, brand awareness studies and brand extension audits, including customer focus groups, shareholder analysis and investor targeting, consumer trend analysis, public opinion polling and policymaker perception audits.

#### Our Industry Specializations

We employ professionals across our segments and practices who are qualified to provide our core services plus a range of specialized consulting services and solutions that address the strategic, reputational, operational, financial, regulatory, legal and other needs of specific industries. The major industry groups that we service include:

**Aerospace & Defense.** Our aerospace and defense professionals provide services addressing the core issues related to the strategic growth and tactical priorities of commercial aviation, airlines, defense contractors, aviation maintenance, repair and overhaul and service providers, and security-oriented businesses. We help our clients navigate issues such as organic and inorganic growth, affordability, profitability, digital strategies, complex disputes with governments and regulators, regulatory audits, strategic communications and improvements to business systems.

**Agriculture.** Our agribusiness experts advise producers, accumulators and processors to address global concerns relating to the quality, quantity, biodiversity, commodity pricing and sustainable practices, and the effects of weather, climate change and animal rights activism on the food supply.

**Automotive.** Our automotive experts offer vehicle manufacturers, suppliers, retailers, vehicle financiers and other automotive subsectors, as well as their creditors, lenders and other stakeholders, a comprehensive range of corporate finance and strategic communications services.

**Construction.** Our construction services professionals provide commercial management, risk-based advice, dispute resolution services and strategic communications counsel on complex projects across all construction and engineering industries. Our professionals are industry leaders who understand technical, business, regulatory and legal matters and are seasoned in giving expert testimony to ensure that every aspect of their capital program or project is properly governed, well-executed, regulatory compliant and fully supported from beginning to end.

**EPP.** Our EPP professionals provide a wide array of advisory services that address the strategic, financial, restructuring, reputational, regulatory and legal needs of energy and utility clients involved in the production of crude oil, natural gas, refined products, chemicals, coal, electric power, emerging technologies, and renewable energy and clean energy technologies. Our professionals are involved in many of the largest financial and operational restructurings, regulatory and litigation matters involving energy and utility companies globally.

**Environmental.** Our environmental services professionals provide a comprehensive suite of services aimed at helping organizations manage and resolve specific environmental issues or programmatic challenges. Our services focus on the resolution of complex contamination, toxic tort, products liability, and insurance investigations and disputes before courts, regulators, mediators and alternative dispute tribunals.

**Financial Institutions.** Our professionals assist banks and financial services clients of all sizes and types in navigating through a changing environment of financial services regulations and enforcement actions, litigation threats, and economic and competitive challenges. We work with clients to manage risk, ensure compliance, resolve regulatory inquiries as they arise, engage with relevant stakeholders, and leverage their assets to protect and enhance enterprise value.

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



Hospitality, Gaming & Leisure. Our professionals help hotels, resorts, casinos, timeshares and condo hotels with operational realignment, asset and interim management, strategic analysis and event readiness (e.g., IPO, receivership, bankruptcy) and stakeholder engagement to preserve, protect and enhance asset and enterprise value.

11

---

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

**Mining.** Our professionals assist mining businesses in understanding how to conduct business in emerging markets, M&A, capital markets financing, commodity pricing, valuations and quantification of damages in dispute situations.

**Public-Sector & Government Contracts.** Our government contracts team assists businesses through all phases of public sector contracting, including complying with government regulations and managing government business, risk avoidance, dispute resolution and litigation support. Our public-sector solutions team delivers services, including financial and performance improvement, risk management and forensic consulting, economic and public policy consulting, technology and data analytics, and strategic communications.

**Real Estate & Infrastructure.** Our professionals have the industry expertise and experience to help real estate owners, users, investors and lenders better navigate the real estate market's complexities and manage its inherent risks. We provide such services through our real estate solutions practice within our Corporate Finance & Restructuring segment and our construction solutions practice within our Forensic and Litigation Consulting segment. We represent leading public and private real estate entities and stakeholders, including REITs, financial institutions, investment banks, opportunity funds, insurance companies, hedge funds, pension advisors, owners and developers, offering services that help align strategy with business goals.

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

**TMT.** Our TMT team provides strategic, financial, operational and communications consulting with industry specialists in wireline and wireless telecom, print and digital media, broadcast TV and radio, entertainment and content production, and technology companies of all types, including software, hardware, Internet business models and cloud-based technology. We provide targeted performance improvement strategies and implementation, commercial diligence and transaction advisory, M&A integration, carve-outs and divestitures planning, valuation, interim management, restructuring and strategic communications. We deliver original insights that help clients better understand company performance, consumer behavior, digital substitution, emerging technologies, disruptive trends and stakeholder priorities in our industries.

**Transportation.** Our professionals provide corporate communications, financial communications, public affairs advice, strategy consulting and research to a broad range of organizations and companies involved in various forms of transportation, including rail, trucking and infrastructure.

#### **Our Business Drivers**

Factors that drive demand for our business offerings include:

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

**Financial Markets.** Financial market factors, including credit and financing availability, terms and conditions, the willingness of financial institutions to provide debt modifications or relief, corporate debt levels, default rates and

capital markets transactions, are significant drivers of demand for our business offerings, particularly our Corporate Finance & Restructuring and Strategic Communications segments.

Regulatory Complexity, Public Scrutiny and Investigations. Increasingly complex global regulations and legislation, greater scrutiny of corporate governance, instances of corporate malfeasance, and more stringent and complex

12

---

reporting requirements drive demand for our business offerings. The need to understand and address the impact of regulation and legislation, as well as the increasing costs of doing business, have prompted companies to focus on better assessing and managing risks and opportunities. In addition, boards of directors, audit committees and independent board committees have been increasingly tasked with conducting internal investigations of financial wrongdoing, regulatory non-compliance and other issues. These factors and laws, such as the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, have contributed to the demand for independent consultants and experts to investigate and provide analyses and to support the work of outside legal counsel, accountants and other advisors. These types of investigations also increasingly demand the use of multiple disciplinary service offerings like ours, which combine skills and capabilities across practices with industry expertise. These factors drive demand for various practices and services of all our segments.

**Litigation and Disputes.** Litigation and business disputes, the complexity of the issues presented, and the amount of potential damages and penalties drive demand for the services offered by many of our segments, particularly our Forensic and Litigation Consulting, Economic Consulting and Technology segments. Law firms and their clients, as well as government regulators and other interested third parties, rely on independent outside resources to evaluate claims, facilitate discovery, assess damages, provide expert reports and testimony, manage the pre-trial and in-trial process, and effectively present evidence.

**Operational Challenges and Opportunities.** Businesses facing challenges require the evaluation and re-evaluation of strategy, risks and opportunities as a result of crisis-driven situations, competition, regulation, innovation and other events that arise in the course of business. These challenges include enterprise risk management, global expansion, competition from established companies, and emerging businesses and technologies doing business in emerging markets, and new and changing regulatory requirements and legislation. Management, companies and their boards need outside help to recognize, understand and evaluate such events and effect change, which drives demand for independent expertise that can combine general business acumen with the specialized technical expertise of our practice offerings and industry expertise. These factors drive demand for various practices and services of all our segments.

**Developing Markets.** The growth of multinational firms and global consolidation can precipitate antitrust and competition scrutiny and the spread internationally of issues and practices that historically have been more common in the U.S., such as increased and complex litigation, corporate restructuring and bankruptcy activities, and antitrust and competition scrutiny. Companies in the developing world and multinational companies can benefit from our expert advice to access capital and business markets, comply with the regulatory and other requirements of multiple countries, structure M&A transactions and conduct due diligence, which drives demand for the services of all of our segments.

#### Our Competitive Strengths

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

**Pre-eminent Businesses and Professionals.** We believe that our segments include some of the pre-eminent practices and professionals in our industry today. During 2018, the awards and recognitions received by the Company include the following:

• FTI Consulting named to Forbes magazine's list of America's Best Management Consulting Firms for the third consecutive year — recognized in 18 sectors and functional areas

• FTI Consulting named to Consulting magazine's Best Firms to Work For list

• FTI Consulting named Who's Who Legal's Consulting Firm of the Year award for the second consecutive year

• Corporate Finance & Restructuring ranked the #1 U.S. Restructuring Advisor by The Deal for 11 consecutive years

• FTI Consulting and Compass Lexecon had the most experts (144) recognized in the Who's Who Legal Consulting Experts Guide for the third consecutive year

• Compass Lexecon ranked #1 on Global Arbitration Review's GAR 100 Expert Witness Firms' Power Index

• Compass Lexecon named Who's Who Legal's Competition Economics Firm of the Year for the fourth consecutive year



FTI Consulting named Who's Who Legal's Arbitration Consulting Firm of the Year for the third consecutive year

FTI Consulting named Who's Who Legal's Investigations Firm of the Year

FTI Technology named 2018 Technology Sector Consulting Firm of the Year in Australia by Corporate Intl magazine

Strategic Communications ranked in the top five PR Advisor by deal count and volume in MergerMarket's 2018 PR Advisors League Tables in the Global, Europe and Asia-Pacific categories

FTI Consulting named a Top 15 Strategy Consulting Firm in the Asia Pacific region by Consultancy Asia

Diversified Service Offerings. Our five reportable segments offer a diversified portfolio of practices providing services within our four geographic regions. Our broad range of practices and services, the diversity of our revenue streams, our specialized industry expertise and our global locations distinguish us from our competitors. This diversity helps to mitigate the impact of crises, events and changes in a particular practice, industry or country.

Diversified Portfolio of Elite Clients. We provide services to a diverse group of clients, including global Fortune 500 companies, FTSE 100 companies, global financial institutions, banks, and local, state and national governments and agencies in the U.S. and other countries. Additionally, 96 of the 100 law firms as ranked by American Lawyer Global 100: Most Revenue List refer or engage us on behalf of multiple clients on multiple matters.

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

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

#### Our Business Strategy

We build client relationships based on the quality of our services, our brand and the reputation of our professionals. We provide diverse complementary services to meet our clients' needs around the world. We emphasize client service and satisfaction. We aim to build strong brand recognition. The following are key elements of our business strategy: Leverage Our Practitioners, Businesses, Extensive Geographic Diversification and Relationships. We work hard to maintain and strengthen our core practices and competencies. We believe that our recognized expertise, client relationships and the quality of our reputation, coupled with our successful track record, size and geographic diversity, are the most critical elements in a decision to retain us. Many of our professionals are recognized experts in their respective fields.

Grow Organically. Our strategy is to grow organically by increasing headcount and market share to provide clients with an attractive and evolving suite of services across our segments, as well as the industries and geographic regions in which we operate.

Attract and Retain Highly Qualified Professionals. Our professionals are crucial to delivering our services to clients and generating new business. As of December 31, 2018, we employed 3,756 revenue-generating professionals, many of whom have an established and widely recognized name in their respective service and industry specialization. Through our substantial staff of highly qualified professionals, we can handle a large number of complex assignments simultaneously. To attract and retain highly qualified professionals, we offer significant compensation opportunities, including sign-on bonuses, forgivable loans, retention bonuses, cash incentive bonuses and equity compensation, along with a competitive benefits package and the chance to work on challenging global engagements with other highly skilled peers.

Enhance Profitability. We endeavor to manage costs, headcount, utilization, bill rates and pricing for both time and materials and alternative fee arrangements to operate profitably.

Acquisitions and Other Investments. Enhance value through capital allocation: The strength of our balance sheet gives us the flexibility to allocate capital and create shareholder value in numerous ways including investments in hiring new



employees, acquisitions and share repurchases. We consider strategic and opportunistic acquisition opportunities on a selective basis. We seek to integrate completed acquisitions and manage investments in a way that fosters organic growth, expands our geographic presence or complements our segments, practices, services and industry focuses. We typically structure our acquisitions to retain the services of key individuals from the acquired companies.

#### Our Employees

Our success depends on our ability to attract and retain our expert professional workforce. Our professionals include PhDs, MBAs, JDs, CPAs, CPA-ABVs (CPAs accredited in business valuations), CPA-CFFs (CPAs certified in financial forensics), CRAs (certified risk analysts), Certified Turnaround Professionals, Certified Insolvency and Reorganization Advisors, Certified Fraud Examiners, ASAs (accredited senior appraisers), construction engineers and former senior government officials. We also engage independent contractors to supplement our professionals on client engagements as needed. As of December 31, 2018, we employed 4,768 employees, of which 3,756 were revenue-generating professionals.

#### Employment Agreements

As of December 31, 2018, we had written employment arrangements with substantially all of our 486 Senior Managing Directors and equivalent personnel (collectively, "SMD"). These arrangements generally provide for fixed salary and participation in incentive payment programs (which, in some cases, may be based on financial measures such as EBITDA or relative total shareholder return), salary continuation benefits, accrued bonuses and other benefits beyond the termination date if an SMD leaves our employment for specified reasons prior to the expiration date of the employment agreement. The length and amount of payments to be paid by us following the termination or resignation of an SMD may vary, depending on whether the person resigned with or without "good reason" or was terminated by us with or without "cause," retired or did not renew, died or became "disabled," or was terminated as a result of a "change in control" (all such terms as defined in such SMD's employment agreement). All of our written employment arrangements with SMDs require some notice period be given by the party prior to termination of employment and include covenants providing for restrictions on the SMDs competing against, and soliciting employees from, the Company for a specified period of time following the end of the SMDs employment.

#### Incentive and Retention Payments

Our SMDs and other employees, consultants and professionals may receive incentive, retention or sign-on payments, on a case-by-case basis, through unsecured general recourse forgivable loans, equity awards or other payments (collectively, "Retention Awards"). We believe that providing these multi-year Retention Awards greatly enhances our ability to attract and retain our key professionals.

Some or all of the principal amount and accrued interest of the loans we make will be forgiven by us upon the passage of time, or their repayment will be funded by us through additional cash bonus compensation, provided that the recipient is an employee or consultant on the forgiveness date. In addition, upon certain termination events, accrued interest and the outstanding principal balance may be forgiven, including upon death, disability and, in some cases, retirement or termination by the Company without cause or the recipient with good reason, or the recipient may be required to repay the unpaid accrued interest and outstanding principal balance upon certain other termination events such as voluntary resignation, as provided in the applicable promissory note. The value of the forgivable loans we have made, in the aggregate, as well as on an individual basis, have been, and we anticipate will continue to be, significant. Our executive officers and outside directors are not eligible to receive loans, and no loans have been made to them.

Our executive officers, other members of senior management and outside directors, as well as employees and independent service providers, have received and will continue to receive equity awards, which may include stock option and share-based awards (including awards in the form of restricted stock, performance-based restricted stock units, deferred restricted stock units, and cash-settled stock appreciation rights and units), on a case-by-case basis, to the extent that shares are available under our stockholder-approved equity compensation plans. The value of such equity and cash-based awards, in the aggregate, as well as on an individual basis, has been and is expected to continue to be significant.

Recipients of sign-on or other retention payments, other than loans, may be required to repay a portion or all of the original payment upon a termination event. These awards are typically smaller amounts in nature than forgivable loans



and have a shorter service requirement than forgivable loans.

Select SMDs may participate in certain incentive compensation programs, such as our Senior Managing Director Incentive Compensation Program in the U.S., UK and Canada (the “ICP”) or the Key Senior Managing Director Incentive Plan (the “KSIP”). The ICP was closed to new participants effective January 2015. Participants were recommended by management and approved by the Compensation Committee of the Board of Directors of the Company. The ICP and KSIP provide for a combination of forgivable loans, equity awards and retention bonuses that are paid over an average of six to 10 years depending

15

---

on the program and economic value of the award. These programs also require participants to defer a portion of their bonus in the form of cash or restricted stock over a two-to-three-year period.

#### Marketing

We rely primarily on our senior professionals to identify and pursue business opportunities. Referrals from clients, law firms and other intermediaries and our reputation from prior engagements are also key factors in securing new business. Our professionals often learn about new business opportunities from their frequent contacts and close working relationships with clients. In marketing our services, we emphasize our experience, the quality of our services and our professionals' particular areas of expertise, as well as our ability to quickly staff new and large engagements. While we aggressively seek new business opportunities, we maintain high professional standards and carefully evaluate potential new client relationships and engagements before accepting them. We also employ or contract with sales professionals who are tasked primarily with marketing the services of our Corporate Finance & Restructuring, Forensic and Litigation Consulting, Technology and Strategic Communications segments.

#### Clients

During the year ended December 31, 2018, no single client accounted for more than 10% of our consolidated revenues. No reportable segment had a single client that accounted for more than 10% of its respective total revenues for the year ended December 31, 2018. In some cases, we may have engagements through law firms that represent a larger percentage of our consolidated revenues or the revenues of a segment; however, each law firm engages us on behalf of multiple clients.

#### Competition

We compete with different companies or businesses of companies depending on the particular nature of a proposed engagement and the requested types of service(s) or the location of the client or delivery of the service(s) or product(s). Our businesses are highly competitive. Our competitors include large organizations, such as the global accounting firms and large management and financial consulting companies, that offer a broad range of consulting services; investment banking firms; IT consulting and software companies that offer niche services that are the same or similar to services or products offered by one or more of our segments; and small firms and independent contractors that provide one or more specialized services.

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

Our Corporate Finance & Restructuring segment primarily competes with specialty boutiques providing restructuring, bankruptcy or M&A services and, to a lesser extent, large investment banks and global accounting firms.

Our Forensic and Litigation Consulting segment primarily competes with other large consulting companies and global accounting firms with service offerings similar to ours.

Our Economic Consulting segment primarily competes with individually recognized economists, specialty boutiques and large consulting companies with service offerings similar to ours.

Our Technology segment primarily competes with consulting and/or software providers specializing in e-discovery, ESI and the management of electronic content. Competitors may offer products and/or services intended to address one piece or more of those areas. There continues to be significant consolidation of companies providing products and services similar to our Technology segment, through M&A and other transactions, which may provide competitors access to greater financial and other resources than those of FTI Consulting. This industry is subject to significant and rapid innovation. Larger competitors may be able to invest more in research and development or react more quickly to new regulatory or legal requirements and other changes and may be able to innovate more quickly and efficiently. In addition, companies compete aggressively against our Technology segment on the basis of price, particularly with

respect to hosting and e-discovery services.

Our Strategic Communications segment competes with large public relations firms, as well as boutique M&A, crisis communications and public affairs firms.

16

---

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

#### Patents, Licenses and Trademarks

We hold no U.S. patents and have three U.S. patent applications pending. We have no U.S. provisional patent applications pending. We have no Canadian or other international patents, provisional patents or patents pending. We consider the Acuity<sup>®</sup>, Radiance<sup>™</sup> and our other technologies and software to be proprietary and confidential. We consider our TrialMax<sup>®</sup> comprehensive trial preparation software to be proprietary and confidential. The TrialMax<sup>®</sup> software and technology are not protected by patents. We rely upon international copyright laws, non-disclosure agreements and contractual agreements, 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, software and other works. Despite these safeguards, there is a risk that competitors may obtain and seek to use such intellectual property.

We have also developed marketing language such as “Critical Thinking at the Critical Time<sup>®</sup>” and “Experts with Impact<sup>™</sup>” and other trademarks, logos and designs. In some cases, but not all, the trademarks have been registered in the U.S. and/or foreign jurisdictions or, in some cases, applications have been filed and are pending. Certain FTI Consulting and Compass-formative marks’ use is pursuant to certain Co-Existence, Consent and/or Settlement agreements. We believe we take the appropriate steps to protect our trademarks and brands.

#### Corporate Information

We incorporated under the laws of the state of Maryland in 1982. We are a publicly traded company with common stock listed on the New York Stock Exchange (the “NYSE”) under the symbol FCN. Our executive offices are located at 555 12<sup>th</sup> Street NW, Washington, D.C. 20004. Our telephone number is 202-312-9100. Our website is <http://www.fticonsulting.com>.

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

We manage and report operating results through five reportable segments. We also administratively manage our business regionally. See “Risk Factors — Risks Related to Our Operations” for a discussion of risks related to international operations. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 18, “Segment Reporting” in Part II, Item 8 of this Annual Report for a discussion of revenues, net income and total assets by business segment and revenues for the U.S., UK and all other foreign countries as a group.

#### Available Information

We make available, free of charge, on or through our website at <http://www.fticonsulting.com>, our annual, quarterly and current reports and any amendments to those reports, our proxy statements, as well as our other filings with the SEC, as soon as reasonably practicable after electronically filing them with the SEC. Information posted on our website is not part of this Annual Report or any other report filed with the SEC in satisfaction of the requirements of the Exchange Act. Copies of this Annual Report, as well as other periodic reports filed with the SEC, may also be requested at no charge from our Corporate Secretary at FTI Consulting, Inc., 6300 Blair Hill Lane, Suite 303, Baltimore, MD 21209, telephone number 410-591-4867.

## ITEM 1A. RISK FACTORS

All of the following risks could materially and adversely affect our business, financial condition and results of operations. In addition to the risks discussed below and elsewhere in this Annual Report, other risks and uncertainties not currently known to us or that we currently consider immaterial could, in the future, materially and adversely affect our business, financial condition and financial results.

### Risks Related to Our Reportable Segments

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

Different factors outside of our control could affect demand for a segment's practices and our services. These include:

- fluctuations in U.S. and/or global economies, including economic downturns or recessions and the strength and rate of any general economic recoveries;
- the U.S. or global financial markets and the availability, costs, and terms of credit and credit modifications;
- level of leverage incurred by countries or businesses;
- M&A activity;
- frequency and complexity of significant commercial litigation;
- overexpansion by businesses causing financial difficulties;
- business and management crises, including the occurrence of alleged fraudulent or illegal activities and practices;
- new and complex laws and regulations, repeals of existing laws and regulations or changes of enforcement of laws, rules and regulations, including antitrust/competition reviews of proposed M&A transactions;
- other economic, geographic or political factors; and
- general business conditions.

We are not able to predict the positive or negative effects that future events or changes to the U.S. or global economies will have on our business or the business of any particular segment. Fluctuations, changes and disruptions in financial, credit, M&A and other markets, political instability and general business factors could impact various segments' operations and could affect such operations differently. Changes to factors described above, as well as other events, including by way of example, contractions of regional economies, or the economy of a particular country, trade restrictions, monetary systems, banking, real estate and retail or other industries; debt or credit difficulties or defaults by businesses or countries; new, repeals of or changes to laws and regulations, including changes to the bankruptcy and competition laws of the U.S. or other countries; tort reform; banking reform; a decline in the implementation or adoption of new laws or regulation, or in government enforcement, litigation or monetary damages or remedies that are sought; or political instability may have adverse effects on one or more of our segments or service, practice or industry offerings.

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

We experience fluctuations in our revenues and cost structure and the resulting operating income and cash flows and expect that this will continue to occur in the future. We experience fluctuations in our annual and quarterly financial results, including revenues, operating income and earnings per share, for reasons that include: (i) the types and complexity, number, size, timing and duration of client engagements; (ii) the timing of revenue recognition under U.S. GAAP; (iii) the utilization of revenue-generating professionals, including the ability to adjust staffing levels up or down to accommodate the business and prospects of the applicable segment and practice; (iv) the time it takes before a new hire becomes profitable; (v) the geographic locations of our clients or the locations where services are rendered; (vi) billing rates and fee arrangements, including the opportunity and ability to successfully reach milestones and complete, and collect success fees and other outcome-contingent or performance-based fees; (vii) the length of billing and collection cycles and changes in amounts that may become uncollectible; (viii) changes in the frequency and complexity of government regulatory and enforcement activities; (ix) business and asset acquisitions; (x) fluctuations in the exchange rates of various currencies against the U.S. dollar; and (xi) economic factors beyond our control.



The results of different segments and practices may be affected differently by the above factors. Certain of our practices, particularly our restructuring practice, tend to experience their highest demand during periods when market and/or industry conditions are less favorable for many businesses. For example, in periods of limited credit availability, reduced M&A activity and/or declining business and/or consumer spending, while not always the case, there may be increased restructuring opportunities that will cause our restructuring practice to experience high demand. On the other hand, those same factors may cause a number of our other segments and practices, such as our antitrust and competition practice in Economic Consulting, to experience reduced demand. The positive effects of certain events or factors on certain segments and practices may not be sufficient to overcome the negative effects of those same events or factors on other parts of our business. In addition, our mix of practice offerings adds complexity to the task of predicting revenues and results of operations and managing our staffing levels and expenditures across changing business cycles and economic environments.

Our results are subject to seasonal and similar factors, such as during the fourth quarter when our professionals and our clients typically take vacations. We may also experience fluctuations in our operating income and related cash flows because of increases in employee compensation, including changes to our incentive compensation structure and the timing of incentive payments, which we generally pay during the first quarter of each year, or hiring or retention payments, which are paid throughout the year. Also, the timing of investments or acquisitions and the cost of integrating them may cause fluctuations in our financial results, including operating income and cash flows. This volatility makes it difficult to forecast our future results with precision and to assess accurately whether increases or decreases in any one or more quarters are likely to cause annual results to exceed or fall short of previously issued guidance. While we assess our annual guidance at the end of each quarter and update such guidance when we think it is appropriate, unanticipated future volatility can cause actual results to vary significantly from our guidance, even where that guidance reflects a range of possible results and has been updated to take account of partial-year results.

If we do not effectively manage the utilization of our professionals or billable rates, our financial results could decline. Our failure to manage the utilization of our professionals who bill on an hourly basis, or maintain or increase the hourly rates we charge our clients for our services, could result in adverse consequences, such as non- or lower-revenue-generating professionals, increased employee turnover, fixed compensation expenses in periods of declining revenues, the inability to appropriately staff engagements (including adding or reducing staff during periods of increased or decreased demand for our services), or special charges associated with reductions in staff or operations. Reductions in workforce or increases of billable rates will not necessarily lead to savings. In such events, our financial results may decline or be adversely impacted. A number of factors affect the utilization of our professionals. Some of these factors we cannot predict with certainty, including general economic and financial market conditions; the complexity, number, type, size and timing of client engagements; the level of demand for our services; appropriate professional staffing levels, in light of changing client demands and market conditions; utilization of professionals across segments and geographic regions; competition; and acquisitions. In addition, our global expansion into or within locations where we are not well-known or where demand for our services is not well-developed could also contribute to low or lower utilization rates in certain locations.

Segments may enter into engagements such as fixed fee and time and materials with caps. Failure to effectively manage professional hours and other aspects of alternative fee engagements may result in the costs of providing such services exceeding the fees collected by the Company. Failure to successfully complete or reach milestones with respect to contingent fee or success fee assignments may also lead to lower revenues or the costs of providing services under those types of arrangements may exceed the fees collected by the Company.

Factors that could negatively affect utilization in our segments include:

Corporate Finance & Restructuring — The completion of bankruptcy proceedings; the timing of the completion of other engagements; fewer and smaller restructuring (including bankruptcy) cases; a recovering or strong economy; easy credit availability; low interest rates; and fewer, smaller and less complex M&A and restructuring activity; or less capital markets activity.

Forensic and Litigation Consulting — The settlement of litigation; less frequent instances of significant mismanagement, fraud, wrongdoing or other business problems that could result in fewer or less complex business engagements; fewer

and less complex legal disputes; fewer class action suits; the timing of the completion of engagements; less government regulation or fewer regulatory investigations; and the timing of government investigations and litigation. Economic Consulting — Fewer, smaller and less complex M&A activity; less capital markets activity or fewer complex transactions; a reduced number of regulatory filings and less litigation, reduced or less aggressive antitrust and competition

19

---



regulation or enforcement; fewer government investigations and proceedings; and the timing of client utilization of our services.

Technology — The settlement of litigation; a decline in volume and complexity of litigation proceedings and governmental investigations; and volume and timing of M&A activities and degree of enforcement of anti-trust regulations.

Strategic Communications — Fewer event-driven crises affecting businesses; general economic decline that may reduce certain discretionary spending by clients; a decline in capital markets activity, including M&A; and fewer public securities offerings.

Our segments may face risks of fee non-payment, clients may seek to renegotiate existing fees and contract arrangements, and clients may not accept billable rate or price increases, which could result in loss of clients, fee write-offs, reduced revenues and less profitable business.

In some cases, our segments are engaged by certain clients who are experiencing or anticipate experiencing financial distress or are facing complex challenges, are engaged in litigation or regulatory or judicial proceedings, or are facing foreclosure of collateral or liquidation of assets. This may be true in light of general economic conditions; lingering effects of past economic slowdowns or recession; or business- or operations-specific reasons. Such clients may not have sufficient funds to continue operations or to pay for our services. We typically do not receive retainers before we begin performing services on a client's behalf in connection with a significant number of engagements in our segments. In the cases where we have received retainers, we cannot assure the retainers will adequately cover our fees for the services we perform on behalf of these clients. With respect to bankruptcy cases, bankruptcy courts have the discretion to require us to return all, or a portion of, our fees.

We may receive requests to discount our fees or to negotiate lower rates for our services and to agree to contract terms relative to the scope of services and other terms that may limit the size of an engagement or our ability to pass through costs. We consider these requests on a case-by-case basis. We routinely receive these types of requests and expect this to continue in the future. In addition, our clients and prospective clients may not accept rate increases that we put into effect or plan to implement in the future. Fee discounts, pressure not to increase or even decrease our rates, and less advantageous contract terms could result in the loss of clients, lower revenues and operating income, higher costs and less profitable engagements. More discounts or write-offs than we expect in any period would have a negative impact on our results of operations. There is no assurance that significant client engagements will be renewed or replaced in a timely manner or at all, or that they will generate the same volume of work or revenues or be as profitable as past engagements.

Certain of our clients prefer fixed and other alternative fee arrangements that place revenue ceilings or other limitations on our fee structure or may shift more of our revenue-generating potential to back-end contingent and success fee arrangements. With respect to such alternative fee arrangements, we may discount our rates initially, which could mean that the cost of providing services exceeds the fees collected by the Company during all or a portion of the term of the engagement. In such cases, the Company's failure to manage the engagement efficiently or collect the success or performance fees could expose the Company to a greater risk of loss on such engagement than other fee arrangements or may cause variations in the Company's revenues and operating results due to the timing of achievement of the performance-based criteria, if achieved at all. A segment's ability to service clients with these fee arrangements at a cost that does not directly correlate to time and materials may negatively impact or result in a loss of the profitability of such engagements, adversely affecting the financial results of the segment.

Our Technology segment faces certain risks, including (i) industry consolidation and a highly competitive environment, (ii) client concentration, (iii) downward pricing pressure, (iv) technology changes and obsolescence and (v) failure to protect IP used by the segment, which individually or together could cause the financial results and prospects of this segment and the Company to decline.

Our Technology segment is facing significant competition from other consulting and/or software providers specializing in e-discovery, ESI and the management of electronic content. There continues to be consolidation of

companies providing products and services similar to those offered by our Technology segment, which may provide competitors access to greater financial and other resources than those of the Company. Larger competitors may be able to react more quickly to new regulatory or legal requirements and other changes, or innovate more quickly and efficiently. Our Technology segment has been experiencing increasing competition from companies providing similar services at lower prices, particularly with respect to hosting and e-discovery services.

The success of our Technology segment and its ability to compete depends significantly on the IP rights we license from third-parties. There is no assurance that (i) the software we license to provide our services will remain competitive or

20

---

technologically innovative, (ii) new, innovative or improved software or products will not be developed by others that will compete more effectively with the software or products we currently license or use to service our customers, or (iii) we can enter into licenses or other agreements on economically advantageous terms to license or enter into other agreements to use new or more innovative third-party software and products to provide our services. If our Technology segment is unable to license or otherwise use competitively innovative or technologically advanced software and products to provide our services, we could be unable to retain clients, grow our business and capitalize on market opportunities, which would adversely affect our operating margins and financial results.

Unauthorized use and misuse of our proprietary IP by employees or third parties could have a material adverse effect on our business, financial condition and results of operations. The available legal remedies for unauthorized or misuse of our proprietary IP may not adequately compensate us for the damages caused by unauthorized use.

Our segments face certain risks relating to cybersecurity and the failure to protect the confidentiality of client information against misuse or disclosure.

Our reputation for maintaining the confidentiality of proprietary, confidential and trade secret information is critical to the success of our segments. In addition, our Technology segment is dependent on providing secure information storage to host client information as a service. We routinely face cyber-based attacks and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems, which so far have been unsuccessful. Such attacks could disrupt our business operations, cause us to incur unanticipated losses or expenses, and result in unauthorized disclosures of confidential or proprietary information. We expect to continue to face such attempts. Although we seek to prevent, detect and investigate these network security incidents, and take steps to mitigate the likelihood of network security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective. If we fail to effectively protect the confidentiality of our clients' or our own IP and proprietary information from disclosure or misuse by our employees, contractors or third parties, the financial results of the affected segment or the Company would be adversely affected. There is no certainty that we can maintain the confidentiality or prevent the misuse of our or our client information. We may not manage our growth effectively, and our profitability may suffer.

We experience fluctuations in growth of our different segments, practices or services, including periods of rapid or declining growth. Periods of rapid expansion may strain our management team or human resources and information systems. To manage growth successfully, we may need to add qualified managers and employees and periodically update our operating, financial and other systems, as well as our internal procedures and controls. We also must effectively motivate, train and manage a larger professional staff. If we fail to add or retain qualified managers, employees and contractors when needed, estimate costs, or manage our growth effectively, our business, financial results and financial condition may suffer.

We cannot assure that we can successfully manage growth through acquisitions and the integration of the companies and assets we acquire or that they will result in the financial, operational and other benefits that we anticipate. Some acquisitions may not be immediately accretive to earnings, and some expansion may result in significant expenditures. In periods of declining growth, underutilized employees and contractors may result in expenses and costs being a greater percentage of revenues. In such situations, we will have to weigh the benefits of decreasing our workforce or limiting our service offerings and saving costs against the detriment that the Company could experience from losing valued professionals and their industry expertise and clients.

#### Risks Related to Our Operations

Our international operations involve special risks.

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

- cultural and language differences;

- limited "brand" recognition;

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



- foreign currency disruptions and currency fluctuations between the U.S. dollar and foreign currencies that could adversely affect financial and operating results;
- different legal and regulatory requirements and other barriers to conducting business;
- greater difficulties in resolving the collection of receivables when legal proceedings are necessary;
- greater difficulties in managing our non-U.S. operations, including client relationships, in certain locations;
- disparate systems, policies, procedures and processes;
- failure to comply with the FCPA and anti-bribery laws of other jurisdictions;
- higher operating costs;
- longer sales and/or collections cycles;
- potential restrictions or adverse tax consequences for the repatriation of foreign earnings, such as trapped foreign losses and importation or withholding taxes;
- different or less stable political and/or economic environments;
- conflicts between and among the U.S. and countries in which we conduct business, including those arising from trade disputes or disruptions, the termination or suspension of treaties, or boycotts; and
- civil disturbances or other catastrophic events that reduce business activity.

If we are not able to quickly adapt to or effectively manage our operations in geographic markets outside the U.S., our business prospects and results of operations could be negatively impacted.

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

We have a robust Code of Ethics and Business Conduct, Anti-Corruption Policy, Policy on Inside Information and Insider Trading, and other policies and procedures that are designed to educate and establish the standards of conduct that we expect from our executive officers, outside directors, employees, and independent consultants and contractors. These policies require strict compliance with U.S. and local laws and regulations applicable to our business operations, including those laws and regulations prohibiting improper payments to government officials. In addition, as a corporation whose securities are registered under the Securities Act and publicly traded on the NYSE, our executive officers, outside directors, employees and independent contractors are required to comply with the prohibitions against insider trading of our securities. In addition, we impose certain restrictions on the trading of securities of our clients. Nonetheless, we cannot assure our stakeholders that our policies, procedures and related training programs will ensure full compliance with all applicable legal requirements. Illegal or improper conduct by our executive officers, directors, employees, independent consultants or contractors, or others who are subject to our policies and procedures could damage our reputation in the U.S. and internationally or lead to litigation or governmental or regulatory proceedings in the U.S. or foreign jurisdictions, which could result in civil or criminal penalties, including substantial monetary awards, fines and penalties, as well as disgorgement of profits.

We may be required to recognize goodwill impairment charges, which could materially affect our financial results. We assess our goodwill, trade names and other intangible assets, as well as our other long-lived assets as and when required by GAAP to determine whether they are impaired and, if they are, to record appropriate impairment charges. Factors we consider include significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. We have previously recorded impairment charges to the carrying value of goodwill of certain of our segments, and it is possible that we may be required to record significant impairment charges in the future. Such charges have had and could have an adverse impact on our results of operations.

#### Risks Related to Our People

Our failure to recruit and retain qualified professionals could negatively affect our financial results and our ability to staff client engagements, maintain relationships with clients and drive future growth.

We deliver sophisticated professional services to our clients. Our success is dependent, in large part, on our ability to keep our supply of skills and resources in balance with client demand around the world. To attract and retain clients, we need to demonstrate professional acumen and build trust and strong relationships. Our professionals have highly specialized skills. They also develop strong bonds with the clients they serve. Our continued success depends upon our ability to attract and retain professionals who have expertise, a good reputation and client relationships critical to maintaining and developing our business. We face intense competition in recruiting and retaining highly qualified professionals to drive our organic growth and support expansion of our services and geographic footprint. We cannot assure that we will be able to attract or retain qualified professionals to maintain or expand our business. If we are unable to successfully integrate, motivate and retain qualified professionals, our ability to continue to secure work in may suffer. Moreover, competition has caused our costs of retaining and hiring qualified professionals to increase, a trend that could continue and could adversely affect our operating margins and financial results.

Despite fixed terms or renewal provisions, we could face retention issues during and at the end of the terms of those agreements and large compensation expenses to secure extensions. There is no assurance we will enter into new or extend employment agreements with our professionals. We monitor contract expirations carefully to commence dialogues with professionals regarding their employment in advance of the actual contract expiration dates. Our goal is to renew employment agreements when advisable and to stagger the expirations of the agreements if possible. Because of the concentration of contract expirations in certain years, we may experience high turnover or other adverse consequences, such as higher costs, loss of clients and engagements or difficulty in staffing engagements, if we are unable to renegotiate employment arrangements or the costs of retaining qualified professionals become too high. The implementation of new compensation arrangements may result in the concentration of potential turnover in future years.

Headcount reductions to manage costs during periods of reduced demand for our services could have negative impacts on our business over the longer term.

Our people are our primary assets and account for the majority of our expenses. During periods of reduced demand for our services, or in response to unfavorable changes in market or industry conditions, we may seek to align our cost structure more closely with our revenues and increase our utilization rates by reducing headcount and eliminating or consolidating underused locations in affected business segments or practices. Following such actions, in response to subsequent increases in demand for our services, including as a result of favorable changes in market or industry conditions, we may need to hire, train and integrate additional qualified and skilled personnel and may be unable to do so to meet our needs or our clients' demands on a timely basis. If we are unable to manage staffing levels on a timely basis in light of changing opportunities or conditions, our ability to accept or service business opportunities and client engagements, take advantage of positive market and industry developments, and realize future growth could be negatively affected, which could negatively impact our revenues and profitability. In addition, while increased utilization resulting from headcount reductions may enhance our profitability in the near term, it could negatively affect our business over the longer term by limiting the time our professionals have to seek out and cultivate new client relationships and win new projects.

We incur substantial costs to hire and retain our professionals, and we expect these costs to continue and to grow. We may pay hiring or retention bonuses to secure the services of professionals. Those payments have taken the form of unsecured general recourse forgivable loans, stock options, restricted stock, cash-based stock appreciation rights and other equity- and cash-based awards, and cash payments to attract and retain our professional employees. We make forgivable loans to KSIP participants and may provide forgivable or other types of loans to new hires and professionals who join us in connection with acquisitions, as well as to select current employees and other professionals on a case-by-case basis. The

23

---

aggregate amount of loans to professionals is significant. We expect to continue issuing unsecured general recourse forgivable loans.

We also provide significant additional payments under the KSIP and annual recurring equity or cash awards under the ICP, the Executive Committee incentive compensation arrangements and other compensation programs, including awards in the form of restricted stock and other stock- or cash-based awards or, alternatively, cash if we do not have adequate equity securities available under stockholder-approved equity plans.

In addition, our Economic Consulting segment has contracts with select economists or professionals that provide for compensation equal to a percentage of such individual's annual collected client fees plus a percentage of the annual fees generated by junior professionals working on engagements managed by such professionals, which results in compensation expenses for that segment being a higher percentage of revenues and EBITDA than the compensation paid by other segments. We expect that these arrangements will continue and that the Company may enter into similar arrangements with other economists and professionals hired by the Company.

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

We rely heavily on our executive officers and the heads of our operating segments, regional locations and industries to manage our operations. Given the highly specialized nature of our services and the scale of our operations, our executive officers and the heads of our operating segments and industry and regional leaders must have a thorough understanding of our service offerings, as well as the skills and experience necessary to manage a large organization in diverse geographic locations. We are unable to predict with certainty the impact that leadership transitions may have on our business operations, prospects, financial results, client relationships, or employee retention or morale.

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

Our professionals typically have close relationships with the clients they serve, based on their expertise and bonds of personal trust and confidence. Therefore, the barriers to our professionals pursuing independent business opportunities or joining our competitors should be considered low. Although our clients generally contract for services with us as a company, and not with an individual professional, in the event that a professional leaves, such clients may decide that they prefer to continue working with a specific professional rather than with our Company. Substantially all of our written employment arrangements with our senior managing directors and equivalent employees include non-competition and non-solicitation covenants. These restrictions have generally been drafted to comply with state "reasonableness" standards. However, states generally interpret restrictions on competition narrowly and in favor of employees. Therefore, a state may hold certain restrictions on competition to be unenforceable. In the case of employees outside the U.S., we draft non-competition provisions in an effort to comply with applicable foreign law. In the event an employee departs and acts in a way that we believe violates his or her non-competition or non-solicitation agreement, we will consider any legal remedies we may have against such person on a case-by-case basis. We may decide that preserving cooperation and a professional relationship with a former employee or client, or other concerns, outweighs the benefits of any possible legal recourse. We may also decide that the likelihood of success does not justify the costs of pursuing a legal remedy. Therefore, there may be times we may decide not to pursue legal action, even if it is available to us.

#### Risks Related to Our Client Relationships

If we are unable to accept client engagements due to real or perceived relationship issues, our revenues, growth, client engagements and prospects may be negatively affected.

Our inability to accept engagements from existing or prospective clients, represent multiple clients in connection with the same or competitive engagements, or any requirement that we resign from a client engagement may negatively impact our revenues, growth and financial results. While we follow internal practices to assess real and potential issues in the relationships between and among our clients, engagements, segments, practices and professionals, such concerns cannot always be avoided. For example, we generally will not represent parties adverse to each other in the same matter. Under U.S. federal bankruptcy rules, we generally may not represent both a debtor and its creditors in the same proceeding, and we are required to notify the U.S. Trustee of real or potential conflicts. Even if we begin a bankruptcy-related engagement, the U.S. Trustee could find that we no longer meet the disinterestedness standard



because of real or potential changes in our status as a disinterested party and order us to resign, which could result in disgorgement of fees. Acquisitions may require us to resign from a client engagement because of relationship issues that are not currently identifiable. In addition, businesses that we acquire or employees who join us may not be free to accept engagements they could have accepted prior to our acquisition or hire because of relationship issues.

24

---

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

Our engagements involve matters that may result in a severe impact on a client's business, cause the client a substantial monetary loss or prevent the client from pursuing business opportunities. Our ability to attract new clients and generate new and repeat engagements or hire professionals depends upon our ability to maintain a high degree of client satisfaction, as well as our reputation among industry professionals. As a result, any claims against us involving the quality of our services may be more damaging than similar claims against businesses in other industries.

We may incur significant costs and may lose engagements as a result of claims by our clients regarding our services. Many of our engagements involve complex analysis and the exercise of professional judgment, including litigation and governmental investigatory matters where we act as experts. Therefore, we are subject to the risk of professional and other liabilities. Although we believe we maintain an appropriate amount of insurance, it is limited. Damages and/or expenses resulting from any successful claim against us, for indemnity or otherwise, in excess of the amount of insurance coverage will be borne directly by us and could harm our profitability and financial resources. Any claim by a client or third party against us could expose us to reputational issues that adversely affect our ability to attract new or maintain existing engagements or clients or qualified professionals or other employees, consultants or contractors. Our clients may terminate our engagements with little or no notice and without penalty, which may result in unexpected declines in our utilization and revenues.

Our engagements center on transactions, disputes, litigation and other event-driven occurrences that require independent analysis or expert services. Transactions may be postponed or canceled, litigation may be settled or dismissed, and disputes may be resolved, in each case with little or no prior notice to us. If we cannot manage our work in process, our professionals may be underutilized until we can reassign them or obtain new engagements, which can adversely affect financial results.

The engagement letters that we typically enter into with clients do not obligate them to continue to use our services. Typically, our engagement letters permit clients to terminate our services at any time without penalties. In addition, our business involves large client engagements that we staff with a substantial number of professionals. At any time, one or more client engagements may represent a significant portion of a segment's revenues. If we are unable to replace clients or revenues as engagements end or if clients unexpectedly cancel engagements with us or curtail the scope of our engagements and we are unable to replace the revenues from those engagements, eliminate the costs associated with those engagements or find other engagements to utilize our professionals, the financial results of the Company could be adversely affected.

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

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

Failures of our internal information technology systems controls.

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

Compromise of confidential or proprietary information could damage our reputation, harm our businesses and adversely impact our financial results.

The Company's own confidential and proprietary information and that of our clients could be compromised, whether intentionally or unintentionally, by our employees, consultants or vendors. A compromise of the security of our information technology systems leading to theft or misuse of our own or our clients' proprietary or confidential information, or the public disclosure or use of such information by others, could result in losses, third-party claims against us and reputational harm,

25

---

including the loss of clients. The theft or compromise of our or our clients' information could negatively impact our reputation, financial results and prospects. In addition, if our reputation is damaged due to a data security breach, our ability to attract new engagements and clients may be impaired or we may be subjected to damages or penalties, which could negatively impact our businesses, financial results or financial condition.

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

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

#### Risks Related to Competition

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

The market for some of our consulting services is highly competitive. We do not compete against the same companies across all of our segments, practices, services, industries or geographic regions. Instead, we compete with different companies or businesses of companies depending on the particular nature of a proposed engagement and the types of requested service(s) and the location of the client or delivery of the service(s). Our operations are highly competitive. Our competitors include large organizations, such as the global accounting firms and the large management and financial consulting companies that offer a broad range of consulting services; investment banking firms; IT consulting and software companies, which offer niche services that are the same or similar to services or products offered by one or more of our segments; and small firms and independent contractors that focus on specialized services. Some of our competitors have significantly more financial resources, a larger national or international presence, larger professional staffs and greater brand recognition than we do. Some have lower overhead and other costs and can compete through lower cost-service offerings.

Since our business depends in large part on professional relationships, our business has low barriers to entry for professionals electing to start their own firms or work independently. In addition, it is relatively easy for professionals to change employers.

If we cannot compete effectively or if the costs of competing, including the costs of hiring and retaining professionals, become too expensive, our revenue growth and financial results could be negatively affected and may differ materially from our expectations.

We may face competition from parties who sell us their businesses and from professionals who cease working for us. In connection with our acquisitions, we generally obtain non-solicitation agreements from the professionals we hire, as well as non-competition agreements from senior managers and professionals. The agreements prohibit such individuals from competing with us during the term of their employment and for a fixed period afterwards and from seeking to solicit our employees or clients. In some cases, but not all, we may obtain non-competition or non-solicitation agreements from parties who sell us their businesses or assets. The duration of post-employment non-competition and non-solicitation agreements typically ranges from six to 12 months. Non-competition agreements with the sellers of businesses or assets that we acquire typically continue longer than 12 months. Certain activities may be carved out of, or otherwise may not be prohibited by, these arrangements. We cannot assure that one or more of the parties from whom we acquire a business or assets, or who do not join us or leave our employment, will not compete with us or solicit our employees or clients in the future. States and foreign jurisdictions may interpret restrictions on competition narrowly and in favor of employees or sellers. Therefore, certain restrictions on competition or solicitation may be unenforceable. In addition, we may not pursue legal remedies if we determine that preserving cooperation and a professional relationship with a former employee or his or her clients, or other concerns, outweighs the benefits of any possible legal recourse or the likelihood of success does not justify the costs of pursuing a legal remedy. Such persons, because they have worked for our Company or a business that we acquire, may be able

to compete more effectively with us, or be more successful in soliciting our employees and clients, than unaffiliated third parties.

26

---

### Risks Related to Acquisitions

We will consider future strategic or opportunistic acquisitions. In those cases, some or all of the following risks could be applicable.

We may have difficulty integrating acquisitions or convincing clients to allow assignment of their engagements to us, which can reduce the benefits we receive from acquisitions.

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

Acquisitions also may involve a number of special financial, business and operational risks, such as:

- difficulties in integrating diverse corporate cultures and management styles;
- disparate policies and practices;
- client relationship issues;
- decreased utilization during the integration process;
- loss of key existing or acquired personnel;
- increased costs to improve or coordinate managerial, operational, financial and administrative systems;
- dilutive issuances of equity securities, including convertible debt securities, to finance acquisitions;
- the assumption of legal liabilities;
- future earn-out payments or other price adjustments;
- potential future write-offs relating to the impairment of goodwill or other acquired intangible assets or the revaluation of assets;
- difficulty or inability to collect receivables; and
- undisclosed liabilities.

In addition to the integration challenges mentioned above, our acquisitions of non-U.S. companies offer distinct integration challenges relating to foreign laws and governmental regulations, including tax and employee benefit laws, and other factors relating to operating in countries other than the U.S., which we have addressed above in the discussion regarding the difficulties we may face operating globally.

Asset transactions may require us to seek client consents to the assignment of their engagements to us or a subsidiary. All clients may not consent to assignments. In certain cases, such as government contracts and bankruptcy engagements, the consent of clients cannot be solicited until after the acquisition has closed. Further, such engagements may be subject to security clearance requirements or bidding provisions with which we might not be able to comply. There is no assurance that clients of the acquired entity or local, state, federal or foreign governments will agree to novate or assign their contracts to us.

The Company may also hire groups of selected professionals from another company. In such event, there may be restrictions on the ability of the professionals who join the Company to compete and work on client engagements. In addition, the Company may enter into arrangements with the former employers of those professionals regarding limitations on their work until any time restrictions pass. In such circumstances, there is no assurance that the Company will enter into mutually agreeable arrangements with any former employer, and the utilization of such professionals may be limited, and our financial results could be negatively affected until their restrictions end. The Company could also face litigation risks from group hires.

We may be unable to take advantage of opportunistic acquisition situations, which may adversely affect our ability to expand or diversify our business.

At the time an acquisition opportunity presents itself, internal and external pressures (including, but not limited to, competition for such acquisition, the cost of such acquisition, borrowing capacity under our senior secured bank revolving



credit facility (as amended and restated on November 30, 2018, the “Credit Facility”) or the availability and cost of alternative financing) may cause us to be unable to pursue or complete an acquisition.

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

Competitive market conditions may require us to pay a price that represents a higher multiple of revenues or profits for an acquisition. As a result of these competitive dynamics, cost of the acquisition or other factors, certain acquisitions may not be accretive to our overall financial results at the time of the acquisition or at all.

We may have a different system of governance and management from a company we acquire or its parent, which could cause professionals who join us from an acquired company to leave us.

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

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

We may structure an acquisition to pay a portion of the purchase price in shares of our common stock. The number of shares issued as consideration is typically based on an average closing price per share of our common stock for a number of days prior to the closing of such acquisition. We believe that payment in the form of shares of common stock of FTI Consulting provides the acquired entity and its principals with a vested interest in the future success of the acquisition and the Company. Stock market volatility, generally, or FTI Consulting’s stock price volatility, specifically, may result in acquisition candidates being reluctant to accept our shares as consideration. In such cases, we may have to issue more shares if stock constitutes part of the consideration, offer stock price guarantees, pay the entire purchase price in cash or negotiate an alternative price structure. The result may be an increase in the cost of an acquisition.

Certain past acquisition-related agreements have contained stock price guarantees that resulted in cash payments in the future if the price per share of FTI Consulting common stock fell below a specified per share market value on the date restrictions lapse. There is no assurance that an acquisition candidate will not negotiate stock price guarantees with respect to a future acquisition, which may increase the cost of such acquisition.

#### Risks Related to Our Indebtedness

Our leverage could adversely affect our financial condition or operating flexibility if the Company fails to comply with operating covenants under applicable debt instruments.

Our Credit Facility, or our other indebtedness outstanding from time to time, contains or may contain operating covenants that may, subject to exceptions, limit our ability and the ability of our subsidiaries to, among other things:

- create, incur or assume certain liens;
- make certain restricted payments, investments and loans;
- create, incur or assume additional indebtedness or guarantees;
- create restrictions on the payment of dividends or other distributions to us from our restricted subsidiaries;
- engage in M&A transactions, consolidations, sale-leasebacks, joint ventures, and asset and security sales and dispositions;
- pay dividends or redeem or repurchase our capital stock;
- alter the business that we and our subsidiaries conduct;
- engage in certain transactions with affiliates;
- modify the terms of certain indebtedness;
- prepay, redeem or purchase certain indebtedness; and



make material changes to accounting and reporting practices.

In addition, the Credit Facility includes a financial covenant that requires us not to exceed a maximum consolidated total net leverage ratio (the ratio of funded debt (less unrestricted cash up to \$150.0 million) to Consolidated EBITDA, as defined in the Credit Facility).

Operating results below a certain level or other adverse factors, including a significant increase in interest rates, could result in us being unable to comply with certain covenants. If we violate any applicable covenants and are unable to obtain waivers, our agreements governing our indebtedness or other applicable agreement could be declared in default and could be accelerated, which could permit, in the case of secured debt, the lenders to foreclose on our assets securing the debt thereunder. If the indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason, our cash flows, financial results or financial condition could be materially and adversely affected. In addition, complying with these covenants may cause us to take actions that are not favorable to holders of our indebtedness outstanding from time to time and may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

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

Our current level of indebtedness could have important consequences on our future operations. We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The terms of the indenture, dated as of August 20, 2018, between us and U.S. Bank National Association, as trustee (the "Indenture") governing the 2.0% Convertible Senior Notes due 2023 (the "2023 Convertible Notes") do not restrict us from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the Indenture. The terms of the agreements governing our Credit Facility and other indebtedness limit, but do not prohibit, us from incurring additional indebtedness.

Our ability to incur additional indebtedness may have the effect of reducing the funds available to pay amounts due with respect to our indebtedness. If we incur new indebtedness or other liabilities, the related risks that we and our subsidiaries may face could intensify.

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

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

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

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

Substantially all of our U.S. subsidiaries guarantee our obligations under our Credit Facility, and substantially all of their assets are pledged as collateral for the Credit Facility. Future U.S. subsidiaries will be required to provide similar

guarantees under the Credit Facility. If we default on any guaranteed indebtedness, our U.S. subsidiaries could be required to make payments under their guarantees, and our senior secured creditors could foreclose on our U.S. subsidiaries' assets to satisfy unpaid obligations, which would materially adversely affect our business and financial results.

29

---

We may not have the ability to raise the funds necessary to settle conversions of the 2023 Convertible Notes or to repurchase the 2023 Convertible Notes upon a fundamental change, and the agreements governing our other indebtedness contain, and our future debt may contain, limitations on our ability to pay cash upon conversion or repurchase of the 2023 Convertible Notes.

Holders of the 2023 Convertible Notes will have the right to require us to repurchase their 2023 Convertible Notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the 2023 Convertible Notes to be repurchased, plus any accrued and unpaid interest. In addition, upon conversion of the 2023 Convertible Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2023 Convertible Notes being converted in accordance with the terms of the Indenture governing the 2023 Convertible Notes. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the 2023 Convertible Notes. Our Credit Facility prohibits us from making any cash payments on the conversion or repurchase of the 2023 Convertible Notes if a default or an event of default under that facility exists or would result from such conversion or repurchase, or if, after giving effect to such conversion or repurchase (and any additional indebtedness incurred in connection with such conversion or a repurchase), we would not be in pro forma compliance with certain financial tests under that the Credit Facility. Any new credit facility that we may enter into may have similar restrictions. In addition, our ability to repurchase the 2023 Convertible Notes or to pay cash upon conversions of the 2023 Convertible Notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase the 2023 Convertible Notes at a time when the repurchase is required by the Indenture or to pay any cash payable on future conversions of the Notes as required by the Indenture would constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2023 Convertible Notes or make cash payments upon conversions thereof.

The conditional conversion feature of the 2023 Convertible Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2023 Convertible Notes is triggered, holders of the 2023 Convertible Notes will be entitled to convert the 2023 Convertible Notes at their option at any time during specific periods listed in the Indenture governing the 2023 Convertible Notes. If one or more holders elect to convert their 2023 Convertible Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2023 Convertible Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2023 Convertible Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the 2023 Convertible Notes, could have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options (“ASC 470-20”), an entity must separately account for the liability and equity components of convertible debt instruments (such as the 2023 Convertible Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. The effect of ASC 470-20 on the accounting for the 2023 Convertible Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders’ equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the 2023 Convertible Notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the 2023 Convertible Notes to their face amount over the term of the 2023 Convertible Notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period’s amortization of the debt discount and the instrument’s coupon interest, which could adversely

affect our reported or future financial results, the trading price of our common stock and the trading price of the 2023 Convertible Notes.

In addition, under certain circumstances, convertible debt instruments (such as the 2023 Convertible Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the 2023 Convertible Notes are not included in the calculation of diluted earnings per share, except to the extent that the conversion value of the 2023 Convertible Notes exceeds their principal amount. Under the treasury

30

---

stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, is issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the 2023 Convertible Notes, then our diluted earnings per share would be adversely affected.

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

Borrowings under our Credit Facility will be at variable rates of interest, which expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our cash flow could be adversely affected. An increase in debt service obligations under our variable rate indebtedness could affect our ability to make payments required under the terms of the agreements governing our indebtedness or our other indebtedness outstanding from time to time.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

Our executive offices located in Washington, D.C., consist of 93,507 square feet under a lease expiring April 2028. Our principal corporate facilities located in Bowie, Maryland, consist of 30,835 square feet under a lease expiring April 2028. We also lease offices to support our operations in 45 other cities across the U.S., including New York, Chicago, Denver, Houston, Dallas, Los Angeles and San Francisco, and we lease office space to support our international locations in 27 countries — the United Kingdom, Ireland, Finland, France, Germany, Spain, Belgium, Denmark, Israel, Australia, Malaysia, China (including Hong Kong), Japan, Singapore, the United Arab Emirates, South Korea, South Africa, Argentina, Brazil, Colombia, Mexico, Canada, Indonesia, India, Qatar, the Cayman Islands and the British Virgin Islands. We believe our existing leased facilities are adequate to meet our current requirements and that suitable space will be available as needed.

#### ITEM 3. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, we are subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation, in general, and IP 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 IP and securities litigation, the results are difficult to predict at all. We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those anticipated at the time. We currently are not aware of any asserted or unasserted legal proceedings or claims that we believe would have a material adverse effect on our financial condition or results of our operations.

#### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our common stock currently trades on the NYSE under the symbol FCN. As of January 31, 2019, the number of holders of record of our common stock was 181.

Securities Authorized for Issuance under Equity Compensation Plans

The following table includes the number of shares of common stock of the Company authorized or to be issued upon exercise of outstanding options, warrants and rights awarded under our employee equity compensation plans as of December 31, 2018.

Plan Category	(a)	(b)	(c)
	Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by our security holders	881 <sup>(1)</sup>	\$ 36.48	1,747
Equity compensation plans not approved by our security holders	54 <sup>(2)</sup>	36.75	—
Total	935	\$ 36.50	1,747

(in thousands, except per share data)

- Includes up to (i) 11,826 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2004 Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008); (ii) 70,523 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2006 Global Long-Term Incentive Plan (as Amended and Restated Effective as of May 14, 2008); and (iii) 798,968 shares of common stock issuable upon vesting and exercise of outstanding stock options granted under our 2009 Omnibus Incentive Compensation Plan (as Amended and Restated Effective as of June 3, 2015).
- (1) Includes up to 53,552 shares of common stock issuable upon exercise of fully vested stock options granted as employment inducement on July 30, 2014 to an executive officer hire pursuant to Rule 303.08 of the NYSE.
- (2) Includes 1,746,500 shares of common stock available for issuance under our 2017 Omnibus Incentive Compensation Plan, all of which are available for stock-based awards.

Issuances of Unregistered Securities

Not Applicable.

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to purchases we made of our common stock during the fourth quarter of 2018.

	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program <sup>(1)</sup>	Approximate Dollar Value That May yet Be Purchased under the Program
(in thousands, except per share data)				
October 1 through October 31, 2018	—	\$ —	—	\$ 99,099
November 1 through November 30, 2018	93 <sup>(2)</sup>	\$ 67.35	90	<sup>(4)</sup> \$ 93,047
December 1 through December 31, 2018	332 <sup>(3)</sup>	\$ 62.22	329	<sup>(5)</sup> \$ 72,582
Total	425		419	

On June 2, 2016, our Board of Directors authorized a stock repurchase program of up to \$100.0 million (the “Repurchase Program”). On each of May 18, 2017 and December 1, 2017, our Board of Directors authorized an additional \$100.0 million, increasing the Repurchase Program to an aggregate authorization of \$300.0 million. During the year ended December 31, 2018, we repurchased an aggregate of 755,803 shares of our outstanding common stock under the Repurchase Program at an average repurchase price of \$53.88 per share for a total cost of approximately \$40.7 million.

<sup>(1)</sup> Includes 3,322 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

<sup>(2)</sup> Includes 3,216 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

<sup>(3)</sup> During the month ended November 30, 2018, we repurchased and retired 89,824 shares of common stock, at an average per share price of \$67.35, for an aggregate cost of \$6.0 million.

<sup>(4)</sup> During the month ended December 31, 2018, we repurchased and retired 328,904 shares of common stock, at an average per share price of \$62.20, for an aggregate cost of \$20.5 million.

## ITEM 6. SELECTED FINANCIAL DATA

We derived the selected financial data presented below for the periods or dates indicated from our consolidated financial statements. The data below should be read in conjunction with our consolidated financial statements, related notes and other financial information appearing in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 8 of this Annual Report.

A number of factors have caused our results of operations and financial position to vary significantly from one year to the next and can make it difficult to evaluate period-to-period comparisons because of a lack of comparability. The most significant of these factors include: acquisitions, goodwill impairment charges, special charges and stock repurchases.

## Income Statement, Balance Sheet and Stockholders' Equity Data

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands, except per share data)				
<b>Income Statement Data</b>					
Revenues	\$2,027,877	\$1,807,732	\$1,810,394	\$1,779,149	\$1,756,212
<b>Operating Expenses</b>					
Direct cost of revenues	1,328,074	1,215,560	1,210,771	1,171,444	1,144,757
Selling, general and administrative expenses	465,636	432,013	436,716	431,468	432,169
Special charges	—	40,885	10,445	—	16,339
Amortization of other intangible assets	8,162	10,563	10,306	11,726	15,521
	1,801,872	1,699,021	1,668,238	1,614,638	1,608,786
Operating income	226,005	108,711	142,156	164,511	147,426
Interest income and other	4,977	3,752	10,466	3,232	4,670
Interest expense	(27,149)	(25,358)	(24,819)	(42,768)	(50,685)
Gain on sale of business	13,031	—	—	—	—
Loss on early extinguishment of debt	(9,072)	—	—	(19,589)	—
Income before income tax provision (benefit)	207,792	87,105	127,803	105,386	101,411
Income tax provision (benefit)	57,181	(20,857)	42,283	39,333	42,604
Net income	\$150,611	\$107,962	\$85,520	\$66,053	\$58,807
Earnings per common share — basic	\$4.06	\$2.79	\$2.09	\$1.62	\$1.48
Earnings per common share — diluted	\$3.93	\$2.75	\$2.05	\$1.58	\$1.44
<b>Weighted average number of common shares outstanding</b>					
Basic	37,098	38,697	40,943	40,846	39,726
Diluted	38,318	39,192	41,709	41,729	40,729
	December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$312,069	\$189,961	\$216,158	\$149,760	\$283,680
Working capital <sup>(1)</sup>	\$482,783	\$383,851	\$404,716	\$394,548	\$489,749
Total assets	\$2,379,121	\$2,257,241	\$2,225,368	\$2,229,018	\$2,391,599
Long-term debt, net	\$265,571	\$396,284	\$365,528	\$494,772	\$699,404
Stockholders' equity	\$1,348,825	\$1,191,971	\$1,207,358	\$1,147,603	\$1,102,746

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





	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Stockholders' Equity Data					
Shares of common stock repurchased and retired	952	4,674	537	765	—
Total cost	\$55,722	\$168,001	\$21,479	\$26,516	\$ —

35

---

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our consolidated financial condition, results of operations, liquidity and capital resources for each of the three years in the period ended December 31, 2018 and significant factors that could affect our prospective financial condition and results of operations. This discussion should be read in conjunction with our consolidated financial statements and notes included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K (the "Annual Report"). Historical results and any discussion of prospective results may not indicate our future performance.

### Business Overview

FTI Consulting is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political and regulatory, reputational and transactional. Individually, each of our practices is staffed with experts recognized for the depth of their knowledge and a track record of making an impact. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle, from proactive risk management to rapid response to unexpected events and dynamic environments. We report financial results for the following five reportable segments:

Our Corporate Finance & Restructuring ("Corporate Finance") segment focuses on the strategic, operational, financial and capital needs of our clients around the world and delivers a wide range of service offerings related to restructuring, business transformation and transaction support. Our restructuring practice includes corporate restructuring, including bankruptcy and interim management services. Our business transformation and transactions support practices include financings, mergers and acquisitions ("M&A"), M&A integration, valuations and tax advice, as well as financial, operational and performance improvement services.

Our Forensic and Litigation Consulting ("FLC") segment provides law firms, companies, government clients and other interested parties with multidisciplinary, independent dispute advisory, investigations, data analytics, forensic accounting, business intelligence and risk mitigation services, as well as interim management and performance improvement services for our health solutions practice clients.

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

Our Technology segment offers a comprehensive portfolio of information governance and electronic discovery ("e-discovery") software, services and consulting support to companies, law firms, courts and government agencies worldwide. Our services allow our clients to control the risk and expense of e-discovery events more confidently, as well as manage their data in the context of compliance and risk.

Our Strategic Communications segment designs and executes communications strategies for management teams and boards of directors to help them seize opportunities, manage financial, regulatory and reputational challenges, navigate market disruptions, articulate their brand, stake a competitive position, and preserve and grow their operations.

We derive substantially all of our revenues from providing professional services to both U.S. and global clients. Most of our services are rendered under time-and-expense arrangements that obligate the client to pay us a fee for the hours that we incur at agreed-upon rates. Under this arrangement, we typically bill our clients for reimbursable expenses, which may include the cost of producing our work product and other direct expenses that we incur on behalf of the client, such as travel costs. We also render services for which certain clients may be required to pay us a fixed fee or recurring retainer. These arrangements are generally cancelable at any time. Some of our engagements contain performance-based arrangements in which we earn a success fee when and if certain predefined outcomes occur. This type of success fee may supplement a time-and-expense or fixed fee arrangement. Success fee revenues may cause variations in our revenues and operating results due to the timing of achieving the performance-based criteria. Seasonal factors, such as the timing of our employees' and clients' vacations and holidays, may impact the timing of our revenues across our segments.

In our Technology segment, certain clients are billed based on the amount of data stored on our electronic systems, the volume of information processed or the number of users licensing our Ringtail® software prior to its sale in September

2018, and our other software products. We licensed, and in some cases continue to license, certain products directly to end users, as well as indirectly through our channel partner relationships. Unit-based revenues are defined as revenues billed on a per item, per page or some other unit-based method and include revenues from data processing and hosting, software usage and software

36

---

licensing. Unit-based revenues include revenues associated with the software products that are made available to customers, either via a web browser (“on-demand”) or installed at our customer or partner locations (“on-premise”). On-demand revenues are charged on a unit or monthly basis and include, but are not limited to, processing and review related functions. On-premise revenues are composed of upfront license fees, with recurring support and maintenance. Our financial results are primarily driven by:

- the number, size and type of engagements we secure;
- the rate per hour or fixed charges we charge our clients for services;
- the utilization rates of the revenue-generating professionals we employ;
- the timing of revenue recognition related to revenues subject to certain performance-based contingencies;
- the number of revenue-generating professionals;
- licensing of our software products and other technology services;
- the types of assignments we are working on at different times;
- the length of the billing and collection cycles; and
- the geographic locations of our clients or locations in which services are rendered.

We define acquisition growth as revenues of acquired companies in the first 12 months following the effective date of an acquisition. Our definition of organic growth is the change in revenues, excluding the impact of all such acquisitions.

When significant, we identify the estimated impact of foreign currency translation (“FX”) driven by our businesses with functional currencies other than the U.S. dollar (“USD”), on the period-to-period performance results. The estimated impact of FX is calculated as the difference between the prior period results multiplied by the average foreign currency exchange rates to USD in the current period and the prior period results, multiplied by the average foreign currency rates to USD in the prior period.

#### Non-GAAP Financial Measures

In the accompanying analysis of financial information, we sometimes use information derived from consolidated and segment financial information that may not be presented in our financial statements or prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). Certain of these financial measures are considered “not in conformity with GAAP (“non-GAAP financial measures”) under the U.S. Securities and Exchange Commission (“SEC”) rules. Specifically, we have referred to the following non-GAAP financial measures:

- Total Segment Operating Income
- Adjusted EBITDA
- Total Adjusted Segment EBITDA
- Adjusted EBITDA Margin
- Adjusted Net Income
- Adjusted Earnings per Diluted Share
- Free Cash Flow

We have included the definitions of Segment Operating Income (Loss) and Adjusted Segment EBITDA below in order to more fully define the components of certain non-GAAP financial measures in the accompanying analysis of financial information. As described in Note 18, “Segment Reporting” in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report, we evaluate the performance of our operating segments based on Adjusted Segment EBITDA, and Segment Operating Income (Loss) is a component of the definition of Adjusted Segment EBITDA.

We define Segment Operating Income (Loss), a GAAP financial measure, as a segment’s share of consolidated operating income. We define Total Segment Operating Income, which is a non-GAAP financial measure, as the total of Segment

Operating Income (Loss) for all segments, which excludes unallocated corporate expenses. We use Segment Operating Income (Loss) for the purpose of calculating Adjusted Segment EBITDA. We define Adjusted Segment EBITDA, a GAAP financial measure as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We use Adjusted Segment EBITDA as a basis to internally evaluate the financial performance of our segments because we believe it reflects current core operating performance and provides an indicator of the segment's ability to generate cash. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of total revenues.

We define Total Adjusted Segment EBITDA, which is a non-GAAP financial measure, as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. We define Adjusted EBITDA, which is a non-GAAP financial measure, as consolidated net income before income tax provision, other non-operating income (expense), depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, gain or loss on sale of a business and losses on early extinguishment of debt. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with a more complete understanding of our operating results, including underlying trends. In addition, EBITDA is a common alternative measure of operating performance used by many of our competitors. It is used by investors, financial analysts, rating agencies and others to value and compare the financial performance of companies in our industry. Therefore, we also believe that these measures, considered along with corresponding GAAP financial measures, provide management and investors with additional information for comparison of our operating results with the operating results of other companies.

We define Adjusted Net Income and Adjusted Earnings per Diluted Share ("Adjusted EPS"), which are non-GAAP financial measures, as net income and earnings per diluted share ("EPS"), respectively, excluding the impact of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, losses on early extinguishment of debt, non-cash interest expense on convertible notes, gain or loss on sale of a business and the impact of adopting the 2017 U.S. Tax Cuts and Jobs Act (the "2017 Tax Act"). We use Adjusted Net Income for the purpose of calculating Adjusted EPS. Management uses Adjusted EPS to assess total Company operating performance on a consistent basis. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results, provide management and investors with an additional understanding of our business operating results, including underlying trends.

We define Free Cash Flow, which is a non-GAAP financial measure, as net cash provided by operating activities less cash payments for purchases of property and equipment. We believe this non-GAAP financial measure, when considered together with our GAAP financial results, provides management and investors with an additional understanding of the Company's ability to generate cash for ongoing business operations and other capital deployment. Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable with other similarly titled measures of other companies. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our Consolidated Statements of Comprehensive Income. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this report.

Full Year 2018 Executive Highlights  
Financial Highlights

	Year Ended December 31,				
	2018	2017	% Growth		
	(dollar amounts in thousands, except per share amounts)				
Revenues	\$ 2,027,877	\$ 1,807,732	12.2	%	
Special charges	\$ —	\$ 40,885	-100.0	%	
Net income	\$ 150,611	\$ 107,962	39.5	%	
Adjusted EBITDA	\$ 265,703	\$ 192,038	38.4	%	
Earnings per common share — diluted	\$ 3.93	\$ 2.75	42.9	%	
Adjusted earnings per common share — diluted	\$ 4.00	\$ 2.32	72.4	%	
Net cash provided by operating activities	\$ 230,672	\$ 147,625	56.3	%	
Total number of employees as of December 31	4,768	4,609	3.4	%	

### Revenues

Revenues increased \$220.1 million, or 12.2%, from 2017 to 2018. The increase in revenues was primarily due to higher global demand across all segments, particularly in our Corporate Finance and FLC segments.

### Special charges

There were no special charges in 2018. For the year ended December 31, 2017, we recorded special charges of \$40.9 million related to certain targeted reductions of staff in areas of each segment to realign our workforce with current business demand. In addition, cost-cutting actions were taken in certain corporate departments where we were able to streamline support activities and reduce our real estate costs.

### Gain on sale of business

During the year ended December 31, 2018, we sold our Ringtail® e-discovery software and related business (collectively, "Ringtail"). The net proceeds from the sale were \$50.3 million, which resulted in a pre-tax gain of \$13.0 million.

### Loss on early extinguishment of debt

In order to more effectively utilize the Company's growing cash balances, maintain financial flexibility and reduce cash interest, we issued \$316.3 million aggregate principal amount of 2.0% convertible senior notes due 2023 ("2023 Convertible Notes") and used a portion of the proceeds, along with cash on hand, to retire \$300 million aggregate principal amount of 6.0% senior notes due 2022 (the "2022 Notes") during 2018. We recognized a \$9.1 million loss on early extinguishment of debt for 2018, consisting primarily of a redemption premium of \$6.0 million and a \$3.1 million non-cash write-off of unamortized deferred financing costs. The impact of early extinguishment of debt is excluded from the calculation of Adjusted EBITDA.

### Net income

Net income increased \$42.6 million, or 39.5%, from 2017 to 2018. This increase was primarily due to higher operating profits across all business segments and a \$13.0 million gain related to the sale of Ringtail, which were partially offset by a \$9.1 million loss on early extinguishment of debt and \$3.0 million of non-cash interest on convertible notes. Net income in 2017 included a \$44.9 million net tax benefit to reflect the impact of adopting the 2017 Tax Act, which was nearly offset by \$40.9 million in pre-tax special charges related to headcount and real estate reductions.

### Adjusted EBITDA

Adjusted EBITDA increased \$73.7 million, or 38.4%, from 2017 to 2018. Adjusted EBITDA was 13.1% of revenues for the year ended December 31, 2018 compared with 10.6% of revenues for the year ended December 31, 2017. The increase in Adjusted EBITDA was primarily due to higher revenues across all business segments, which were partially offset by an increase in compensation, primarily related to higher variable compensation and an increase in billable

headcount and higher selling, general and administrative (“SG&A”) expenses.

39

---



**EPS and Adjusted EPS**

EPS increased \$1.18 to \$3.93 in 2018 compared with \$2.75 in 2017. 2018 EPS included a loss on early extinguishment of debt, which decreased EPS by \$0.17 and non-cash interest on convertible notes, which decreased EPS by \$0.06. These decreases were partially offset by a gain on the sale of Ringtail, which increased EPS by \$0.16. EPS for the year ended December 31, 2017 included the net tax benefit recorded to reflect the impact of adopting the 2017 Tax Act, which increased EPS by \$1.14, and a special charge related to headcount and real estate reductions, which reduced EPS by \$0.70.

Adjusted EPS increased \$1.68 to \$4.00 in 2018 compared with \$2.32 in 2017, largely due to improved operating results.

**Liquidity and Capital Allocation**

Cash balances increased by \$122.1 million, or 64.3%, to \$312.1 million for the year ended December 31, 2018. Cash provided by operating activities increased \$83.0 million to \$230.7 million in 2018 as compared with \$147.6 million in 2017. The increase was primarily due to higher cash collections resulting from higher revenues, partially offset by an increase in cash paid for salaries and benefits and increased income tax payments. Days sales outstanding (“DSO”) was 93 days as of December 31, 2018 and 91 days as of December 31, 2017.

A portion of net cash provided by operating activities was used to repurchase and retire 0.8 million shares of our common stock under our Repurchase Program for an average price per share of \$53.88, at a total cost of \$40.7 million during the year ended December 31, 2018. We had \$72.6 million remaining under the Repurchase Program to repurchase additional shares as of December 31, 2018. Additionally, we used a portion of the proceeds from the issuance of the 2023 Convertible Notes to repurchase 0.2 million shares of our common stock at \$76.51 per share for a total cost of \$15.0 million. This was a separate repurchase transaction outside of the Repurchase Program.

Free Cash Flow, which is a non-GAAP financial measure, for the years ended December 31, 2018 and 2017 was \$198.4 million and \$115.6 million, respectively. The increase was primarily due to an increase in net cash provided by operating activities, as described above.

**Headcount**

Our total headcount increased 3.4% from 4,609 as of December 31, 2017 to 4,768 as of December 31, 2018. The following table includes the net billable headcount additions (reductions) for the year ended December 31, 2018.

Billable Headcount	Corporate Finance	FLC	Economic Consulting	Technology	Strategic Communications	Total
December 31, 2017	901	1,067	683	292	630	3,573
Additions (reductions), net	47	86	25	14	11	183
December 31, 2018	948	1,153	708	306	641	3,756
Percentage change in headcount from December 31, 2017	5.2 %	8.1 %	3.7 %	4.8 %	1.7 %	5.1 %

## RESULTS OF OPERATIONS

## Segment and Consolidated Operating Results:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands, except per share data)		
Revenues			
Corporate Finance	\$564,479	\$482,041	\$483,269
FLC	520,333	462,324	457,734
Economic Consulting	533,979	496,029	500,487
Technology	185,755	174,850	177,720
Strategic Communications	223,331	192,488	191,184
Total revenues	\$2,027,877	\$1,807,732	\$1,810,394
Segment operating income (loss)			
Corporate Finance	\$115,124	\$70,234	\$91,481
FLC	91,262	54,520	49,088
Economic Consulting	64,052	49,154	68,842
Technology	14,912	4,795	(2,183)
Strategic Communications	37,250	13,148	23,110
Total segment operating income	322,600	191,851	230,338
Unallocated corporate expenses	(96,595)	(83,140)	(88,182)
Operating income	226,005	108,711	142,156
Other income (expense)			
Interest income and other	4,977	3,752	10,466
Interest expense	(27,149)	(25,358)	(24,819)
Gain on sale of business	13,031	—	—
Loss on early extinguishment of debt	(9,072)	—	—
	(18,213)	(21,606)	(14,353)
Income before income tax provision (benefit)	207,792	87,105	127,803
Income tax provision (benefit)	57,181	(20,857)	42,283
Net income	\$150,611	\$107,962	\$85,520
Earnings per common share — basic	\$4.06	\$2.79	\$2.09
Earnings per common share — diluted	\$3.93	\$2.75	\$2.05

## Reconciliation of Net Income to Adjusted EBITDA:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net income	\$150,611	\$107,962	\$85,520
Add back:			
Income tax provision (benefit)	57,181	(20,857)	42,283
Interest income and other	(4,977)	(3,752)	(10,466)
Interest expense	27,149	25,358	24,819
Gain on sale of business	(13,031)	—	—
Loss on early extinguishment of debt	9,072	—	—
Depreciation and amortization	31,536	31,177	38,700
Amortization of other intangible assets	8,162	10,563	10,306
Special charges	—	40,885	10,445
Remeasurement of acquisition-related contingent consideration	—	702	1,403
Adjusted EBITDA	\$265,703	\$192,038	\$203,010

42

## Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands, except per share data)		
Net income	\$150,611	\$107,962	\$85,520
Add back:			
Special charges	—	40,885	10,445
Tax impact of special charges	—	(13,570 )	(3,595 )
Loss on early extinguishment of debt	9,072	—	—
Tax impact of loss on early extinguishment of debt	(2,359 )	—	—
Remeasurement of acquisition-related contingent consideration	—	702	1,403
Tax impact of remeasurement of acquisition-related contingent consideration	—	(269 )	(546 )
Non-cash interest expense on convertible notes	3,019	—	—
Tax impact of non-cash interest expense on convertible notes	(775 )	—	—
Gain on sale of business	(13,031 )	—	—
Tax impact of gain on sale of business	6,798	—	—
Impact of 2017 Tax Act	—	(44,870 )	—
Adjusted net income	\$153,335	\$90,840	\$93,227
Earnings per common share — diluted	\$3.93	\$2.75	\$2.05
Add back:			
Special charges	—	1.04	0.25
Tax impact of special charges	—	(0.34 )	(0.08 )
Loss on early extinguishment of debt	0.23	—	—
Tax impact of loss on early extinguishment of debt	(0.06 )	—	—
Remeasurement of acquisition-related contingent consideration	—	0.02	0.03
Tax impact of remeasurement of acquisition-related contingent consideration	—	(0.01 )	(0.01 )
Non-cash interest expense on convertible notes	0.08	—	—
Tax impact of non-cash interest expense on convertible notes	(0.02 )	—	—
Gain on sale of business	(0.34 )	—	—
Tax impact of gain on sale of business	0.18	—	—
Impact of 2017 Tax Act	—	(1.14 )	—
Adjusted earnings per common share — diluted	\$4.00	\$2.32	\$2.24
Weighted average number of common shares outstanding — diluted	38,318	39,192	41,709

## Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow:

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net cash provided by operating activities	\$230,672	\$147,625	\$233,488
Purchases of property and equipment	(32,270 )	(32,004 )	(28,935 )
Free Cash Flow	\$198,402	\$115,621	\$204,553

Year Ended December 31, 2018 Compared with December 31, 2017

Revenues and Operating Income

See “Segment Results” for an expanded discussion of Revenues and Adjusted Segment EBITDA.

Special Charges

There were no special charges during the year ended December 31, 2018. Special charges for the year ended December 31, 2017 were \$40.9 million. See Note 5, "Special Charges" in Part II, Item 8 of this Annual Report for expanded disclosure.

Unallocated Corporate Expenses

Unallocated corporate expenses increased \$13.5 million, or 16.2%, to \$96.6 million in 2018 from \$83.1 million in 2017. Excluding the impact of special charges of \$3.7 million recorded in 2017, unallocated corporate expenses increased by \$17.1 million in 2018, or 21.6%. The increase was primarily due to an increase in variable compensation expense, higher costs for corporate and regional business development initiatives and the senior managing director meeting held in December 2018.

Interest Income and Other

Interest income and other, which includes FX gains and losses, increased \$1.2 million to \$5.0 million for the year ended December 31, 2018 from \$3.8 million for the year ended December 31, 2017. The increase was primarily due to a \$1.5 million increase in interest income resulting from investments of excess cash and a \$0.3 million increase in net unrealized FX gains, partially offset by a \$0.6 million loss on sale of investment in 2018. FX gains and losses, both realized and unrealized, relate to the remeasurement or settlement of monetary assets and liabilities that are denominated in a currency other than an entity’s functional currency. These monetary assets and liabilities include cash, as well as third-party and intercompany receivables and payables.

Interest Expense

Interest expense increased \$1.8 million, or 7.1%, to \$27.1 million in 2018 from \$25.4 million in 2017. The increase in interest expense reflects additional interest expense related to the 2023 Convertible Notes issuance that overlapped the period until the redemption of the 2022 Notes, partially offset by lower interest expense due to lower outstanding borrowings under our senior secured bank revolving credit facility.

Income Tax Provision (Benefit)

Our income tax provision was \$57.2 million for 2018 as compared with an income tax benefit of \$20.9 million for 2017. Excluding the discrete income tax benefit in 2017 from the adoption of the 2017 Tax Act, our effective tax rate was 27.5% for 2018 and 27.6% for 2017. The 2018 rate was favorably impacted by reductions in the U.S. income tax rate as a result of the 2017 Tax Act, which was partially offset by an unfavorable discrete tax adjustment relating to the sale of Ringtail®. The 2017 effective tax rate was favorably impacted by an unusually high mix of foreign earnings compared with low U.S. earnings due to 2017 special charges.

Year Ended December 31, 2017 Compared with December 31, 2016

Revenues and Operating Income

See “Segment Results” for an expanded discussion of Revenues and Adjusted Segment EBITDA.

Special Charges

Special charges for the year ended December 31, 2017 were \$40.9 million. Special charges for the year ended December 31, 2016 were \$10.4 million. See Note 5, "Special Charges" in Part II, Item 8 of this Annual Report for an expanded disclosure.

Unallocated Corporate Expenses

Unallocated corporate expenses decreased \$5.0 million, or 5.7%, to \$83.1 million in 2017 from \$88.2 million in 2016. Excluding the impact of special charges of \$3.7 million recorded in 2017, unallocated corporate expenses decreased by \$8.1 million in 2017, or 9.3%. The decrease was primarily due to lower infrastructure department spend and lower executive compensation expenses, which were partially offset by higher outside legal expenses.

**Interest Income and Other**

Interest income and other, which includes FX gains and losses, decreased \$6.7 million to \$3.8 million for the year ended December 31, 2017 from \$10.5 million for the year ended December 31, 2016. The decrease was primarily due to a net unrealized FX loss, which was \$0.1 million for the year ended December 31, 2017 compared with a \$4.9 million gain for the year ended December 31, 2016. FX gains and losses, both realized and unrealized, relate to the remeasurement or settlement of monetary assets and liabilities that are denominated in a currency other than an entity's functional currency. These monetary assets and liabilities include cash, as well as third-party and intercompany receivables and payables.

**Interest Expense**

Interest expense increased \$0.5 million, or 2.2%, to \$25.4 million in 2017 from \$24.8 million in 2016 due to the impact of a 0.7% increase in average interest rates on our borrowings under our senior secured bank revolving credit facility in 2017, partially offset by lower average borrowings outstanding during 2017 as compared with 2016.

**Income Tax Provision (Benefit)**

Our income tax benefit was \$20.9 million for 2017 as compared with an income tax provision of \$42.3 million for 2016. Our 2017 income tax benefit included a discrete income tax benefit of \$44.9 million related to the adoption of the 2017 Tax Act on December 22, 2017. Excluding the impact of the 2017 Tax Act, our effective tax rate was 27.6% for 2017 as compared with an effective tax rate of 33.1% for 2016. The 2017 effective tax rate, excluding the impact of adopting the 2017 Tax Act, declined related to the mix of higher foreign and U.S. state earnings in lower taxed jurisdictions as compared with the prior year.

The \$44.9 million discrete adjustment for 2017 related to the adoption of the 2017 Tax Act impact includes the following:

- \$65.1 million income tax benefit related to the remeasurement of U.S. deferred tax liabilities from the previous U.S. federal tax rate of 35% to the newly enacted rate of 21%; and

- \$18.7 million income tax expense related to a Transition Tax on a deemed repatriation of accumulated foreign earnings and profits as required under the new tax law.

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

We evaluate the performance of each of our operating segments based on Adjusted Segment EBITDA, which is a GAAP measure. The following table reconciles Net Income to Total Adjusted Segment EBITDA, a non-GAAP financial measure, for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net income	\$ 150,611	\$ 107,962	\$ 85,520
Add back:			
Income tax provision (benefit)	57,181	(20,857 )	42,283
Interest income and other	(4,977 )	(3,752 )	(10,466 )
Interest expense	27,149	25,358	24,819
Gain on sale of business	(13,031 )	—	—
Loss on early extinguishment of debt	9,072	—	—
Unallocated corporate expense	96,595	83,140	88,182
Total segment operating income	322,600	191,851	230,338
Add back:			
Segment depreciation expense	27,979	27,112	34,064
Amortization of other intangible assets	8,162	10,563	10,306
Segment special charges	—	37,207	9,833
Remeasurement of acquisition-related contingent consideration	—	702	1,403
Total Adjusted Segment EBITDA	\$ 358,741	\$ 267,435	\$ 285,944



## Other Segment Operating Data

	Year Ended		
	December 31,		
	2018	2017	2016
Number of revenue-generating professionals (at period end):			
Corporate Finance	948	901	895
FLC	1,153	1,067	1,110
Economic Consulting	708	683	656
Technology <sup>(1)</sup>	306	292	288
Strategic Communications	641	630	647
Total revenue-generating professionals	3,756	3,573	3,596
Utilization rate of billable professionals <sup>(2)</sup> :			
Corporate Finance	66 %	61 %	65 %
FLC	64 %	61 %	59 %
Economic Consulting	69 %	67 %	73 %
Average billable rate per hour <sup>(3)</sup> :			
Corporate Finance	\$433	\$396	\$392
FLC	\$326	\$321	\$327
Economic Consulting	\$519	\$524	\$517

The number of revenue-generating professionals for the Technology segment excludes as-needed professionals, <sup>(1)</sup> who we employ based on demand for the segment's services. We employed an average of 253, 305 and 287 as-needed employees during the years ended December 31, 2018, 2017 and 2016, respectively.

We calculate the utilization rate for our billable professionals by dividing the number of hours that all of our billable professionals worked on client assignments during a period by the total available working hours for all of our billable professionals during the same period. Available hours are determined by the standard hours worked by <sup>(2)</sup> each employee, adjusted for part-time hours, U.S. standard work weeks and local country holidays. Available working hours include vacation and professional training days but exclude holidays. Utilization rates are presented for our segments that primarily bill clients on an hourly basis. We have not presented utilization rates for our Technology and Strategic Communications segments as most of the revenues of these segments are not generated on an hourly basis.

For engagements where revenues are based on number of hours worked by our billable professionals, average billable rate per hour is calculated by dividing revenues (excluding revenues from success fees, pass-through <sup>(3)</sup> revenues and outside consultants) for a period by the number of hours worked on client assignments during the same period. We have not presented average billable rates per hour for our Technology and Strategic Communications segments as most of the revenues of these segments are not based on billable hours.



## CORPORATE FINANCE &amp; RESTRUCTURING

	Year Ended December 31,		
	2018	2017	2016
	(dollars in thousands, except rate per hour)		
Revenues	\$564,479	\$482,041	\$483,269
Percentage change in revenues from prior year	17.1	% -0.3	%
Operating expenses:			
Direct cost of revenues	354,210	318,606	306,894
Selling, general and administrative expenses	92,037	83,747	81,584
Special charges	—	5,440	—
Amortization of other intangible assets	3,108	4,014	3,310
	449,355	411,807	391,788
Segment operating income	115,124	70,234	91,481
Percentage change in segment operating income from prior year	63.9	% -23.2	%
Add back:			
Depreciation and amortization of intangible assets	6,536	7,189	6,207
Special charges	—	5,440	—
Adjusted Segment EBITDA	\$121,660	\$82,863	\$97,688
Gross profit <sup>(1)</sup>	\$210,269	\$163,435	\$176,375
Percentage change in gross profit from prior year	28.7	% -7.3	%
Gross profit margin <sup>(2)</sup>	37.3	% 33.9	% 36.5
Adjusted Segment EBITDA as a percent of revenues	21.6	% 17.2	% 20.2
Number of revenue-generating professionals (at period end)	948	901	895
Percentage change in number of revenue-generating professionals from prior year	5.2	% 0.7	%
Utilization rate of billable professionals	66	% 61	% 65
Average billable rate per hour	\$433	\$396	\$392

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

Year Ended December 31, 2018 Compared with December 31, 2017

Revenues increased \$82.4 million, or 17.1%, from 2017 to 2018. Acquisition-related revenues contributed \$9.5 million, or 2.0%, compared with 2017. Excluding the acquisition, revenues increased \$73.0 million, or 15.1%. The revenue increase was largely driven by increased demand for our restructuring services and business transformation and transactions services, primarily in North America and Europe, Middle East and Africa (“EMEA”), along with higher realization due to mix of client engagements and staffing globally, which was partially offset by lower success fees.

Gross profit increased \$46.8 million, or 28.7%, from 2017 to 2018. Gross profit margin increased 3.4 percentage points from 2017 to 2018. This increase was primarily due to increased utilization because of higher demand in our global restructuring services and business transformation and transaction services along with higher realization, partially offset by lower success fees.

SG&A expenses increased \$8.3 million, or 9.9%, from 2017 to 2018. SG&A expenses were 16.3% of revenues in 2018 compared with 17.4% in 2017. The increase in SG&A expenses was primarily due to higher bad debt, infrastructure support, recruiting and other general administrative expenses.

Year Ended December 31, 2017 Compared with December 31, 2016

Revenues decreased \$1.2 million, or 0.3%, from 2016 to 2017. Acquisition-related revenues contributed \$10.1 million, or 2.1%, compared with 2016. Excluding the acquisition, revenues decreased \$11.3 million, or 2.3%. This decrease was primarily driven by lower demand for restructuring practice offerings globally, which was partially offset by increased demand in the business transformation practice and higher success fees.



Gross profit decreased \$12.9 million, or 7.3%, from 2016 to 2017. Gross profit margin decreased 2.6 percentage points from 2016 to 2017. This decrease was due to lower utilization driven by an increase in billable headcount, which was partially offset by higher success fees.

SG&A expenses increased \$2.2 million, or 2.7%, from 2016 to 2017, which included \$1.2 million from a recent acquisition and the impact of higher bad debt expenses, partially offset by other general overhead expenses. Bad debt expenses in 2016 included collections of prior period write-offs. SG&A expenses were 17.4% of revenues in 2017 compared with 16.9% in 2016.

#### FORENSIC AND LITIGATION CONSULTING

	Year Ended December 31,		
	2018	2017	2016
	(dollars in thousands, except rate per hour)		
Revenues	\$520,333	\$462,324	\$457,734
Percentage change in revenues from prior year	12.5	% 1.0	%
Operating expenses:			
Direct cost of revenues	330,791	305,822	314,810
Selling, general and administrative expenses	96,958	88,056	89,532
Special charges	—	12,334	2,304
Amortization of other intangible assets	1,322	1,592	2,000
	429,071	407,804	408,646
Segment operating income	91,262	54,520	49,088
Percentage change in segment operating income from prior year	67.4	% 11.1	%
Add back:			
Depreciation and amortization of intangible assets	5,559	5,851	6,490
Special charges	—	12,334	2,304
Adjusted Segment EBITDA	\$96,821	\$72,705	\$57,882
Gross profit <sup>(1)</sup>	\$189,542	\$156,502	\$142,924
Percentage change in gross profit from prior year	21.1	% 9.5	%
Gross profit margin <sup>(2)</sup>	36.4	% 33.9	% 31.2
Adjusted Segment EBITDA as a percent of revenues	18.6	% 15.7	% 12.6
Number of revenue-generating professionals (at period end)	1,153	1,067	1,110
Percentage change in number of revenue-generating professionals from prior year	8.1	% -3.9	%
Utilization rate of billable professionals	64	% 61	% 59
Average billable rate per hour	\$326	\$321	\$327

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

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

Year Ended December 31, 2018 Compared with December 31, 2017

Revenues increased \$58.0 million, or 12.5%, from 2017 to 2018. The increase was driven by higher demand for our construction solutions, investigations and disputes services, particularly across North America and EMEA.

Gross profit increased \$33.0 million, or 21.1%, from 2017 to 2018. Gross profit margin increased 2.5 percentage points from 2017 to 2018. This increase in gross profit margin is related to higher utilization, primarily due to higher demand for our construction solutions and investigations services.

SG&A expenses increased \$8.9 million, or 10.1%, from 2017 to 2018. SG&A expenses were 18.6% of revenues in 2018 compared with 19.0% in 2017. The increase in SG&A expenses was due to higher personnel, rent and occupancy, travel and other administrative costs.



## Year Ended December 31, 2017 Compared with December 31, 2016

Revenues increased \$4.6 million, or 1.0%, from 2016 to 2017. This increase was driven by increased volume in the global construction solutions practice and investigations practice in EMEA, which was partially offset by lower demand in the health solutions practice.

Gross profit increased \$13.6 million, or 9.5%, from 2016 to 2017. Gross profit margin increased 2.7 percentage points from 2016 to 2017. This increase in gross profit margin is related to higher utilization, largely in the construction solutions, disputes and investigations practices, partially offset by lower success fees in our health solutions practice. SG&A expenses decreased \$1.5 million, or 1.6%, from 2016 to 2017. SG&A expenses were 19.0% of revenues in 2017 compared with 19.6% in 2016. The decrease in SG&A expenses was due to lower costs from headcount reductions, primarily in our health solutions practice, partially offset by higher bad debt expenses.

## ECONOMIC CONSULTING

	Year Ended December 31,		
	2018	2017	2016
	(dollars in thousands, except rate per hour)		
Revenues	\$533,979	\$496,029	\$500,487
Percentage change in revenues from prior year	7.7	% -0.9	%
Operating expenses:			
Direct cost of revenues	396,001	367,711	363,616
Selling, general and administrative expenses	73,630	71,943	67,383
Special charges	—	6,624	—
Amortization of other intangible assets	296	597	646
	469,927	446,875	431,645
Segment operating income	64,052	49,154	68,842
Percentage change in segment operating income from prior year	30.3	% -28.6	%
Add back:			
Depreciation and amortization of intangible assets	5,903	6,186	5,260
Special charges	—	6,624	—
Adjusted Segment EBITDA	\$69,955	\$61,964	\$74,102
Gross profit <sup>(1)</sup>	\$137,978	\$128,318	\$136,871
Percentage change in gross profit from prior year	7.5	% -6.2	%
Gross profit margin <sup>(2)</sup>	25.8	% 25.9	% 27.3
Adjusted Segment EBITDA as a percent of revenues	13.1	% 12.5	% 14.8
Number of revenue-generating professionals (at period end)	708	683	656
Percentage change in number of revenue-generating professionals from prior year	3.7	% 4.1	%
Utilization rate of billable professionals	69	% 67	% 73
Average billable rate per hour	\$519	\$524	\$517

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

## Year Ended December 31, 2018 Compared with December 31, 2017

Revenues increased \$38.0 million, or 7.7%, from 2017 to 2018. The increase was primarily due to higher demand for antitrust services in EMEA and financial economic services in North America, which were partially offset by lower demand for antitrust services in North America and lower realization due to mix of client engagements in EMEA.

Gross profit increased \$9.7 million, or 7.5%, from 2017 to 2018. Gross profit margin was consistent from 2017 to 2018. Higher margins from improved utilization were entirely offset by lower realization and higher variable compensation as a percentage of revenues.



SG&A expenses increased \$1.7 million, or 2.3%, from 2017 to 2018. SG&A expenses were 13.8% of revenues in 2018 compared with 14.5% in 2017. The increase in SG&A expenses was primarily driven by higher rent and occupancy costs, which were partially offset by lower bad debt expense.

Year Ended December 31, 2017 Compared with December 31, 2016

Revenues decreased \$4.5 million, or 0.9%, from 2016 to 2017. This decrease was primarily driven by lower demand for financial economics services in North America, which was partially offset by higher demand for antitrust services in EMEA and international arbitration services in North America.

Gross profit decreased \$8.6 million, or 6.2%, from 2016 to 2017. Gross profit margin decreased 1.4 percentage points from 2016 to 2017. This decrease was primarily due to a decline in utilization, resulting from both lower demand and an increase in billable headcount.

SG&A expenses increased \$4.6 million, or 6.8%, from 2016 to 2017. SG&A expenses were 14.5% of revenues in 2017 compared with 13.5% in 2016. The increase in SG&A expenses was driven primarily by higher bad debt, compensation, depreciation and infrastructure support costs, which were partially offset by lower legal fees.

#### TECHNOLOGY

	Year Ended December 31,			
	2018	2017	2016	
	(dollars in thousands)			
Revenues	\$ 185,755	\$ 174,850	\$ 177,720	
Percentage change in revenues from prior year	6.2	% -1.6	%	
Operating expenses:				
Direct cost of revenues	111,129	101,505	107,591	
Selling, general and administrative expenses	59,644	62,858	64,135	
Special charges	—	5,057	7,529	
Amortization of other intangible assets	70	635	648	
	170,843	170,055	179,903	
Segment operating (loss) income	14,912	4,795	-2,183	
Percentage change in segment operating income from prior year	211.0	% -319.7	%	
Add back:				
Depreciation and amortization of intangible assets	12,475	12,319	20,468	
Special charges	—	5,057	7,529	
Adjusted Segment EBITDA	\$ 27,387	\$ 22,171	\$ 25,814	
Gross profit <sup>(1)</sup>	\$ 74,626	\$ 73,345	\$ 70,129	
Percentage change in gross profit from prior year	1.7	% 4.6	%	
Gross profit margin <sup>(2)</sup>	40.2	% 41.9	% 39.5	%
Adjusted Segment EBITDA as a percent of revenues	14.7	% 12.7	% 14.5	%
Number of revenue-generating professionals (at period end) <sup>(3)</sup>	306	292	288	
Percentage change in number of revenue-generating professionals from prior year	4.8	% 1.4	%	

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

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

Year Ended December 31, 2018 Compared with December 31, 2017

Revenues increased \$10.9 million, or 6.2%, from 2017 to 2018. The increase in revenues was primarily due to an increase in both demand and pricing for consulting services, an increase in demand for hosting and higher realized pricing for M&A-related managed reviews. This increase was partially offset by lower pricing for hosting and \$2.0 million in lower revenues from software licensing due to the Ringtail® divestiture. Higher consulting revenues were driven by increased demand for information governance, privacy and security services and global investigations. Gross profit increased \$1.3 million, or 1.7%, from 2017 to 2018. Gross profit margin decreased 1.7 percentage points to 40.2% from 2017 to 2018. The decrease in gross profit margin was largely due to a lower mix of high-margin hosting and software licensing revenues.

SG&A expenses decreased \$3.2 million, or 5.1%, from 2017 to 2018. SG&A expenses were 32.1% of revenues in 2018 compared with 35.9% in 2017. The decrease in SG&A expenses was primarily due to lower research and development expenses due to the Ringtail® divestiture, partially offset by an increase in other general administrative expenses. Research and development expenses related to software development were \$8.7 million in 2018, a decline of \$6.2 million, compared with \$14.9 million in 2017.

Year Ended December 31, 2017 Compared with December 31, 2016

Revenues decreased \$2.9 million, or 1.6%, from 2016 to 2017. This decrease was primarily driven by lower pricing for hosting services as a result of a decline in legacy hosting matters at the end of their cycle, coupled with lower demand for managed review offerings, partially offset by higher demand for hosting services as a result of new engagements. Additionally, higher demand for consulting was driven by growth in new engagements, as well as growth in information governance engagements.

Gross profit increased \$3.2 million, or 4.6%, from 2016 to 2017. Gross profit margin increased 2.4 percentage points to 41.9% from 2016 to 2017. This margin increase was due to higher pricing for consulting, higher demand for hosting and lower depreciation expense, which was partially offset by lower pricing for hosting services.

SG&A expenses decreased \$1.3 million, or 2.0%, from 2016 to 2017. SG&A expenses were 35.9% of revenues in 2017 compared with 36.1% in 2016. This decrease was due to lower salary and benefits and lower research and development expenses, partially offset by higher sales commissions. Research and development expenses related to software development were \$14.9 million in 2017, a decline of \$2.6 million, compared with \$17.5 million in 2016.



## STRATEGIC COMMUNICATIONS

	Year Ended December 31,		
	2018	2017	2016
	(dollars in thousands)		
Revenues	\$223,331	\$192,488	\$191,184
Percentage change in revenues from prior year	16.0	% 0.7	%
Operating expenses:			
Direct cost of revenues	135,943	121,916	117,858
Selling, general and administrative expenses	46,772	45,947	46,514
Special charges	—	7,752	—
Amortization of other intangible assets	3,366	3,725	3,702
	186,081	179,340	168,074
Segment operating income	37,250	13,148	23,110
Percentage change in segment operating income from prior year	183.3	% -43.1	%
Add back:			
Depreciation and amortization of intangible assets	5,668	6,130	5,945
Special charges	—	7,752	—
Fair value remeasurement of contingent consideration	—	702	1,403
Adjusted Segment EBITDA	\$42,918	\$27,732	\$30,458
Gross profit <sup>(1)</sup>	\$87,388	\$70,572	\$73,326
Percentage change in gross profit from prior year	23.8	% -3.8	%
Gross profit margin <sup>(2)</sup>	39.1	% 36.7	% 38.4
Adjusted Segment EBITDA as a percent of revenues	19.2	% 14.4	% 15.9
Number of revenue-generating professionals (at period end)	641	630	647
Percentage change in number of revenue-generating professionals from prior year	1.7	% -2.6	%

(1) Revenues less direct cost of revenues.

(2) Gross profit as a percent of revenues.

Year Ended December 31, 2018 Compared with December 31, 2017

Revenues increased \$30.8 million, or 16.0%, from 2017 to 2018, which included a 1.6% estimated positive impact from FX. Excluding the estimated positive impact of FX, revenues increased \$27.8 million or 14.4%. The increase was primarily due to higher project-based revenues in North America and higher retainer- and project-based revenues in EMEA. These increases were primarily driven by an increase in public affairs and financial communications services, as well as an increase in pass-through revenues.

Gross profit increased \$16.8 million, or 23.8%, from 2017 to 2018. Gross profit margin increased 2.4 percentage points from 2017 to 2018. The increase in gross profit margin was due to lower fixed compensation as a percentage of revenues, partially offset by higher variable compensation and a higher proportion of lower margin pass-through revenues.

SG&A expenses increased \$0.8 million, or 1.8%, from 2017 to 2018. SG&A expenses were 20.9% of revenues in 2018 compared with 23.9% in 2017. The increase in SG&A expenses was primarily due to higher infrastructure support costs, bad debt and variable compensation, partially offset by lower expenses related to acquisition-related contingent consideration.

Year Ended December 31, 2017 Compared with December 31, 2016

Revenues increased \$1.3 million, or 0.7%, from 2016 to 2017. This increase was due to higher retainer-based revenues across all regions, which was partially offset by lower project income in North America, primarily in the financial communications practice.



Gross profit decreased \$2.8 million, or 3.8%, from 2016 to 2017. Gross profit margin decreased 1.7 percentage points from 2016 to 2017. This decrease was primarily due to fewer large, high-margin engagements in North America, as well as higher compensation as a result of increased average billable headcount.

SG&A expenses decreased \$0.6 million, or 1.2%, from 2016 to 2017. SG&A expenses were 23.9% of revenues in 2017 compared with 24.3% in 2016. The decrease in SG&A expenses was primarily due to lower staff costs, partially offset by higher travel and entertainment expenses.

#### Liquidity and Capital Resources

##### Cash Flows

	Year Ended December 31,		
	2018	2017	2016
Cash Flows	(dollars in thousands)		
Net cash provided by operating activities	\$230,672	\$147,625	\$233,488
Net cash provided by (used in) investing activities	\$18,744	\$(40,638 )	\$(30,132 )
Net cash used in financing activities	\$(117,519)	\$(140,934)	\$(125,310)
DSO	93	91	91

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

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

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

Free Cash Flow, a non-GAAP financial measure, for the three years ended December 31, 2018, 2017 and 2016 was \$198.4 million, \$115.6 million and \$204.6 million, respectively.

##### Year Ended December 31, 2018 Compared with Year Ended December 31, 2017

Net cash provided by operating activities increased \$83.0 million, or 56.3%, from 2017 to 2018. The increase in net cash provided by operating activities was primarily due to higher cash collections, partially offset by an increase in cash paid for salaries and benefits and higher income tax payments. DSO was 93 days as of December 31, 2018 and 91 days as of December 31, 2017.

Net cash provided by investing activities increased \$59.4 million, or 146.1%, from 2017 to 2018. The Company received proceeds of \$50.3 million from the sale of Ringtail® in 2018. Capital expenditures were \$32.3 million for 2018 as compared with \$32.0 million for 2017.

Net cash used in financing activities decreased \$23.4 million, or 16.6%, from 2017 to 2018. Cash used in financing activities in 2018 included the \$300 million redemption of the 2022 Notes, \$100 million of net repayments under our senior secured bank revolving credit facility (as amended and restated on November 30, 2018, the "Credit Facility"), \$16.1 million payments of debt issue costs, redemption premium and other redemption costs, and \$55.7 million in common stock repurchases. These cash outflows were partially offset by \$316.3 million in proceeds from the issuance of the 2023 Convertible Notes and \$38.5 million from the issuance of common stock under our equity compensation plans. Net cash used in financing activities for the year ended December 31, 2017 included payments of \$168.1 million for common stock repurchases and \$5.2 million cash paid for acquisition-related contingent consideration, partially offset by \$30.0 million of net borrowings under our senior secured bank revolving credit facility.

Year Ended December 31, 2017 Compared with Year Ended December 31, 2016

Net cash provided by operating activities decreased \$85.9 million, or 36.8%, from 2016 to 2017. The decrease was primarily due to higher compensation payments, including salaries, bonuses and severance, and lower cash collections. This was partially offset by lower income tax payments in the year ended December 31, 2017. DSO was 91 days as of December 31, 2017 and 2016.

Net cash used in investing activities increased \$10.5 million, or 34.9%, from 2016 to 2017. Payment for the acquisition of substantially all of the assets of a business completed in 2017 by our Corporate Finance segment was \$8.9 million, net of cash received. Payment for the acquisition completed in 2016 by our Strategic Communications segment was \$1.2 million, net of cash received. Capital expenditures were \$32.0 million for 2017 as compared with \$28.9 million for 2016.

Net cash used in financing activities increased \$15.6 million, or 12.5%, from 2016 to 2017. Cash used in financing activities in 2017 included \$168.1 million in common stock repurchases and \$5.2 million cash paid for acquisition-related contingent consideration, partially offset by \$30.0 million of net borrowings under our senior secured bank revolving credit facility and the receipt of \$2.8 million of refundable deposits related to one of our foreign entities. Net financing activities for 2016 included repayments of \$130.0 million of borrowings under our senior secured bank revolving credit facility and \$21.5 million in common stock repurchases, partially offset by \$21.7 million in cash received from the issuance of common stock under our equity compensation plan and the receipt of \$4.0 million of refundable deposits related to one of our foreign entities.

Capital Resources

As of December 31, 2018, our capital resources included \$312.1 million of cash and cash equivalents and available borrowing capacity of \$549.0 million under a \$550.0 million revolving line of credit under our Credit Facility. As of December 31, 2018, we had no outstanding borrowings under our Credit Facility and \$1.0 million of outstanding letters of credit, which reduced the availability of borrowings under the Credit Facility. We use letters of credit primarily in lieu of security deposits for our leased office facilities. The \$550.0 million revolving line of credit under the Credit Facility includes a \$75.0 million sublimit for borrowings in currencies other than USD, including the euro, British pound, Australian dollar and Canadian dollar.

The availability of borrowings, as well as issuances and extensions of letters of credit, under our Credit Facility is subject to specified conditions. We may choose to repay outstanding borrowings under the Credit Facility at any time before maturity without premium or penalty. Borrowings under the Credit Facility in USD, euro and British pound bear interest at an annual rate equal to the London Interbank Offered Rate ("LIBOR"), plus an applicable margin or an alternative base rate plus an applicable margin. The alternative base rate means a fluctuating rate per annum equal to the highest of (1) the rate of interest in effect for such day as the prime rate announced by Bank of America, (2) the federal funds rate plus the sum of 50 basis points, and (3) the one-month LIBOR plus 100 basis points. Borrowings under the Credit Facility in Canadian dollars bear interest at an annual rate equal to the Canadian Dealer Offered Rate plus an applicable margin. Borrowings under the Credit Facility in Australian dollars bear interest at an annual rate equal to the Bank Bill Swap Reference Bid Rate plus an applicable margin. The Credit Facility is guaranteed by substantially all of our domestic subsidiaries and is secured by a first priority security interest in substantially all of the assets of FTI Consulting and such domestic subsidiaries. Subject to certain conditions, at any time prior to maturity, we will be able to invite existing and new lenders to increase the size of the facility up to a maximum of \$700.0 million.

Our Credit Facility and other indebtedness outstanding from time to time contains or may contain covenants that, among other things, may limit our ability to: incur additional indebtedness; create liens; pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments; consolidate, merge or sell all or substantially all of our assets; guarantee obligations of other entities or our foreign subsidiaries; enter into hedging agreements; enter into transactions with affiliates or related persons; or engage in any business other than consulting-related businesses. In addition, the Credit Facility includes a financial covenant that requires us not to exceed a maximum consolidated total net leverage ratio (the ratio of funded debt (less unrestricted cash up to \$150.0 million) to Consolidated EBITDA, as defined in the Credit Facility). As of December 31, 2018, we were in compliance with the covenants contained in the Credit Facility and the indenture, dated as of August 20, 2018,

between us and U.S. Bank National Association, as trustee (the "Indenture") governing the 2023 Convertible Notes.  
Future Capital Needs

We anticipate that our future capital needs will principally consist of funds required for:  
operating and general corporate expenses relating to the operation of our businesses;

54

---

- capital expenditures, primarily for information technology equipment, office furniture and leasehold improvements;
- debt service requirements, including interest payments on our long-term debt;
- compensation for designated executive management and senior managing directors under our various long-term incentive compensation programs;
- discretionary funding of our stock repurchase program;
- contingent obligations related to our acquisitions;
- potential acquisitions of businesses; and
- other known future contractual obligations.

We currently anticipate capital expenditures of \$31 million to \$38 million to support our organization during 2019, including direct support for specific client engagements. Our estimate takes into consideration the needs of our existing businesses but does not include the impact of any purchases that we may be required to make as a result of future acquisitions or specific client engagements that are not currently contemplated. Our capital expenditure requirements may change if our staffing levels or technology needs change significantly from what we currently anticipate, if we are required to purchase additional equipment specifically to support new client engagements or for their purposes or if we pursue and complete additional acquisitions.

#### 2023 Convertible Notes

Our 2023 Convertible Notes were issued pursuant to the Indenture. The 2023 Convertible Notes bear interest at a fixed rate of 2.0% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2019. The 2023 Convertible Notes will mature on August 15, 2023, unless earlier converted or repurchased. Upon conversion, the 2023 Convertible Notes may be settled, at our election in cash, shares of our common stock or a combination of cash and shares of our common stock.

Each \$1,000 principal amount of the 2023 Convertible Notes will initially be convertible into 9.8643 shares of our common stock, which is equivalent to an initial conversion price of approximately \$101.38 per share of common stock, subject to adjustment upon the occurrence of specified events. Prior to the close of business on the business day immediately preceding May 15, 2023, the 2023 Convertible Notes may be converted only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2018 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "Measurement Period") in which the trading price (as defined in the Indenture) per \$1,000 principal amount of the 2023 Convertible Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate in effect on each such trading day; or (3) upon the occurrence of specified corporate events. On or after May 15, 2023, until the close of business on the business day immediately preceding the maturity date of August 15, 2023, holders may convert their 2023 Convertible Notes at any time, regardless of the foregoing circumstances.

We may not redeem the 2023 Convertible Notes prior to the maturity date.

If we undergo a fundamental change (as defined in the Indenture), subject to certain conditions, holders may require us to repurchase for cash all or part of their 2023 Convertible Notes in principal amounts of \$1,000 or a multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the 2023 Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. In addition, in certain circumstances, we may be required to increase the conversion rate for any 2023 Convertible Notes converted in connection with a make-whole fundamental change (as defined in the Indenture). See Note 1, "Description of Business and Summary of Significant Accounting Policies" and Note 13, "Long-Term Debt" in Part II, Item 8 and "Risk Factors" in Part I, Item 1A of this Annual Report for a further discussion of the 2023 Convertible Notes.

#### Cash Flows

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

55

---

Credit Facility, as necessary, will provide adequate cash to fund our long-term cash needs from normal operations for the next 12 months or longer.

Our conclusion that we will be able to fund our cash requirements by using existing capital resources and cash generated from operations does not take into account the impact of any future acquisitions, unexpected significant changes in number of employees or other unanticipated uses of cash. 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, including material negative changes in the operating performance or financial results 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 price of our securities.

Any new debt funding, if available, may be on terms less favorable to us than our Credit Facility or the Indenture that governs our 2023 Convertible Notes.

#### Off-Balance Sheet Arrangements

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

#### Future Contractual Obligations

The following table sets forth our estimates as to the amounts and timing of contractual payments for our most significant contractual obligations as of December 31, 2018. The information in the table reflects future unconditional payments and is based on the terms of the relevant agreements, appropriate classification of items under GAAP currently in effect and certain assumptions such as interest rates. Future events could cause actual payments to differ from these amounts.

Future contractual obligations related to our long-term debt assume that payments will be made based on the current payment schedule and that interest payments will be at their stated rates and exclude any additional revolving line of credit borrowings or repayments subsequent to December 31, 2018 and prior to the November 30, 2023 maturity date of our Credit Facility.

	Payments Due by Period				
	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	
Contractual Obligations Total					
	(in thousands)				
Long-term debt <sup>(1)</sup>	\$347,805	\$6,255	\$12,650	\$328,900	\$—
Operating leases	261,291	49,757	91,564	44,780	75,190
Total obligations	\$609,096	\$56,012	\$104,214	\$373,680	\$75,190

<sup>(1)</sup> Includes principal and interest payments. Projected interest payments may differ in the future based on the balance outstanding on our Credit Facility, as well as changes in market interest rates.

#### Effect of Inflation

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





### Critical Accounting Policies

General. Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to allowance for doubtful accounts and unbilled services, goodwill, share-based compensation, income taxes and contingencies on an ongoing basis. We base our estimates on current facts and circumstances, historical experience and various other assumptions that we believe are reasonable. These results form the basis for making judgments about the carrying value 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. Revenues are recognized when we satisfy a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Performance obligations in our contracts represent distinct or separate service streams that we provide to our customers.

We evaluate our revenue contracts with customers based on the five-step model under Revenue from Contracts with Customers: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenues when (or as) each performance obligation is satisfied. If, at the outset of an arrangement, we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

We generate the majority of our revenues by providing consulting services to our clients. Most of our consulting service contracts are based on one of the following types of arrangements:

- Time and expense arrangements require the client to pay us based on the number of hours worked at contractually agreed-upon rates. We recognize revenues for these arrangements based on hours incurred and contracted rates utilizing a right-to-invoice practical expedient because we have a right to consideration for services completed to date. When a time and expense arrangement has a not-to-exceed or "cap" amount and we expect to perform work in excess of the cap, we recognize revenue up to the cap amount specified by the client, based on the efforts or hours incurred as a percentage of total efforts or hours expected to be incurred (i.e., proportional performance method). Certain time and materials arrangements may be subject to third-party approval, e.g., a court or other regulatory institution, with interim billing and payments made and received based upon preliminarily agreed-upon rates. In such cases, we record revenues for the portion of our services based on our assessment of the expected probability of amounts ultimately to be agreed upon by the court or regulator. These assessments are made on a case-by-case basis depending on the nature of the engagement, client economics, historical experience and other appropriate factors.

Fixed fee arrangements require the client to pay a pre-established fee in exchange for a predetermined set of professional services. We recognize revenues for these arrangements based on the proportional performance related to individual performance obligations within each arrangement, however, these arrangements generally have one performance obligation.

Performance-based or contingent arrangements represent forms of variable consideration. In these arrangements, our fees are based on the attainment of contractually defined objectives with our client, such as completing a business transaction or assisting the client in achieving a specific business objective. When our performance obligation(s) are satisfied over time, we determine the transaction price based on the expected probability of achieving the agreed-upon outcome and recognize revenues earned to date by applying the proportional performance method. These arrangements include conditional payments, commonly referred to as success fees, which were previously recognized when the cash was collected.

In addition, we generate certain revenues from our Technology segment that are based on units of data stored or processed. Unit-based revenues are recognized as services are provided, based on either the amount of data stored or processed, the number of concurrent users accessing the information, or the number of pages or images processed for a client, and agreed-upon per unit rates. We also generate revenues from our on-premise software licenses. Software license revenues are generally recognized at a point in time when the customer acceptance occurs, in accordance with the provision of the arrangements.

Certain of our time and expense and fixed fee billing arrangements may include client incentives in the form of volume-based discounts, where if certain fee levels are reached, the client can receive future services at a discounted hourly rate.

57

---

Contracts with customers that have a prospective discounted pricing option based on predetermined volume thresholds are evaluated to determine whether they include a material right, which is an option that provides a customer the right to acquire free or discounted goods or services in the future. If the option provides a material right to the customer, we allocate a portion of the transaction price to the material right and defer revenues during the pre-discount period, compared with our previous practice of recognizing the reduction in revenues when customers became eligible to receive the volume discount.

Reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other outside service costs, are generally included in revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred.

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

Timing of revenue recognition often differs from the timing of billing to our customers. Generally, we transfer goods or services to a customer before the customer pays consideration or payment is due. If we have an unconditional right to invoice and receive payment for goods or services already provided, we record billed and unbilled receivables on our Consolidated Balance Sheets. Payment terms and conditions vary depending on the jurisdiction, market and type of service and whether regulatory or other third-party approvals are required. In addition, contracts may be negotiated per the client's request, or at times we are asked to execute contracts in a form provided by customers that might include different terms. Our standard contract terms generally include a requirement of payment within 30 days where no contingencies exist.

We record adjustments to the allowance for doubtful accounts and unbilled services as a reduction in revenues when there are changes in estimates of fee reductions that may be imposed by bankruptcy courts and other regulatory institutions, for both billed and unbilled receivables. The allowance for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we later discover that collectability is not reasonably assured. These adjustments are recorded to "Selling, general and administrative expenses" on the Consolidated Statements of Comprehensive Income and totaled \$17.9 million, \$15.4 million and \$8.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

**Goodwill and Other Intangible Assets.** Goodwill represents the purchase price of acquired businesses in excess of the fair market value of net assets acquired at the date of acquisition. Other intangible assets may include trade names, customer relationships, non-competition agreements and software.

We test our goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. On a quarterly basis, we monitor the key drivers of fair value to detect events or other changes that would warrant an interim impairment test. Important factors we consider that could trigger an interim impairment review include, but are not limited to, the following:

- significant underperformance relative to expected historical or projected future operating results;
- a significant change in the manner of our use of the acquired asset or the strategy for our overall business;
- a significant market decline related to negative industry or economic trends;
- and/or
- our market capitalization relative to net carrying value.

We assess our goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or a business one level below that operating segment if discrete financial information is available and regularly reviewed by the chief operating decision makers. Entities have an option, under certain circumstances, to perform a qualitative assessment regarding the reporting unit's fair value to determine whether it is necessary to perform the quantitative impairment test.

In the qualitative assessment, we consider various factors, events or circumstances, including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant reporting unit specific events. If, based on the qualitative assessment, an entity determines that it is not "more likely than not" that the fair

58

---

value of a reporting unit is less than its carrying value, we do not prepare a quantitative impairment test. If we determine otherwise, we will prepare a quantitative assessment for potential goodwill impairment.

In the quantitative assessment, we compare the estimated fair value of the reporting unit with the carrying amount of that reporting unit. We estimate fair value using a combination of an income approach (based on discounted cash flows) and market approaches, using appropriate weighting factors. If the fair value exceeds the carrying amount, goodwill is not impaired. However, if the carrying value exceeds the fair value of the reporting unit, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

The cash flows employed in the income approach are based on our most recent budgets, forecasts and business plans, as well as various growth rate assumptions for years beyond the current business plan period, discounted using an estimated weighted average cost of capital (“WACC”) based on our assessment of the risk inherent in the future revenue streams and cash flows and our WACC. The WACC consists of (1) a risk-free rate of return, (2) an equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable with our reporting units, (3) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt, and (4) an appropriate size premium. In the market approach, we utilize market multiples derived from comparable guideline companies and comparable market transactions to the extent available. These valuations are based on estimates and assumptions, including projected future cash flows and the determination of appropriate market comparables and determination of whether a premium or discount should be applied to such comparables. We determine whether to perform qualitative assessment first or to bypass the qualitative assessment and proceed with the quantitative goodwill impairment test for each of our reporting units based on the headroom from the most recent quantitative tests and other events or changes in circumstances that could impact the fair value of the reporting units. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment and estimates. There can be no assurance that the estimates and assumptions used in our goodwill impairment testing will prove to be accurate predictions of the future. If our assumptions regarding forecasted cash flows are not achieved or market conditions significantly deteriorate, we may be required to record goodwill impairment charges in future periods, whether in connection with our next annual impairment test or prior to that, if a triggering event occurs outside of the quarter during which the annual goodwill impairment test is performed. It is not possible at this time to determine if any future impairment charge would result or, if it does, whether such charge would be material. Intangible assets with finite lives are amortized over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate an asset’s carrying value may not be recoverable. We amortize our acquired finite-lived intangible assets on a straight-line basis over periods ranging from five to 15 years.

#### Significant New Accounting Pronouncements

See Note 2, “New Accounting Standards” in Part II, Item 8 of this Annual Report.

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

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

##### Interest Rate Risk

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

The following table presents principal cash flows and related interest rates by year of maturity for our 2023 Convertible Notes and the fair value of the debt as of December 31, 2018. The fair value has been determined based on the last actively traded prices for our 2023 Convertible Notes. As of December 31, 2018, there were no variable rate debt instruments outstanding as there were no borrowings under our Credit Facility. Future interest rate risk may be affected by revolving line of credit borrowings subsequent to December 31, 2018 and prior to the November 30, 2023 maturity date of our Credit Facility.



December 31,  
2018

Long-Term Debt	2019	2020	2021	2022	2023	Thereafter	Total	Fair Value
	(dollars in thousands)							
Fixed rate	\$—	\$—	\$—	\$—	\$316,250	\$—	\$316,250	\$291,837
Average interest rate	—	—	—	5.4	%	—	5.4	%

## Foreign Currency Exchange Rate Risk

## Exchange Rate Risk

Our foreign currency exposure primarily relates to intercompany receivables and payables and third-party receivables and payables that are denominated in currencies other than the functional currency of our legal entities. Our largest foreign currency exposure is unsettled intercompany payables and receivables, which are reviewed on a regular basis. In cases where settlement of intercompany balances is not practical, we may use cash to create offsetting currency positions to reduce exposure. Gains and losses from foreign currency transactions are included in interest income and other on our Consolidated Statements of Comprehensive Income and to date have not had a material impact on our consolidated financial statements. See Note 6, "Interest Income and Other" in Part II, Item 8 of this Annual Report for information.

## Translation of Financial Results

Most of our foreign subsidiaries operate in a currency other than USD; therefore, increases or decreases in the value of USD against other major currencies will affect our operating results and the value of our balance sheet items denominated in foreign currencies. Our most significant exposures to translation risk currently relate to functional currency assets and liabilities that are denominated in the British pound, euro, Australian dollar and Canadian dollar. The following table details the unrealized changes in the net investments of foreign subsidiaries whose currencies are denominated in currencies other than USD for the years ended December 31, 2018, 2017 and 2016. These translation adjustments are reflected in "Other comprehensive income (loss)" on our Consolidated Statements of Comprehensive Income.

Changes in Net Investment of Foreign Subsidiaries	Year Ended December 31,		
	2018	2017	2016
	(in thousands)		
British pound	\$(15,590)	\$20,394	\$(34,329)
Euro	(2,753 )	6,595	(1,274 )
Australian dollar	(6,077 )	4,058	922
Canadian dollar	(1,639 )	1,439	328
All other	(1,543 )	(1,822 )	(7,531 )
Total	\$(27,602)	\$30,664	\$(41,884)



ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FTI Consulting, Inc. and Subsidiaries

Consolidated Financial Statements

INDEX

	Page
Management's Report on Internal Control over Financial Reporting	<u>62</u>
Report of Independent Registered Public Accounting Firm — Internal Control over Financial Reporting	<u>63</u>
Report of Independent Registered Public Accounting Firm — Consolidated Financial Statements	<u>64</u>
Consolidated Balance Sheets — December 31, 2018 and 2017	<u>65</u>
Consolidated Statements of Comprehensive Income — Years Ended December 31, 2018, 2017 and 2016	<u>66</u>
Consolidated Statements of Stockholders' Equity — Years Ended December 31, 2018, 2017 and 2016	<u>67</u>
Consolidated Statements of Cash Flows — Years Ended December 31, 2018, 2017 and 2016	<u>68</u>
Notes to Consolidated Financial Statements	<u>69</u>

61

---

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2018. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2018 based on the framework in the 2013 Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2018.

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

Date: February 26, 2019

/s/ STEVEN H. GUNBY

Steven H. Gunby

President and Chief Executive Officer

(principal executive officer)

/s/ AJAY SABHERWAL

Ajay Sabherwal

Chief Financial Officer and Interim Chief Accounting Officer

(principal financial officer)

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

FTI Consulting, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited FTI Consulting, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement Schedule II, Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 27, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

McLean, Virginia

February 27, 2019



Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

FTI Consulting, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of FTI Consulting, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2018, and the related notes and financial statement Schedule II, Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 and 2 to the consolidated financial statements, effective January 1, 2018, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. This change was adopted using the modified retrospective method.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2006.

McLean, Virginia

February 27, 2019

## FTI Consulting, Inc. and Subsidiaries

## Consolidated Balance Sheets

(in thousands, except per share data)

	December 31,	
	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$312,069	\$189,961
Accounts receivable:		
Billed receivables	437,797	390,996
Unbilled receivables	319,205	312,569
Allowance for doubtful accounts and unbilled services	(202,394 )	(180,687 )
Accounts receivable, net	554,608	522,878
Current portion of notes receivable	29,228	25,691
Prepaid expenses and other current assets	69,448	55,649
Total current assets	965,353	794,179
Property and equipment, net	84,577	75,075
Goodwill	1,172,316	1,204,803
Other intangible assets, net	34,633	44,150
Notes receivable, net	84,471	98,105
Other assets	37,771	40,929
Total assets	\$2,379,121	\$2,257,241
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, accrued expenses and other	\$104,600	\$94,873
Accrued compensation	333,536	268,513
Billings in excess of services provided	44,434	46,942
Total current liabilities	482,570	410,328
Long-term debt, net	265,571	396,284
Deferred income taxes	155,088	124,471
Other liabilities	127,067	134,187
Total liabilities	1,030,296	1,065,270
Commitments and contingent liabilities (Note 14)		
Stockholders' equity		
Preferred stock, \$0.01 par value; shares authorized — 5,000; none outstanding	—	—
Common stock, \$0.01 par value; shares authorized — 75,000; shares issued and outstanding — 38,147 (2018) and 37,729 (2017)	381	377
Additional paid-in capital	299,534	266,035
Retained earnings	1,196,727	1,045,774
Accumulated other comprehensive loss	(147,817 )	(120,215 )
Total stockholders' equity	1,348,825	1,191,971
Total liabilities and stockholders' equity	\$2,379,121	\$2,257,241

See accompanying notes to consolidated financial statements.



## FTI Consulting, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income  
(in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenues	\$2,027,877	\$1,807,732	\$1,810,394
Operating expenses			
Direct cost of revenues	1,328,074	1,215,560	1,210,771
Selling, general and administrative expenses	465,636	432,013	436,716
Special charges	—	40,885	10,445
Amortization of other intangible assets	8,162	10,563	10,306
	1,801,872	1,699,021	1,668,238
Operating income	226,005	108,711	142,156
Other income (expense)			
Interest income and other	4,977	3,752	10,466
Interest expense	(27,149)	) (25,358)	) (24,819)
Gain on sale of business	13,031	—	—
Loss on early extinguishment of debt	(9,072)	) —	—
	(18,213)	) (21,606)	) (14,353)
Income before income tax provision (benefit)	207,792	87,105	127,803
Income tax provision (benefit)	57,181	(20,857)	) 42,283
Net income	\$150,611	\$107,962	\$85,520
Earnings per common share — basic	\$4.06	\$2.79	\$2.09
Earnings per common share — diluted	\$3.93	\$2.75	\$2.05
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments, net of tax expense of \$373, \$— and \$—	\$(27,602)	) \$30,664	) \$(41,884)
Other comprehensive income (loss), net of tax	(27,602)	) 30,664	) (41,884)
Comprehensive income	\$123,009	\$138,626	\$43,636

See accompanying notes to consolidated financial statements.



## FTI Consulting, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity  
(in thousands)

	Common Stock		Additional	Retained	Accumulated	
	Shares	Amount	Paid-in Capital	Earnings	Other Comprehensive Loss	Total
Balance at December 31, 2015	41,234	\$ 412	\$400,705	\$855,481	\$ (108,995)	\$1,147,603
Net income	—	\$ —	\$—	\$85,520	\$ —	\$85,520
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—	—	(41,884)	(41,884)
Issuance of common stock in connection with:						
Exercise of options, net of income tax benefit from share-based awards of \$2,051	820	8	25,234	—	—	25,242
Restricted share grants, less net settled shares of 137	520	5	(5,541)	—	—	(5,536)
Stock units issued under incentive compensation plan	—	—	1,842	—	—	1,842
Purchase and retirement of common stock	(537)	(5)	(21,484)	—	—	(21,489)
Share-based compensation	—	—	16,060	—	—	16,060
Balance at December 31, 2016	42,037	\$ 420	\$416,816	\$941,001	\$ (150,879)	\$1,207,358
Net income	—	\$ —	\$—	\$107,962	\$ —	\$107,962
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—	—	30,664	30,664
Issuance of common stock in connection with:						
Exercise of options	123	1	4,132	—	—	4,133
Restricted share grants, less net settled shares of 92	243	2	(4,442)	—	—	(4,440)
Stock units issued under incentive compensation plan	—	—	1,547	—	—	1,547
Purchase and retirement of common stock	(4,674)	(46)	(168,048)	—	—	(168,094)
Cumulative effect due to adoption of new accounting standard	—	—	—	(3,189)	—	(3,189)
Share-based compensation	—	—	16,030	—	—	16,030
Balance at December 31, 2017	37,729	\$ 377	\$266,035	\$1,045,774	\$ (120,215)	\$1,191,971
Net income	—	\$ —	\$—	\$150,611	\$ —	\$150,611
Other comprehensive income (loss):						
Cumulative translation adjustment	—	—	—	—	(27,602)	(27,602)
Issuance of common stock in connection with:						
Exercise of options	1,051	11	41,557	—	—	41,568
Restricted share grants, less net settled shares of 58	319	3	(3,097)	—	—	(3,094)
Stock units issued under incentive compensation plan	—	—	1,059	—	—	1,059
Purchase and retirement of common stock	(952)	(10)	(55,728)	—	—	(55,738)
Cumulative effect due to adoption of	—	—	—	342	—	342

new accounting standard						
Conversion feature of convertible senior notes due 2023, net	—	—	34,131	—	—	34,131
Share-based compensation	—	—	15,577	—	—	15,577
Balance at December 31, 2018	38,147	\$ 381	\$299,534	\$1,196,727	\$ (147,817	) \$1,348,825

See accompanying notes to consolidated financial statements.

## FTI Consulting, Inc. and Subsidiaries

Consolidated Statements of Cash Flows  
(in thousands)

	Year Ended December 31,		
	2018	2017	2016
Operating activities			
Net income	\$ 150,611	\$ 107,962	\$ 85,520
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	31,536	31,177	38,700
Amortization and impairment of other intangible assets	8,162	10,563	10,306
Acquisition-related contingent consideration	479	2,291	2,164
Provision for doubtful accounts	17,872	15,386	8,912
Non-cash share-based compensation	15,577	16,030	16,920
Amortization of debt discount and issuance costs	5,456	1,984	1,985
Loss on early extinguishment of debt	9,072	—	—
Gain on sale of business	(13,031 )	—	—
Other	769	611	(1,204 )
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable, billed and unbilled	(72,034 )	(50,831 )	3,471
Notes receivable	8,987	14,928	3,145
Prepaid expenses and other assets	(2,258 )	629	(2,840 )
Accounts payable, accrued expenses and other	8,908	4,421	3,268
Income taxes	11,941	(25,768 )	22,012
Accrued compensation	52,510	1,795	40,350
Billings in excess of services provided	(3,885 )	16,447	779
Net cash provided by operating activities	230,672	147,625	233,488
Investing activities			
Proceeds from sale of business	50,283	—	—
Payments for acquisition of businesses, net of cash received	—	(8,929 )	(1,251 )
Purchases of property and equipment	(32,270 )	(32,004 )	(28,935 )
Other	731	295	54
Net cash provided by (used in) investing activities	18,744	(40,638 )	(30,132 )
Financing activities			
Borrowings (repayments) under revolving line of credit, net	(100,000 )	30,000	(130,000 )
Proceeds from issuance of convertible notes	316,250	—	—
Payments of long-term debt	(300,000 )	—	—
Payments of debt issue and debt prepayment costs	(16,149 )	—	—
Purchase and retirement of common stock	(55,738 )	(168,094 )	(21,489 )
Net issuance of common stock under equity compensation plans	38,475	(504 )	21,708
Payments for acquisition-related contingent consideration	(3,029 )	(5,161 )	(866 )
Deposits and other	2,672	2,825	5,337
Net cash used in financing activities	(117,519 )	(140,934 )	(125,310 )
Effect of exchange rate changes on cash and cash equivalents	(9,789 )	7,750	(11,648 )
Net increase (decrease) in cash and cash equivalents	122,108	(26,197 )	66,398
Cash and cash equivalents, beginning of period	189,961	216,158	149,760
Cash and cash equivalents, end of period	\$ 312,069	\$ 189,961	\$ 216,158
Supplemental cash flow disclosures			
Cash paid for interest	\$ 21,687	\$ 23,285	\$ 23,154

Edgar Filing: FTI CONSULTING INC - Form 10-K

Cash paid for income taxes, net of refunds	\$45,568	\$4,929	\$20,270
Non-cash investing and financing activities:			
Issuance of stock units under incentive compensation plans	\$1,059	\$1,547	\$1,842
Acquisition-related contingent liability	\$—	\$3,426	\$—
See accompanying notes to consolidated financial statements.			

68

---

FTI Consulting, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

FTI Consulting, Inc. including its consolidated subsidiaries (collectively, the “Company,” “we,” “our” or “FTI Consulting”), is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political and regulatory, reputational and transactional. Individually, each of our segments and practices is staffed with experts recognized for the depth of their knowledge and a track record of making an impact. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle, from proactive risk management to rapid response to unexpected events and dynamic environments. We operate through five reportable segments: Corporate Finance & Restructuring, Forensic and Litigation Consulting, Economic Consulting, Technology and Strategic Communications.

Accounting Principles

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

Foreign Currency

Results of operations for our non-U.S. subsidiaries are translated from the designated functional currency to the reporting currency of the U.S. dollar (“USD”). Revenues and expenses are translated at average exchange rates for each month, while assets and liabilities are translated at balance sheet date exchange rates. Resulting net translation adjustments are recorded as a component of stockholders’ equity in “Accumulated other comprehensive income (loss).” Transaction gains and losses arising from currency exchange rate fluctuations on transactions denominated in a currency other than the local functional currency are included in “Interest income and other” on the Consolidated Statements of Comprehensive Income. Such transaction gains and losses may be realized or unrealized depending upon whether the transaction settled during the period or remains outstanding at the balance sheet date.

Use of Estimates

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

Concentrations of Risk

We do not have a single customer that represents 10% or more of our consolidated revenues. We derive the majority of our revenues from providing professional services to clients in the U.S. For the year ended December 31, 2018, we derived approximately 32% of our consolidated revenues from the work of professionals who are assigned to locations outside of the U.S. We believe that the geographic and industry diversity of our customer base throughout the U.S. and internationally minimizes the risk of incurring material losses due to concentrations of credit risk.

Revenue Recognition

Revenues are recognized when we satisfy a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Performance obligations in our contracts represent distinct or separate service streams that we provide to our customers.

We evaluate our revenue contracts with customers based on the five-step model under Revenue from Contracts with Customers (“ASC 606”): (1) identify the contract with the customer; (2) identify the performance obligations in the

contract;

69

---

(3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenues when (or as) each performance obligation is satisfied. If, at the outset of an arrangement, we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

We generate the majority of our revenues by providing consulting services to our clients. Most of our consulting service contracts are based on one of the following types of arrangements:

Time and expense arrangements require the client to pay us based on the number of hours worked at contractually agreed-upon rates. We recognize revenues for these arrangements based on hours incurred and contracted rates utilizing a right-to-invoice practical expedient because we have a right to consideration for services completed to date. When a time and expense arrangement has a not-to-exceed or "cap" amount and we expect to perform work in excess of the cap, we recognize revenues up to the cap amount specified by the client, based on the efforts or hours incurred as a percentage of total efforts or hours expected to be incurred (i.e., proportional performance method). Certain time and materials arrangements may be subject to third-party approval, e.g., a court or other regulatory institution, with interim billing and payments made and received based upon preliminarily agreed-upon rates. In such cases, we record revenues for the portion of our services based on our assessment of the expected probability of amounts ultimately to be agreed upon by the court or regulator. These assessments are made on a case-by-case basis depending on the nature of the engagement, client economics, historical experience and other appropriate factors.

- Fixed fee arrangements require the client to pay a pre-established fee in exchange for a predetermined set of professional services. We recognize revenues for these arrangements based on the proportional performance related to individual performance obligations within each arrangement; however, these arrangements generally have one performance obligation.

Performance-based or contingent arrangements represent forms of variable consideration. In these arrangements, our fees are based on the attainment of contractually defined objectives with our client, such as completing a business transaction or assisting the client in achieving a specific business objective. When our performance obligation(s) are satisfied over time, we determine the transaction price based on the expected probability of achieving the agreed-upon outcome and recognize revenues earned to date by applying the proportional performance method. These arrangements include conditional payments, commonly referred to as success fees, which were previously recognized when the cash was collected.

In addition, we generate certain revenues from our Technology segment that are based on units of data stored or processed. Unit-based revenues are recognized as services are provided, based on either the amount of data stored or processed, the number of concurrent users accessing the information or the number of pages or images processed for a client, and agreed-upon per unit rates. We also generate revenues from our on-premise software licenses. Software license revenues are generally recognized at a point in time when the customer acceptance occurs, in accordance with the provision of the arrangements.

Certain of our time and expense and fixed fee billing arrangements may include client incentives in the form of volume-based discounts, where if certain fee levels are reached, the client can receive future services at a discounted hourly rate. Contracts with customers that have a prospective discounted pricing option based on predetermined volume thresholds are evaluated to determine whether they include a material right, which is an option that provides a customer the right to acquire free or discounted goods or services in the future. If the option provides a material right to the customer, we allocate a portion of the transaction price to the material right and defer revenues during the pre-discount period, compared with our previous practice of recognizing the reduction in revenues when customers became eligible to receive the volume discount.

Reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other outside service costs, are generally included in revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred.

#### Direct Cost of Revenues

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

overhead and non-billable segment costs.

70

---



### Share-Based Compensation

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

We use the Black-Scholes pricing model to determine the fair value of stock options on the date of grant. The Black-Scholes pricing model requires the development of assumptions, including volatility and expected term, which are based on our historical experience. The risk-free interest rate is based on the term of U.S. Treasury interest rates that is consistent with the expected term of the share-based award.

The fair value of restricted share awards and restricted stock units is measured based on the closing price of the underlying stock on the date of grant. The fair value of performance share units that contain market-based vesting conditions is measured using a Monte Carlo pricing model. The compensation cost of performance stock units is based on the grant date fair value and is not subsequently reversed if it is later determined that the market condition is unlikely to be met or is expected to be lower than originally expected.

For all our share-based awards, we recognize forfeiture expense as forfeitures occur.

### Research and Development

Research and development costs related to software development are expensed as incurred. When we have determined that technological feasibility for our software products is reached, development costs related to the project are capitalized until such products are available for general release to customers as discussed in “Capitalized Software to Be Sold, Leased or Otherwise Marketed.” Research and development expenses related to software development totaled \$8.7 million, \$14.9 million and \$17.5 million for the years ended December 31, 2018, 2017 and 2016, respectively, and are included in “Selling, general and administrative expenses” on the Consolidated Statements of Comprehensive Income.

### Advertising Costs

Advertising costs consist of marketing, advertising through print and other media, professional event sponsorship and public relations. These costs are expensed as incurred. Advertising costs totaled \$15.5 million, \$14.8 million and \$15.9 million for the years ended December 31, 2018, 2017 and 2016, respectively, and are included in “Selling, general and administrative expenses” on the Consolidated Statements of Comprehensive Income.

### Acquisition-Related Contingent Consideration

The fair value of acquisition-related contingent consideration is estimated at the acquisition date utilizing a probability weighted estimate of future cash flow adjusted for the expected timing of each payment. Subsequent to the acquisition date, on a quarterly basis, the contingent consideration liability is remeasured at current fair value with any changes recorded in earnings. Accretion expense is recorded to adjust the discounted value of acquisition-related contingent consideration liabilities to their present value. Remeasurement gains or losses and accretion expense are included in “Selling, general and administrative expenses” on the Consolidated Statements of Comprehensive Income.

### Income Taxes

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

### Cash Equivalents

Cash equivalents consist of money market funds, commercial paper and certificates of deposit with maturities of three months or less at the time of purchase.



#### Allowance for Doubtful Accounts and Unbilled Services

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

We record adjustments to the allowance for doubtful accounts and unbilled services as a reduction in revenues when there are changes in estimates of fee reductions that may be imposed by bankruptcy courts and other regulatory institutions for both billed and unbilled receivables. The allowance for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we discover that collectability is not reasonably assured. These adjustments are recorded to "Selling, general and administrative expenses" on the Consolidated Statements of Comprehensive Income and totaled \$17.9 million, \$15.4 million and \$8.9 million for the years ended December 31, 2018, 2017 and 2016, respectively.

#### Property and Equipment

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

#### Notes Receivable from Employees

Notes receivable from employees principally include unsecured general recourse forgivable loans and retention payments, which are provided to attract and retain certain of our senior employees and other professionals. Generally, all of the principal amount and accrued interest of the forgivable loans we make to employees and other professionals will be forgiven according to the stated terms of the loan agreement, provided that the professional is providing services to the Company on the forgiveness date and upon other specified events, such as death or disability. Professionals who terminate their employment or services with us prior to the end of the forgiveness period are required to repay the outstanding, unforgiven loan balance and any accrued but unforgiven interest. If the termination was by the Company without cause or by the employee with good reason, or, subject to certain conditions, if the employee terminates his or her employment due to retirement or non-renewal of his or her employment agreement, the loan may be forgiven or continue to be forgivable, in whole or in part. We amortize forgivable loans ratably over the requisite service period, which ranges from a period of two to 10 years. The amount of expense recognized at any date must at least equal to the portion of the principal forgiven on the forgiveness date.

#### Goodwill and Other Intangible Assets

Goodwill represents the purchase price of acquired businesses in excess of the fair market value of net assets acquired at the date of acquisition. Other intangible assets may include trade names, customer relationships, non-competition agreements and software.

We test our goodwill and other indefinite-lived intangible assets for impairment annually as of the first day of the fourth quarter or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. On a quarterly basis, we monitor the key drivers of fair value to detect events or other changes that would warrant an interim impairment test. Important factors we consider that could trigger an interim impairment review include, but are not limited to, the following:

- significant underperformance relative to expected historical or projected future operating results;
- a significant change in the manner of our use of the acquired asset or the strategy for our overall business;
- a significant market decline related to negative industry or economic trends; and/or
- our market capitalization relative to net carrying value.

We assess our goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or a business one level below that operating segment if discrete financial information is available and regularly reviewed by the chief operating decision makers. Entities have an option, under certain circumstances, to perform a qualitative assessment regarding the reporting unit's fair value to determine whether it is necessary to perform the quantitative impairment test.

In the qualitative assessment, we consider various factors, events or circumstances, including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant reporting unit specific events. If, based on the qualitative assessment, an entity determines that it is not "more likely than not" that the fair value of a reporting unit is less than its carrying value, we do not prepare a quantitative impairment test. If we determine otherwise, we will prepare a quantitative assessment for potential goodwill impairment.

In the quantitative assessment, we compare the estimated fair value of the reporting unit with the carrying amount of that reporting unit. We estimate fair value using a combination of an income approach (based on discounted cash flows) and market approaches, using appropriate weighting factors. If the fair value exceeds the carrying amount, goodwill is not impaired. However, if the carrying value exceeds the fair value of the reporting unit, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

We determine whether to perform a qualitative assessment first or to bypass the qualitative assessment and proceed with the quantitative goodwill impairment test for each of our reporting units based on the excess of fair value over carrying value from the most recent quantitative tests and other events or changes in circumstances that could impact the fair value of the reporting units.

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

#### Impairment of Long-Lived Assets

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

#### Capitalized Software to Be Sold, Leased or Otherwise Marketed

We expense costs for software products that will be sold, leased or otherwise marketed until technological feasibility has been established. Thereafter, eligible software development costs are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalized costs are amortized based on current and future revenues for each product with an annual minimum equal to the straight-line amortization over the remaining estimated economic life of the product. We classify software products to be sold, leased or otherwise marketed as noncurrent "Other assets" on the Consolidated Balance Sheets. Unamortized capitalized software costs were \$0.2

million and \$14.8 million as of December 31, 2018 and 2017, respectively. Amortization expense for capitalized software costs was \$5.3 million, \$6.7 million and \$12.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

73

---

## Leases

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

We recognize rent expense under operating leases on a straight-line basis over the non-cancelable lease term. For leases with scheduled rent increases, this treatment results in a deferred rent liability, which is classified within "Other liabilities" on the Consolidated Balance Sheets. Lease inducements, such as tenant improvement allowances, cash inducements and rent abatements, are amortized on a straight-line basis over the life of the lease. Unamortized lease inducements are also included in deferred rent. Deferred rent totaled \$45.1 million and \$43.9 million for the years ended December 31, 2018 and 2017, respectively.

## Billings in Excess of Services Provided

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

## Convertible Notes

On August 20, 2018, we issued 2.0% convertible senior notes due 2023 ("2023 Convertible Notes") with an aggregate principal amount of \$316.3 million, payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2019. The 2023 Convertible Notes will mature on August 15, 2023, unless earlier converted or repurchased. Upon conversion, the 2023 Convertible Notes may be settled, at our election in cash, shares of our common stock, or a combination of cash and shares of our common stock.

We separately recorded the liability and equity components of the 2023 Convertible Notes. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2023 Convertible Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the liability component over its carrying amount ("debt discount") is amortized to interest expense over the term of the 2023 Convertible Notes using the effective interest rate method.

We record debt issuance costs as an adjustment to the carrying amount of the related liability and equity components of our 2023 Convertible Notes. We amortize the debt discount and debt issuance costs on the liability component using the effective interest rate method over the expected life of the debt instrument.

## 2. New Accounting Standards

### Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. On January 1, 2018, we adopted ASC 606 using the modified retrospective method and recorded an immaterial cumulative effect adjustment to the beginning balance of retained earnings for revenue contracts that existed at the adoption date. Under the modified retrospective method, prior year information has not been adjusted and continues to be reported under the accounting standards in effect for periods prior to the adoption date. We have not retroactively restated the existing contracts for modifications that occurred before January 1, 2018.

See Note 1, "Description of Business and Summary of Significant Accounting Policies" for a description of the significant accounting policies and methods used in preparation of the Consolidated Financial Statements. See Note 4, "Revenues" for the disclosures required under ASC 606. The adoption of ASC 606 had an immaterial impact on our Consolidated Statements of Comprehensive Income and Consolidated Balance Sheets and had no impact on our Consolidated Statements of Cash Flows.

In March 2018, the FASB issued ASU 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (SEC Update), Income Taxes (Topic 740). ASU 2018-05 provides guidance regarding the recording of tax impacts where uncertainty exists, in the period of adoption of the 2017 U.S. Tax Cuts and Jobs Act (the "2017

Tax Act”), which

74

---

allowed companies to reflect provisional amounts for those specific income tax effects of the 2017 Tax Act for which the accounting under ASC Topic 740 is incomplete but for which a reasonable estimate could be determined. The Company recognized the income tax effects of the adoption of the 2017 Tax Act in its financial statements in accordance with ASU 2018-05. The Company finalized its accounting for the income tax effects of the adoption of the 2017 Tax Act in the fourth quarter of 2018 with the filing of its tax returns. There were no material changes to the provisional amounts recorded in the 2017 financial statements in connection with the 2017 Tax Act.

#### Accounting Standards Not yet Adopted

In February 2016, the FASB issued ASU 2016-02, amended in some respects by subsequent ASUs (collectively “ASC 842”), which supersedes existing lease guidance. Under ASC 842, we will be required to record right-of-use assets and corresponding lease liabilities on the balance sheet, as well as to disclose key quantitative and qualitative information about leasing arrangements. This guidance is effective on a modified retrospective basis for reporting periods beginning after December 15, 2018, with early adoption permitted. We elected to adopt ASC 842 using a modified transition approach, effective January 1, 2019. As permitted by the guidance, prior comparative periods will not be adjusted under this method. In addition, we elected the package of practical expedients available under the guidance that allows us not to reassess whether a contract contains a lease, lease classification or initial direct costs.

In preparation for adoption of the standard, the Company implemented internal controls and business process changes to enable the preparation of financial information in accordance with the standard. The standard will have a material impact on our Consolidated Balance Sheet. The most significant impact will be the recognition of right-of-use assets and lease liabilities for operating leases. The Company estimates that adoption of this standard will result in recognition of additional right-of-use assets in the range of \$145.0 million and \$155.0 million and additional lease liabilities in the range of \$210.0 million and \$220.0 million on the adoption date for operating leases. We do not currently expect that the adoption of ASC 842 will have a material impact on our results of operations or cash flow presentation.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements for fair value measurements. The guidance promotes a framework to help improve the effectiveness of disclosures in the notes and is effective for annual and interim periods beginning after December 15, 2019, although early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Internal Use Software (Subtopic 350-40): Customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract, which requires the Company to capitalize implementation costs of a hosting arrangement that is a service contract and expense those costs over the term of the hosting arrangement. The guidance is effective for annual and interim periods beginning after December 15, 2019 although early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

#### 3. Earnings per Common Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share adjusts basic earnings per common share for the effects of potentially dilutive common shares. Potentially dilutive common shares include the dilutive effects of shares issuable under our equity compensation plans, including stock options and restricted shares, each using the treasury stock method.

Because we expect to settle the principal amount of the outstanding 2023 Convertible Notes in cash, we use the treasury stock method for calculating the potential dilutive effect of the conversion feature on earnings per common share, if applicable. The conversion feature will have a dilutive impact on earnings per common share when the average market price of our common stock for a given period exceeds the conversion price of \$101.38 per share. As we did not meet this threshold during the year ended December 31, 2018, any shares of common stock potentially issuable upon conversion of the 2023 Convertible Notes are excluded from the calculation of diluted earnings per share.





Year Ended December 31,  
2018      2017      2016

Numerator — basic and diluted			
Net income	\$150,611	\$107,962	\$85,520
Denominator			
Weighted average number of common shares outstanding — basic	37,098	38,697	40,943
Effect of dilutive stock options	491	117	281
Effect of dilutive restricted shares	729	378	485
Weighted average number of common shares outstanding — diluted	38,318	39,192	41,709
Earnings per common share — basic	\$4.06	\$2.79	\$2.09
Earnings per common share — diluted	\$3.93	\$2.75	\$2.05
Antidilutive stock options and restricted shares	175	1,561	1,404

#### 4. Revenues

Revenues recognized during the current period may include revenues recognized from performance obligations satisfied or partially satisfied in previous periods. This primarily occurs when the estimated transaction price has changed based on a re-assessment of the expected probability of achieving the agreed-upon outcome for our performance-based and contingent arrangements, resulting in a catch-up adjustment for service provided in previous periods. The aggregate amount of revenues recognized related to the catch-up adjustment due to a change in the transaction price during the year ended December 31, 2018 was \$16.1 million.

Unfulfilled performance obligations represent the remaining contract transaction prices allocated to the performance obligations that are unsatisfied, or partially unsatisfied, and therefore revenues have not yet been recorded. Unfulfilled performance obligations primarily consist of the remaining fees not yet recognized under our proportional performance method for both our fixed fee arrangements and the portion of performance-based and contingent arrangements that we have deemed probable. As of December 31, 2018, the aggregate amount of the transaction price allocated to unfulfilled performance obligations was \$8.8 million, and we expect to recognize the majority of the related revenues over the next 24 months. We elected to utilize the optional exemption to exclude from this disclosure fixed fee and performance-based and contingent arrangements with an original expected duration of one year or less and to exclude our time and expense arrangements for which revenues are recognized using the right-to-invoice practical expedient.

Contract assets are defined as assets for which we have recorded revenue because we determined that it is probable that we will earn a performance-based or contingent fee, but we are not yet entitled to receive our fees because certain events, such as completion of the measurement period or client approval, must occur. The contract asset balance was \$2.4 million as of December 31, 2018 and immaterial as of December 31, 2017.

Contract liabilities are defined as liabilities incurred when we have received consideration from a client but have not yet performed the agreed-upon services. This may occur when we receive advance billings before delivery and acceptance of software licenses in our Technology segment and when clients pay us upfront fees before we begin work for them. The contract liability balance was immaterial as of December 31, 2018 and December 31, 2017.

#### 5. Special Charges

There were no special charges recorded during the year ended December 31, 2018.

During the year ended December 31, 2017, we recorded special charges of \$40.9 million. The charges related to certain targeted reductions in areas of each segment where we needed to realign our workforce with then-current business demand. In addition, cost-cutting actions were taken in certain corporate departments where we were able to streamline support activities and reduce our real estate costs. The special charge included the following components: \$23.5 million of employee severance and other employee-related costs;

\$14.4 million of exit costs associated with the curtailment of our lease on our executive office in Washington, D.C.; and

\$3.0 million of other expenses, including costs related to disposing or closing several small international offices.



During the year ended December 31, 2016, we recorded special charges of \$10.4 million. The charges related to employee terminations in our Technology segment, health solutions practice of our Forensic and Litigation Consulting segment, and corporate infrastructure group. The charges consisted of salary continuance and other contractual employee-related costs.

The following table details the special charges by segment and corporate.

Special Charges by Segment	Year Ended December 31,	
	2017	2016
Corporate Finance & Restructuring	\$5,440	\$—
Forensic and Litigation Consulting	12,334	2,304
Economic Consulting	6,624	—
Technology	5,057	7,529
Strategic Communications	7,752	—
	37,207	9,833
Unallocated Corporate	3,678	612
Total	\$40,885	\$10,445

#### 6. Interest Income and Other

The table below presents the components of “Interest income and other” as shown on the Consolidated Statements of Comprehensive Income.

Interest Income and Other	Year Ended December 31,		
	2018	2017	2016
Interest income	\$5,448	\$3,968	\$4,420
Foreign exchange transaction gains (losses), net	261	(77 )	4,937
Other	(732 )	(139 )	1,109
Total	\$4,977	\$3,752	\$10,466

#### 7. Share-Based Compensation

##### Share-Based Incentive Compensation Plans

Under the Company's 2017 Omnibus Incentive Compensation Plan, effective as of June 7, 2017, there were 1,746,500 shares of common stock available for grant as of December 31, 2018.

##### Share-Based Compensation Expense

The table below reflects the total share-based compensation expense recognized in our Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016.

Income Statement Classification	2018		2017		2016	
	Options (1)	Restricted Shares (2)	Options (1)	Restricted Shares (2)	Options (1)	Restricted Shares (2)
Direct cost of revenues	\$780	\$ 9,804	\$370	\$ 9,691	\$2,815	\$ 7,530
Selling, general and administrative expenses	2,027	8,191	1,207	4,870	1,085	8,998
Special charges	—	—	—	269	56	49
Total	\$2,807	\$ 17,995	\$1,577	\$ 14,830	\$3,956	\$ 16,577

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

(2) Includes restricted share awards, restricted stock units, performance stock units and cash-settled restricted stock units.

### Stock Options

We did not grant any options during the year ended December 31, 2018. We used the Black-Scholes option-pricing model to determine the fair value of our option grants during the years ended December 31, 2017 and 2016 using the assumptions in the following table.

Assumptions	Year Ended December 31,	
	2017	2016
Risk-free interest rate	1.60%	0.98%
Dividend yield	—%	—%
Expected term	3 years	3 years
Stock price volatility	31.94%	34.33%

A summary of our stock option activity during the year ended December 31, 2018 is presented below. The aggregate intrinsic value of stock options outstanding and exercisable, or fully vested, at December 31, 2018 in the table below represents the total pre-tax intrinsic value, which is calculated as the difference between the closing price of our common stock on the last trading day of 2018 and the exercise price, multiplied by the number of in-the-money options that would have been received by the option holders had all option holders exercised their options on December 31, 2018. The aggregate intrinsic value changes based on fluctuations in the fair market value per share of our common stock.

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Stock options outstanding at December 31, 2017	2,258	\$ 40.63		
Stock options granted	—	N/A		
Stock options exercised	(1,051 )	\$ 39.55		
Stock options forfeited	(272 )	\$ 58.93		
Stock options outstanding at December 31, 2018	935	\$ 36.50	5.0	\$ 28,181
Stock options exercisable at December 31, 2018	679	\$ 36.59	4.5	\$ 20,401

Cash received from option exercises for the years ended December 31, 2018, 2017 and 2016 was \$41.6 million, \$4.1 million and \$27.3 million, respectively. The tax benefit realized from stock options exercised totaled \$4.0 million, \$1.1 million and \$4.8 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The intrinsic value of stock options exercised is the amount by which the market value of our common stock on the exercise date exceeds the exercise price. The total intrinsic value of stock options exercised for the years ended December 31, 2018, 2017 and 2016 was \$26.4 million, \$0.9 million and \$6.9 million, respectively.

The following is a summary of stock options outstanding and exercisable as of December 31, 2018.

Exercise Price Range	Options Outstanding			Options Exercisable	
	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Shares	Weighted Average Exercise Price
\$26.68-\$33.95	200	\$ 31.39	4.7	124	\$ 31.38
\$34.33-\$36.04	193	\$ 34.74	5.4	152	\$ 34.85
\$36.43-\$36.89	222	\$ 36.79	5.7	179	\$ 36.81
\$37.09-\$40.36	245	\$ 39.27	5.3	158	\$ 38.67
\$41.69-\$55.99	75	\$ 44.62	1.4	66	\$ 44.88
	935			679	

As of December 31, 2018, there was \$0.8 million of unrecognized compensation cost related to unvested stock options. That cost is expected to be recognized ratably over a weighted average period of 1.0 year.

#### Restricted Share Awards

A summary of our unvested restricted share activity during the year ended December 31, 2018 is presented below.

	Shares	Weighted Average Grant Date Fair Value
Unvested restricted share awards outstanding at December 31, 2017	933	\$ 38.58
Restricted share awards granted	263	\$ 56.97
Restricted share awards vested	(188 )	\$ 37.11
Restricted share awards forfeited	(16 )	\$ 36.74
Unvested restricted share awards outstanding at December 31, 2018	992	\$ 43.76

As of December 31, 2018, there was \$22.9 million of unrecognized compensation cost related to unvested restricted share awards. That cost is expected to be recognized ratably over a weighted average period of 4.1 years. The total fair value of restricted share awards that vested during the years ended December 31, 2018, 2017 and 2016 was \$10.4 million, \$9.9 million and \$10.4 million, respectively.

#### Restricted Stock Units

A summary of our restricted stock units activity during the year ended December 31, 2018 is presented below. The aggregate intrinsic value represents the total pre-tax intrinsic value based on the closing price of our common stock on the last trading day of 2018.

	Shares	Weighted Average Grant Date Fair Value	Intrinsic Value
Restricted stock units outstanding at December 31, 2017	402	\$ 37.49	
Restricted stock units granted	32	\$ 52.67	
Restricted stock units released	(99 )	\$ 34.90	
Restricted stock units forfeited	—	N/A	
Restricted stock units outstanding at December 31, 2018	335	\$ 39.72	\$22,329

The intrinsic value of restricted stock units released reflects the market value of our common stock on the date of release. The total intrinsic value of restricted stock units released for the years ended December 31, 2018, 2017 and 2016 was \$5.4 million, \$4.1 million and \$9.3 million, respectively.



As of December 31, 2018, there was \$0.2 million of unrecognized compensation cost related to unvested restricted stock units. That cost is expected to be recognized ratably over a weighted average period of 0.6 years. The total fair value of restricted stock units that vested during the years ended December 31, 2018, 2017 and 2016 was \$1.7 million, \$1.9 million and \$2.4 million, respectively.

**Performance Stock Units**

A summary of our performance stock units activity during the year ended December 31, 2018 is presented below. The performance stock units are subject to market conditions based on the total shareholder return of the Company as compared with the total shareholder return of the Standard & Poor's 500. The aggregate intrinsic value represents the total pre-tax intrinsic value based on the closing price of our common stock on the last trading day of 2018.

	Shares	Weighted Average Grant Date Fair Value	Intrinsic Value
Performance stock units outstanding at December 31, 2017	252	\$ 25.71	
Performance stock units granted	91	\$ 36.34	
Performance stock units released	(29 )	\$ 29.11	
Performance stock units forfeited	(39 )	\$ 29.11	
Performance stock units outstanding at December 31, 2018	275	\$ 28.40	\$18,348

As of December 31, 2018, there was \$2.1 million of unrecognized compensation cost related to unvested performance stock units. That cost is expected to be recognized ratably over a weighted average period of 0.8 years. The total fair value of performance stock units that vested during the year ended December 31, 2018 was \$1.4 million. There were no performance stock units that vested during the years ended December 31, 2017 and 2016.

The table below reflects the weighted average grant date fair value per share of stock options, restricted share awards, restricted stock units and performance stock units awarded during the years ended December 31, 2018, 2017 and 2016. The fair value of our stock options is calculated using the Black-Scholes option-pricing model. The fair value of our restricted stock awards and restricted stock units is determined based on the closing market price per share of our common stock on the grant date. The fair value of the performance stock units reflects the market conditions as of the grant date using a Monte Carlo simulation.

	Year Ended December 31,		
	2018	2017	2016
Weighted average fair value of grants			
Stock options	\$—	\$9.56	\$8.41
Restricted share awards, restricted stock units and performance stock units	\$51.73	\$38.88	\$37.64



## 8. Balance Sheet Details

	December 31,	
	2018	2017
Prepaid expenses and other current assets		
Prepaid expenses	\$35,762	\$35,667
Income tax receivable	18,947	7,194
Other current assets	14,739	12,788
Total	\$69,448	\$55,649
Accounts payable, accrued expenses and other		
Accounts payable	\$17,728	\$14,078
Accrued expenses	52,461	45,676
Accrued interest payable	2,358	2,354
Accrued taxes payable	13,119	12,075
Other current liabilities	18,934	20,690
Total	\$104,600	\$94,873

## 9. Financial Instruments

The following table presents the carrying amounts and estimated fair values of our other financial instruments by hierarchy level as of December 31, 2018 and 2017.

	December 31, 2018		
		Hierarchy Level	
	Carrying Amount	Level 1	Level 2 Level 3
Liabilities			
Acquisition-related contingent consideration, including current portion <sup>(1)</sup>	\$2,960	\$—	\$2,960
Long-term debt	316,250	—	291,837
Total	\$319,210	\$—	\$291,837
	December 31, 2017		
		Hierarchy Level	
	Carrying Amount	Level 1	Level 2 Level 3
Liabilities			
Acquisition-related contingent consideration, including current portion <sup>(1)</sup>	\$3,750	\$—	\$3,750
Long-term debt	400,000	—	409,000
Total	\$403,750	\$—	\$409,000

<sup>(1)</sup> The short-term portion is included in “Accounts payable, accrued expenses and other,” and the long-term portion is included in “Other liabilities” on the Consolidated Balance Sheets.

The fair values of financial instruments not included in this table are estimated to be equal to their carrying values as of December 31, 2018 and 2017.

We estimate the fair value of our 2023 Convertible Notes based on their last actively traded prices. The fair value of our debt is classified within Level 2 of the fair value hierarchy because it is traded in less active markets.

We estimate the fair value of acquisition-related contingent consideration using a probability-weighted discounted cash flow model. This fair value estimate represents a Level 3 measurement as it is based on significant inputs not observed in the



market and reflect our own assumptions. The significant unobservable inputs used in the fair value measurements of our acquisition-related contingent consideration are our measures of the future profitability and related cash flows and discount rates. The fair value of the contingent consideration is reassessed at each reporting period by the Company based on additional information as it becomes available.

Any change in the fair value of an acquisition's contingent consideration liability results in a remeasurement gain or loss that is recorded in "Selling, general and administrative expenses" on the Consolidated Statements of Comprehensive Income. During the year ended December 31, 2018, there was no change in the estimated fair value of future expected contingent consideration payments. During the years ended December 31, 2017 and 2016, we recorded \$0.7 million and \$1.4 million in expense related to increases in the fair value of future expected contingent consideration payments, respectively.

#### 10. Property and Equipment

Property and equipment consist of the following.

	December 31,	
	2018	2017
Leasehold improvements	\$88,623	\$77,921
Construction in progress	2,754	806
Furniture and equipment	34,865	33,827
Computer equipment and software	106,318	100,186
	232,560	212,740
Accumulated depreciation	(147,983)	(137,665)
Property and equipment, net	\$84,577	\$75,075

Depreciation expense for property and equipment totaled \$26.2 million, \$24.4 million and \$26.7 million during the years ended December 31, 2018, 2017 and 2016, respectively.

#### 11. Goodwill and Other Intangible Assets

##### Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment.

	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Total
Balance at December 31, 2016						
Goodwill	\$ 440,666	\$ 230,544	\$ 268,209	\$ 117,607	\$ 317,114	\$ 1,374,140
Accumulated goodwill impairment	—	—	—	—	(194,139)	(194,139)
Goodwill, net at December 31, 2016	440,666	230,544	268,209	117,607	122,975	1,180,001
Acquisitions <sup>(1)</sup>	11,900	—	—	—	—	11,900
Foreign currency translation adjustment and other	2,250	3,175	786	133	6,558	12,902
Balance at December 31, 2017						
Goodwill	454,816	233,719	268,995	117,740	323,672	1,398,942
Accumulated goodwill impairment	—	—	—	—	(194,139)	(194,139)
Goodwill, net at December 31, 2017	454,816	233,719	268,995	117,740	129,533	1,204,803
Sale of business <sup>(2)</sup>	—	—	—	(20,928)	—	(20,928)
Foreign currency translation adjustment and other	(3,819)	(2,182)	(448)	(89)	(5,021)	(11,559)
Balance at December 31, 2018						
Goodwill	450,997	231,537	268,547	96,723	318,651	1,366,455
Accumulated goodwill impairment	—	—	—	—	(194,139)	(194,139)
Goodwill, net at December 31, 2018	\$ 450,997	\$ 231,537	\$ 268,547	\$ 96,723	\$ 124,512	\$ 1,172,316



(1) During the year ended December 31, 2017, we made an initial payment of \$8.9 million at closing to acquire a restructuring business within our Corporate Finance & Restructuring segment. We recorded \$11.9 million in goodwill as a result of the acquisition. We have included the results of the acquired business' operations in the Corporate Finance & Restructuring segment since the acquisition date.

(2) During the year ended December 31, 2018, we sold a business within our Technology segment for proceeds of \$50.3 million. We wrote off \$20.9 million in goodwill as a result of the sale.

Other Intangible Assets

Other intangible assets were as follows:

	Weighted Average Useful Life in Years	December 31, 2018			December 31, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets							
Customer relationships <sup>(1)</sup>	14.3	\$99,080	\$ 71,036	\$ 28,044	\$117,192	\$ 80,523	\$ 36,669
Acquired software	9.8	3,107	1,618	1,489	3,264	1,383	1,881
	14.2	102,187	72,654	29,533	120,456	81,906	38,550
Non-amortizing intangible assets							
Trade names <sup>(1)</sup>	Indefinite	5,100	—	5,100	5,600	—	5,600
Total		\$107,287	\$ 72,654	\$ 34,633	\$126,056	\$ 81,906	\$ 44,150

(1) During the year ended December 31, 2018, we sold a business and related intangible assets within our Technology segment.

Other intangible assets with finite lives are amortized over their estimated useful lives. We recorded amortization expense of \$8.2 million, \$10.6 million and \$10.3 million during the years ended December 31, 2018, 2017 and 2016, respectively.

We estimate our future amortization expense for our intangible assets with a finite life to be as follows:

Year	As of December 31, 2018 <sup>(1)</sup>
2019	\$ 7,291
2020	7,176
2021	6,657
2022	4,913
2023	1,693
Thereafter	1,803
	\$ 29,533

(1) Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives, or other relevant factors or changes.

## 12. Notes Receivable from Employees

The table below summarizes the changes in the carrying amount of our notes receivable from employees.

	December 31,	
	2018	2017
Notes receivable from employees — beginning	\$123,796	\$136,388
Notes granted	32,937	18,247
Repayments	(5,405 )	(7,394 )
Amortization expense	(36,418 )	(26,821 )
Cumulative translation adjustment and other	(1,211 )	3,376
Notes receivable from employees — ending	113,699	123,796
Less: current portion	(29,228 )	(25,691 )
Notes receivable from employees, net of current portion	\$84,471	\$98,105

As of December 31, 2018 and 2017, there were 294 and 270 notes outstanding, respectively. Total amortization expense for the years ended December 31, 2018, 2017 and 2016 was \$36.4 million, \$26.8 million and \$25.6 million, respectively.

## 13. Long-Term Debt

The table below summarizes the components of the Company's long-term debt.

	December 31,	
	2018	2017
2023 Convertible Notes	\$316,250	\$—
2022 Notes	—	300,000
Credit Facility	—	100,000
Total debt	316,250	400,000
Less: deferred debt discount	(43,998 )	—
Less: deferred debt issue costs	(6,681 )	(3,716 )
Long-term debt, net <sup>(1)</sup>	\$265,571	\$396,284
Additional paid-in capital	\$35,306	\$—
Discount attribution to equity	(1,175 )	—
Equity component, net	\$34,131	\$—

<sup>(1)</sup> There were no current portions of long-term debt as of December 31, 2018 and 2017.

## 2023 Convertible Notes

On August 20, 2018, we issued \$316.3 million aggregate principal amount of the 2023 Convertible Notes, which includes the notes issued pursuant to an option granted to the initial purchasers of the 2023 Convertible Notes to purchase additional notes. The 2023 Convertible Notes bear interest at a fixed rate of 2.0% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2019. The 2023 Convertible Notes will mature on August 15, 2023, unless earlier converted or repurchased.

The 2023 Convertible Notes are senior unsecured obligations of the Company and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the 2023 Convertible Notes; equal in right of payment to any of our unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness (including all amounts outstanding, from time to time, under the Credit Facility) to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

The 2023 Convertible Notes are convertible at an initial conversion rate of 9.8643 shares of our common stock per \$1,000 principal amount of the 2023 Convertible Notes (equivalent to an initial conversion price of approximately \$101.38 per



share of common stock). Holders may convert their 2023 Convertible Notes at any time prior to the close of business on the business day immediately preceding May 15, 2023. The 2023 Convertible Notes may be converted only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2018 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "Measurement Period") in which the trading price (as defined in the indenture governing the 2023 Convertible Notes) per \$1,000 principal amount of the 2023 Convertible Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate in effect on each such trading day; or (3) upon the occurrence of specified corporate events. On or after May 15, 2023, until the close of business on the business day immediately preceding the maturity date of August 15, 2023, holders may convert their 2023 Convertible Notes at any time, regardless of the foregoing circumstances. The circumstances required to allow the holders to convert their 2023 Convertible Notes were not met as of December 31, 2018.

If we undergo a fundamental change (as defined in the indenture governing the 2023 Convertible Notes), subject to certain conditions, holders may require us to repurchase for cash all or part of their 2023 Convertible Notes.

Debt issuance costs of \$8.4 million related to the 2023 Convertible Notes were comprised primarily of discounts and commissions payable to the initial purchasers. We allocated the total amount incurred to the liability and equity components of the 2023 Convertible Notes based on their relative values. Issuance costs attributable to the liability component were \$7.2 million and will be amortized to interest expense using the effective interest rate method over the expected life of the 2023 Convertible Notes. Issuance costs attributable to the equity component were netted with the equity component in stockholders' equity.

For the year ended December 31, 2018, we recognized contractual interest expense of \$2.3 million and amortization of the debt discount and issuance costs of \$3.0 million for the 2023 Convertible Notes. The effective interest rate of the liability component was 5.45%.

#### 2022 Notes

On November 15, 2018, we redeemed the \$300.0 million outstanding principal amount of our 6.0% senior notes due 2022 ("2022 Notes"), pursuant to the terms of the indenture governing the 2022 Notes. We recognized a loss on early extinguishment of debt of \$9.1 million, consisting primarily of a redemption premium of \$6.0 million and a \$3.1 million non-cash write-off of unamortized deferred financing costs. This loss has been recorded in "Loss on early extinguishment of debt" within the Consolidated Statements of Comprehensive Income.

#### Credit Facility

On June 26, 2015, we entered into a credit agreement, which provides for a \$550.0 million senior secured revolving line of credit maturing on June 26, 2020. In November 2018, we amended and restated the credit agreement to extend the maturity to November 30, 2023 and incurred \$1.7 million of debt issuance costs (the "2018 Credit Agreement"). At the Company's option, borrowings under the 2018 Credit Agreement in USD, euro and British pound will bear interest at either one-, two- or three-month London Interbank Offered Rate ("LIBOR") or an alternative base rate, in each case plus the applicable margin. The applicable margin will fluctuate between 1.25% per annum and 2.00% per annum, in the case of LIBOR borrowings, or between 0.25% per annum and 1.00% per annum, in the case of base rate borrowings, in each case, based upon the Company's Consolidated Total Net Leverage Ratio (as defined in the 2018 Credit Agreement) at such time. The lenders have a security interest in substantially all of the assets of the Company and substantially all of its domestic subsidiaries.

Under the 2018 Credit Agreement, we are required to pay a commitment fee rate that fluctuates between 0.20% and 0.35% per annum and the letter of credit fee rate that fluctuates between 1.25% and 2.00% per annum, in each case, based upon the Company's Consolidated Total Net Leverage Ratio.

There were no borrowings outstanding under the 2018 Credit Agreement as of December 31, 2018. The Company classified the borrowings outstanding as of December 31, 2017 as long-term debt in the accompanying Consolidated Balance Sheets as the amounts due were not contractually required or expected to be liquidated for more than one year



from the applicable balance sheet date. Additionally, \$1.0 million of the borrowing limit was used (and, therefore, unavailable) as of December 31, 2018 for letters of credit.

There were \$3.6 million and \$3.1 million of unamortized debt issue costs related to the Credit Facility as of December 31, 2018 and 2017, respectively. These amounts were included in “Other assets” on our Consolidated Balance Sheets.

85

---

#### 14. Commitments and Contingencies

##### Operating Lease Commitments

Rental expense, net of rental income was \$55.3 million, \$56.0 million and \$54.8 million during the years ended December 31, 2018, 2017 and 2016, respectively. For years subsequent to December 31, 2018, future minimum payments for all operating lease obligations that have initial non-cancelable lease terms exceeding one year, net of rental income from subleases are as follows.

	Operating Leases	Sublease Rental Income
2019	\$49,757	\$4,760
2020	47,084	3,944
2021	44,480	3,864
2022	24,471	707
2023	20,309	614
Thereafter	75,190	939
Total	\$261,291	\$14,828

##### Contingencies

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

#### 15. Income Taxes

On December 22, 2017, the 2017 Tax Act was signed into law. The 2017 Tax Act included a number of changes to the U.S. Internal Revenue Code, including a reduction of the U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017, and a one-time transition tax on certain unrepatriated foreign earnings (the "Transition Tax"). Prospective changes from the 2017 Tax Act that began in 2018 include imposed limitations on the deductibility of executive compensation and interest, a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries, and a new provision designed to tax global intangible low-taxed income ("GILTI"). The Company has made an accounting policy election to account for the tax effects of the GILTI provision as a period cost.

The Company recognized the income tax effects of the 2017 Tax Act in its financial statements for the year ended December 31, 2017, in accordance with Staff Accounting Bulletin No. 118, which provides SEC staff guidance for the application of ASC Topic 740, Income Taxes. The Company finalized its accounting for the income tax effects of the 2017 Tax Act in the fourth quarter of 2018 and there was no material change.

The table below summarizes significant components of deferred tax assets and liabilities.

	Year Ended	
	December 31,	
	2018	2017
Deferred tax assets		
Allowance for doubtful accounts	\$11,792	\$11,279
Accrued vacation and bonus	23,545	23,896
Deferred rent	9,016	8,491
Share-based compensation	11,837	15,108
Notes receivable from employees	12,993	12,879
State net operating loss carryforward	3,510	3,586
Foreign net operating loss carryforward	9,857	12,075
Federal tax credit and capital loss carryforward	9,470	7,403
Deferred compensation	1,801	2,688
Other, net	1,129	7,159
Total deferred tax assets	94,950	104,564
Deferred tax liabilities		
Revenue recognition	(5,087 )	(7,227 )
Property, equipment and capitalized software	(6,652 )	(2,308 )
Equity debt discount	(11,014 )	—
Goodwill and other intangible asset amortization	(199,964 )	(190,638 )
Total deferred tax liabilities	(222,717 )	(200,173 )
Foreign withholding tax	(413 )	(1,035 )
Valuation allowance	(21,929 )	(21,621 )
Net deferred tax liabilities	\$(150,109)	\$(118,265)

As of December 31, 2018 and 2017, the Company believes certain deferred tax assets principally associated with foreign tax credit, capital loss and foreign net operating loss carryforwards, which can be carried forward for periods ranging from 5 years to indefinite, will expire based on updated forward-looking financial information. Therefore, valuation allowances of \$21.9 million and \$21.6 million are recorded against the Company's net deferred tax assets as of December 31, 2018 and 2017, respectively.

Prior to the passage of the 2017 Tax Act, the Company asserted that substantially all of the undistributed earnings of our foreign subsidiaries were considered indefinitely reinvested and accordingly, no deferred taxes were recognized. Pursuant to the provisions of the U.S. Tax Act, these earnings were subjected to U.S. federal taxation as a result of the one-time Transition Tax; however, these earnings may still be subject to foreign withholding taxes upon distribution. We have re-evaluated our historical assertion as a result of the 2017 Tax Act and determined that we no longer consider a majority of the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested. As of December 31, 2018, the Company has recognized a deferred tax liability of \$0.4 million for foreign withholding tax on undistributed earnings of our foreign subsidiaries that are not indefinitely reinvested.

As of December 31, 2018, the Company has not recorded a \$17.8 million deferred tax liability related to the basis difference in the investment in our foreign subsidiaries, as the investment is considered permanent in nature.

The table below summarizes the components of income before income tax provision (benefit) from continuing operations.

	Year Ended December 31,		
	2018	2017	2016
Domestic	\$96,543	\$30,013	\$66,202
Foreign	111,249	57,092	61,601
Total	\$207,792	\$87,105	\$127,803

The table below summarizes the components of income tax provision (benefit) from continuing operations.

	Year Ended December 31,		
	2018	2017	2016
Current			
Federal	\$10,847	\$15,164	\$(3,326)
State	4,447	742	1,686
Foreign	21,056	14,816	13,864
	36,350	30,722	12,224
Deferred			
Federal	14,538	(47,820)	23,182
State	503	(152)	8,284
Foreign	5,790	(3,607)	(1,407)
	20,831	(51,579)	30,059
Income tax provision (benefit)	\$57,181	\$(20,857)	\$42,283

Our income tax provision (benefit) from continuing operations resulted in effective tax rates that varied from the statutory federal income tax rate as summarized below.

	Year Ended December 31,		
	2018	2017	2016
Income tax expense at federal statutory rate	\$43,636	\$30,487	\$44,731
State income taxes, net of federal benefit	4,950	781	6,075
Detriment (benefit) from lower foreign tax rates	3,655	(8,500)	(7,827)
Valuation allowance on foreign net operating loss carryforward	(450)	253	254
Other expenses not deductible for tax purposes	3,543	2,466	3,082
Adjustment to reserve for uncertain tax positions	(132)	456	(3,547)
Impact of 2017 U.S. tax reform — deferred tax	(706)	(63,525)	—
Impact of 2017 U.S. tax reform — Transition Tax	50	18,655	—
Sale of Ringtail business	3,798	—	—
Other adjustments, net	(1,163)	(1,930)	(485)
Income tax provision (benefit)	\$57,181	\$(20,857)	\$42,283

The income tax expense for 2018 was \$57.2 million, as compared with an income tax benefit of \$20.9 million in 2017. The increase in expense is primarily attributable to higher pre-tax income in 2018 as compared with 2017 and the impact of the discrete income tax benefit of \$44.9 million recorded in 2017 in connection with accounting for tax effects related to the 2017 Tax Act.

We file numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and in many city, state and foreign jurisdictions. We are no longer subject to U.S. federal income tax examinations for years prior to 2014. We are also no longer subject to state and local or foreign tax examinations by tax authorities for years prior to 2012.

Our liability for uncertain tax positions was \$3.7 million and \$2.7 million as of December 31, 2018 and 2017, respectively. The Company does not expect any of the uncertain tax positions to settle within the next 12 months. As of December 31, 2018, our accrual for the payment of tax-related interest and penalties was not significant.

#### 16. Stockholders' Equity

##### 2016 Stock Repurchase Program

On June 2, 2016, our Board of Directors authorized a stock repurchase program of up to \$100.0 million (the "Repurchase Program"). On May 18, 2017 and December 1, 2017, our Board of Directors authorized an additional \$100.0 million, respectively, increasing the Repurchase Program to an aggregate authorization of \$300.0 million. No time limit has been established for the completion of the program, and the program may be suspended, discontinued or replaced by the Board of Directors at any time without prior notice. As of December 31, 2018, we have \$72.6 million available under this program to repurchase additional shares.

The following table details our stock repurchases under the Repurchase Program:

	Year Ended December 31,		
	2018	2017	2016
Shares of common stock repurchased and retired	756	4,674	452
Average price per share	\$53.88	\$35.94	\$41.06
Total cost	\$40,722	\$168,001	\$18,577

##### 2018 Repurchase Transaction

On August 13, 2018, our Board of Directors authorized the use of a portion of the proceeds from the issuance of the 2023 Convertible Notes to repurchase up to \$25.0 million of common stock. On August 16, 2018, 196,050 shares of our common stock were repurchased at \$76.51 per share for a total cost of \$15.0 million. This is a separate repurchase transaction outside of the Repurchase Program.

##### 2015 Stock Repurchase Program

On November 5, 2015, our Board of Directors authorized a six-month stock repurchase program of up to \$50.0 million (the "2015 Repurchase Program"). During the year ended December 31, 2016, we repurchased and retired 85,100 shares of our common stock for an average per share price of \$34.16, at a total cost of \$2.9 million, which was paid in full in 2016. The 2015 Repurchase Program expired on May 5, 2016.

#### 17. Employee Benefit Plans

We maintain a qualified defined contribution 401(k) plan, which covers substantially all of our U.S. employees. Under the plan, participants are entitled to make pre-tax and/or Roth post-tax contributions up to the annual maximums established by the Internal Revenue Service. We match a certain percentage of participant contributions pursuant to the terms of the plan, which contributions are limited to a percentage of the participant's eligible compensation. Effective in 2018, we increased our matching percentage. We made contributions related to the plan of \$15.2 million, \$11.6 million and \$11.4 million during the years ended December 31, 2018, 2017 and 2016, respectively.

We also maintain several defined contribution pension plans for our employees in the United Kingdom and other foreign countries. We contributed to these plans \$7.7 million, \$6.4 million and \$6.3 million during the years ended December 31, 2018, 2017 and 2016, respectively.

#### 18. Segment Reporting

We manage our business in five reportable segments: Corporate Finance & Restructuring ("Corporate Finance"), Forensic and Litigation Consulting ("FLC"), Economic Consulting, Technology and Strategic Communications. Our Corporate Finance segment focuses on the strategic, operational, financial and capital needs of our clients around the world and delivers a wide range of service offerings related to restructuring, business transformation and transaction support. Our restructuring practice includes corporate restructuring, including bankruptcy and interim management services. Our business transformation and transaction support practices include financings, mergers and acquisitions ("M&A"), M&A integration, valuations and tax advice, as well as financial, operational and performance improvement services.



Our FLC segment provides law firms, companies, government clients and other interested parties with multidisciplinary, independent dispute advisory, investigations, data analytics, forensic accounting, business intelligence and risk mitigation services, as well as interim management and performance improvement services for our health solutions practice clients.

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

Our Technology segment provides corporations and law firms with a comprehensive and global portfolio of consulting and services for information governance, privacy and security, electronic discovery and insight analytics. Our consulting expertise enables clients to more confidently govern, secure, find, analyze and rapidly understand their data in the context of compliance and risk.

Our Strategic Communications segment designs and executes communications strategies for management teams and boards of directors to help them seize opportunities, manage financial, regulatory and reputational challenges, navigate market disruptions, articulate their brand, stake a competitive position, and preserve and grow their operations.

We evaluate the performance of our operating segments based on Adjusted Segment EBITDA, a GAAP financial measure. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We define Total Adjusted Segment EBITDA, a non-GAAP financial measure, as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. We use Adjusted Segment EBITDA to internally evaluate the financial performance of our segments because we believe it reflects current core operating performance and provides an indicator of the segment's ability to generate cash.

The table below presents revenues and Adjusted Segment EBITDA for our reportable segments for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Corporate Finance	\$564,479	\$482,041	\$483,269
FLC	520,333	462,324	457,734
Economic Consulting	533,979	496,029	500,487
Technology	185,755	174,850	177,720
Strategic Communications	223,331	192,488	191,184
Total revenues	\$2,027,877	\$1,807,732	\$1,810,394
Adjusted Segment EBITDA			
Corporate Finance	\$121,660	\$82,863	\$97,688
FLC	96,821	72,705	57,882
Economic Consulting	69,955	61,964	74,102
Technology	27,387	22,171	25,814
Strategic Communications	42,918	27,732	30,458
Total Adjusted Segment EBITDA	\$358,741	\$267,435	\$285,944

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

	Year Ended December 31,		
	2018	2017	2016
Net income	\$150,611	\$107,962	\$85,520
Add back:			
Income tax provision (benefit)	57,181	(20,857 )	42,283
Interest income and other	(4,977 )	(3,752 )	(10,466 )
Interest expense	27,149	25,358	24,819
Gain on sale of business	(13,031 )	—	—
Loss on early extinguishment of debt	9,072	—	—
Unallocated corporate expenses	96,595	83,140	88,182
Segment depreciation expense	27,979	27,112	34,064
Amortization of other intangible assets	8,162	10,563	10,306
Segment special charges	—	37,207	9,833
Remeasurement of acquisition-related contingent consideration	—	702	1,403
Total Adjusted Segment EBITDA	\$358,741	\$267,435	\$285,944

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

	December 31,	
	2018	2017
Corporate Finance	\$707,924	\$726,176
FLC	412,667	401,905
Economic Consulting	516,123	501,471
Technology	171,002	195,399
Strategic Communications	212,147	215,083
Total segment assets	2,019,863	2,040,034
Unallocated corporate assets	359,258	217,207
Total assets	\$2,379,121	\$2,257,241

The table below details information on our revenues for the years ended December 31, 2018, 2017 and 2016. Revenues have been attributed to locations based on the location of the legal entity generating the revenues.

	Year Ended December 31,		
	2018	2017	2016
United States	\$1,372,116	\$1,262,682	\$1,298,492
United Kingdom	302,576	251,843	246,236
All other foreign countries	353,185	293,207	265,666
Total revenues	\$2,027,877	\$1,807,732	\$1,810,394

We do not have a single customer that represents 10% or more of our consolidated revenues.



The table below details information on our long-lived assets and net assets by geographic location, which is based on the location of the legal entity holding the assets. We define net assets as total assets less total liabilities.

	December 31, 2018			December 31, 2017		
	United States	United Kingdom	All Other Foreign Countries	United States	United Kingdom	All Other Foreign Countries
Property and equipment, net	\$59,611	\$14,023	\$10,943	\$52,709	\$14,761	\$7,605
Net assets	\$867,321	\$160,894	\$320,610	\$654,010	\$207,885	\$330,076

#### 19. Quarterly Financial Data (unaudited)

	Quarter Ended			
	March 31	June 30	September 30	December 31
2018				
Revenues	\$497,774	\$512,098	\$513,012	\$504,993
Operating expenses				
Direct cost of revenues	321,117	330,318	336,477	340,162
Selling, general and administrative expenses	112,128	117,897	117,448	118,163
Amortization of other intangible assets	2,270	2,052	1,975	1,865
	435,515	450,267	455,900	460,190
Operating income	62,259	61,831	57,112	44,803
Interest income and other	(1,800 )	2,474	1,400	2,903
Interest expense	(6,244 )	(6,583 )	(7,246 )	(7,076 )
Gain on sale of business	—	—	13,031	—
Loss on early extinguishment of debt	—	—	—	(9,072 )
Income before income tax provision	54,215	57,722	64,297	31,558
Income tax provision	15,270	14,113	19,964	7,834
Net income	\$38,945	\$43,609	\$44,333	\$23,724
Earnings per common share — basic <sup>(b)</sup>	\$1.06	\$1.18	\$1.19	\$0.63
Earnings per common share — diluted <sup>(d)</sup>	\$1.04	\$1.14	\$1.14	\$0.61
Weighted average common shares outstanding				
Basic	36,700	37,001	37,318	37,368
Diluted	37,612	38,271	38,756	38,628

	Quarter Ended			
	March 31	June 30	September 30	December 31
2017				
Revenues	\$446,344	\$444,715	\$448,962	\$467,711
Operating expenses				
Direct cost of revenues	309,072	304,071	294,851	307,566
Selling, general and administrative expenses	107,690	108,119	104,161	112,043
Special charges	—	30,074	—	10,811
Amortization of other intangible assets	2,493	2,422	2,882	2,766
	419,255	444,686	401,894	433,186
Operating income	27,089	29	47,068	34,525
Interest income and other	605	1,592	1,103	452
Interest expense	(5,801)	(6,250)	(6,760)	(6,547)
Income before income tax provision (benefit)	21,893	(4,629)	41,411	28,430
Income tax provision (benefit)	7,877	527	9,197	(38,458)
Net income	\$14,016	\$(5,156)	\$32,214	\$66,888
Earnings per common share — basic <sup>(1)</sup>	\$0.35	\$(0.13)	\$0.86	\$1.81
Earnings per common share — diluted <sup>(1)</sup>	\$0.34	\$(0.13)	\$0.85	\$1.78
Weighted average common shares outstanding				
Basic	40,527	39,555	37,431	36,906
Diluted	41,245	39,555	37,746	37,643

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

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

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

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

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

Management’s report on internal control over financial reporting is included in Part II, Item 8, “Financial Statements and Supplementary Data.”

**Changes in Internal Control over Financial Reporting**

There have not been any changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

## PART III

Certain information required in Part III is omitted from this report but is incorporated herein by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days after the end of our fiscal year ended December 31, 2018, pursuant to Regulation 14A with the U.S. Securities and Exchange Commission ("SEC").

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

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

We have adopted the FTI Consulting, Inc. Code of Ethics and Business Conduct ("Code of Ethics"), which applies to our Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller, and our other financial professionals, as well as all our other executive officers, including chief strategy and transformation officer, chief human resources officer, general counsel, and chief risk officer, and our other officers, directors, employees and independent contractors. The Code of Ethics is publicly available on our website at <http://www.fticonsulting.com/~media/Files/us-files/our-firm/guidelines/fti-code-of-conduct.pdf>. If we make any substantive amendments to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Ethics to our President, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller or persons performing similar functions, other executive officers or directors, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K filed with the SEC. We will provide a copy of our Code of Ethics without charge upon request to our Corporate Secretary, FTI Consulting, Inc., 6300 Blair Hill Lane, Suite 303, Baltimore, Maryland 21209.

### ITEM 11. EXECUTIVE COMPENSATION

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

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

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

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

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

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a)(1) The following financial statements are included in this Annual Report:

Management's Report on Internal Control over Financial Reporting

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

Report of Independent Registered Public Accounting Firm — Consolidated Financial Statements

Consolidated Balance Sheets — December 31, 2018 and 2017

Consolidated Statements of Comprehensive Income — Years Ended December 31, 2018, 2017 and 2016

Consolidated Statements of Stockholders' Equity — Years Ended December 31, 2018, 2017 and 2016

Consolidated Statements of Cash Flows — Years Ended December 31, 2018, 2017 and 2016

Notes to Consolidated Financial Statements

(2) The following financial statement schedule is included in this Annual Report:

Schedule II — Valuation and Qualifying Accounts

All schedules, other than the schedule listed above, are omitted as the information is not required or is otherwise provided.

FTI Consulting, Inc. and Subsidiaries  
 Schedule II — Valuation and Qualifying Accounts  
 (in thousands)

Description	Balance at Beginning of Period	Additions Charged to Expense	Charged to Other Accounts*	Deductions**	Balance at End of Period
Year Ended December 31, 2018					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 180,687	\$ 17,872	\$ 25,300	\$ 21,465	\$ 202,394
Valuation allowance for deferred tax asset	\$ 21,621	\$ 308	\$ —	\$ —	\$ 21,929
Year Ended December 31, 2017					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 178,819	\$ 15,386	\$ 9,656	\$ 23,174	\$ 180,687
Valuation allowance for deferred tax asset	\$ 18,900	\$ 2,721	\$ —	\$ —	\$ 21,621
Year Ended December 31, 2016					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts and unbilled services	\$ 185,754	\$ 8,912	\$ 9,501	\$ 25,348	\$ 178,819
Valuation allowance for deferred tax asset	\$ 13,167	\$ 5,733	\$ —	\$ —	\$ 18,900

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

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

Edgar Filing: FTI CONSULTING INC - Form 10-K

Exhibit Number	Description of Exhibits
3.1	<u>Articles of Incorporation of FTI Consulting, Inc., as Amended and Restated. (Filed with the Securities and Exchange Commission on May 23, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 21, 2003 and incorporated herein by reference.)</u>
3.2	<u>Articles of Amendment dated June 1, 2011 to Charter of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)</u>
3.3	<u>Bylaws of FTI Consulting, Inc., as Amended and Restated on June 1, 2011. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)</u>
3.4	<u>Amendment No. 1 to Bylaws of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)</u>
3.5	<u>Amendment No. 2 to Amended and Restated Bylaws of FTI Consulting, Inc. (Filed with the SEC on September 22, 2014 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 17, 2014 and incorporated herein by reference.)</u>
4.1	<u>Indenture, dated as of August 20, 2018, between FTI Consulting, Inc. and U.S. Bank National Association, as Trustee. (Filed with the Securities and Exchange Commission on August 20, 2018 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated August 20, 2018 and incorporated herein by reference.)</u>
4.2	<u>Form of 2.0% Convertible Senior Notes due 2023 (included in Exhibit 4.1). (Filed with the Securities and Exchange Commission on August 20, 2018 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated August 14, 2018 and incorporated herein by reference.)</u>
10.1 *	<u>FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated as of April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)</u>
10.2 *	<u>Form of Incentive Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)</u>
10.3 *	<u>Form of Restricted Stock Agreement used with 2004 Long-Term Incentive Plan, as amended. (Filed with the Securities and Exchange Commission on November 9, 2004 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and incorporated herein by reference.)</u>
10.4 *	<u>FTI Consulting, Inc. Non-Employee Director Compensation Plan established effective April 27, 2005. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)</u>
10.5 *	

Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)

10.6 \* Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)

98

---



Exhibit Number	Description of Exhibits
10.7 *	<u>Form of FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Unit Agreement. (Filed with the Securities and Exchange Commission on May 24, 2005 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 18, 2005 and incorporated herein by reference.)</u>
10.8 *	<u>Form of Nonqualified Stock Option Agreement used with 2004 Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on January 13, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4/A and incorporated herein by reference.)</u>
10.9 *	<u>Amendment to FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated Effective April 27, 2005. (Filed with the Securities and Exchange Commission on March 31, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 29, 2006 and incorporated herein by reference.)</u>
10.10 *	<u>Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. Non-Employee Director Compensation Plan. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 6, 2006 and incorporated herein by reference.)</u>
10.11 *	<u>Amendment dated as of June 6, 2006 to the FTI Consulting, Inc. 2004 Long-Term Incentive Plan, as Amended and Restated Effective as of April 27, 2005, as further amended. (Filed with the Securities and Exchange Commission on June 7, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 6, 2006 and incorporated herein by reference.)</u>
10.12 *	<u>FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on June 6, 2006 as exhibit 4.3 to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)</u>
10.13 *	<u>Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)</u>
10.14 *	<u>Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134789) and incorporated herein by reference.)</u>
10.15 *	<u>FTI Consulting, Inc. Deferred Compensation Plan for Key Employees and Non-Employee Directors. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)</u>
10.16 *	<u>Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)</u>
10.17 *	<u>Form of FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 6, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (333-134790) and incorporated herein by reference.)</u>

- 10.18 \* FTI Consulting, Inc. 2007 Employee Stock Purchase Plan. (Filed with the Securities and Exchange Commission on April 28, 2006 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)
- 10.19 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, Amended and Restated Effective October 25, 2006. (Filed with the Securities and Exchange Commission on October 26, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated October 25, 2006 and incorporated herein by reference.)
- 10.20 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix II: Australian Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)

Exhibit Number	Description of Exhibits
10.21 *	<u>FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix III: Ireland Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)</u>
10.22 *	<u>FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan/Appendix IV: United Kingdom Sub-Plan. (Filed with the Securities and Exchange Commission on December 15, 2006 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-4 (File No. 333-139407) and incorporated herein by reference.)</u>
10.23 *	<u>FTI Consulting, Inc. Non-Employee Director Compensation Plan Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)</u>
10.24 *	<u>FTI Consulting, Inc. Non-Employee Director Compensation Plan Restricted Stock Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on December 13, 2006 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 11, 2006 and incorporated herein by reference.)</u>
10.25 *	<u>FTI Consulting, Inc. Non-Qualified Stock Option Agreement under FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan. (Filed with the Securities and Exchange Commission on May 9, 2007 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.)</u>
10.27 *	<u>FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference.)</u>
10.28 *	<u>FTI Consulting, Inc. Deferred Compensation Plan For Key Employees and Non-Employee Directors Restricted Stock Unit Agreement for Non-Employee Directors Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference.)</u>
10.29 *	<u>FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement Under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on May 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference.)</u>
10.30 *	<u>Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)</u>
10.31 *	<u>Form of Stock Unit Agreement for Non-Employee Directors under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on</u>

Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)

10.32 \* Form of FTI Consulting, Inc. 2004 Long-Term Incentive Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)

10.33 \* FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan (Amended and Restated Effective as of May 14, 2008). (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)

100

---

Exhibit Number	Description of Exhibits
10.34 *	<u>Form of FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan Restricted Stock Agreement under the Non-Employee Director Compensation Plan, as Amended and Restated Effective as of February 20, 2008. (Filed with the Securities and Exchange Commission on August 7, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 and incorporated herein by reference.)</u>
10.36 *	<u>Form of Incentive Stock Option Agreement under the FTI Consulting, Inc. 2006 Global Long-Term Incentive Plan, as Amended and Restated. (Filed with the Securities and Exchange Commission on November 6, 2008 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference.)</u>
10.37 *	<u>FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 23, 2009 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement and incorporated herein by reference.)</u>
10.38 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Incentive Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.39 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.40 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.41 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Stock Unit Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.42 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Restricted Stock Agreement for Non-Employee Directors. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.43 *	<u>Form of FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Nonstatutory Stock Option Agreement. (Filed with the Securities and Exchange Commission on June 3, 2009 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 3, 2009 and incorporated herein by reference.)</u>
10.44 *	<u>FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan Cash-Based Performance Award Agreement. (Filed with the Securities and Exchange Commission on March 29, 2010 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 25, 2010 and incorporated herein by reference.)</u>
10.45 *	

FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan as Amended and Restated Effective as of June 2, 2010. (Filed with the Securities and Exchange Commission on April 23, 2010 as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement dated April 23, 2010 and incorporated herein by reference.)

10.46 \* FTI Consulting, Inc. Incentive Compensation Plan. (Filed with the Securities and Exchange Commission on April 18, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)

10.47 \* Employment Agreement dated as of December 13, 2013, by and between FTI Consulting, Inc. and Steven Gunby. (Filed with the Securities and Exchange Commission on December 16, 2013 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 13, 2013 and incorporated herein by reference.)

101

---

Exhibit Number	Description of Exhibits
10.48 *	<u>Form of Cash-Based Stock Appreciation Right Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)</u>
10.49 *	<u>Form of Cash Unit Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)</u>
10.50 *	<u>Form of Cash-Based Performance Award Agreement. (Filed with the Securities and Exchange Commission on March 27, 2014 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 26, 2014 and incorporated herein by reference.)</u>
10.51 *	<u>Form of FTI Consulting, Inc. Restricted Stock Agreement for Employment Inducement Awards to Chief Financial Officer and Chief Strategy and Transformation Officer. (Filed with the Securities and Exchange Commission on August 22, 2014 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (File No.: 333-198311) and incorporated herein by reference.)</u>
10.52 *	<u>Form of FTI Consulting, Inc. Non-Statutory Stock Option Agreement for Employment Inducement Award to Chief Financial Officer and Chief Strategy and Transformation Officer. (Filed with the Securities and Exchange Commission on August 22, 2014 as an exhibit to FTI Consulting, Inc.'s Registration Statement on Form S-8 (File No.: 333-198311) and incorporated herein by reference.)</u>
10.53 *	<u>Offer of Employment Letter dated July 15, 2014, by and between FTI Consulting, Inc. and Paul Linton. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)</u>
10.54 *	<u>Offer of Employment Letter dated July 2, 2014, by and between FTI Consulting, Inc. and Holly Paul. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)</u>
10.55 *	<u>Amendment No. 1 to Offer of Employment Letter dated July 27, 2014, by and between FTI Consulting, Inc. and Holly Paul. (Filed with the Securities and Exchange Commission on October 30, 2014 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference.)</u>
10.56 *	<u>The FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan (Amended and Restated Effective as of June 3, 2015). (Filed as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A filed with the SEC on April 21, 2015.)</u>
10.57 *	<u>Form of Non-Statutory Stock Option Award Agreement under FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan (Amended and Restated Effective as of June 3, 2015). (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)</u>

10.58 Form of Incentive Stock Option Award Agreement under FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan (Amended and Restated Effective as of June 3, 2015). (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)  
\*

10.59 Form of Restricted Stock Award [or Restricted Stock Unit] Agreement under FTI Consulting, Inc. 2009 Omnibus Incentive Compensation Plan (Amended and Restated Effective as of June 3, 2015). (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)  
\*

10.60 Security Agreement dated as of June 26, 2015, by and among FTI Consulting, Inc., the other grantors party thereto and Bank of America, N.A., as administrative agent. (Filed as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 26, 2015 filed with the SEC on June 30, 2015 and incorporated herein by reference.)  
\*\*

102

---



Exhibit Number	Description of Exhibits
10.61 **	<u>Pledge Agreement, dated as of June 26, 2015, by and among FTI Consulting, Inc., the other pledgors party thereto and Bank of America, N.A., as administrative agent. (Filed as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 26, 2015 filed with the SEC on June 30, 2015 and incorporated herein by reference.)</u>
10.62 *	<u>Employment Letter dated May 14, 2015 between FTI Consulting, Inc. and Curtis Lu. (Filed as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed with the Securities and Exchange Commission on July 30, 2015 and incorporated by reference herein.)</u>
10.63	<u>FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated as of January 1, 2016. (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)</u>
10.64	<u>Form of Deferred Restricted Stock Unit Award Agreement for Non-Employee Directors Pursuant to the FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated as of January 1, 2016. (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)</u>
10.65	<u>Form of Restricted Stock Unit Award Agreement for Non-Employee Directors Pursuant to the FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated as of January 1, 2016. (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)</u>
10.66	<u>Form of Restricted Stock [or Restricted Stock Unit] Award Agreement for Non-Employee Directors Pursuant to the FTI Consulting, Inc. Non-Employee Director Compensation Plan Amended and Restated as of January 1, 2016. (Filed with the Securities and Exchange Commission on February 25, 2016 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015 and incorporated herein by reference.)</u>
10.67 *	<u>FTI Consulting, Inc. Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A dated April 20, 2016 filed with the SEC on April 20, 2016 and incorporated herein by reference.)</u>
10.68 *	<u>Offer of Employment Letter dated as of July 5, 2016, by and between FTI Consulting, Inc. and Ajay Sabherwal. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated July 14, 2016 filed with the SEC on July 18, 2016 and incorporated herein by reference.)</u>
10.69 *	<u>Amendment No. 1 dated as of December 5, 2016 to Employment Agreement made and entered into as of December 13, 2013, by and between FTI Consulting, Inc. and Steven Gunby. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated December 5, 2016 filed with the SEC on December 5, 2016 and incorporated herein by reference.)</u>

- 10.70 \* Amendment No. 2 effective as of March 21, 2017 to Employment Agreement dated as of December 13, 2013, as amended, by and between FTI Consulting, Inc. and Steven Gunby. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 21, 2017, filed with the SEC on March 23, 2017 and incorporated herein by reference.)
- 10.71 \* Amendment No. 1 effective as of March 21, 2017 to Offer of Employment Letter dated as of July 5, 2016, by and between FTI Consulting, Inc. and Ajay Sabherwal. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 21, 2017, filed with the SEC on March 23, 2017 and incorporated herein by reference.)
- 10.72 \* Amendment No. 1 effective as of March 21, 2017 to Offer of Employment Letter dated July 15, 2014, by and between FTI Consulting, Inc. and Paul Linton. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 21, 2017, filed with the SEC on March 23, 2017 and incorporated herein by reference.)

Exhibit Number	Description of Exhibits
10.73 *	<u>Amendment No. 1 effective as of March 21, 2017 to Employment Letter dated May 14, 2015, by and between FTI Consulting, Inc. and Curtis Lu. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 21, 2017, filed with the SEC on March 23, 2017 and incorporated herein by reference.)</u>
10.74 *	<u>Amendment No. 2 effective as of March 21, 2017 to Offer of Employment Letter dated July 15, 2014, by and between FTI Consulting, Inc. and Holly Paul. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated March 21, 2017, filed with the SEC on March 23, 2017 and incorporated herein by reference.)</u>
10.75 *	<u>FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan (Effective as of June 7, 2017). (Included as Appendix A to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A filed on April 25, 2017 and incorporated herein by reference.)</u>
10.76 *	<u>Form of Executive Long-Term Incentive Pay Restricted Stock Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.77 *	<u>Form of Executive Long-Term Incentive Pay Incentive Stock Option Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.78 *	<u>Form of Executive Long-Term Incentive Pay Performance-Based Restricted Stock Unit Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.79 *	<u>Form of General Restricted Stock Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.80 *	<u>Form of General Restricted Stock Unit Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.81 *	<u>Form of General Incentive Stock Option Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.82 *	<u>Form of General Nonstatutory Stock Option Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on</u>

July 27, 2017 and incorporated herein by reference.)

10.83 \* Form of General Performance-Based Restricted Stock Unit Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)

10.84 \* Form of General Cash Unit Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)

104

---

Edgar Filing: FTI CONSULTING INC - Form 10-K

Exhibit Number	Description of Exhibits
10.85 *	<u>Form of General Cash-Based Stock Appreciation Right Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.86 *	<u>Form of General Cash-Based Performance Unit Award Agreement under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.87 *	<u>Form of Restricted Stock Award Agreement for Non-Employee Directors under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.88 *	<u>Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.89 *	<u>Form of Deferred Stock Unit Award Agreement for Non-Employee Directors under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.90 *	<u>Form of Deferred Restricted Stock Unit Award Agreement for Non-Employee Directors under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the SEC on July 27, 2017 and incorporated herein by reference.)</u>
10.91 *	<u>Amendment No. 3 dated March 16, 2018 to that Employment Agreement dated as of December 13, 2013, by and between FTI Consulting, Inc. and Steven H. Gunby. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on April 26, 2018 and incorporated herein by reference.)</u>
10.92 **	<u>Amendment and Restatement Agreement, dated as of November 30, 2018, among FTI Consulting, Inc., a Maryland corporation, the Subsidiaries of the Company party thereto, as Guarantors, the Lenders and L/C Issuers party thereto and Bank of America, N.A., as administrative agent (including Annex C-Amended and Restated Credit Agreement dated as of November 30, 2018), by and among FTI Consulting, Inc., the designated borrowers party thereto, the guarantors party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent. (Filed with the Securities and Exchange Commission on December 3, 2018 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated November 30, 2018 and incorporated herein by reference.)</u>
11.1 †	<u>Computation of Earnings per Share (included in Note 3 to the Consolidated Financial Statements included in Part II, Item 8 herein).</u>

- 14.0 † FTI Consulting, Inc. Code of Ethics and Business Conduct, as Amended and Restated effective February 21, 2018.
- 21.1 † Subsidiaries of FTI Consulting, Inc.
- 23.0 † Consent of KPMG LLP.
- 31.1 † Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002).
- 31.2 † Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002).

Exhibit Number	Description of Exhibits
32.1 †	<u>Certification of Principal Executive Officer Pursuant to 18 USC, Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).</u>
32.2 †	<u>Certification of Principal Financial Officer Pursuant to 18 USC, Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).</u>
99.1	<u>Policy on Disclosure Controls, as Amended and Restated Effective as of January 1, 2016. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 28, 2017 and incorporated herein by reference.)</u>
99.2	<u>Policy on Inside Information and Insider Trading, as Amended and Restated Effective January 1, 2016. (Filed with the Securities and Exchange Commission as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 28, 2017 and incorporated herein by reference.)</u>
99.3 †	<u>Corporate Governance Guidelines, as last Amended and Restated Effective as of September 20, 2018.</u>
99.4	<u>Categorical Standards of Director Independence, as last Amended and Restated Effective as of February 25, 2009. (Filed with the Securities and Exchange Commission on February 28, 2013 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012 and incorporated herein by reference.)</u>
99.5	<u>Charter of Audit Committee of the Board of Directors, as last Amended and Restated Effective as of February 23, 2011. (Filed with the Securities and Exchange Commission on April 18, 2011 as an exhibit to FTI Consulting, Inc.'s Definitive Proxy Statement on Schedule 14A and incorporated herein by reference.)</u>
99.6	<u>Charter of the Compensation Committee of the Board of Directors, as last Amended and Restated Effective as of February 27, 2013. (Filed with the Securities and Exchange Commission on May 9, 2013 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 and incorporated herein by reference.)</u>
99.7	<u>Charter of the Nominating and Corporate Governance Committee, as last Amended and Restated Effective as of December 16, 2009. (Filed with the Securities and Exchange Commission on February 26, 2010 as an exhibit to FTI Consulting, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.)</u>
99.8	<u>Anti-Corruption Policy, as Amended and Restated Effective February 19, 2014. (Filed with the Securities and Exchange Commission on May 2, 2014 as an exhibit to FTI Consulting, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and incorporated herein by reference.)</u>
101	The following financial information from the Annual Report on Form 10-K of FTI Consulting, Inc. for the year ended December 31, 2018, filed herewith, and formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Comprehensive Income; (iii) Consolidated Statements of Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

\* Management contract or compensatory plan or arrangement.

† Filed herewith.

\*\* With certain exceptions, annexes, exhibits and schedules (or similar attachments) to the Amendment and Restatement Agreement and exhibits and Schedules to the Amended and Restated Credit Agreement are not filed. FTI Consulting, Inc. will furnish supplementally a copy of any omitted annex, exhibit or schedule to the Securities and Exchange Commission upon request.

ITEM 16. FORM 10-K SUMMARY

None.

106

---



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized this 26th day of February 2019.

FTI CONSULTING, INC.

By: /s/ STEVEN H. GUNBY

Name: Steven H. Gunby

Title: President and Chief Executive Officer

SIGNATURE	CAPACITY IN WHICH SIGNED	DATE
/s/ STEVEN H. GUNBY Steven H. Gunby	President, Chief Executive Officer and Director (Principal Executive Officer)	February 26, 2019
/s/ AJAY SABHERWAL Ajay Sabherwal	Chief Financial Officer and Interim Chief Accounting Officer (Principal Financial and Accounting Officer)	February 26, 2019
/s/ GERARD E. HOLTHAUS Gerard E. Holthaus	Director and Chairman of the Board	February 26, 2019
/s/ BRENDA J. BACON Brenda J. Bacon	Director	February 26, 2019
/s/ MARK S. BARTLETT Mark S. Bartlett	Director	February 26, 2019
/s/ CLAUDIO COSTAMAGNA Claudio Costamagna	Director	February 26, 2019
Vernon Ellis	Director	February , 2019
/s/ NICHOLAS C. FANANDAKIS Nicholas C. Fanandakis	Director	February 26, 2019
/s/ LAUREEN E. SEEGER Laureen E. Seeger	Director	February 26, 2019