

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.

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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.

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

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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

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(“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:

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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;

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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

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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

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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,

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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.

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**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

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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.

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**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

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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

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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.

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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

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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

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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

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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.

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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,

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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.

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### 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.

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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

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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 <sup>(3)</sup>
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).

<sup>(2)</sup> 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.

<sup>(3)</sup> 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)				
Income Statement Data					
Revenues	\$2,027,877	\$1,807,732	\$1,810,394	\$1,779,149	\$1,756,212
Operating Expenses					
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
Weighted average number of common shares outstanding					
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		