

FTI CONSULTING INC  
Form DEF 14A  
April 11, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )**

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- [X] Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Rule §240.14a-12

FTI CONSULTING, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

- o Fee paid previously with preliminary materials.

Edgar Filing: FTI CONSULTING INC - Form DEF 14A

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

SEC 1913 (04-05)

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

---

**500 East Pratt Street, Suite 1400  
Baltimore, Maryland 21202  
(410) 951-4800**

April 11, 2007

Dear Stockholder:

You are cordially invited to attend the 2007 Annual Meeting of Stockholders of FTI Consulting, Inc. on May 16, 2007, at 9:30 a.m., EDT, at its executive office located at 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202.

Enclosed with this letter is a Notice of the Annual Meeting, a Proxy Statement, a proxy card and a return envelope. Both the Notice of the Annual Meeting and the Proxy Statement provide details of the business that we will conduct at the Annual Meeting and other information about FTI Consulting, Inc. At the Annual Meeting, we will ask you to:

- Elect four Class II directors;
- Ratify the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- Transact any other business that is properly presented at the Annual Meeting.

Your vote is important. Whether or not you plan to attend this meeting, we urge you to vote. We invite you to use the convenience of Internet voting at the site indicated on the enclosed proxy card. Alternatively, you are urged to vote by signing, dating and promptly returning the proxy card in the enclosed prepaid return envelope, or follow the instructions provided for voting by telephone. Your proxy will be voted at the Annual Meeting in accordance with your instructions. If you do not specify a choice on one of the proposals described in this Proxy Statement, your proxy will be voted as recommended by the Board of Directors. If you hold your shares through an account with a brokerage firm or other nominee or fiduciary such as a bank, please follow the instructions you receive from it to vote your shares. Of course, if you attend the Annual Meeting you may vote in person. If you plan to attend the meeting, please mark the appropriate box on the enclosed proxy card. You may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Sincerely,

JACK B. DUNN, IV  
*President and Chief Executive Officer*

---

**FTI CONSULTING, INC.**  
**NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS**

Date: May 16, 2007

Time: 9:30 a.m., EDT

Place: FTI Consulting, Inc., Executive Office, 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202

Dear Stockholder:

At the Annual Meeting, we will ask you to:

- Elect four Class II directors;
- Ratify the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- Transact any other business that is properly presented at the Annual Meeting.

The Board of Directors recommends a vote **FOR** the election of each of the nominees for Class II director and **FOR** the ratification of the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007.

Stockholders of record at the close of business on March 16, 2007, will be entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement. We began mailing this Notice of Annual Meeting, the Proxy Statement and form of proxy to stockholders on or about April 11, 2007. On April 11, 2007, we also began sending FTI Consulting, Inc.'s 2006 Annual Report to stockholders of record at the close of business on March 16, 2007.

By Order of the Board of Directors,

JOANNE F. CATANESE  
*Associate General Counsel and Secretary*  
April 11, 2007

**YOUR VOTE AT THE ANNUAL MEETING IS IMPORTANT**

**We invite you to utilize the convenience of Internet voting at the site indicated on the enclosed proxy card. Alternatively, we encourage you to vote by completing and signing the enclosed proxy card and returning it in the enclosed envelope as soon as possible, even if you plan to attend the meeting, or follow the instructions provided for voting via telephone. If you have questions about voting your shares, please contact our Corporate Secretary at FTI Consulting, Inc., 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202, Telephone No. (410) 951-4800. If you decide to change your vote, you may revoke your proxy in the manner described in the Proxy Statement, at any time before it is voted.**

---

**TABLE OF CONTENTS**

	Page
Proxy Statement for Annual Meeting	1
Information About the 2007 Annual Meeting and Voting	2
Additional Information	5
Proposals to be Presented at the Annual Meeting	6
Proposal No. 1 □ Election of Four Class II Directors	6
Proposal No. 2 □ Ratify the Appointment of KPMG LLP as FTI Consulting, Inc.'s Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2007	7
Information About the Board of Directors and Committees	8
Independence of Directors	8
Information About the Nominees for Class II Director and the Other Directors	9
Director Attendance at Meetings	14
Committees of the Board	14
Nominating and Corporate Governance Committee □ Director Nomination Process	19
Compensation of Non-Employee Directors and Stock Ownership Guidelines	21
Corporate Governance	24
Governance Principles	24
Presiding Director	24
Code of Conduct	25
Stockholder Nominees for Director	25
Communications with Non-Management Directors	26
Security Ownership of Certain Beneficial Owners and Management	26
Executive Officers and Compensation	30
Executive Officers	30
Compensation Discussion and Analysis	32
Compensation Committee Report	45
Summary Compensation Table	46
Equity Compensation Plans	48
Employment Agreements and Potential Termination and Change in Control Payments	54
2006 Amendments to 2004 Long-Term Incentive Plan and 2006 Global Long-Term Incentive Plan	70
Certain Relationships and Related Party Transactions	71
Report of the Audit Committee of the Board of Directors	71
Principal Accountant Fees and Services	73
Section 16(a) Beneficial Ownership Reporting Compliance	75
Proposals for the 2008 Annual Meeting	75
Appendix A □ Charter of Audit Committee	A-1
Appendix B □ Charter of the Compensation Committee	B-1
Appendix C □ Charter of the Nominating and Corporate Governance Committee	C-1

**500 East Pratt Street, Suite 1400  
Baltimore, Maryland 21202  
(410) 951-4800**

April 11, 2007

---

**PROXY STATEMENT FOR ANNUAL MEETING**

---

This Proxy Statement provides information that you should read before you vote on the proposals that will be presented to you at the 2007 Annual Meeting of Stockholders of FTI Consulting, Inc. The 2007 Annual Meeting

## Edgar Filing: FTI CONSULTING INC - Form DEF 14A

will be held on May 16, 2007, at 9:30 a.m., EDT, at FTI Consulting, Inc.'s executive office, located at 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202.

On April 11, 2007, we began mailing this Proxy Statement and proxy to people who, according to our records, owned shares of our common stock at the close of business on March 16, 2007. On April 11, 2007, we also began sending FTI Consulting, Inc.'s 2006 Annual Report to stockholders of record at the close of business on March 16, 2007.

---

### INFORMATION ABOUT THE 2007 ANNUAL MEETING AND VOTING

#### **Why am I receiving these proxy materials?**

The Board of Directors of FTI Consulting, Inc., a Maryland corporation, is providing these proxy materials to you in connection with our Annual Meeting of Stockholders, which will take place on Wednesday, May 16, 2007. As a stockholder, you are invited to attend the annual meeting and are entitled to and requested to vote on the items of business described in this Proxy Statement.

#### **What information is contained in this Proxy Statement?**

The information in this Proxy Statement relates to the proposals to be voted on at the 2007 Annual Meeting of Stockholders, the voting process, the nominees for Class II director, our Board and Board Committees, the compensation of non-employee directors and our chief executive officer, chief financial officer and other three most highly paid executive officers for fiscal 2006, and certain other information we are required to provide to you. We have summarized information in this Proxy Statement that you should consider in deciding how to vote on the proposals being submitted to a vote of our stockholders at this meeting.

#### **Who is soliciting my proxy?**

We are sending you this Proxy Statement because our Board of Directors is seeking a proxy to vote your shares of common stock at our 2007 Annual Meeting of Stockholders, because you were a stockholder at the close of business on March 16, 2007, the record date, and are entitled to vote at the meeting. This Proxy Statement is intended to assist you in deciding how to vote your shares. On April 11, 2007, we began mailing this Proxy Statement to all people who, according to our stockholder records, owned shares of our common stock at the close of business on March 16, 2007.

#### **When and where will we hold the 2007 Annual Meeting of Stockholders?**

Our 2007 Annual Meeting of Stockholders will be held on Wednesday, May 16, 2007 at 9:30 a.m., EDT, at FTI Consulting, Inc.'s executive office, which is located at 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202, Telephone No. (410) 951-4800.

#### **Who pays the costs of the proxy solicitation?**

We will pay the cost of soliciting proxies. Proxies may be solicited by our directors, officers or employees, in person or by telephone, facsimile or other electronic means or letter. In accordance with the regulations of the Securities and Exchange Commission, or SEC, and the New York Stock Exchange, or NYSE, we also will reimburse brokerage firms and other nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of our common stock as of the record date.

#### **How many votes must be present to hold the 2007 Annual Meeting of Stockholders?**

On March 16, 2007, the record date for the 2007 Annual Meeting of Stockholders, 42,558,138 shares of our common stock were issued and outstanding. A quorum must be present at the Annual Meeting in order to transact business. A quorum will be present if a majority of the shares of common stock entitled to vote are represented at the Annual Meeting, either in person or by proxy. If a quorum is not present, a vote cannot occur, in which case the Annual Meeting may be adjourned until such time as a quorum is present. In deciding whether a quorum is present, abstentions and "broker non-votes" will be counted as shares of common stock that are

represented at the Annual Meeting.

---

### What items of business will be voted on at the Annual Meeting?

At the Annual Meeting, we will ask you to:

- Elect four Class II directors;
- Ratify the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- Transact any other business that is properly presented at the Annual Meeting.

### How do I vote my shares?

You have one vote for each share of our common stock that you owned of record at the close of business on March 16, 2007. The number of shares you own (and may vote at the Annual Meeting) is listed on the enclosed proxy card.

If your common stock is held by a broker/fiduciary/nominee, you will receive instructions from that entity that you must follow in order to have your shares voted. If you hold your shares through an account with a broker/fiduciary/nominee, your ability to vote your shares by telephone or over the Internet depends on its voting procedures. Your broker/fiduciary/nominee may be participating in a program provided through ADP Investor Communication Services that allows you to vote via telephone and over the Internet. If so, please follow the instructions that your broker/fiduciary/nominee will provide.

If you hold your shares in your own name as a holder of record you may vote your shares of our common stock at the Annual Meeting as follows:

- **How can I vote in person?** To vote in person, you must attend the Annual Meeting and submit a ballot. Ballots for voting in person will be available at the Annual Meeting.
- **How can I vote by Internet?** We encourage you to use our convenient Internet voting system, which you can access and use whether you live in the United States or elsewhere. The website for Internet voting is printed on the proxy card, which is enclosed. Internet voting is available 24 hours a day until 11:59 p.m., EDT, on May 15, 2007. You will be given the opportunity to confirm that your instructions have been properly recorded. If you vote via the Internet, please do **NOT** return your proxy card.
- **How can I vote by mail?** To vote by mail, you must complete, sign and return the enclosed proxy card in the accompanying pre-addressed envelope. By completing, signing and returning the proxy card, you will be directing the person or persons designated on the proxy card as your proxies to vote your shares of common stock at the Annual Meeting in accordance with the instructions you give on the proxy card. **IF YOU DECIDE TO VOTE BY MAIL, YOUR PROXY CARD WILL BE VALID ONLY IF YOU COMPLETE, SIGN, DATE AND RETURN IT BEFORE THE ANNUAL MEETING DATE.**
- **How can I vote by telephone?** If you are a registered "record" stockholder, meaning that you hold your shares in certificate form or through an account with our transfer agent, American Stock Transfer & Trust Company, you may also vote by telephone by calling the toll-free number printed on your proxy card. Telephone voting is available 24 hours a day until 11:59 P.M., EDT, on May 15, 2006. If you vote by telephone, please do **NOT** return your proxy card.

### What does it mean if I received more than one proxy card or instruction form?

If you receive more than one proxy card or instruction form, it means that you have multiple accounts with our transfer agent and/or a broker/fiduciary/nominee or you may hold shares in different ways or in multiple names

(e.g., joint tenancy, trusts and custodial accounts). Please vote all of your shares.

**Will my shares be voted if I do not complete, sign and return my proxy card or instruction form?**

If you are a registered record stockholder and do not provide your fully completed proxy by mail or vote by telephone or the Internet, you must attend the Annual Meeting in order to vote.

3

---

If your shares are held in a brokerage account or by another nominee or fiduciary, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction form on behalf of your broker/fiduciary/nominee. Brokerage firms and other fiduciaries or nominees are required to request voting instructions for shares they hold on behalf of customers and others. As the beneficial owner, you have the right to direct your broker/fiduciary/nominee how to vote and you are also invited to attend the Annual Meeting. We encourage you to provide instructions to your broker/fiduciary/nominee to vote your shares. Since a beneficial owner is not the record stockholder, you may not vote the shares in person at the Annual Meeting unless you obtain a legal proxy from the broker/fiduciary/nominee that holds your shares, giving you the right to vote the shares at the meeting.

Even if you do not provide voting instructions on your instruction form, if you hold shares through an account with a broker/fiduciary/nominee, your shares may be voted. Brokerage firms have the authority under NYSE rules to vote shares for which their customers do not provide voting instructions on certain routine matters. The election of directors and ratification of the appointment of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2007 are considered routine matters for which brokerage firms and other nominees or fiduciaries may vote without specific instructions. When a proposal is not considered routine and the broker/fiduciary/nominee has not received voting instructions from the beneficial owner of the shares with respect to such proposal; such firm cannot vote the shares on that proposal. Shares of common stock that a broker/fiduciary/nominee is not authorized to vote are counted as broker non-votes.

Under the rules of the NYSE, brokers holding stock for the accounts of their clients who have not been given specific voting instructions are allowed to vote on *Proposals 1 and 2*.

**How will my shares of FTI common stock be voted if I do not specify my voting instructions on the proxy card?**

If you sign and return the proxy card but do not complete voting instructions for a proposal, then your shares will be voted with respect to such proposal by the named proxies as follows:

- **FOR** the election of each of the four nominees for Class II director;
- **FOR** the ratification of the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007; and
- In accordance with the best judgment of the named proxies on any other matter properly brought before the meeting.

**What if I change my mind?**

You may change your vote at any time prior to the vote at the Annual Meeting. You may change your vote in any one of four ways:

- You may notify our Corporate Secretary in writing that you wish to revoke your proxy.
- You may submit a proxy dated later than your original proxy.
- You may attend the Annual Meeting and vote. Merely attending the Annual Meeting will not by itself revoke a proxy. You must submit a ballot and vote your shares of our common stock at the Annual

Meeting.

- For shares you hold beneficially or in street name, you may change your vote by submitting a later dated proxy to your broker/nominee/fiduciary, or if you obtained a legal proxy from your broker/nominee/fiduciary giving you the right to vote your shares, by attending the meeting and voting in person.

4

---

## How many votes will be needed to approve each of this year's proposals?

### Proposal 1: Election of four Class II Directors

The four nominees for election as Class II directors who receive the highest number of **FOR** votes will be elected as directors. This number is called a "plurality." If you do not vote for a particular nominee, or you indicate "withhold authority to vote" for a particular nominee on your proxy card, your non-votes or withholding of authority and broker non-votes will not count as votes cast either for or against the nominee, and will have no impact on the election of a director.

### Proposal 2: Ratify the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007

Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007 requires a majority of the votes cast at the Annual Meeting be voted **FOR** this Proposal. Abstentions and broker non-votes will not be counted as votes cast either for or against the Proposal.

## How does the Board recommend that I vote?

Our Board of Directors recommends that you vote your shares:

- **FOR** the election of each of the four nominees for Class II director; and
- **FOR** the ratification of the appointment of KPMG LLP as FTI Consulting, Inc.'s independent registered public accounting firm for the fiscal year ending December 31, 2007.

## How can I obtain the Company's corporate governance information?

The FTI home page is [www.fticonsulting.com](http://www.fticonsulting.com). You may also go directly to <http://www.fticonsulting.com/web/about/Governance.html> for the following information which is also available in print, with no charge, to any stockholder who requests it by contacting our Corporate Secretary at FTI Consulting, Inc., 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202, Telephone No. (410) 951-4800:

- Policies of the Board, including, its Corporate Governance Guidelines and Categorical Standards of Director Independence;
- Committee Charters for the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee; and
- Other Policies of the Company, including, our Policy on Conflicts of Interest; Policy on Disclosure Controls; Policy on Ethics and Business Conduct; Policy Statement on Inside Information and Insider Trading; Internal Audit Charter and Whistleblower Policy.

## ADDITIONAL INFORMATION

On April 11, 2006, we began sending our Annual Report to Stockholders for the fiscal year ended December 31, 2006, including our consolidated financial statements, to all stockholders entitled to vote at this Annual Meeting. The Annual Report does not constitute a part of the proxy solicitation material. The Annual Report



provides you with additional information about FTI.

You may access our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and other information on our website at: <http://investor.fticonsulting.com/edgar.cfm>. Alternatively, you may request a free copy of the Form 10-K and other periodic reports and materials filed with the SEC by contacting our Corporate Secretary at FTI Consulting, Inc., 500 East Pratt Street, Suite 1400, Baltimore, Maryland 21202, Telephone No. (410) 951-4800. We will also furnish without charge copies of the exhibits and schedules to the Form 10-K for the fiscal year ended December 31, 2006 if specifically requested.

---

## PROPOSALS TO BE PRESENTED AT THE ANNUAL MEETING

We will present the following two proposals at the 2007 Annual Meeting. We have described in this Proxy Statement all the proposals that we expect will be made at the Annual Meeting. If we or a stockholder properly presents any other proposal at the meeting, we will, to the extent permitted by applicable law, use your proxy to vote your shares of common stock on the proposal in our best judgment.

### PROPOSAL NO. 1 ELECTION OF FOUR CLASS II DIRECTORS

Our Board of Directors is divided into three classes. We currently have ten directors, with Class I and III each having three directors and Class II having four directors. The members of each class are elected for three-year terms. The terms of each class expire at successive meetings so that stockholders elect one class of directors at each annual meeting. Class II directors will stand for election by stockholders at the 2007 Annual Meeting. The terms of the Class I directors and Class III directors will expire at the annual meetings of stockholders to be held in 2009 and 2008, respectively.

There are four nominees for election to our Board as Class II directors. Upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the following persons for election as Class II directors at the Meeting:

Brenda J. Bacon

James W. Crownover

Dennis J. Shaughnessy

George P. Stamas

Dennis J. Shaughnessy and George P. Stamas currently are members of Class II and have been directors of the Company since 1992. Mr. Crownover and Ms. Bacon were appointed by the Board in 2006 to fill vacancies. See Information About the Board of Directors and Committees-Nominating and Corporate Governance Committee  Director Nomination Process for a discussion of the director identification and appointment and nomination process.

The Board has affirmatively concluded that Mr. Crownover and Ms. Bacon qualify as independent directors under our Categorical Standards of Director Independence and the independence standards established under Section 303A of the NYSE corporate governance rules. The Board has affirmatively concluded that George P. Stamas, a partner with Kirkland & Ellis LLP, is not independent in light of the legal services provided by Kirkland & Ellis to the Company and anticipated future services. More detailed information about the Board's determination of director independence is provided in the section of this Proxy Statement titled Information About the Board of Directors and Committees  Independence of Directors and Information About the Board of Directors and Committees  Nominating and Corporate Governance Committee - Director Nomination Process.

Each nominee, if elected, will serve for a three-year term until the annual meeting of stockholders in 2010. We do not know any reason why any nominee would be unable to serve as a director. If any of the nominees cannot serve for any reason (which is not anticipated), the Nominating and Corporate Governance Committee

may identify and recommend a candidate or candidates to the Board as a potential substitute nominee or nominees. If that happens, we will vote all valid proxies for the election of the substitute nominee or nominees designated by the Board. The Board may also decide to leave any such Board seat or seats vacant until a suitable candidate or candidates is identified, or it may decide to reduce the size of the Board. More detailed information about each of the nominees is provided in the section of this Proxy Statement titled "Information About the Board of Directors and Committees" Information About the Nominees for Class II Director and Other Directors.

**The Board of Directors Unanimously Recommends That You Vote FOR the Election of All the Nominees as Class II Directors.**

6

---

**PROPOSAL NO. 2 " RATIFY THE APPOINTMENT OF KPMG LLP AS FTI CONSULTING, INC.'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2007**

The Audit Committee has appointed the firm of KPMG LLP as the independent registered public accounting firm to audit the Company's books and accounts for the fiscal year ending December 31, 2007. We are seeking the stockholders' ratification of that action.

KPMG has served as the Company's independent registered public accounting firm since 2006. Its representative will be present at the annual meeting and will have the opportunity to make a statement if he desires to do so and to respond to appropriate questions asked by stockholders. See "Principal Accountant Fees and Services" for a description of the fees paid to KPMG LLP for the fiscal year ended December 31, 2006, and other matters relating to the procurement of services.

KPMG LLP has confirmed to the Audit Committee and us that it complies with all rules, standards and policies of the Public Company Accounting Oversight Board (PCAOB), the Independence Standards Board (ISB) and the SEC governing auditor independence.

**The Board of Directors Unanimously Recommends That You Vote FOR Proposal No. 2.**

7

---

**INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES**

**INDEPENDENCE OF DIRECTORS**

For a director to be considered independent, the Board must affirmatively determine that the director does not have any direct or indirect material relationship with us or our subsidiaries, and is not otherwise automatically disqualified by the NYSE independence standards. The Board has established Categorical Standards of Director Independence, which recognize that a director is "independent" if he or she does not have a material relationship with us (directly or as a partner, stockholder or officer of an organization that has a relationship with us). In connection with, and to assist in making, that determination, the Categorical Standards of Director Independence require the Board to consider whether a director meets the following categorical standards: (i) during the past three years, we have not employed the director and have not employed (except in a non-officer capacity) any of his or her immediate family members (as defined under Section 303A of the NYSE corporate governance rules); (ii) (A) neither the director or any member of his or her immediate family is a current partner of a firm that is our internal or external auditor; (B) the director is not a current employee of a firm that is our internal or external auditor; (C) no immediate family member of a director participates in the audit, assurance or tax compliance (but not tax planning) practice of a firm that is our internal or external auditor; or (D) neither the director or any member of his or her immediate family within the last three years (but no longer is) a partner or employee of a firm that is our internal or external auditor and personally worked on our audit within that time; (iii) during the past three years, neither the director or any of his or her immediate family members has been employed as an executive officer of another company where any of our present executives serve on such other company's compensation committee; (iv) during the past three years, neither the director nor any of his immediate family members has received more than \$100,000 per year in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such

## Edgar Filing: FTI CONSULTING INC - Form DEF 14A

compensation is not contingent in any way on continued service); (v) the director has not served as an executive officer or employee, and none of his or her immediate family members has served as an executive officer, of a company that makes payments to, or receives payments from, us for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1.0 million or 2% of such other company's consolidated gross revenues; provided, that, such restriction shall not apply if three years have passed since such payments fell below the threshold; (vi) the director is not an employee, officer, director or trustee of a foundation, university or other non-profit organization to which we give, directly or indirectly, through the provision of services, more than the greater of \$1.0 million or 2% of the organization's consolidated gross revenues in any fiscal year; provided, that, such restriction shall not apply if three years have passed since such charitable contributions by us fell below the threshold; and (vii) considering all facts and circumstances that the Board determines are relevant, the director does not, directly or indirectly, have a material relationship with us.

At its meeting held on February 14, 2007, the Board determined that each of the following non-employee directors and nominees for director satisfy the independence requirements set forth in the Categorical Standards of Director Independence and Section 303A of the NYSE corporate governance rules. Our Categorical Standards of Director Independence are available on our website at <http://www.fticonsulting.com/web/about/Governance.html>.

(1)	Brenda J. Bacon	(5)	Gerard E. Holthaus
(2)	Mark H. Berey	(6)	Matthew F. McHugh
(3)	Denis J. Callaghan	(7)	Gary C. Wendt
(4)	James W. Crownover		

In concluding that Brenda J. Bacon is independent, the Board considered that Ms. Bacon is president and chief executive officer of Brandywine Senior Living, a company that is owned by a private equity firm affiliated with Warburg Pincus who is one of our clients. Sales to Warburg Pincus amount to less than the greater of \$1.0 million or 2% of that firm's consolidated gross revenues during each of 2006, 2005 and 2004. In concluding that Gerard E. Holthaus is independent, the Board considered that Mr. Holthaus, president and chief executive officer of Williams Scotsman International, Inc., has advised the Board that Williams Scotsman intends to engage us to provide strategic business and financial communications consulting services. Sales to Williams Scotsman in 2007 will be less than the greater of \$1.0 million or 2% of that company's consolidated gross revenues during 2007.

8

---

Jack B. Dunn, IV and Dennis J. Shaughnessy do not qualify as independent directors because they are executive officers of the Company. The Board has affirmatively determined that George P. Stamas, a partner with Kirkland & Ellis LLP, is not independent. Although sales to and purchases from Kirkland & Ellis amount to less than the greater of \$1.0 million or 2% of that firm's revenues during 2006, 2005 and 2004, the Board reached its conclusion based on the nature of the legal services provided by Kirkland & Ellis to the Company and anticipated future services.

In 2006 and during the preceding three years, we have not made charitable contributions to any organization in which a director serves as an employee, officer, director or trustee, which in any single year exceeded the greater of \$1.0 million or 2% of such organizations gross revenues.

### **INFORMATION ABOUT THE NOMINEES FOR CLASS II DIRECTOR AND THE OTHER DIRECTORS**

Each of Brenda J. Bacon, James W. Crownover, Dennis J. Shaughnessy and George P. Stamas is currently a Class II director. The Class II nominees were recommended for nomination by the Nominating and Corporate Governance Committee, and nominated by the full Board on February 14, 2007. See "Proposal 1 - Election of Four Class II Directors" and "Information About the Board of Directors and Committees - Nominating and Corporate Governance Committee - Director Nomination Process" in this Proxy Statement for additional information.

Edgar Filing: FTI CONSULTING INC - Form DEF 14A

Information about the nominees for Class II director and the other directors is set forth below:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation and Business Experience</b>	<b>Committees of FTI Board</b>	<b>Other Public Company Directorships</b>
<b>Nominees for Election as Class II Directors</b>					
Brenda J. Bacon	56	2006	Since July 2004, Ms. Bacon has been President and CEO of Brandywine Living, a company she co-founded in 1996. From May 2003 to July 2004, Ms. Bacon was its President and Chief Operating Officer. From 1989 to 1993, Ms. Bacon served as Chief of Management and Planning, a cabinet-level position under New Jersey Governor James J. Florio, where she oversaw all health care and human services reform efforts and departments, and served as a senior advisor to the Governor. In addition, in 1993, Ms. Bacon spent several weeks in Washington on loan to the Presidential Transition Team for the transition of the Department of Health and Human Services.	Nominating and Corporate Governance Committee	None

9

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation and Business Experience</b>	<b>Committees of FTI Board</b>	<b>Other Public Company Directorships</b>
<b>Nominees for Election as Class II Directors</b>					
James W. Crownover	63	2006	Mr. Crownover had a 30-year career with McKinsey & Company, Inc. when he retired in 1998. He headed McKinsey's Southwest practice for many years, and also co-headed the firm's worldwide energy practice. In addition, he served as a member of McKinsey's Board of Directors. Mr. Crownover also is Chairman of Rice University's Board of Trustees.	Audit Committee Nominating and Corporate Governance Committee	Chemtura Corporation Director and a member of the Organization, Compensation and Governance and Safety, Health and Environment Committees  Weingarten Realty Investors (a REIT) - Director and member of Audit (Chair) and Governance Committees

Edgar Filing: FTI CONSULTING INC - Form DEF 14A

					Allied Waste Industries, Inc. Director and a member of its Governance (Chair) and Audit Committees
Dennis J. Shaughnessy	59	1992	Since October 2004, Mr. Shaughnessy has been our executive Chairman of the Board. From 1989 to October 2004, Mr. Shaughnessy was a General Partner of Grotech Capital Group, Inc., a private equity firm. He continues to be a non-voting special general partner of certain partnerships affiliated with Grotech Capital Group. Prior to becoming a General Partner of Grotech Capital Group in 1989, Mr. Shaughnessy was the Chief Executive Officer of CRI International, Inc.	None	TESSCO Technologies, Inc. - Director and a member of the Compensation and Nominating Committees

10

Name	Age	Director Since	Principal Occupation and Business Experience	Committees of FTI Board	Other Public Company Directorships
<b>Nominees for Election as Class II Directors</b>					
George P. Stamas	55	1992	Since 2002, Mr. Stamas has been a Partner of the international law firm of Kirkland & Ellis LLP. He is also a Venture Partner of New Enterprise Associates, a venture capital firm. From 1999 to January 2002, Mr. Stamas was Vice Chairman of the Board of Directors of Deutsche Bank Securities Inc. He is a limited partner of the Baltimore Orioles L.P., the Washington Capitals and the Washington Wizards.	None	NexCen Brands, Inc. - Director

**Class I Directors**

Denis J. Callaghan	64	2000	Mr. Callaghan retired from Deutsche Bank Securities Inc. in February 2000, where he was the Director of North American Equity Research. Prior to becoming Director of Equity Research in 1992, Mr. Callaghan was responsible for the Insurance and Financial	Compensation Committee  Nominating and Corporate Governance Committee	None
--------------------	----	------	--	---	------

Edgar Filing: FTI CONSULTING INC - Form DEF 14A

			Services Research Groups of Alex. Brown & Sons Incorporated.		
Matthew F. McHugh	68	2005	Congressman McHugh, after retiring from Congress, was a senior advisor at The World Bank, acting as senior counselor to the President from May 1993 to June 2005, as an employee until December 2000, and beginning in December 2000 as a consultant. From 1975 to 1992, Congressman McHugh was a U.S. Representative in Congress for the 27 <sup>th</sup> and 28 <sup>th</sup> congressional Districts of New York. He was also a member of the House Appropriations Committee and House Permanent Select Committee on Intelligence from 1985 to 1990. In 1991, he was appointed Acting Chairman of the Committee on Standards of Official Conduct.	Compensation Committee  Nominating and Corporate Governance Committee (Chair)	None

11

Name	Age	Director Since	Principal Occupation and Business Experience	Committees of FTI Board	Other Public Company Directorships
<b>Class I Directors</b>					
Gary C. Wendt	64	2006	Mr. Wendt was the Chairman and Chief Executive Officer of GE Capital Services from June 1985 to January 1999. In 1999, Mr. Wendt founded two businesses in India, EXL, a back-office service company that was subsequently sold to a private equity advisor, and GW Capital Advisors, which subsequently became India Value Funds Advisors. From June 2000 to September 2002, Mr. Wendt served as President and Chief Executive Officer of Conseco, Inc. ( Conseco ). During his term as an officer of Conseco, Conseco filed for Chapter 11 bankruptcy protection. From March 2001 to present, Mr. Wendt has been Chairman of India Value Fund Advisors, a private equity fund manager in India.	Audit Committee  Compensation Committee (Chair)	Covansys Corporation Director and member of the Compensation (Chair) and Nominating and Corporate Governance Committees

**Class III Directors**

Edgar Filing: FTI CONSULTING INC - Form DEF 14A

Mark H. Berey	55	2004	Mr. Berey has been Executive Vice President and Chief Financial Officer and a director of Avendra, LLC a procurement company serving the hospitality industry in North America and the Caribbean since its formation in 2001. From 2000 to 2001, he was Executive Vice President and Chief Financial Officer of Discovery.com. Prior to mid-2000, he was the Senior Vice President and Chief Financial Officer for Giant Food, Inc.	Audit Committee Nominating and Corporate Governance Committee	None
---------------	----	------	---	--	------

12

Name	Age	Director Since	Principal Occupation and Business Experience	Committees of FTI Board	Other Public Company Directorships
<b>Class III Directors</b>					
Jack B. Dunn, IV	55	1992	Jack B. Dunn, IV has served as our Chief Executive Officer since October 1995 and as a director since 1992. In May 2004, he assumed the position of President, a position he also held from October 1995 to December 1998. He also served as our Chairman of the Board from December 1998 to October 2004. From May 1994 to October 1995, he served as our Chief Operating Officer. Prior to joining us, he was a member of the Board of Directors and a Managing Director of Legg Mason Wood Walker, Incorporated and directed its Baltimore corporate finance and investment banking activities. Mr. Dunn is a limited partner of the Baltimore Orioles L.P.	None	Pepco Holdings, Inc. - Director and a member of its Corporate Governance/ Nominating and Compensation Committees  NexCen Brands, Inc. Director and member of its Nominating (Chair), Corporate Governance and Compensation Committees
Gerard E. Holthaus	57	2004	Since April 1997, Mr. Holthaus has been President and Chief Executive Officer of Williams Scotsman International, Inc., the largest provider of mobile office space and modular buildings in North America. From October 1995 to April 1997, he was its President and Chief Operating Officer. Prior to October 1995, he was its Executive Vice President and Chief Financial	Audit Committee (Chair) Compensation Committee	Williams Scotsman International, Inc. - Chairman of the Board and a Director

Officer. He is a Certified Public Accountant.

13

---

## DIRECTOR ATTENDANCE AT MEETINGS

### Director Attendance at Board and Committee Meetings

Our policy is that each director should attend all meetings of the Board and each Committee on which he or she serves, unless excused by the Board for reasons of serious illness or extreme hardship. During 2006, the Board held five regular and eight special meetings for a total of 13 meetings, the Audit Committee held four regular and seven special meetings for a total of 11 meetings, the Nominating and Corporate Governance Committee held five regular and four special meetings for a total of nine meetings, and the Compensation Committee held five regular and 13 special meetings for a total of 18 meetings. Each joint meeting of the Board and any Committee has been counted as a separate meeting of the Board and the applicable Committee(s) for purposes of presenting this information.

Board and Committee memberships changed during 2006, so certain directors did not serve on the Board or on a Committee for a full year. During 2006, each director attended at least 75% of the regular and special meetings of the Board and each Committee held during the time period he and she served on the Board and such Committee, except Mr. Crownover did not attend the Board meeting on October 25, 2006 at which he was appointed to the Board, however, he did attend the last meeting of 2006 held on December 11, 2006.

### Director Attendance at Other Meetings

Non-management directors met in sessions without management four times during 2006. Each of the non-management directors at the applicable time attended all of the closed sessions without management, except that Mr. Crownover did not attend the session held following the October 25, 2006 meeting at which he was appointed to the Board. Independent directors met twice in 2006. Every independent director at the applicable time attended those meetings. All continuing directors attended our 2006 annual meeting of stockholders, except Mr. Callaghan who was not able to attend for medical reasons.

## COMMITTEES OF THE BOARD

### Committees

During 2006, our Board of Directors had three standing committees: Audit, Compensation and Nominating and Corporate Governance. The responsibilities and functions of the Audit, Compensation and Nominating and Corporate Governance Committees are described in their respective Charters, which are available on our website at <http://www.fticonsulting.com/web/about/Governance.html>.

In addition to the standing Committees, during 2006, the Board convened a special pricing committee, composed of Denis Callahan, Jack Dunn, Gerard Holthaus and Dennis Shaughnessy, to approve and establish the price, interest rate and other financial terms of our private offering of senior notes due 2016 in reliance on Rule 144A and Regulation S promulgated under the Securities Act of 1933. The pricing committee met once in 2006.

The members of each Committee during 2006 who are currently directors of FTI, a description of the primary functions of each Committee, and the total number of regular and special meetings held by each Committee in 2006, are described below.

### Audit Committee

The Audit Committee is comprised solely of non-employee directors, all of whom the Board has determined are independent pursuant to our Categorical Standards of Director Independence and rules of the NYSE. The Board has determined that all the members of the Audit Committee are financially literate pursuant to the rules of the NYSE. The Board has determined that Gerard Holthaus, Chair of the Audit Committee, is the Audit Committee Financial Expert within the meaning stipulated by the SEC. The Board has adopted the Charter of the Audit



Edgar Filing: FTI CONSULTING INC - Form DEF 14A

Committee last amended and restated as of December 11, 2006, which has been recommended by the Audit Committee and Nominating and Corporate Governance Committee. The Charter of the Audit Committee is reviewed annually, and more frequently as necessary, to address any new, or changes to, rules relating to audit committees. The Audit Committee recommends changes to its Charter to the Nominating and Corporate Governance Committee and the Board for approval. A copy of the Charter of the Audit Committee has been filed by incorporation by reference as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on March 13, 2007. A copy of the Charter of the Audit Committee is also attached to this Proxy Statement as Appendix A.

14

Name of Committee and Members	Functions of the Committee	Total Number of Regular and Special Committee Meetings Held in 2006
<b>Audit Committee:</b>		11
Gerard E. Holthaus <sup>1</sup> Mark H. Berey Denis J. Callaghan <sup>2</sup> James W. Crownover <sup>3</sup> Gary C. Wendt <sup>3</sup>	<ul style="list-style-type: none"> <li>• Selects, appoints, oversees and approves fees of, our independent registered public accounting firm.</li> <li>• Reviews and discusses the scope of the annual audit and our independent registered public accounting firm's written communications to the Audit Committee and management.</li> <li>• Oversees our financial reporting activities, including the annual audit and accounting standards and principles followed by FTI.</li> <li>• Approves audit and non-audit services by our independent registered public accounting firm and approves and authorizes payment of applicable fees.</li> <li>• Reviews and discusses our periodic reports filed with the SEC.</li> <li>• Reviews and discusses our earnings press releases and communications with financial analysts and investors.</li> <li>• Reviews and oversees our internal audit activities as well as financial, disclosure and internal controls.</li> <li>• Oversees and monitors our Whistleblower Policy and related reports.</li> <li>• Oversees and reviews employee conduct relating to compliance with our Policies on Ethics and Business Conduct and Conflicts of Interest and Policy Statement on Inside Information and Insider Trading.</li> <li>• Approves related party transactions.</li> <li>• Performs an annual self-evaluation of the Committee.</li> <li>• Reviews its Charter and recommends changes.</li> <li>• Prepares and issues the Report of the Audit Committee in this Proxy Statement.</li> </ul>	
1	Gerard E. Holthaus has served as Chair of the Audit Committee since May 18, 2005.	
2	Denis J. Callaghan was a member of the Audit Committee through December 11, 2006.	
3	James W. Crownover and Gary C. Wendt were appointed to the Audit Committee on October 25, 2006.	
<b>Compensation Committee</b>		

The Compensation Committee is comprised solely of non-employee directors, all of whom the Board has determined are independent pursuant to our Categorical Standards of Director Independence and rules of the NYSE. All of the members of the Compensation Committee qualify as [non-employee] directors under Rule 16b-3 under the Securities Exchange Act of 1934 and as [outside directors] under Section 162(m) of the Internal Revenue Code and qualify to serve on the Compensation Committee of the Board. The Compensation Committee operates under a written Charter, last amended and restated as of December 11, 2006, which has been recommended by the Nominating and Corporate Governance Committee, approved by the Board of Directors and adopted by the Compensation Committee. The Charter of the Compensation Committee is reviewed annually, and more frequently as necessary, to address any new, or changes to, rules relating to compensation committees. The Compensation Committee recommends changes to its Charter to the Nominating and Corporate Governance Committee and the Board for approval. A copy of the amended and restated Charter of the Compensation Committee has been filed by incorporation by reference as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on March 13, 2007. A copy of the Charter of the Compensation Committee is also attached to this Proxy Statement as [Appendix B](#).

Our chief executive officer and executive chairman of the board attend substantially all regularly scheduled Compensation Committee meetings but do not attend executive sessions and specially scheduled meetings of the Compensation Committee to which they have not been invited. Other officers and employees of the Company may be invited to attend all or a portion of a Compensation Committee meeting depending on the nature of the agenda items. None of our named executive officers and other non-members of the Compensation Committee vote on matters before the Compensation Committee; however, the Compensation Committee and Board of Directors solicit recommendations from the chief executive officer and executive chairman of the board on compensation matters, including as they relate to their own compensation and the compensation of our officers, including our named executive officers. The Compensation Committee also works with our management, including our executive vice president [chief legal and risk officer, our senior vice president] general counsel and our corporate secretary, to set the agenda for each meeting and prepare the meeting materials. Our corporate secretary acts as secretary of the Compensation Committee meetings, other than the closed executive sessions and special meetings to which she is not invited. Actions taken in closed or special session are reported by the Chair of the Compensation Committee to our corporate secretary who records them in the minutes.

The chief executive officer and executive chairman of the board perform an individual self-assessment at the beginning of each year. The Compensation Committee has delegated to the Presiding Director of the Board the responsibility of administering that self-assessment process, reviewing the self-assessments and holding discussions with those executives. The Presiding Director reports the results of the self-assessments to the Chairs of the Compensation Committee and Nominating and Corporate Governance Committee. The Chairs of the Compensation and/or Nominating and Corporate Governance Committee may hold individual discussions with the executives. The results are then reported back to the Compensation Committee who considers those results when making compensation decisions. The chief executive officer and executive chairman of the board will make recommendations to the Compensation Committee regarding their own compensation, but will not be present when final compensation decisions are made. Each executive, however, may be given the opportunity to meet with the full Compensation Committee. The Compensation Committee followed the above performance evaluation procedure for 2006, except that neither the Compensation Committee nor the Nominating and Corporate Governance Committee separately met with the chief executive officer and executive chairman of the Board.

The executive chairman of the board and the chief executive officer (with the assistance of our executive vice president [chief legal and risk officer, who is also the head of our human resources function) annually (or more often) evaluate the performance of our chief financial officer and other executive officers against long and short term performance expectations of those executives. The chief executive officer and executive chairman of the board report the results of their performance reviews to the Compensation Committee. The chief executive officer and the executive chairman of the board participate in the Committee's compensation setting process for the chief financial officer, other named executive officers and other officers, including, recommending the amounts and forms of cash and equity, long and short-term and at-risk compensation that will be paid to them and other related payment terms. The chief executive officer and executive chairman of the board were present at meetings in 2006 where compensation decisions relating to the chief financial officer and other officers, including other named executive officers, were made. The Compensation Committee did not individually meet with the other named executive officers in 2006.

## Edgar Filing: FTI CONSULTING INC - Form DEF 14A

The chief financial officer may participate in the Compensation Committee's compensation-setting process in connection with the establishment of financially-driven performance goals. We assist the Compensation Committee by providing information such as financial results, short-term and long-term business and financial plans and strategic objectives and our views on current compensation programs and levels; and by recommending individual performance measures and/or target award levels. For the 2006 plan year, the performance based goals under our Incentive Compensation Plan were year-end earnings per share (before the accounting for stock option expense in accordance with FAS Statement 123(R)) targets.

In addition, the Compensation Committee oversees our 401(k) and health, life and welfare benefit plans and administers our equity compensation plans. Our executive vice president and chief legal and risk officer, in his capacity as head of our human resources function, works closely with the Compensation Committee on such compensation and benefit plan matters.

16

---

In the past the Compensation Committee has selectively engaged outside compensation consultants. In 2006, the Company, on behalf of the Compensation Committee, engaged Mercer Human Resources Consulting, an outside compensation consulting firm, to assess the competitiveness of our named executive officer compensation. See "Executive Officers and Compensation" Compensation Discussion and Analysis "Outside Experts."

Name of Committee and Members	Functions of the Committee	Total Number of Regular and Special Committee Meetings Held in 2006
----------------------------------	----------------------------	--