

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA**

DETECTIVES ENDOWMENT ASSOCIATION)
 ANNUITY FUND, On Behalf of Itself and On Behalf)
 of All Others Similarly Situated,)
 Plaintiff,)
 vs.)
 BEARING POINT, INC., RODERICK C.)
 MCGEARY, RANDOLPH C. BLAZER, and)
 ROBERT S. FALCONE)
 Defendants.)

CIVIL ACTION NO. _____

CLASS ACTION COMPLAINT
 FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff, Detectives Endowment Association Annuity Fund, (“Plaintiff”) individually and on behalf of all other persons similarly situated, by her undersigned attorneys, for her complaint against defendants, alleges the following based upon personal knowledge as to herself and her own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through her attorneys, which included, among other things, a review of the defendants’ public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding BearingPoint, Inc. (“BearingPoint” or the “Company, securities analysts reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal class action on behalf of purchasers of the publicly traded

securities of BearingPoint, Inc. (NYSE: BE) between August 14, 2003 and April 20, 2005, inclusive (the “Class Period”), seeking to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”).

JUIUSDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. § 1331.

4. Venue is proper in this Judicial District pursuant to §27 of the Exchange Act, 15 U.S.C. §aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this Judicial District. Additionally, the Company maintains its principal executive offices in this Judicial District.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

THE PARTIES

6. Plaintiff, Detectives Endowment Association Annuity Fund, purchased BearingPoint common stock, as set forth in the accompanying certification attached hereto and incorporated herein by reference, and has suffered damages as a result of the wrongful acts of

defendants as alleged herein.

7. Defendant BearingPoint is a Delaware corporation with its principal executive offices located at KPMG Consulting Tower, 1676 International Drive, Mclean, Virginia.

8. Defendant Randolph C. Blazer (“Blaze”) was, until November 10, 2004, BearingPoint’s President, Chief Executive Officer, and Chairman of the Board.

9. Defendant Roderick C. McGleary (“McGleary”) has been BearingPoint’s Chairman of the Board and Chief Executive Officer since November 10, 2004.

10. Defendant Robert S. Falcone (“Falcone”) was, at all relevant times from April 2003 until January 2005, BearingPoint’s Chief Financial Officer and Executive Vice President.

11. Defendants Blazer, McGeary, and Falcone are collectively referred to hereafter as the “Individual Defendants.” During the Class Period, each of the Individual Defendants, as senior executive officer and/or directors of BearingPoint were privy to non-public information concerning its business, finances, products, markets and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

12. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with

other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

13. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of BearingPoint, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

14. As officers and controlling persons of a publicly-held company whose publicly traded securities was, and is, registered with the SEC pursuant to the Exchange Act and was traded on the New York Stock Exchange ("NYSE"), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate prompt accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded

securities would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

15. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omission therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with BearingPoint, each of the Individual Defendants had access to the adverse undisclosed information about BearingPoint's financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about BearingPoint and its business issued or adopted by the Company materially false and misleading.

16. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and are therefore primarily liable for the representations contained therein.

17. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of BearingPoint publicly traded securities by disseminating materially false and misleading statements and/or concealing material

adverse facts. The scheme: (1) deceived the investing public regarding BearingPoint's business, operations, management and the intrinsic value of BearingPoint publicly traded securities; and (2) caused Plaintiff and other members of the Class to purchase BearingPoint publicly traded securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those purchased or otherwise acquired the publicly traded securities of BearingPoint between August 14, 2003 and April 20, 2005 inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

19. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, BearingPoint common shares were actively traded on the NYSE -- an open and efficient market -- under the ticker symbol ("BE"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery. Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by BearingPoint or its transfer agent and maybe notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

20. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of

federal law that is complained of herein.

21. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

22. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) Whether the Company's publicly disseminated press releases and statements during the Class Period omitted ad/or misrepresented material facts;
- (c) Whether defendants breached any duty to convey material facts or to correct material acts previously disseminated;
- (d) Whether defendants participated in and pursued the fraudulent scheme to artificially inflate stock prices;
- (e) Whether the defendants acted willfully, with knowledge or recklessly, in omitting and/or misrepresenting material facts;
- (f) Whether the market prices of BearingPoint's publicly traded securities during the Class Period were artificially inflated due to material non-disclosures and/or misrepresentations complained of herein and
- (g) Whether the members of the Class have sustained damages and, if so, what is the appropriate measure of damages.

23. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Background Facts

24. BearingPoint, formerly KPMC Consulting, Inc., is a business consulting and systems integration company, serving over 2,100 clients worldwide, including Global 2000 and Fortune 1000 companies, small and medium-sized businesses, government agencies and other organizations.

25. The Company provides business and technology strategy, systems design and architecture applications implementation, network and systems integration and related services that enable its clients to leverage technology for stronger return on investment and enhanced services to their customers, vendors and employees.

Materially False and Misleading Statements Issued During the Class Period

26. On August 14, 2003, BearingPoint issued a press release reporting Fourth Quarter and Fiscal Year 2003 Results. Therein, the Company stated:

BearingPoint Inc. (NYSE: BE), today reported gross revenue and earnings per share for the company's fourth quarter of fiscal year 2003 of \$774.8 million and \$0.04, respectively. Gross revenue for the fourth quarter increased 32.9% over the fourth quarter of the prior year. Similarly, net revenue increased 35.9% to \$588.8 during the period as

compared to the fourth quarter of fiscal year 2002. Net income for the fourth quarter was \$8.3 million, or \$0.04 per share, compared to net income of \$0.4 million, or \$0.00 per share, in the fourth quarter of fiscal year 2002. Included in net income for the fourth quarter of fiscal year 2002 was \$23.7 million (net of tax) in impairment and workforce reduction charges.

These results were below the company's guidance set forth in late April 2003. The reduced gross revenue and earnings per share were primarily a result of lower than expected revenue in EMEA (Europe, Middle East and Africa), resulting in some operating losses within that region. As a result, the company's tax expense was substantially higher than expected since tax laws restrict the use of the company's foreign subsidiary losses to offset earnings in the United States.

For the fiscal year ended June 30, 2003, the company reported net income of \$41.5 million, or \$0.22 per share, compared to a net loss of \$26.9 million, or \$0.17 loss per share, further prior year. Included in the prior years results was an \$80.0 million (net of tax) transitional impairment charge related to the cumulative effect of a change in accounting principle and \$36.5 million (net of tax) in impairment and workforce reduction charges. For the fiscal year ended June 30, 2003, the company reported gross revenue of \$3.1 billion, an increase of \$782.0 million, or 33.0%, over the fiscal year ended June 30, 2002. The company also reported net revenue of \$2.4 billion, an increase of 36.9% over the prior year. The growth in revenue is predominantly the result of the global initiatives and transactions completed in the first half of fiscal year 2003.

27. On September 29, 2003, BearingPoint tiled its annual report with the SEC on Form 10-K. The Company's Form 10-K was signed by the Individual Defendants and reaffirmed the Company's previously amounted financial results. Additionally, BearingPoint's Form 10-K contained the following clean audit opinion by PricewaterhouseCoopers LLP:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of BearingPoint Inc. and its subsidiaries (the "Company") at June 30, 2003, and the results of their operations and their cash flows for the year ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the

Company's management our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

28. On November 20, 2003, BearingPoint issued a press release with the headline "BearingPoint, Inc. Reports First Quarter FY04 Results." Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE), today reported first quarter results that include an increase in revenue over the first quarter of the prior fiscal year resulting largely from growth in its international operations. The Company reported revenue of \$743.0 million for the first quarter fiscal year 2004, up 1.4% over the first quarter of the prior year. The Company recognized a net loss for the first quarter of fiscal year 2004 of \$39.2 million, or a loss of \$0.20 per share, compared to net income, of \$12.3 million, or \$0.07 per share, in the first quarter of fiscal year 2003. The Company's earnings were significantly impacted by previously announced charges associated with actions taken in the quarter to reduce excess capacity in office space and to further align headcount with market demand.

"With our global footprint now in place, we are focusing our efforts on growing revenue organically in every region and in our targeted marketplaces," commented Rand Blazer, chairman and chief executive officer. "This is our fifth consecutive quarter of year over year revenue growth and we have positioned ourselves to take our internal operations to the next level."

"Our results this quarter reflect the impact of the previously announced charges as we continue to fine tune our cost structure and improve our operating efficiency," said Bob Falcone, executive vice president and chief financial officer. "As we go forward, the benefits from these efforts will become more evident in our ability to improve profitability and overall financial performance."

29. On February 2, 2004, BearingPoint issued a press release with the headline

“BearingPoint Announces Change in Fiscal Year End, Confirms Prior Guidance and Announces Earnings Conference Call.” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE) one of the world’s largest business consulting and systems integration firms, today announced that it has changed the fiscal year end of the Company from June 30 to December 31. The change in fiscal year end will better reflect the Company’s operational business cycle is consistent with a majority of companies in the technology consulting industry, increase the Company’s transparency to shareholders, and will simplify completion of the year end audit process. The change applies to the period beginning July 1, 2003, creating a six-month fiscal year ended December 31, 2003, which will be audited by the Company’s independent auditors.

In connection with the fiscal year end change, the Company is performing an analysis of the valuation of the goodwill reflected on its balance sheet. While the Company is seeing greater stability in the European marketplace, there may be some impairment to the amounts recorded on the balance sheet for the European operations. An analysis to address this is currently in process and is expected to be completed by the earnings call referred to below.

In addition, on November 13, 2003, the Company provided guidance with respect to its expected gross revenue and earnings per share for the quarter ended December 31, 2003. While the ongoing finalization of this quarter’s financial results and analysis of goodwill preclude any definite conclusions at this time, the Company believes that revenue for the quarter will exceed the top end of the previously provided guidance range of \$730 million to \$760 million. Also, at this time the Company is confirming its previous earnings per share guidance of \$.04 to \$.06, subject to, for example, any special charges relating to possible goodwill impairment, potential tax rate consequences of changing the fiscal year end and final audit results. The Company expects operating cash to exceed \$50 million for the quarter.

As a result of the change in fiscal year, the Company will file a transitional report on Form 10-K covering the six-month period ended December 31, 2003 in lieu of filing a quarterly report on Form 10-Q for the quarter ended December 31, 2003. The Form 10-K, which will include audited financial statements, is scheduled to be filed in mid-April, 2004.

30. On February 26, 2004, BearingPoint issued a press release with the headline

“BearingPoint Inc. Reports Preliminary Results for Quarter Ended December 31, 2003.” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE) today reported preliminary results for the quarter ended December 31, 2003. Revenue is expected to be approximately \$792 million and the loss per share is expected to be approximately \$0.60. The expected revenue increased 7 percent over the quarter ended September 30, 2003, and declined 2 percent compared to the quarter ended December 31, 2002. The Company’s expected net loss for the quarter ended December 31, 2003 of approximately \$117 million includes a previously announced lease and facilities charge of \$2 million, an expected goodwill impairment charge of \$120 million⁽¹⁾ and a tax rate of 86% due to the change in fiscal year-end and the timing of losses in certain foreign entities. Cash generated from operations for the quarter is expected to be approximately \$69 million.

As was previously announced, the Company recently changed its fiscal year-end from June 30 to December 31 and is currently undergoing a transition period audit for the six months ended December 31, 2003. As a result, these preliminary results are subject to audit procedures and final reconciliations and adjustments, if any. Following completion of these procedures and final preparation of the Form 10-K, the Company expects to report its final earnings for the quarter and six-month period ended December 31, 2003, on or around April 16, 2004, in accordance with the required filing period.

“In what is traditionally a seasonally slow quarter for our industry, our preliminary results indicate quarter over quarter increases in revenue in our three international regions and in two of our four North America industry segments,” commented Rand Blazer, chairman and chief executive officer. “We continue to focus on improving utilization and expanding our billable workforce in targeted *areas* to improve our operating efficiency.”

“We have strengthened our balance sheet and generated positive cash flow for the quarter.” Noted Bob Falcon, executive vice president and chief financial officer. “We also maintained strong utilization of our resources globally, which is a positive sign for our business.” Quarterly Highlights resources globally, which is a positive sign for our business.” Quarterly Highlights.

The preliminary December quarter results include the following key performance items and other information.

In addition to the quarter over quarter revenue growth, the Company also realized solid bookings for the business as a whole and especially in North America, led by the Financial Services and Public Services segments, and in the EMEA region. Cancellations and postponements of only approximately \$6 million demonstrate greater stability in client spending, while the pipeline of sales opportunities continues to grow, reaching a six-month high for the Company.

The Company expects utilization in the North America region of 67 percent, which exceeds utilization of 62 percent for the quarter ended December 31, 2002. The expected utilization rates for the quarter reflect improvements from the prior December quarter in all North America segments as well as in the EMEA and Asia Pacific operations.

The challenging economic environment in Europe has caused the Company to lower its growth expectations for this region and to reevaluate the recorded goodwill for its EMEA business in accordance with generally accepted accounting principles. As a result of this review, the Company expects to record a goodwill impairment charge of approximately \$120 million⁽¹⁾ during the quarter ended December 31, 2003.

31. On April 16, 2004, BearingPoint issued a press release with the headline “BearingPoint, Inc. Reports Final Results for Three Months and Six Months Ended December 31, 2003.” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE), one of the world’s largest business consulting and systems integration firms, today reported final audited financial results for the three months and six months ended December 31, 2003. On February 26, 2004, the Company had reported preliminary results for the three months ended December 31, 2003, subject to audit procedures and final reconciliations and adjustments. Based on the completed audit, revenue for the three months ended December 31, 2003 was 5811.5 million, compared to the preliminary estimate of \$192 million. The \$19.5 million increase in revenue over the preliminary estimate was primarily a result of the timing of receipt of subcontractor invoices related to work performed for clients. The adjustments relating to subcontractor accruals had minimal impact on net income.

The Company also reported a net loss for the three months ended December 31, 2003 of \$126.6 million, or loss of \$0.65 per share. On February 26, 2004, the Company had indicated that the challenging economic environment in Europe had resulted in a reevaluation of the recorded goodwill for its reporting unit in Europe, the Middle East and Africa (EMEA) in accordance with generally accepted accounting principles. At the time, the Company estimated that the goodwill impairment charge would be \$120 million, and that the final charge would be in the range of \$100 million to \$140 million. The final goodwill impairment charge was \$127.3 million. As a result of this finalization of the goodwill impairment charge and other minor audit adjustments, the net loss increased to \$126.6 million, or loss of \$0.65 per share, from the preliminary estimate of \$117 million, or loss of \$.60 per share. Also, cash from operations for the three months ended December 31, 2003 decreased by \$8.8 million with a corresponding increase in cash from financing activities of the same amount due to a reclassification of certain components on the Consolidated Statement of Cash Flows. Therefore, previously reported cash from operations decreased to \$60.2 million from the previous estimate of \$69 million. There was no change to the year end cash balance of \$122.7 million.

For the six months ended December 31, 2003, the Company reported revenue of \$1.554 billion, an increase of \$14.2 million, or nearly 1%, over the six months ended December 31, 2002. The growth in revenue is predominantly the result of an increase in revenue within our international operating segments totaling \$69.6 million, partially offset by a decline in North America revenue of \$57.8 million. For the six months ended December 31, 2003, the Company reported a net loss of \$165.8 million, or a loss of \$0.86 per share, compared to net income of \$26.9 million, or \$0.15 per share, for the six months ended December 31, 2002. Included in the results for the six months ended December 31, 2003 were the \$127.3 million goodwill impairment charge described above, a \$61.7 million lease and facility charge related to the Company's previously announced global office space reduction to align office space with the need of business, and \$13.6 million in expense for severance and termination benefits related to a previously announced worldwide reduction in workforce.

“We have now closed out our six month fiscal year end. Our business continued to grow and, consistent with that growth, we are continuing to focus on reducing our usage of subcontractors and increasing utilization of our personnel,” commented Rand Blazer, BearingPoint's chairman and chief executive officer. “We also are very pleased that we have made significant improvements in our internal controls over financial reporting since our prior audit in the summer of 2003. We will continue to place the highest priority on the improvement of our

financial reporting procedures and controls as we roll out our new financial accounting systems in 2004”.

32. Also on April 16, 2004, BearingPoint filed with the SEC its annual report on Form 10-K. The Company’s Form 10-K was signed by the Individual Defendants and affirmed the Company’s previously announced financial results. Additionally, BearingPoint’s Form 10-K contained the following clean audit opinion of its auditors, PricewaterhouseCoopers LLP:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, changes in stockholders’ equity and cash flows present fairly, in all material respects, the financial position of BearingPoint, Inc. and its subsidiaries (the “Company”) at December 31, 2003 and June 30, 2003, and the results of their operations and their cash flows for the six months ended December 31, 2003 and for the year ended June 30, 2003 in conformity with accounting principle generally accepted in the United States of America. These financial statements and the responsibility of the Company’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

33. On May 6, 2004, BearingPoint issued a press release with the headline “BearingPoint, Inc. Reports First Quarter FY04 Results.” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE) today reported results for the first quarter ended March 31, 2004. The Company reported revenue of \$361.0 million for the first quarter of calendar year 2004, up 5.1% over the quarter ended March 31, 2003 largely from growth in its North America operations. The Company realized net income for the first quarter of the calendar year of \$1.6 million, or \$0.01 per share,

compared to net income of \$4.1 million, or \$0.02 per share, in the quarter ended March 31, 2003.

Our first quarter results show a solid start to 2004 with year-over-year revenue growth in many of our business units,” commented Rand Blazer, chairman and chief executive officer. “We remain focused on growth and improvement in the key operating metrics of our business.”

“During the quarter, utilization of our billable staff is up on a year-over-year basis,” noted Bob Falcone, executive vice president and chief financial officer. “Going forward, our focus is on continuing our utilization improvement, reducing our reliance on subcontractors and holding our billing rates steady.”

34. On May 10, 2004, Bearing Point filed its quarterly report with the SEC on Form 10-Q. The Company’s Form 10-Q was signed by defendants Blazer and Falcone and reaffirmed the Company’s previously announced financial results. Additionally, the Company represented the following:

The accompanying consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect adjustments (consisting solely of normal, recurring adjustments) which are, in the opinion of management necessary for a fair presentation of results for these interim periods.

35. On August 5, 2004, BearingPoint issued a press release with the headline “BearingPoint, Inc. Reports Second Quarter FY04 Results.” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE) today reported revenue of \$885.5 million for the second quarter ended June 30, 2004, an increase of \$105.4 million, or 13.5%, over the quarter ended June 30, 2003. This increase in revenue was largely attributable to improved utilization of its global workforce and stabilizing economic conditions in most regions. The Company realized net income for the quarter ended June 30, 2004 of \$15.2 million or \$0.08 per share, compared to net income of \$10.3 million, or \$0.05 per share, in the quarter ended June 30, 2003.

“We are seeing the benefits of the investments we made to build a global business as we continue to report strong revenue growth,”

commented Rand Blazer, chairman and chief executive officer. “We have an experienced global workforce in place to capture and expand the opportunities presented by an improvement in U’ spending. This has translated into revenue growth, net income gains and a better bottom line.”

“We made progress in reducing our reliance on subcontractors and improving our global utilization compared to the previous quarter,” noted Bob Falcone, executive vice president and chief financial officer. “Our overall margin improvement, combined with our revenue growth, is the basis for a more robust business model and positions us well for the future.”

36. On August 9, 2004, BearingPoint filed its quarterly report with the SEC on Form 10-Q. The Company’s Form 10-Q was signed by defendants Blazer and Falcone and reaffirmed the Company’s previously announced financial results. Additionally, the Company represented the following:

The accompanying consolidated condensed financial statements have been prepared in accordance with accosting principles generally accepted in the United States of America and reflect adjustments (consisting solely of normal, recurring adjustments) which are, in the opinion of management necessary for a presentation of results for these interim periods.

37. On November 4, 2004, BearingPoint issued a press release with the headline BearingPoint, Inc. Reports Third Quarter FY04 Results (revised 11/9/04).” Therein, the Company stated:

BearingPoint, Inc. (NYSE: BE) today reported revenue of \$840.9 million for the third quarter ended September 30,2004, an increase of \$97.9 million, or 132%, over the quarter ended September 30, 2003. This increase in revenue was largely attributable to improved utilization of its global workforce and stabilizing economic conditions in most regions. The Company realized net income for the quarter ended September 30, 2004 of \$11.9 million, or \$006 per share, compared to a net loss of \$39.2 million, or loss of \$0.20 per share, in the quarter ended September 30,2003.

“Our results continue to demonstrate solid year-over-year revenue growth,” commented Rand Blazer, chairman and chief executive officer. “We continue to see a gradual improvement in IT spending across many sectors, and we remain focused on managing the fundamentals of our business to capitalize on this spending and support our clients’ business needs.”

“Improvement in utilization is key for our business right now. We improved our global utilization to 67.3% this quarter from 62.3% a year ago,” noted Bob Falcone, executive vice president and chief financial officer. “Now, we need to continue our progress in reducing our internal costs and improving operating efficiencies to further raise our level of financial performance.”

38. On November 9, 2004, BearingPoint filed its quarterly report with the SEC on Form 10-Q. The Company’s Form 10-Q was signed by defendants Blazer and Falcone and reaffirmed the Company’s previously announced financial results. Additionally, the Company represented the following:

The accompanying consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect adjustments (consisting solely of normal, recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for these interim periods.

39. On November 10, 2004, BearingPoint announced that the Board of Directors has accepted the resignation of its Chairman and Chief Executive Officer, Randolph C. Blazer, effective as of November 10, 2004. Defendant Blazer resigned after serving as the Company’s CEO since April 2000. Additionally, the release read as follows;

Roderick C. McGeary, a member of the Board of Directors of BearingPoint, said: “BearingPoint appreciates Rinds service and contribution to the Company while serving as Chairman and CEO. His leadership has been instrumental in the growth of the Company into a

global organization providing clients with superior service and results in connection with their business systems needs.”

The Board named Rod McGeary to serve as CEO while the Company conducts a nationwide search for a permanent successor. He was also named to serve as Chairman of the Board. Mr. McGeary, age 53, has been a member of the Company’s Board of Directors since August 1999, and he currently serves on the Executive Committee of the Board. He was the Chief Executive Officer of Brience, Inc., a wireless and broadband company, from April 2000 to July 2002. From August 1999 until April 2000, he served as Co-Chief Executive Officer and Co-President of the Company. He currently serves as a director of BroadVision, Inc., Cisco Systems, Inc., and GoRemote, Inc. He is a Certified Public Accountant and received his Bachelor of Science degree from Lehigh University.

Rand Blazer said: “With Mr. McGeary’s experience, insight, knowledge, and familiarity with how BearingPoint operates, I am confident the Company will continue with its strategic growth plan and enhance its elevated status within the industry?”

The Company also confirmed its guidance for the quarter ending December 31, 2004 of expected revenue in the range of \$850 million - 3870 million and expected earnings per share in the range of 30.09 - \$0.11.

40. The defendants’ statements contained in ¶¶ 26-39 were each materially false and misleading when made because they failed to disclose and/or misrepresented the following adverse facts, among others: (1) that the Company had materially overstated its net income and earnings per share and undervalued its identifiable intangibles (goodwill) by approximately \$250-400 million; (2) that the Company had inflated its earnings by improperly accounting for restructuring charges relating to acquisitions; (3) that the Company’s financial statements were not prepared in accordance with Generally Accepted Accounting Principles (“GAAP”); (4) that the Company lacked adequate internal controls and was therefore unable to ascertain the true financial condition of the Company; and (5) that as a result the value of the Company’s net income and financial results were materially overstated at all relevant times.

The Truth Begins to Emerge

41. On March 17, 2005, BearingPoint announced that it was delaying the filing of its annual report on Form 10-K. More specifically, the Company stated:

BearingPoint Inc. (NYSE: BE), one of the world's largest business consulting and systems integration firms, announced today it has filed a Form 12b-25 notifying the Securities and Exchange Commission (SEC) that it has not met the March 16, 2005 deadline to file its Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

As noted in the filing, the Company has experienced significant delays in completing its consolidated financial statements. The delays are due in part, to:

Additional substantive procedures necessary to validate financial information due to control deficiencies.

The need to confirm the financial information generated by the Company's new financial accounting system, particularly in the area of revenue recognition.

The Company's simultaneous, ongoing efforts to complete management's assessment of its internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act

While BearingPoint believes its new financial accounting system will ultimately strengthen overall internal control over financial reporting, the Company is undertaking a thorough review of its year-end financial statements to ensure the accuracy and completeness of the financial information derived from this system. This review has also delayed the Company's testing and evaluation of certain internal controls as required by Section 404 of the Sarbanes-Oxley Act.

The Company's review and evaluation of its internal controls over financial reporting to date have identified a number of control deficiencies. The Company expects that most of these deficiencies will be classified as material weaknesses. Due to these material weaknesses, at the conclusion of its Section 404 testing, the Company will conclude in its management's assessment that its internal controls over financial reporting as of December 31, 2004 were not effective.

"In the two months since I joined BearingPoint, our new management team has identified issues that must be addressed," said Joe Corbett, BearingPoint's executive vice president and chief financial officer. "As

a result; we have significantly expanded our review procedures and are working to evaluate all material financial and accounting matters.

“We need to ensure that our filings accurately present our financial position and results of operations,” Corbett said. “By taking the time to properly address these matters now, we move much closer to the level of financial reporting that our shareholders expect and deserve.”

As a result of delays in completing its consolidated financial statements, the Company is not at this time able to provide a date for filing its Form 10-K for the year ended December 31, 2004. Due to the time required to complete and file the Company’s Form 10-K for the year ended December 31, 2004, the Company expects that its Form 10-Q for the three months ending March 31, 2005 will not be filed by May 10, 2005, the due date for its filing. The Company intends, however, to provide periodic updates on the status of the completion of its Form 10-K.

BearingPoint also stated that its preliminary results indicate that gross revenue for the year ended December 31, 2004 is approximately \$3.45 billion as compared to \$3.15 billion for the twelve months ended December 31, 2003. The company expects to record a loss for the fourth quarter of 2004 and it may have recorded a loss for the year ended December 31, 2004. Both the fourth quarter and the year’s results will reflect charges relating to the Company’s recent refinancing of its debt and other items that have been identified as part of the Company’s review procedures. The filing also indicates that the Company has determined that there has been an impairment of goodwill as of December 31, 2004, with respect to its Europe, Middle East and Africa (EMEA) business segment and has identified certain items that will probably require the restatement of its financial results for the first three quarters of FY04 and possibly, with respect to, periods prior to fiscal year 2004.

BearingPoint also stated that it had amended its interim credit facility to address my issues related to its filing of its Form 10-K for the year ended December 31, 2004.

42. Also on March 17, 2005, BearingPoint filed a Form NT 10-K with the SEC.

Therein, the Company stated:

Due to the continuing analysis of the Company’s financial statements, it is not possible to state at this time whether there will be a significant change in the results of operations of the Company for the twelve

months ended December 31, 2004 (“FY04”) as compared to the twelve months ended December 31, 2003 (“FY03”).

In February 2004, the Company changed its fiscal year end from June 30 to December 31. In April 2004, the Company filed a transition report on Form 10-K with audited financial statements for the six months ended December 31, 2003. As a result FY03 consists of the audited results of operations for the six months ended December 31, 2003 combined with the audited results for the quarters ended March 31, 2003 and June 30, 2003. A significant number of substantive procedures must be completed before the Company expects to finalize its financial results for FY04. Moreover; the discussion below of operating results for both the quarter ended December 31, 2004 and FY04 reflects estimates of adjustments the Company has identified in connection with its continuing analysis of its FY04 financial statements.

Preliminary results indicate that the Company’s gross revenue for FY04 is approximately \$3.45 billion as compared to \$3.15 billion in FY03. The Company’s pre-tax loss and net loss for FY03 were approximately \$124.7 million and \$151.3 million, respectively. The pre-tax loss included a charge for impairment of goodwill of \$121.3 million and lease restructuring charges of \$77.0 million. Prior to any goodwill impairment charge, the Company expects to record a loss for the fourth quarter of 2004 and may record a loss for the year ended December 31, 2004. The fourth quarter loss will be increased substantially by a goodwill impairment charge. The Company will record charges in the fourth quarter of FY04 totaling approximately \$27 million in connection with the issuance of \$450.0 million principal amount of convertible subordinated debentures, including a make-whole premium on the early repayment of certain senior notes, the write-off of unamortized issuance costs relating to the senior notes, and other expenses relating to the issuance of the convertible subordinated debentures.

The Company has preliminarily identified certain items that will probably require adjustments to prior period financial statements. These adjustments will affect various quarters in FY04 and may affect the results of operations in previous years, though the exact amount of the adjustments and the periods to which they relate have not been finally determined. The nature and approximate amounts of the more significant adjustments that have been identified based solely on procedures performed to date are: write-downs relating to contract revenues resulting from inaccurate estimates of approximately \$10-\$12 million that were made by a foreign operation and that are under investigation, charges relating to employee tax equalization issues, and charges arising from detailed engagement contract reviews. In

addition, the Company has determined that there has been a impairment of goodwill as of December 31, 2004, with respect to operations in its Europe, the Middle East and Africa (“EMEA”) segment and will to record a not-cash fourth quarter charge. As of September 30, 2004, the goodwill for the EMEA segment was \$802.7 million. The amount of the charge cannot be reasonably estimated at this time. However it will likely have a substantial impact on the Company’s results of operations for FY04. Under an amendment to the Company’s interim credit facility referred to below, the Company may take an impairment charge of up to \$230 million without affecting consolidated EBITDA for covenant compliance purposes.

While the Company has significant additional work to complete before finally determining its financial results of operations for FY04 and fully assessing the impact of adjustments (including the adjustments referred to above) on its consolidated financial statements, it is probable that the adjustments referred to above and other lesser charges will result in a restatement of its results of operations for some or all of the quarters during FY04 and may result in a restatement of its results of operations for periods prior to FY04.

43. On April 20, 2005, BearingPoint filed a current report on Form 8-K. Therein, the Company disclosed that it found errors in its financial statements spanning the past two years that the SEC had begun an investigation into its accounting, and that it had fired nine executives. More specifically, the Company stated:

During the fourth quarter of the fiscal year ended December 31, 2004 (“FY04”), BearingPoint, Inc. (the “Company” or “we”) determined that a triggering event had occurred, which caused the Company to perform a goodwill impairment test. The triggering event resulted from a combination of various factors, including downgrades in the Company’s credit rating in December 2004, significant changes in senior management and underperforming foreign legal entities. As a result of an initial impairment analysis, on March 17, 2005 the Company determined that a material, non-cash charge will be taken during the fourth quarter of FY04 as a result of the impairment of its goodwill with respect to the operations in its Europe, the Middle East and Africa (“EMEA”) segment.

The Company currently estimates that the amount of the impairment charge will be \$250 million to \$400 million. The actual amount of the impairment charge is not expected to be finalized until the Company

files its audited financial statements for FY04. The actual amount may be different than our estimate, and this difference could be material. The Company does not expect that the impairment charge will result in future cash expenditures.

This Item amends the Item 2.06 disclosure in the Company's Form 8-K filed on March 18, 2005.

Item 4.02(a) Non-Reliance on Previously Issued Financial Statements

On April 19, 2005, our senior management determined that the financial statements filed with the following previously issued reports should not be relied upon because of errors in those financial statements:

- Form 10-Q's for each of the first three quarters of FY04;
- Form 10-K for the six-month transition period ended December 31, 2003; and
- Form 10-K for the fiscal year ended June 30, 2003.

The financial statements listed above are referred to collectively herein as the "Prior Financial Statements." The exact amount of the errors and the periods to which they relate have not been determined and finalized. These errors may also affect our financial statements for the quarterly periods in the six-month period ended December 31, 2003 and the fiscal year ended June 30, 2003, as well as for earlier years and their quarterly periods. In addition, the errors may also affect financial information for the periods mentioned that we included in other disclosures, such as press releases or Form 8-K filings. Our senior management discussed the matter disclosed in this report with our Board of Directors and our independent registered public accountants.

Recent Developments

Financial Reporting; Restatement of Financial Statements

We do not have audited financial statements for the year ended December 31, 2004, and we do not yet have an estimate as to when we will be able to complete our work. As a result we have failed to comply with the requirements of the Securities Exchange Act of 1934, which requires us to file a Form 10-K within 75 days of end of our fiscal year, and the requirements of the New York Stock Exchange. In addition, we do not have financial statements for the quarter ended

March 31, 2005, and we do not yet have a schedule for when we will be able to prepare quarterly financial statements on a timely basis.

To date we have identified pre-tax net adjustments decreasing net income by approximately \$37 million that will likely require adjustments to prior period financial statements. Of these adjustments, approximately \$15 million are likely to affect each of the first three quarters of FY04 and approximately \$22 million are likely to affect the results of operations prior to 2004, though the exact amount of the adjustments and the periods to which they relate have not been finalized. The nature and approximate amounts of the more significant adjustments that have been identified based solely on procedures performed to date are: write-downs that were made by a foreign operation relating to contract revenues resulting from wrongful entries of approximately \$9 million, charges relating to employee tax equalization issues totaling approximately \$18 million, and adjustments arising from detailed engagement contract reviews and other matters totaling approximately \$10 million.

The manual processes and data validation procedures we are employing to evaluate and correct our financial records have resulted in numerous adjustments to date. Some and of the adjustments have resulted in an increase in net income, and some have resulted in a decrease. This process is not yet completed. Accordingly, it is impossible to accurately predict whether, and if so, to what extent, prior periods will be restated. Based on the results of this process to date, we believe that restatements are necessary however, additional adjustments could increase or reduce the net impact of the adjustments we have identified to date, and given the low levels of net income recorded in certain previous financial periods, small amounts of adjustments may make a material difference, and, therefore, it is highly likely that the ultimate net adjustments will be material and restatements will be necessary.

Failure to Timely File 2004 Form 10-K; Delayed Form 10-Q's

Our 2004 Form 10-K was required to be filed with the SEC on March 16, 2005, and we did not meet that deadline. On March 17, 2005, we filed a Notification of Late Filing on Form 12b-25 (the "Notification of Late Filing") with the SEC relating to our inability to file the 2004 Form 10-K on a timely basis. Our Notification of Late Filing provides the reasons for our inability to file timely the 2004 Form 10-K.

We are not at this time able to provide an expected date for filing our 2004 Form 10-K. We expect that our Form 10-Q's for the quarters ending March 31, 2005, June 30, 2005 and September 30, 2005 will not be filed in a timely fashion.

Going Concern Audit Opinion

The report to our independent registered public accountants for FYO4 may include an explanatory paragraph forgoing concern,” which is a component of our independent registered public accountants’ opinion addressing whether there is substantial doubt regarding the Company’s ability to continue to operate as a going concern through the period ending December 31,2005. Receiving a “going concern” paragraph from our independent registered public accountants would occur if they conclude that the Company would require additional financing to support operations at the current level through the period ending December 31, 2005.

Status of Financial Statements

We continue to experience significant delays in completing our financial statements for the year ended December 31, 2004. We require additional time to complete our expanded financial statement close procedures in a number of areas, including revenue recognition, tax equalization and accrual of invoices. Additionally, we continue to perform significant substantive procedures to compensate for the material control weaknesses identified as part of management’s assessment of our internal control over financial reporting. Completion of these substantive procedures has required significant additional time and analysis and continues to contribute to the delay in completing our financial statements for the year ended December 31, 2004.

44. On news of this, shares of BearingPoint tumbled more than \$2.25 per share on unusually high trading volume.

DEFENDANTS’ VIOLATION OF GAAP RULES

45. The Company’s announced financial results were in violation of GAAP, and the following principles:

- (a) The principle that “interim financial reporting should be based upon the same accounting principles and practices used to prepare annual financial statements” was violated (APB No.28, ¶10);

- (b) The principle that “financial reporting should provide information that is useful to present to potential investors and creditors and other users in making rational investment, credit and similar decisions” was violated (FASB Statement of Concepts No.1, ¶34);
- (c) The principle that “financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and effects of transactions, events, and circumstances that change resources and claims to those resources” was violated (FASB Statement of Concepts No. 1, ¶40);
- (d) The principle that “financial reporting should provide information about an enterprise’s financial performance during a period” was violated (FASB Statement of Concepts No. 1, ¶42);
- (e) The principle that “completeness, meaning that nothing is left out of the information that may be necessary to insure that it validly represents underlying events and conditions” was violated (FASB Statement of Concepts No. 2, ¶79);
- (f) The principle that “financial reporting should be reliable in that it represents what it purports to represent was violated (FASB Statement of Concepts No.2, ¶58-59); and
- (g) The principle that “conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered” was violated. (FASB Statement of Concepts No.2, ¶95).

46. The adverse information concealed by defendants during the Class Period and detailed above was in violation of Item 303 of Regulation S-K under the federal securities law (17 C.F.R. 229.303).

47. Moreover, the adverse information concealed by defendants during the Class Period and detailed above was in violation of SEC Regulation S-X, which states that “financial statements filed with the SEC which are not prepared in compliance with GAAP are presumed to be misleading and inaccurate.” SEC Regulation S-X also required that “interim financial statements -- *i.e.*, Form 10-Qs -- must also comply with GAAP.” 17 C.F.R. §210.10-01(a).

48. The market for BearingPoint’s publicly traded securities was open, well-developed and efficient at all relevant times. As result of these materially false and misleading statements and failures to disclose, BearingPoint’s publicly traded securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired BearingPoint publicly traded securities relying upon the integrity of the market price of BearingPoint’s publicly traded securities and market information relating to BearingPoint, and have been damaged thereby.

49. During the Class Period, defendants materially misled the investing public, thereby inflating the price of BearingPoint’s publicly traded securities by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants’ statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

50. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the

Class Period, defendants made or caused to be made a series of materially false or misleading statements about BearingPoint's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of BearingPoint and its business, prospects and operations, thus causing the Company's publicly traded securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's publicly traded securities at artificially inflated prices, thus causing the damages complained of herein.

ADDITIONAL SCIENTER ALLEGATIONS

51. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding BearingPoint, their control over, and/or receipt and/or modification of BearingPoint's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning BearingPoint, participated in the fraudulent scheme alleged herein.

52. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

53. Additionally, the defendants had motive to commit the fraud described herein. During the Class Period, defendants, as a result of their fraud, were able to complete the three private placements totaling more than \$800 million in Senior Notes, which was announced to the investing public between December 15, 2004 through January 5, 2005.

**Applicability Of Presumption Of Reliance:
Fraud-On-The-Market Doctrine**

54. At all relevant times, the market for BearingPoint's publicly traded securities was an efficient market for the following reasons, among others:

- (a) BearingPoint's stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (b) As a regulated issuer, BearingPoint filed periodic public reports with the SEC and the NYSE;
- (c) BearingPoint regularly communicated with public investors *via* established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- (d) BearingPoint was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms.

Each of these reports was publicly available and entered the public marketplace.

55. As a result of the foregoing, the market for BearingPoint's publicly traded securities promptly digested current information regarding BearingPoint from all publicly available sources and reflected such information in BearingPoint's stock price. Under these circumstances, all purchasers of BearingPoint's publicly traded securities during the Class Period suffered similar injury through their purchase of BearingPoint's publicly traded securities at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

56. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of these specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of BearingPoint who knew that those statements were false when made.

FIRST CLAIM
Violation Of Section 10(b) Of
The Exchange Act And Rule 10b-5
Promulgated Thereunder Against All Defendants

57. Plaintiff repeats and reiterates the allegations set forth above as though fully set forth herein. This claim is asserted against all defendants.

58. During the Class Period, defendant BearingPoint and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: a) deceive the investing public, including plaintiff and other Class members, as alleged herein; b) artificially inflate and maintain the market price of BearingPoint's publicly traded securities; and c) cause plaintiff and other members of the Class to purchase BearingPoint's publicly traded securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants BearingPoint and the Individual Defendants, and each of them, took the actions set forth herein.

59. These defendants: a) employed devices, schemes, and artifices to defraud; b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for BearingPoint's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. These defendants are sued either as primary participants in the wrongful and illegal conduct charged herein. The Individual Defendants are also sued as controlling persons of BearingPoint, as alleged below.

60. In addition to the duties of full disclosure imposed on defendants as are a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, they each had a duty to promptly disseminate

truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S-X (17 C.F.R. § 210.01 *et seq.*) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

61. BearingPoint and the Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, business practices, performance, operations and future prospects of BearingPoint as specified herein.

62. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Bearing Point's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about BearingPoint and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of BearingPoint's securities during the Class Period.

63. Each of the individual defendants' primary liability, controlling person liability, arises from the following facts: a) each of the Individual Defendants was a high-level executive and/or director of the Company during the Class Period; b) each of the Individual Defendants, by

virtue of his responsibilities and activities as a senior executive officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; c) the Individual Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and d) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

64. These defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing BearingPoint's operating condition, business practices and future business prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by defendants' overstatements and misstatements of the Company's financial condition and performance throughout the Class Period, the Individual Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

65. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of BearingPoint's common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of BearingPoint's publicly traded securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of

the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired BearingPoint securities during the Class Period at artificially inflated prices and were damaged thereby.

66. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known of the true performance, business practices, future prospects and intrinsic value of BearingPoint, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their BearingPoint publicly traded securities during the Class Period, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

67. By virtue of the foregoing, BearingPoint and the Individual Defendants have each violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

68. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM
**Violation Of Section 20(a) Of The Exchange
Act Against The Individual Defendants**

69. Plaintiff repeats and reiterates the allegations as set forth above as if set forth fully herein. This claim is asserted against the Individual Defendants.

70. Each of the Individual Defendants acted as a controlling person of BearingPoint within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's actual performance, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

71. In addition, each of the Individual Defendants had direct involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

72. As set forth above, BearingPoint and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their controlling positions, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiffs counsel as Lead Counsel;
- (b) Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: May 10, 2005

Respectfully submitted,

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