FTI Consulting Projects 3.5% Increase In Holiday Season Sales in 2007 Retail Report

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Kevin Regan, Retail Industry Expert, Available For Comment Regarding Prospects for 2007 Holiday Shopping Season

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Kevin Regan, a retail expert at FTI Consulting (NYSE: FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, is available to comment on FTI's 2007 Retail Report, which forecasts a 3.5% increase in 2007 holiday season sales, measured from November 2007 through January 2008, compared with our prior year forecast of 4.8% and actual growth of 5.0% in 2006.

The key factor driving FTI's projected increase for 2007 is the continuing acceleration of real wage income—which we conclude will almost single-handedly prevent an otherwise disappointing 2007 holiday season from being even worse. Real wage growth has gone largely unnoticed in 2007 yet is on its strongest pace since the late nineties and historically this bodes well for spending, as income growth is highly correlated with changes in consumer spending. However, growth in real wage income is the only variable in the FTI forecast model to have improved over last year. Housing weakness, a cooling economy and rising energy prices are collectively weighing on the minds of consumers, who are decidedly downbeat going into the holiday season according to most sentiment surveys. FTI retail experts believe that wage income growth should ultimately overcome these other negatives, resulting in a 2007 holiday season sales forecast that is tepid, if not disappointing, compared to recent years.

Key findings of the report include:

With the slowdown in retail sales growth, comes a shift in what consumers are buying: Retail sales growth has been gradually slowing for over a year but that's not the entire story. Consumers are also changing their purchasing basket, increasing their buying of basics, like consumables and some apparel while deferring purchases of bigger ticket items. Some retail sectors that were mediocre performers for the last several years, like supermarkets and drug stores, are enjoying newfound popularity amid these shifting spending priorities by consumers, while erstwhile standouts, such as home improvement and home furnishings chains, are arguably mired in a recession already with little prospect of improvement on the near horizon.

Declining home prices will likely worsen, as will its impact on spending: A phenomenon that most homeowners have rarely, if ever, experienced yet is happening in many parts of the country is the sudden decline in home prices. With no bottom to the housing downturn yet in sight, Americans will have to confront the reality of declining personal wealth attributable to their homes. In many cases this will result in real and harsh economic consequences. FTI experts feel home prices will in all likelihood continue to fall in 2008. Compounding the issue is the fact that household wealth attributable to home equity is by far the largest source of wealth for the vast majority of Americans, far surpassing their holdings of financial assets.

The exaggerated impact of energy prices on consumer spending: According to Regan, energy costs remain an overrated variable in the consumer spending equation. A causal relationship between higher energy prices and weaker spending is implied regularly in the business media whenever it speaks of the financial toll of high gas prices on consumers, but the statistical evidence supporting this inverse relationship has been unimpressive for over twenty years. That, however, could change if average gasoline prices go much beyond $4.00 per gallon nationally.

The gift card factor: The impact of gift cards continues to complicate the accurate measurement of retail sales during the holiday season as their popularity grows ever larger. Many economists now include the month of January as part of the holiday season period in order to capture sales pertaining to the redemption of these cards. However, widely varying estimates of the redemption rate of holiday gift cards that occurs by the end of January opens up the possibility that significant redemptions don't occur until even later. If so, this means that some retail sales related to gift card redemptions will escape the holiday season measurement altogether even if January is included. Much work needs to be done to better understand this development.

Mr. Regan is a senior managing director at FTI Consulting and has 31 years experience. He assists senior management, Boards of Directors and creditors with financial and operational restructurings, loan workouts, and business planning in the retail industry.

About FTI Consulting

FTI Consulting is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 2,400 professionals located in most major business centers in the world, we work closely with clients every day to anticipate, illuminate, and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

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This press release includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 that involve uncertainties and risks including statements related our future financial results. There can be no assurance that actual results will not differ from the company's expectations. The Company has experienced fluctuating revenue, operating income and cash flow in some prior periods and expects this will occur from time to time in the future. As a result of these possible fluctuations, the Company's actual results may differ from our projections. Further, preliminary results are subject to normal year-end adjustments. Other factors that could cause such differences include the pace and timing of the consummation and integration of past and future acquisitions, the Company's ability to realize cost savings and efficiencies, competitive and general economic conditions, retention of staff and clients and other risks described under the heading "Item 1A. Risk Factors" in the Company's most recent Form 10-K and in the Company's other filings with the Securities and Exchange Commission. We are under no duty to update any of the forward-looking statements to conform such statements to actual results or events and do not intend to do so.

To arrange an interview or obtain a copy of the report, please contact:

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