FTI Consulting Identifies Key Drivers Affecting Corporate Borrowers and Restructurings in 2008

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Tough Credit Markets Expected to Lead to More Challenging Times for Corporate

Borrowers and Affect Restructurings Through at Least the First Half of 2008

FTI Corporate Finance Sees Turmoil Ahead in Biofuel and Continued Tough Times

in the Housing, Retail and Auto Sectors

BALTIMORE, Jan. 31 /PRNewswire-FirstCall/ -- FTI Consulting, Inc. (NYSE: FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, has identified several key drivers that it expects will affect corporate borrowers and restructurings in 2008. The key drivers identified by FTI Corporate Finance, which was recently rated number one on The Deal's League Table for Crisis Management firms, are as follows:

The credit markets will remain tight. Credit markets are likely to remain highly restrictive through at least the first half of the year. FTI Corporate Finance sees financing conditions worsening across most sectors as companies experiencing covenant and similar problems will be unable to easily refinance themselves out of existing facilities without incurring substantial costs and certainly more restrictive covenants. In addition, credit markets will force companies and lenders to the table more often as borrowers experience covenant or liquidity issues and lenders express greater concern over protecting their positions. "Companies below investment grade seeking additional financing will experience greater difficulties refinancing existing facilities and in dealing with covenant breaches," said DeLain Gray, senior managing director and leader of FTI Corporate Finance. "These huge issues facing corporate borrowers are dramatically changing the borrower-lender relationship, with borrowers facing greater scrutiny and oversight, and are challenging the ability of companies to effectuate restructurings that require additional financings," Mr. Gray added.

New and amended loans are calling for greater covenants and fees. Lenders today are looking to shore up covenant-lite loans where possible with additional covenants that bring lenders and borrowers together sooner to discuss unanticipated under performance. New financings are adding greater covenants for lenders to monitor performance. "We are seeing financing instruments return to a more traditional model where lenders incorporate more restrictive safeguards," said Randall Eisenberg, senior managing director, FTI Corporate Finance. "To both monitor and protect their investments, lenders are establishing triggers that enable them to be at the table with borrowers earlier when there are signs of underperformance," Mr. Eisenberg added.

Housing woes will be unrelenting. The US housing slump is expected to continue to adversely affect the homebuilding, construction materials, home furnishings and consumer finance sectors. As the New Year starts, the slump shows no sign of bottoming out. Even if homebuyers were to stage an unexpected rally in 2008, FTI believes the substantial overhang of homes for sale is a major impediment to a recovery in those industries dependent upon new home construction. For the foreseeable future, supply is expected to remain far above any level that could be considered normal by historical standards.

Don't count on US Consumers in 2008. There is recent evidence that payment delinquencies have begun to grow on consumer non-mortgage debt, such as auto loans and student loans. The growth rate of credit card debt has accelerated into the high single-digit range, which is unsustainable since it substantially exceeds the rate of growth of household income. It appears that as consumers look to pay down debt, incremental spending on furniture, jewelry and other home goods will slow in 2008. The stock market valuations of many retailers appear to already reflect expectations of a consumer-led recession.

"Until there is solid evidence that the bulk of subprime-related write downs is behind us, and that credit quality deterioration and value impairment hasn't spread to other types of consumer loans, the primary and secondary debt markets will remain circumspect-perhaps overly cautious-which in return will cause a ripple effect across many consumer related industries," said Ron Greenspan, senior managing director, FTI Corporate Finance. "We are not yet past the bad news about bad loans. A continued cautious posture by lenders could further weaken an already listing US economy," Mr. Greenspan added.

Automotive industry will remain in a slump. As we enter 2008 there is a growing consensus that the US automotive industry, in particular parts suppliers, will see a new round of casualties and further consolidation. With US light vehicle sales in 2008 now projected to fall below 16 million units for the first time since 1998, vehicle production is on schedule for its lowest unit output since 1993.

Ethanol runs out of gas. Recently the ethanol industry has run into problems with the high cost of raw materials and significant new supply outstripping demand. The price of corn used to make ethanol has soared, while purchases of ethanol by oil refiners to blend into gasoline have flattened. US ethanol refiners ramped up production so fast that they can now produce 7.2 billion gallons of ethanol a year, just shy of the federal mandate of 7.5 billion gallons by 2012. Yet there are not enough takers for so much supply. Making matters worse, the industry is still expanding with an estimated 6 billion gallons of additional ethanol capacity coming online as plants now under construction are completed.

FTI Consulting's Corporate Finance was retained by many notable companies, unsecured creditors and secured lenders in some of the most high profile corporate reorganization engagements in 2007, including the reorganizations of Calpine Corp., Dana Corp., Delphi Corp., Eddie Bauer, Interstate Bakeries, M. Fabrikant & Sons, New Century Financial Corp., Northwest Airlines, Pacific Lumber / Scotia Pacific, Pope & Talbot and Transeastern Homes.

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.

Safe Harbor Statement

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.

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