



FINAL RELEASE

Contact: Dennis Powell
202-223-9260
dennis@allisonpr.com

KPMG Corporate Finance's Global M&A Predictor Indicates Subdued 2008 Outlook as Activity Hits Plateau

U.S. to Bear the Brunt of Falling Deal Activity, Consumer Services to be Worst Hit Sector

Baltimore, Md., (January 22, 2008) — A lull in mergers and acquisitions provides further evidence that activity has now reached a plateau and could even be in decline in some areas, according to KPMG Corporate Finance's M&A Global Predictor, a comprehensive analysis of 1,000 leading companies' net debt to EBITDA ratios and Price Earnings ratios. The annual survey by KPMG Corporate Finance, a full-service, independent, middle-market investment bank with 1,800 professionals worldwide, suggests that 2008 deal levels may hold steady compared to 2007, but deal values are expected to fall away. The capacity for corporations to strike "intelligent" deals still remains though since corporate balance sheets generally look strong. The ability of private equity to fund highly leveraged transactions particularly in Europe and the U.S., however, will continue to be a challenge.

"The U.S. deal market this year will be challenging as the credit crunch worsens and companies across many sectors are affected by the likelihood of a consumer-driven recession," said Stephen Gaines, managing director and head of KPMG Corporate Finance LLC in the U.S. "Homebuilding and building products will continue to be out of favor due to continued problems with sub-prime loans and excess inventory of homes. On the other hand, the winners in 2008 may include sectors such as education, information technology and consulting services, energy, and health care. Investors may turn to those business services that are counter-cyclical to a recession, including education, training, and skills enhancement that will be in greater demand by individuals who are unemployed or desiring to upgrade their skills or change professions. We also expect the continued interest of investors in industries with long-term growth prospects such as energy and healthcare. Deals in the bankruptcy, workout, and restructuring markets will also pick up significantly. Successfully creating value from these opportunities will be based on whether lenders are prepared to take fair market value for assets, many of which will likely be below the level of debt."

The latest Predictor shows that global forward PE ratios have now dropped from 17.1x to 17.0x helping to confirm the plateau period which KPMG Corporate Finance expects to characterize M&A activity in 2008.

The previous study last summer showed PE ratios rising from 16.8x to 17.1x, a sufficiently sluggish increase for the firm to confidently call the top of the market prior to the U.S. sub-prime crisis.

A brief glance at the historical data bears out what KPMG's Predictor suggested six months ago. According to Dealogic data, the five months leading up to the end of November 2007 saw 15,654 deals globally at a value of US\$1,787.9 billion. Compared to the 17,535 deals recorded in the first half of 2007, at a value of US\$2,718 billion, the data suggests that while the complete second-half figures may eventually compare favorably on deal volumes, deal values look to be well down on the first half.

This significant fall in total deal values is despite generally strong corporate balance sheets. In the six-month period from the end of May 2007 to the end of November 2007, global corporate indebtedness actually recovered across all markets with net debt to EBITDA ratio's improving from 0.91 times to 0.81 times. According to KPMG Corporate Finance, this helps to illustrate the significant capacity that exists to comfortably raise new debt so long as a purchaser can meet the challenge of boosting corporate confidence and investor appetites, convincing potential backers that their intelligent deal is the one to back.

Forecast M&A Activity by World Region

The M&A Global Predictor indicates a clear split in appetite for deals with the mature regions of Europe and North America showing a declining valuation trend. PE's are down from 16.2x to 15.5x and 17.9x to 17.4x respectively, while the emerging regions such as Africa/Middle East and Asia Pacific (PE's up from 13.7x to 15.5x and 17.0x to 19.0x respectively) have recorded increased valuations. This suggests that increased M&A activity will be seen in the emerging markets over the next six months compared to decreased levels of activity in the mature regions.

Balance sheets globally remain strong with a Net Debt/EBITDA ratio of 0.81x with Africa/Middle East and Asia Pacific the strongest. This indicates that together with increased appetite for deals, these regions also possess the greatest financial capacity for deals. Europe, the U.S., and Latin America have seen no material change in their balance sheet capacities.

Forecast M&A Activity by Global Sector

KPMG Corporate Finance's forward PE valuation analysis of global sectors highlights basic materials (13.7x to 15.1x), telecoms (15.9x to 16.9x), and industrials (17.4x to 17.6x) as exhibiting the most positive forward looking valuation trends, suggesting that this is where the M&A activity is likely to be over the next six months. The weakest are consumer services (down from 19.6x to 18.1x) and healthcare (down from 17.9x to 16.8x).

According to Ricardo Chance, managing director and group head of the Special Situations Advisory Group at KPMG Corporate Finance LLC, "Consumers have already tapered back their spending as demonstrated by the early Q4 lackluster results for same-store sales. It is not the

lower end of the market but high-end retailers that are feeling the softness. So, retail and any business that is tied to the housing sector are going to be very soft. We have not seen the last of the massive loan write downs and failures of select small and large financial institutions.”

In terms of balance sheet capacity, utilities and industrials have the least capacity, while technology and healthcare continue to show net cash reflecting traditional balance sheet structures. Industrials, however, have shown a significant improvement with Net Debt/EBITDA strengthening from 2.07x to 1.71x.

Asia Pacific Oil & Gas and Utilities have shown the strongest valuation development of all region/sectors with Africa/Middle East basic materials and consumer services also very strong. The weakest region/sector development includes Latin America Utilities and industrials, and Africa/Middle East technology and consumer goods. North America telecoms are also weak.

For a complete view of results from the Global M&A Predictor, please contact:

Dennis Powell
Allison & Partners
202-223-9260
dennis@allisonpr.com

Irene Vasilakopoulos
KPMG Corporate Finance LLC
410-949-8733
ivasilakopoulos@kpmg.com

Notes to Editors:

KPMG’s *Global M&A Predictor* tracks 12-month forward Price-to-Earnings multiples (PE) and estimated net debt-to-earnings before interest, tax, depreciation and amortization (EBITDA) ratios to track and establish the direction of M&A activity.

KPMG’s *Global 1,000* comprises 1,000 of the largest companies in the world by market capitalization, with a representative weighting of countries and sectors, to help ensure appropriate inclusion. A panel of KPMG firms’ professionals sits every half-year and reviews the constituents of the index to seek to ensure that it remains reflective of global changes in regional and sector weightings.

The data is taken sourced from JCFQuant, the corporate earnings estimates data provider. KPMG firms’ professionals calculate 12-months forward PE ratios (expressed as a multiple) for each qualifying company of the 1,000, and aggregates these into regions and sectors to aid comparison. This valuation tool is used due to its transparency, the ready availability of data and widespread acceptance in the investment community. Our PE’s test for “paper capacity,” i.e., the relative ability of companies, sectors and regions to originate deals using shares only.

Net debt to EBITDA is calculated using estimates from JCFQuant, again by each company in our 1,000, and is a respected ratio that indicates capital structure and financial gearing. This ratio tests for “debt capacity” – that is, the relative ability of companies, sectors and regions to originate deals using debt only.

By comparing both sets of forward-looking ratios, with sectors and regions weighted by market capitalization, KPMG’s *Global M&A Predictor* attempts to identify changes over time that could imply trends in appetite for deals and indeed capacity for deals. It also attempts to compare and contrast sector regions to highlight possible areas of deal flow. (Note: Net debt/EBITDA ratio calculations are not relevant for financial services and property sectors. These sectors have therefore been excluded from this analysis.)

KPMG’s Corporate Finance practice provides a range of independent, investment banking advisory services internationally and comprises more than 1,800 investment banking advisory professionals operating in 51 countries. KPMG’s Corporate Finance provides strategic advisory and deal management services covering acquisitions and disposals; mergers and takeovers;

valuations and fairness opinions; structured and leveraged financing; private equity strategies; initial and secondary public offerings; joint ventures and transaction alliances.

About KPMG Corporate Finance LLC

KPMG Corporate Finance LLC is a U.S. subsidiary of KPMG LLP, the UK member firm of KPMG International, a Swiss cooperative. With offices in Atlanta, Austin, Baltimore, Chicago, Dallas, Long Island, Los Angeles, Minneapolis, Orange County (California), and New York, the subsidiary provides a range of independent, investment banking services to clients throughout the U.S. and the rest of the world. Globally, KPMG Corporate Finance provides a range of independent, investment banking services internationally and comprises more than 1,800 investment banking advisory professionals operating in 51 countries. KPMG’s Corporate Finance practice provides strategic advisory and deal management services covering mergers and acquisitions, sales and divestitures, buy-outs, financings, restructurings, fairness opinions, infrastructure project finance and other advisory initiatives.

In 2007, KPMG Corporate Finance remains the leading mid-market financial adviser completing 450 deals totalling US\$27.5 million according to the Thomson Financial Securities Data 2007 M&A global league tables (January 3, 2008).

KPMG Corporate Finance LLC, a U.S. limited liability company, is a member of FINRA and is registered as a broker dealer with the SEC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a UK limited liability partnership and the UK member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

About KPMG: KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 145 countries and have 123,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is legally distinct and separate entity, and describes itself as such.

Dealogic is a leading supplier of relationship management, transaction execution and information systems for the investment banking industry. With offices throughout the world, Dealogic offers coverage of global capital markets and corporate finance activity.

Figure 1:

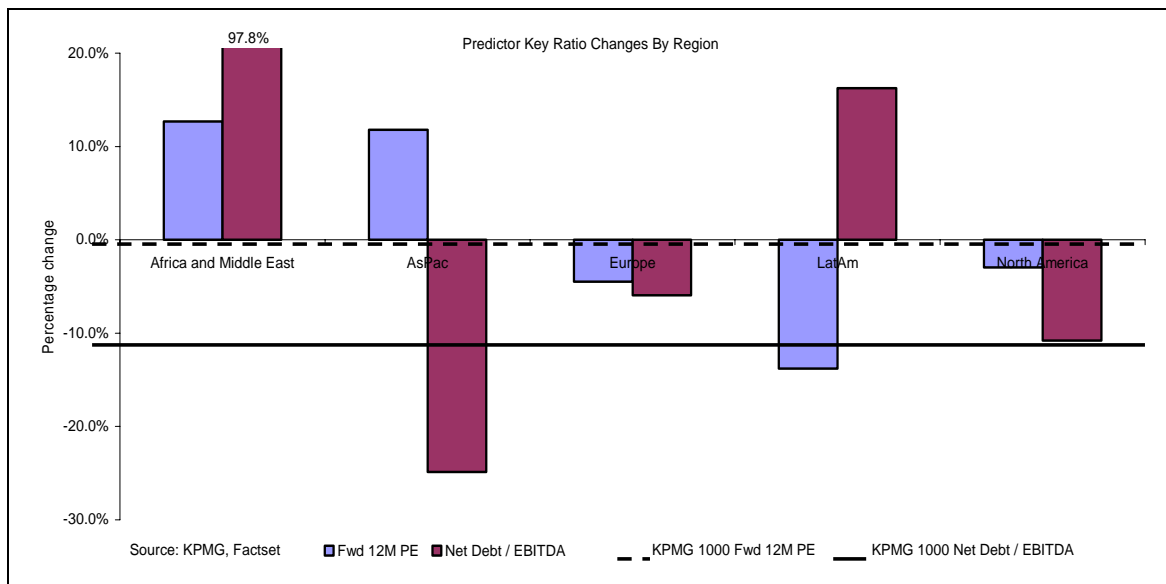
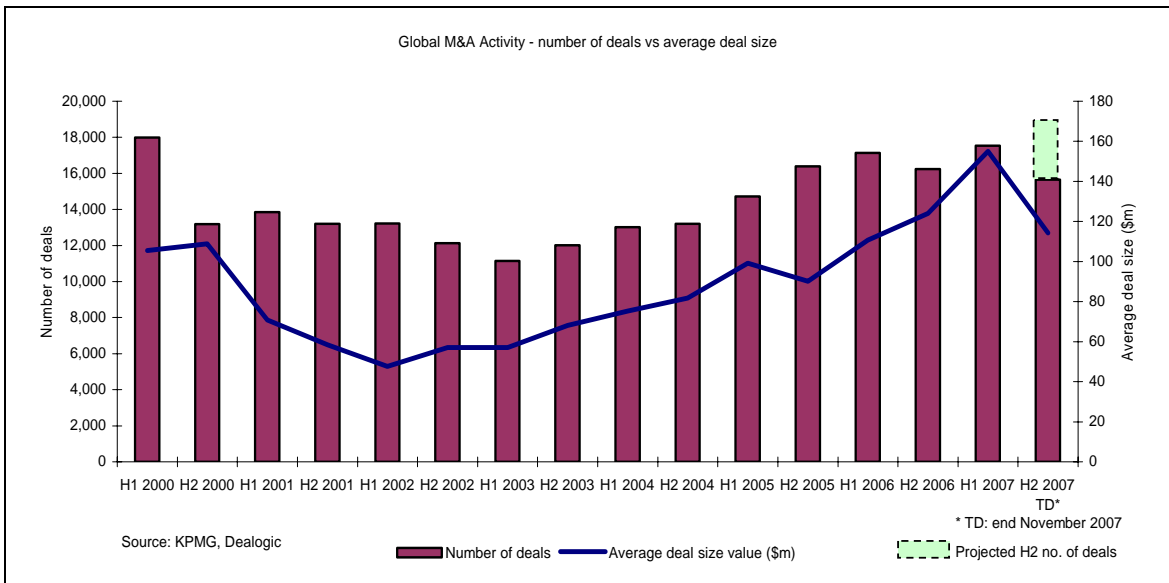


Figure 2:



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