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**LOWER CORPORATE DEBT, MORE AVAILABLE CASH BOOST
PROSPECTS FOR U.S. M&A ACTIVITY, KPMG STUDY FINDS**

Deal making capacity expected to rise

NEW YORK, August 4 – Forecasts of lower corporate debt and higher profits in the U.S. signal a promising U.S. mergers and acquisitions market, according to the latest *Global M&A Predictor* study from KPMG International, the global network of audit, tax and advisory firms.

One cause for M&A optimism in the U.S. is a downward trend in net debt/EBITDA ratios. The U.S. companies analyzed are deleveraging faster than their global counterparts, with net debt projected to fall 34 percent by June 2012, compared to 19 percent globally.

“Companies have paid down their debts and have more cash on hand, which should provide them with more capacity to borrow and fund future acquisitions,” said Phil Isom, the U.S. leader of KPMG Corporate Finance LLC. “As a result, corporate buyers may now have the upper hand when negotiating attractive acquisitions.”

“There is additional cause for optimism when you consider that the indicators examined in the study are moving in a positive direction collectively, which should ignite deals in the future,” Isom said.

In addition, U.S. companies are expected to experience a slightly faster growth rate in net profits, with U.S. companies’ net profits projected to increase 17 percent compared to a 15 percent anticipated increase in global net profits.

And despite being down slightly in the latest period, U.S. P/E (price/earnings) ratios remain at a premium to the global averages – 12.2 in the U.S. versus 11.2 globally. Isom pointed out that, “This not only signals improved investor confidence in the U.S. market, but provides a good indication that M&A activity, particularly in the U.S., continues to improve on last year’s levels.

“As companies become more profitable and strengthen their balance sheets, we expect management teams to increasingly look at inorganic strategies to further drive the growth that shareholders are demanding,” Isom added.

About the M&A Predictor

KPMG’s M&A Predictor, established in 2007, looks at the appetite and capacity for M&A deals by tracking and projecting important indicators 12 months forward. The rise or fall of forward P/E (price/earnings) ratios offers a good guide to overall market confidence, while net debt to EBITDA (earnings before interest, tax, depreciation and amortization) ratios help gauge the capacity of companies to fund future acquisitions. It is produced bi-annually, using data comprised from 1,000 of the largest companies in the world by market capitalization, including 338 companies in the United States. For a copy of the latest *M&A Predictor* report, please click [here](#).

About KPMG Corporate Finance LLC

KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services, including advising on mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, and infrastructure project finance. KPMG Corporate Finance LLC, a Delaware limited liability company, is a member of [FINRA](#) and SIPC and is registered as a broker dealer with the SEC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

About KPMG LLP

KPMG LLP, the audit, tax and advisory firm (www.us.kpmg.com), is the U.S. member firm of KPMG International Cooperative (“KPMG International.”) KPMG International’s member firms have 138,000 professionals, including more than 7,900 partners, in 150 countries.

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