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**DESPITE ‘CONCERN’ OVER IMPACT OF REGULATORY REFORMS,
HALF OF SENIOR EXECS SEE POTENTIAL ‘NET POSITIVE’**

*Many Are Taking Action To Get Ahead of Reform, Report That
Regulatory Uncertainty Is Hampering Long-Term Planning*

NEW YORK, May 5 – The vast majority of U.S. senior executives are concerned about the impact regulatory reform will have on their businesses, but half say it could eventually be a “net positive” according to a new survey conducted by KPMG LLP, the U.S. audit, tax, and advisory firm.

In polling 126 C-Suite executives, primarily from Fortune 1000 companies, KPMG found almost all of the executives (94 percent) express a level of concern about the impact that reform legislation could have on their business, with one-quarter of them saying they were “extremely” concerned.

When asked to identify their top three concerns, respondents in the KPMG survey most frequently cite the “cost of compliance” (68 percent), “government intervention in business” (52 percent), and “difficulty planning while awaiting reform passage” (42 percent).

Reform as a ‘Net Positive?’

Despite their concerns about the impact of reform, nearly half (49 percent) believe reform has the potential to be a “net positive” for their business, depending on what form the legislation takes. The view that reform could be a “net positive” was similar among executives in financial services (52 percent) and healthcare (47 percent). Interestingly, even among executives who identified themselves as “greatly concerned” about the impact of reform, 47 percent see its potential as a net positive.



KPMG Regulatory Reform Survey – 2

When asked to identify the positives they would like to see as a result of regulatory reform, about half of the executives cited activities to “help grow the economy” and one-third cited actions that would “help restore trust in the capital markets.”

“A perception among these top executives that reforms are potentially a net positive suggests an acceptance that the old rules are out and a new playbook is coming from Congress,” said Henry R. Keizer, vice chair- audit for KPMG LLP. “It’s likely this is an acknowledgement that some amount of regulatory reform is appropriate to further restore trust in the financial system.”

When asked if increased regulation could help avoid another financial crisis, 59 percent of overall respondents said it could be at least “somewhat effective” – although only 2 percent thought it would be “extremely effective” and 9 percent said “very effective.” More than half (56 percent) of the financial service executives agreed increased regulation could be at least “somewhat effective.”

Getting Ahead of Reform

More than half of all respondents (57 percent) – and 72 percent of the finance executives – say they have calculated the impact of anticipated reforms. The majority (71 percent) said they are “making changes to risk management policies.”

“We are counseling companies to identify and understand the risks that regulators are concerned about, and work to address these issues proactively in a thoughtful and comprehensive way,” said Keizer. “The survey finding that so many executives say they are making changes to their risk management policies demonstrates they are hearing this message.”

After risk management policies, the next two most cited actions, named by about one-quarter of the executives, were “changes to the product approval process” and “changes to disclosure policy.”

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Problems with Uncertainty

Most of the executives across the board pointed to the uncertainty surrounding regulatory reform as a problem, and 71 percent said it hampered their ability to plan for the future.

- *“You can plan for what you know, but it is difficult to prepare for uncertain government intervention,” said one executive in the survey.*
- *“We are concerned that plans we put in place and invest in now will be rendered ineffective with regulatory changes,” said another.*

Reform to Expand Beyond Financial Services, Healthcare

Overall, 77 percent of the survey respondents believe there will be regulatory reform in financial services and the executives in that sector were virtually unanimous (96 percent) in their agreement. But, 92 percent of the respondents do not believe regulatory reform will stop with financial services.

About half (48 percent) think reform will affect the energy industry, while 46 percent think it will expand to consumer protection and 41 percent named corporate tax as a likely reform target.

Survey Details

KPMG’s Regulatory Reform Survey was conducted in March 2010 among 126 C-Level executives across a wide cross-section of industries, with the heaviest representation from healthcare (27 percent) and financial services (20 percent). About 60 percent of the respondents represent Fortune 1000 companies and about 80 percent of respondents represent companies with annual revenues exceeding \$1 billion.

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 140,000 professionals, including more than 7,900 partners, in 145 countries.

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