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**KPMG STUDY REVEALS LITTLE ROCK, ARK.
IS LEAST-EXPENSIVE MIDSIZED U.S. LOCATION FOR BUSINESS**

***McAllen, Tex., Oklahoma City, Okla., and Greenville-Spartanburg, S.C.,
Other Highest-Ranking Locations For Cost-Competitiveness***

NEW YORK, March 31 – Little Rock, Ark., is the least-costly metropolitan area to do business among 18 U.S. locations with populations between 500,000 and 1.5 million, according to a study by KPMG LLP, the audit, tax and advisory firm. Contributing to Little Rock’s top ranking were competitive labor and investment costs, as well low transportation costs resulting from the city’s relatively central location.

Following closely behind Little Rock was McAllen, Tex., which ranked second in the study, and Oklahoma City, Okla., and Greenville-Spartanburg, S.C., which came in third and fourth, respectively, among mid-sized locations, with very similar cost indexes.

Besides Little Rock and Greenville-Spartanburg, four other Southeast cities--Charleston, W.Va., Jackson, Miss., Nashville, Tenn., and Raleigh, N.C.—ranked high in cost competitiveness in mid-sized locations category, further contributing to the Southeast’s position as the lowest cost region in the United States, among the 56 continental U.S. locations studied. Honolulu, Hawaii was the most expensive place to do business among midsized U.S. cities studied.

KPMG’s 2008 *Competitive Alternatives* study measured 27 significant cost components that are most likely to vary by location, including labor, taxes, real estate and utilities as they applied to 17 industries, over a 10-year planning horizon. Data on a variety of non-cost competitive factors was also compared. The study enables companies to perform a “quick scan” of jurisdictions to determine which can offer a cost-competitive business environment.



KPMG's 2008 Competitive Alternatives Study--2

“Selecting the best site for a business operation requires balanced consideration of many factors, including business costs, business environment, personnel costs and quality of life issues,” said Hartley Powell, national leader of KPMG’s Strategic Relocation and Expansion Services practice. “This study offers a comprehensive guide for comparing business costs in the United States and contains valuable information for any company seeking a cost advantage in locating a business operation.”

According to the study, Little Rock had a cost index of 93.4, more than 6 percent below the U.S. national average. Among all cities examined in the continental United States, only Shreveport, La., with a 92.7 cost index, ranked ahead of Little Rock.

McAllen followed with a cost index of 93.7, while Oklahoma City and Greenville-Spartanburg ranked a close third and fourth with cost indexes of 94.3 and 94.4, respectively. McAllen was assisted by very competitive labor, construction and natural gas costs. Oklahoma City’s low labor costs and property tax costs gave it an advantage; and Greenville-Spartanburg benefited from competitive labor costs combined with very low building and transportation costs, and a low income tax rate.

Charleston, with a cost index of 95.3, ranked fifth among mid-sized cities and profited from low transportation costs and low electricity rates. Jackson, with a only a slightly higher cost index of 95.4, ranked sixth, aided by low land costs—the lowest among the mid-sized cities studied—along with low construction costs and very competitive salary and wage costs.

Nashville and Raleigh were seventh and eighth, respectively, in the mid-sized cities category, with costs indexes of 96.8 and 97.6, respectively. Nashville was helped by low transportation costs and a moderate tax environment; Raleigh benefited from low property tax rates.

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KPMG's 2008 Competitive Alternatives Study--3

Commenting further, KPMG's Powell said: "Identifying which sites are most worthy of further investigation by a company, as it considers relocation, is just the first step. And although business costs and location issues are important considerations in the site selection process, companies should also assess the impact of discretionary incentives offered by jurisdictions that may enhance the relative cost-attractiveness of alternate sites."

Cost indexes for all 18 mid-sized U.S. cities studied follow. The benchmark cost index (U.S. = 100) is defined as the average of nine representative U.S. cities.

KPMG's 2008 COMPETITIVE ALTERNATIVES STUDY
(U.S. Cities with populations 500,000 to 1.5 million)

City	Cost Index	Rank
Little Rock, ARK	93.4	1
McAllen, TX	93.7	2
Oklahoma City, OK	94.3	3
Greenville-Spartanburg, SC	94.4	4
Charleston, WV	95.3	5
Jackson, MS	95.4	6
Nashville, TN	96.8	7
Raleigh, NC	97.6	8
Omaha, NE	99.0	9
Wichita, KS	99.6	10
Youngstown, OH	100.2	11
Harrisburg, PA	100.5	12
Boise, ID	100.5	13
Buffalo, NY	100.6	14
Salt Lake City, UT	101.0	15
Albuquerque, NM	101.2	16
Hartford, CT	104.1	17
Honolulu, HI	115	18

Cost index figures were created by measuring the combined impact of 27 cost components that are most likely to vary by location. More than 2,000 individual business scenarios were examined, analyzing more than 50,000 items of data. For comparison purposes, the national average was assigned a cost index of 100.0.

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KPMG's 2008 Competitive Alternatives Study--4

The overall *Competitive Alternatives* study measured business-operating costs in 136 cities throughout 10 countries. The full text of the 2008 study is available online at www.CompetitiveAlternatives.com.

KPMG's Strategic Relocation and Expansion Services practice, with more 50 U.S. professionals, offers a comprehensive range of services that help companies find tax and other efficiencies when expanding, relocating or consolidating their facilities. The practice operates domestically and globally and is part of KPMG's Global Location and Expansion Services group.

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