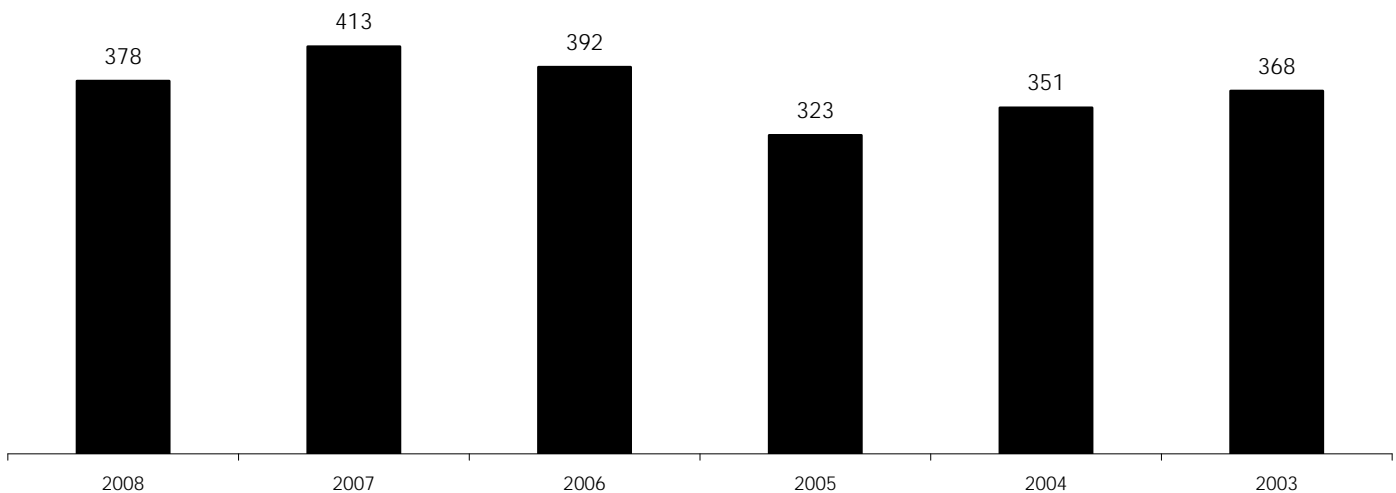


## Food Business Mergers & Acquisitions Decreased 8.5% In 2008

Following two consecutive years of growth, merger and acquisition activity in the food industry declined in 2008, with 35 less mergers completed last year than in 2007, a decline of approximately 8.5%. Mergers that were not completed by year's end totaled 44, about a 26.7% decrease from 2007. The majority of activity fell under the food processor category umbrella, with most mergers and acquisitions involving Multi-product processors, totaling 30 completed, followed by the other processors and brewers/distillers/wineries categories. The second most active category was restaurants and foodservice with 69 total mergers completed, the vast majority found within in the restaurant subcategory, followed by the retailers category, which includes convenience stores, supermarkets and other retailers.

FOOD INDUSTRY MERGER & ACQUISITION  
ACTIVITY 2003-2008



Compared with previous years, there were 35 more acquisitions completed by food processors in 2008 than in 2007, with twice as many in the brewers/distillers/wineries category. Coincidentally, this category may also have contained the merger with the highest profile, as InBev and Anheuser-Busch's deal received a great deal of news coverage in 2008. Acquisitions in the restaurants and foodservice category remained consistent with 2007's results, with only seven more completed at year's end, while there were 12 less completed deals in the retailers category in 2008. Most significantly, investment firms and banks closed 48 mergers and acquisitions in 2008 after posting the second highest total number the previous year and then decreasing by nearly 50% in 2008.

The sharp drop in investment firms and banks activity is possibly the result of a recessionary caution, a global credit crisis and the financial damages that followed and exacerbated the incipient recession begun a year earlier. It is difficult to estimate how much the severe global financial troubles affected the merger and acquisition activity within the food industry in 2008, particularly because the floor did not drop until the fourth quarter of the year, but also because many deals were already in the works prior to November and to cancel any deals may have resulted in substantial monetary penalties. Skyrocketing commodity costs also may have contributed to apprehension on the part of purchasers involved with food industry merger and acquisition activity. Though it is impossible to clearly draw connections between the economic turmoil of 2008 and its effects, it is evident that investment firms and banks, which cast a large shadow on the food industry in 2007, exhibited a diminished presence in 2008.