

# M&A Market Analysis

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## AUGUST 2012 GLOBAL M&A MONTHLY

### Global M&A Commentary and Deal Statistics

Year to date through July, global M&A metrics trailed the strong performance of 2011. In the first seven months of 2012, the global deal count decreased 6.3%. Reported dollar volume posted a larger drop-off, falling 14.5% to date in 2012.

### U.S. M&A Commentary and Deal Statistics

The U.S. M&A market remained in low gear during July. The transaction total decreased 7.3% to 977, failing to reach 1,000 for the first time in 2012. Reported dollar volume of \$80.2 billion dropped 30.0%, in line with the year-to-date decline.

### Europe M&A Commentary and Deal Statistics

Europe's M&A market demonstrated improvement in July. Although the transaction count (-18.4%) decreased year-over-year for the seventh consecutive month, the deal total of 926 was the highest since last November. Furthermore, dollar volume rose 10.4% to \$64.7 billion, the second-highest mark in the past year.

### U.K. Cross-Border M&A Activity

M&A activity in the U.K. was weak year to date through July. The deal count was down 9.0% to 1,646, as both domestic and cross-border transactions declined by at least 7.5%. Dollar volume fell 18.6% to \$94.0 billion.

### Germany Cross-Border M&A Activity

Year to date in Germany, the transaction total was down 17.9% to 856, reflecting declines for domestic and inbound transactions. Dollar volume jumped 58.9% to \$56.5 billion.

### Asia Commentary and Deal Statistics

The M&A market in Asia (ex. Japan) continued to languish in July. The deal count decreased 19.4% to 411, a total in line with recent levels. Although reported dollar volume was up 37.2% to \$45.6 billion, the increase was entirely due to the proposed \$18.2 billion CNOOC/Nexen transaction.

### China M&A Activity and Deal Statistics

China M&A activity was mixed for the year-to-date period. The deal count dropped 18.4% to 1,347, with domestic, inbound, and outbound transactions all declining. Dollar volume climbed 12.2% to \$102.9 billion.

### India M&A Activity and Deal Statistics

M&A metrics in India trailed year-ago levels through the first seven months of 2012. The deal count slid 11.0% to 494. Domestic transactions gained 8.4%, whereas cross-border deals plunged 35.5%. Dollar volume decreased 7.2% to \$15.8 billion.

### Japan M&A Activity

Through the first seven months of the year, M&A activity was robust in Japan. The deal count was up 9.1% to 1,506. Dollar volume jumped 49.7% to \$83.5 billion.

### Economic Commentary

Economic fundamentals remain bearish. The downside surprises on the economy have moderated in recent weeks, but this is more a function of lowered expectations than improving data.

### Restructuring News

The Baird CDS Index increased in July, rising 62.9 points to 914.8 – up 7.4% from 852.0 on June 30, 2012 and 6.2% above the last 12 month average of 861.2.

### Transaction Spotlight – Sale of Intelligrated, Inc. to Permira Advisers LLC

Intelligrated, Inc., a portfolio company of Gryphon Investors, recently completed the sale of the Company to Permira Advisers LLC. Terms of the transaction were not disclosed.

### Recent Baird M&A Transactions

A summary of Baird's announced M&A Transactions over the past 12 months.

### Baird U.S. Equity Research Coverage

In July, Baird added 2 companies to coverage and now covers 672 companies. These companies have a median and average market capitalization of \$2.3 billion and \$11.5 billion, respectively.

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