

# M&A Market Analysis

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## DECEMBER 2012 GLOBAL M&A MONTHLY

### Global M&A Commentary and Deal Statistics

Through November, global M&A metrics continued to lag the solid results of 2011. The year-to-date transaction total decreased 3.9%. Reported dollar volume declined 5.2%, as weakness in the first three quarters of 2012 outweighed impressive growth in October-November.

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

The pace of U.S. M&A activity slowed significantly in November, while reported dollar volume topped recent averages for the second consecutive month. The number of announced deals fell 14.3% to 788, the lowest total in two years. In contrast, reported dollar volume climbed 57.8% to \$80.6 billion, which exceeded the LTM mean.

### Europe M&A Commentary and Deal Statistics

M&A activity in Europe contracted again in November, when the number of transactions dropped 27.6% to 703, the lowest level in more than three years. While reported dollar volume was up 54.4%, the \$48.0 billion total was in line with the lackluster LTM average.

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

M&A activity was down year to date in the U.K. The deal count slid 3.2% to 2,663. Reported dollar volume dropped 17.6% to \$137.8 billion.

### Germany Cross-Border M&A Activity

Year to date in Germany, M&A activity was mixed. The deal count fell 16.0% to 1,375. However, dollar volume soared 82.4% to \$85.3 billion.

### Asia Commentary and Deal Statistics

The pattern of higher dollar volume and lower transaction count was apparent again in November. The number deals declined 20.5% to 395, which lagged the LTM average. However, announced dollar volume jumped 86.0% to \$39.0 billion, the highest monthly figure in two years.

### China M&A Activity and Deal Statistics

Year to date in China, the deal count slid 19.1% to 2,126. Dollar volume grew 10.6% to \$148.6 billion.

### India M&A Activity and Deal Statistics

Year to date in India, M&A metrics were varied. The deal count fell 9.3% to 774, reflecting declines in cross-border transactions. Dollar volume jumped 40.8% to \$30.8 billion.

### Japan M&A Activity

M&A activity was strong year to date in Japan. The deal count increased 8.6% to 2,289, with cross-border transactions experiencing double-digit growth. Dollar volume rose 33.0% to \$157.0 billion.

### Economic Commentary

The U.S. economy will enter 2013 with business investment and spending cooling, inventories accumulating, and a labor market that is adding jobs at a sub-par rate and without meaningful wage growth.

### Restructuring News

The Baird CDS Index decreased for a fourth consecutive month in November, falling 25.1 points to 715.9 – down 3.4% from 741.0 on October 31, 2012 and 13.1% below the last 12 month average of 824.0.

### Transaction Spotlight – Williams Partners L.P.'s acquisition of Gulf Olefins business from Williams Companies, Inc.

Williams Partners L.P. (NYSE: WPZ) recently completed the acquisition from the Williams Companies, Inc. (NYSE: WMB) of an approximate 83% undivided interest in the Geismar olefins production facility as well as Williams' refinery-grade propylene splitter for \$2.264 billion and pipelines in the Gulf region for \$100 million.

### 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 November, Baird added 6 companies to coverage and now covers 687 companies. These companies have a median and average market capitalization of \$2.4 billion and \$9.8 billion, respectively.

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