

M&A Market Analysis

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JULY 2012 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

The slowdown in the global M&A market carried through the first half of 2012. Year to date, the global transaction total decreased 6.6%, while reported dollar volume fell 13.4%.

U.S. M&A Commentary and Deal Statistics

U.S. M&A metrics for June were largely in line with year-to-date trends. The number of deals increased 0.9% to 1,069, which essentially matched the monthly average for the first half of 2012. After showing progress in the prior two months, reported dollar volume of \$56.6 billion declined 33.9%, consistent with the year-to-date decrease.

Europe M&A Commentary and Deal Statistics

Europe's M&A market posted divergent results in June. The deal count declined for the sixth straight month, dropping 31.9% to 793. In contrast, dollar volume increased 7.8% to \$68.9 billion, the second-highest volume in the past year.

U.K. Cross-Border M&A Activity

M&A activity in the U.K. was down through the first six months of the year. The deal count fell 16.9% to 1,281, marking the lowest first-half deal count since 2003. Dollar volume decreased 23.1% to \$76.5 billion.

Germany Cross-Border M&A Activity

Year to date in Germany, the number of announced transactions was down 16.5% to 716. Dollar volume soared 50.7% to \$43.3 billion, led by outbound volume more than doubling.

Asia Commentary and Deal Statistics

The M&A market in Asia (ex. Japan) showed improvement in June. Although the transaction count declined 17.7% on a year-over-year basis, the total of 451 was the second highest in the first half of 2012. Moreover, announced dollar volume rose 22.1% to \$31.9 billion, which was the highest level since last July.

China M&A Activity and Deal Statistics

Year-to-date M&A metrics were mixed in China. The deal count decreased 17.6% to 1,167. Domestic, inbound, and outbound transactions were all down at least 12%. Dollar volume increased 11.7% to \$73.9 billion.

India M&A Activity and Deal Statistics

The first-half deal count in India was down 12.5% to 420. Despite dollar volume from domestic transactions tripling, substantial declines in cross-border activity caused total dollar volume to shrink 6.0% to \$14.4 billion.

Japan M&A Activity

M&A activity in Japan was strong through the first half of 2012. The deal count rose 14.1% to 1,362. Dollar volume expanded 17.0% to \$73.3 billion.

Economic Commentary

Stepping back from the near-term headlines about disappointing incoming data, global manufacturing weakness, or even three consecutive months of fewer than 100,000 jobs being created in the U.S., the economic fundamentals are better understood within a longer-term context. Simply put, the economy continues to be anchored by too much debt.

Restructuring News

The Baird CDS Index decreased in June, falling 81.5 points to 852.0 – down 8.7% from 933.4 on May 31, 2012 and 2.1% above the last 12 month average of 834.4.

Transaction Spotlight – Sale of Archway Marketing Services to Investcorp

Archway Marketing Services (the "Company"), a portfolio company of Tailwind Capital Group, LLC and Black Canyon Capital LLC, recently announced the completion of the Company's sale to Investcorp.

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 June, Baird added 6 companies to coverage and now covers 672 companies. These companies have a median and average market capitalization of \$2.2 billion and \$10.9 billion, respectively.

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