

# M&A Market Analysis

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## JUNE 2012 GLOBAL M&A MONTHLY

### Global M&A Commentary and Deal Statistics

Deal metrics extended their slide into May, with M&A participants troubled by cooling economies worldwide and Europe's liquidity issues. On a year-to-date basis, the global M&A transaction total was down 6.7%. Reported dollar volume dropped 16.2% in the first five months of 2012, continuing a downtrend that began last summer.

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

Although U.S. M&A metrics declined in May, announced dollar volume showed improvement for the second straight month. The transaction total for May posted the first decrease since last June, dipping 5.0% to 953. While dollar volume of \$83.0 billion was down 2.6% on a year-over-year basis, volume was well above the last 12 month average.

### Europe M&A Commentary and Deal Statistics

Europe's M&A market remained mired in a slump in May. The deal total contracted 31.3% to 699, the lowest level since August 2009. Reported dollar volume plunged 38.1% to \$42.9 billion.

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

M&A activity was down in the U.K. through the first five months of the year. The deal count fell 16.4% to 1,076. Dollar volume slipped 21.9% to \$56.3 billion.

### Germany Cross-Border M&A Activity

Year to date in Germany, the M&A market posted varied metrics. The deal count was down 13.2% to 603. Dollar volume jumped 42.0% to \$35.9 billion, led by an outbound volume spike of nearly 150%.

### Asia Commentary and Deal Statistics

The M&A market in Asia (ex. Japan) witnessed divergent results in May. The number of deals dropped 35.6% to 337, the lowest total in three years. However, reported dollar volume increased 9.2% to \$23.4 billion.

### China M&A Activity and Deal Statistics

Year to date in China, the deal count fell 17.3% to 945. Dollar volume was down 3.5% to \$55.6 billion. Although cross-border volume was up 14.9%, the increase was offset by a drop in domestic volume.

### India M&A Activity and Deal Statistics

M&A activity was down year to date in India. The deal count declined 13.5% to 347. Dollar volume dropped 10.8% to \$12.9 billion.

### Japan M&A Activity

M&A metrics were strong through the first five months of the year in Japan. The deal count climbed 18.5% to 1,152. Dollar volume soared 31.6% to \$64.4 billion.

### Economic Commentary

Economic fundamentals are bearish. The winter strength seen in the employment data and other economic indicators appears now to have just been a mirage, as recent data has been weakening at an accelerating pace in absolute terms and relative to expectations.

### Restructuring News

The Baird CDS Index registered its largest increase of the year in May, rising 157.2 points to 933.4 – up 20.3% from 776.2 on April 30, 2012 and above the last 12 month average of 808.0.

### Transaction Spotlight – Inergy Midstream, L.P.'s Acquisition of US Salt, LLC

Inergy Midstream, L.P. (NYSE: NRGM) recently announced that it entered into an agreement to acquire 100% of the membership interests in US Salt, LLC from Inergy, L.P. (NYSE: NRGY) for total consideration of \$192.5 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 May, Baird added 6 companies to coverage and now covers 666 companies. These companies have a median and average market capitalization of \$2.2 billion and \$11.2 billion, respectively.

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