

M&A Market Analysis

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MARCH 2012 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

The global market for deal-making was largely stagnant in early 2012. In the first two months of the year, the transaction total decreased 5.7%. Moreover, reported dollar volume was down 11.3%, reflecting declines across deal size segments.

U.S. M&A Commentary and Deal Statistics

Although the U.S. M&A market remained active in February, a shortage of mega deals continued to dampen announced dollar volume in February. The transaction total increased year-over-year for the eighth straight month in rising 17.1% to 1,001. However, dollar volume declined 23.7% to \$59.0 billion, in line with the range of the prior three months.

Europe M&A Commentary and Deal Statistics

Europe's M&A market remained sluggish in February. The number of deals fell 26.4% to 726, which represented the lowest total since August 2009. Although reported dollar volume increased 57.8%, the pending Glencore/Xstrata transaction contributed more than half of the \$87.5 billion total for February.

U.K. Cross-Border M&A Activity

Through the first two months of the year, the deal count in the U.K. declined 17.6% to 426. Weakness was recorded for both domestic and cross-border activity. Dollar volume contracted 44.8% to \$17.2 billion despite a 39.2% rise in inbound volume.

Germany Cross-Border M&A Activity

Year to date in Germany, the deal count rose 6.9% to 279. A decrease in domestic and inbound transactions was offset by a 36.5% jump in outbound deals. Dollar volume soared 103% to \$12.3 billion, as domestic volume spiked 375%.

Asia Commentary and Deal Statistics

The M&A market in Asia (ex. Japan) strengthened in February after a weak January. The transaction count dipped 1.3% to 374, which was slightly above the January total. Announced dollar volume increased 52.6% to \$26.3 billion, the second-highest figure in the past seven months.

China M&A Activity and Deal Statistics

Year to date, China's deal count contracted 26.6% to 301, as both domestic and cross-border transactions experienced declines in excess of 20%. Dollar volume slid 35.6% to \$15.5 billion, with a significant drop-off in domestic volume.

India M&A Activity and Deal Statistics

Year-to-date M&A metrics improved in India. The deal count was up 0.7% to 141, led by a 25.6% rise in domestic transactions. Dollar volume soared 53.8% to \$8.7 billion, driven by the announcement of a \$6.5 billion transaction in February.

Japan M&A Activity

Year-to-date M&A activity was strong in Japan. The deal count rose 14.2% to 443. Growth for domestic and outbound transactions offset a 28.6% decline in inbound deals. Dollar volume increased 18.9% to \$18.0 billion, led by a 47.4% jump in outbound volume.

Economic Commentary

Economic fundamentals are still bearish. Modest improvement in the labor market has been made to look more robust by one of the warmest winters on record, but a truer test of the recovery will come as we move into the second quarter.

Restructuring News

The Baird CDS Index declined for a second consecutive month in February, falling 92.0 points to 740.3 – down 11.1% from 832.3 on January 31, 2012 but above the last 12 month average of 718.5.

Transaction Spotlight – Sale of San Jamar-Chef Revival to Dispensing Dynamics International, Inc.

San Jamar-Chef Revival recently announced its sale to Dispensing Dynamics International, Inc., a portfolio company of Kinderhook Industries, 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 February, Baird added 4 companies to coverage and now covers 672 companies. These companies have a median and average market capitalization of \$2.4 billion and \$9.4 billion, respectively.

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