

M&A Market Analysis

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MAY 2012 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

To date in 2012, the anticipated breakout in global M&A activity has yet to materialize. Through April, the global M&A deal count was 5.4% below the prior-year level. Announced dollar volume fell 17.7% amid decreases across deal size categories.

U.S. M&A Commentary and Deal Statistics

The trend of increased transaction counts and lower dollar volume in the U.S. M&A market continued in April, although dollar volume increased from recent levels. The number of deals was up on a year-over-year basis for the tenth straight month, rising 6.2% to 989. While announced dollar volume decreased for the sixth consecutive month, the total of \$91.1 billion (-10.7%) was the highest figure since July 2011.

Europe M&A Commentary and Deal Statistics

Metrics in Europe's M&A market were mixed in April. The number of transactions declined 22.9% to 706, the lowest total since August 2009. However, announced dollar volume increased 23.7% to \$71.3 billion, driven by the billion-dollar-plus deal segment.

U.K. Cross-Border M&A Activity

Year-to-date M&A metrics in the U.K. were negative. The deal count dropped 16.8% to 877, with declines exceeding 10% for both domestic and cross-border activity. Dollar volume plunged 26.7% to \$44.5 billion, reflecting significant drop-offs in domestic and outbound levels.

Germany Cross-Border M&A Activity

M&A activity was mixed year to date in Germany. The deal count was down 7.1% to 497 despite growth in excess of 25% for outbound transactions. Dollar volume jumped 66.6% to \$35.3 billion, led by a 375% spike in outbound volume.

Asia Commentary and Deal Statistics

The performance of the M&A market in Asia (ex. Japan) remained weak in April. The transaction count dropped 25.6% to 381, the second-lowest total in the past year. Announced dollar volume fell 21.1% to \$21.2 billion, which was slightly below the LTM average.

China M&A Activity and Deal Statistics

Year to date in China, the deal count fell 18.1% to 758. Contraction in both domestic and cross-border transactions exceeded 15%. Dollar volume declined 24.4% to \$36.4 billion.

India M&A Activity and Deal Statistics

For January through April, M&A metrics were divergent in India. The deal count was down 4.0% to 288, despite a 25.0% increase in domestic transactions. Dollar volume rose 12.3% to \$11.2 billion, led by an increase in billion-dollar-plus volume of over 200%.

Japan M&A Activity

M&A levels were robust through the first four months of the year in Japan. The deal count gained 20.9% to 956, with strength in domestic and cross-border activity. Dollar volume increased 20.3% to \$35.6 billion.

Economic Commentary

Economic fundamentals are bearish. As the recovery continues to unfold at an uneven pace, our economy is at risk of losing the dynamic element that defines it as essentially American.

Restructuring News

The Baird CDS Index registered its third monthly decrease of the year in April, declining 5.5 points to 776.2 – down 0.7% from 781.8 on March 31, 2012 and in line with the last 12 month average of 770.9. The index has come down over 27% from its three-year peak of 1,069.6 in September 2011.

Transaction Spotlight – Sale of M&C Energy Group Ltd to Schneider Electric SA

M&C Energy Group Ltd, a portfolio company of Lyceum Capital, recently agreed to be acquired by Schneider Electric SA (ENXTPA: SU). 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 April, Baird added 7 companies to coverage and now covers 669 companies. These companies have a median and average market capitalization of \$2.4 billion and \$9.8 billion, respectively.

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