

M&A Market Analysis

(Please specify which report you are requesting and include full contact information)

OCTOBER 2012 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Through the first three quarters of the year, global M&A metrics remained behind the healthy pace of 2011. Year to date through September, the transaction total declined 4.3%. The fall-off was more pronounced for reported dollar volume, which was 14.1% below the year-ago level.

U.S. M&A Commentary and Deal Statistics

The U.S. M&A market registered subpar performance in September. Although the number of transactions increased 1.2%, the total of 945 was the lowest to date in 2012. Furthermore, reported dollar volume declined 14.6% to \$50.7 billion, the lowest figure in the past six months.

Europe M&A Commentary and Deal Statistics

The slump in Europe's M&A market deepened in September. The deal count fell 27.0% to 758, which was the lowest total in more than three years. Announced dollar volume contracted 31.1% to \$26.1 billion, the second-lowest figure in the past 29 months.

U.K. Cross-Border M&A Activity

Year-to-date U.K. M&A activity was weak. The deal count was down 1.7% to 2,252. Although domestic activity rose 4.7%, declines in cross-border activity offset this gain. Dollar volume plummeted 28.5% to \$105.3 billion.

Germany Cross-Border M&A Activity

Year to date in Germany, M&A activity was mixed. The deal count decreased 18.3% to 1,132. A modest increase in outbound activity was offset by declines in excess of 20% for domestic and inbound deals. Dollar volume jumped 49.3% to \$62.5 billion, led by growth of 115% in domestic volume.

Asia Commentary and Deal Statistics

For the fifth straight month, the M&A market in Asia (ex. Japan) witnessed the combination of higher dollar volume and lower transaction count. In September, the number of deals decreased 20.9% to 370, the second-lowest level in the past 31 months. In contrast, announced dollar volume climbed 79.6% to \$25.7 billion.

China M&A Activity and Deal Statistics

Year to date in China, the deal count slid 20.9% to 1,730. Domestic and cross-border transactions all declined in excess of 18%. Dollar volume grew 17.4% to \$128.2 billion.

India M&A Activity and Deal Statistics

Year to date in India, M&A metrics posted varied results. The deal count fell 7.9% to 644. Dollar volume was up 3.1% to \$21.1 billion, led by a 77.0% jump in volume from billion-dollar-plus transactions.

Japan M&A Activity

M&A activity was solid year to date in Japan. The deal count increased 8.8% to 1,892, with both domestic and cross-border transactions experiencing growth. Dollar volume gained 7.0% to \$100.2 billion.

Economic Commentary

Economic fundamentals remain bearish. The recent data flow has been generally better than expected, as can be seen by the improved readings in the Economic Surprise indexes, but this appears to be as much the result of reduced expectations as it is improving data.

Restructuring News

The Baird CDS Index decreased for a second consecutive month in September, falling 149.2 points to 742.4 – down 16.7% from 891.6 on August 31, 2012 and 12.3% below the last 12 month average of 847.0.

Transaction Spotlight – Wolverine Worldwide's Acquisition of Collective Brands' Performance + Lifestyle Group

A consortium comprised of Wolverine Worldwide, Inc. (NYSE: WWW), Golden Gate Capital, and Blum Capital Partners has completed the acquisition of Collective Brands, Inc. (NYSE: PSS) for \$21.75 per share in cash, or a total of approximately \$2.0 billion, including the assumption of debt.

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 September, Baird added 1 company to coverage and now covers 678 companies. These companies have a median and average market capitalization of \$2.4 billion and \$12.0 billion, respectively.

Christopher C. McMahon

Managing Director
Head of Global M&A
cmcMahon@rwbaird.com
+1.312.609.4983

Brian P. McDonagh

Managing Director
Co-Head of M&A
bmcdonagh@rwbaird.com
+1.704.553.6611

Christopher Harned

Managing Director
charned@rwbaird.com
+1.414.765.3908

Howard P. Lanser

Managing Director
Head of Debt Advisory
hlanser@rwbaird.com
+1.312.609.5478