

M&A Market Analysis

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APRIL 2011 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Despite a series of potentially disruptive events, global M&A activity remained robust in Q1 2011, with particular strength in announced dollar volume. Year to date through March, the transaction count was roughly in line with the year-ago level while exceeding the figures for Q3 2010 and Q4 2010. Global dollar volume climbed 17.5%, powered by growth of nearly 50% for the number of deals valued above \$500 million.

U.S. M&A Commentary and Deal Statistics

U.S. M&A metrics continued to indicate a favorable deal-making environment. The March transaction total of 853, while 15.3% below the year-ago figure, was slightly above the average for the prior six months. The number of deals valued over \$100 million increased 72.4%, leading to dollar volume growth of 73.5% to \$134.0 billion, the second-highest monthly total in nearly three years.

Europe M&A Commentary and Deal Statistics

During March, M&A dollar volume again outpaced deal count trends in Europe. Despite a 3.9% decline in the number of transactions, reported dollar volume increased 17.2% to \$62.7 billion.

U.K. Cross-Border M&A Activity

U.K. M&A metrics increased through the first three months of the year. The deal count experienced an uptick of 1.8% to 737, and dollar volume spiked 90.5% to \$56.7 billion, led by 232% growth for inbound dollar volume.

Germany Cross-Border M&A Activity

Year to date, the deal count in Germany dropped 2.6% to 337; however, the Q1 figure was 5.7% above the 2010 quarterly average. Dollar volume of \$27.6 billion climbed 29.1% from the prior-year value and marked the second-highest quarterly figure since Q4 2008.

Asia Commentary and Deal Statistics

For the second consecutive month, the M&A market in Asia (ex. Japan) experienced a decline in announced dollar volume despite slight deal count growth. Although the number of transactions increased 0.8% in March, dollar volume dropped 20.0% to \$21.2 billion.

China M&A Activity and Deal Statistics

Year to date, M&A activity in China increased. Total transactions of 620 grew 4.0% over the prior-year level, and dollar volume jumped 30.2% to \$35.6 billion.

India M&A Activity and Deal Statistics

M&A activity in India was down through the first three months of the year. The deal count dropped 5.2% to 217, while dollar volume plummeted 63.1% to \$6.7 billion.

Japan M&A Activity

Japan displayed mixed results for the year-to-date period, with activity in March hurt by the earthquake and its after-effects. The deal count fell 9.6% to 508, while dollar volume climbed 61.4% to \$25.0 billion.

Economic Commentary

Economic growth has accelerated in recent quarters, but the sustainability of this growth trend in coming quarters is uncertain. The employment picture continues to show modest recovery. Private-sector payrolls have expanded in each of the last 13 months, although there are still seven million fewer jobs than there were at the peak.

Restructuring News

In March, the Baird CDS Index reversed a string of four consecutive monthly declines, increasing by 49.9 points to 476.7, up by 11.7% from 426.8 on February 28.

Transaction Spotlight – Sale of Velosi Limited to Applus+

Velosi Limited ("Velosi"), a U.K. (AIM) listed testing, inspection, and certification services company, has been acquired by Applus+ ("Applus"), a portfolio company of The Carlyle Group, for £87.8 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 March, Baird added 10 companies to coverage and now covers 651 companies. These companies have a median and average market capitalization of \$2.3 billion and \$11.1 billion, respectively.

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