

# M&A Market Analysis

*(Please specify which report you are requesting and include full contact information. Email your information to [kborkowski@rwbaird.com](mailto:kborkowski@rwbaird.com))*

## AUGUST 2011 GLOBAL M&A MONTHLY

### Global M&A Commentary and Deal Statistics

To date in 2011, global M&A dollar volume has steadily outpaced deal count figures. Through July, the global M&A transaction total was up 1.5% from the prior-year level. This contrasted with year-to-date dollar volume growth of 17.8%, reflecting a substantial increase for the number of deals valued above \$100 million.

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

In the U.S. M&A market, the trend of strong dollar volume gains amid minimal deal count growth continued in July. The number of transactions increased 3.2% to 972, which was slightly above the first-half 2011 average. In contrast, announced dollar volume nearly doubled to \$124.2 billion, the third-highest monthly total in the past three years.

### Europe M&A Commentary and Deal Statistics

After solid growth in the first half of 2011, Europe's M&A market experienced a lull in July. The number of transactions fell 18.1%, which was the largest percentage decline since August 2009. Reported dollar volume dropped 36.1% to \$51.1 billion, the lowest value in six months.

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

Year to date, the deal count in the U.K. dipped 1.0% to 1,701. Although cross-border activity displayed strong growth, the domestic transaction total fell 11.2%. However, year-to-date dollar volume increased 6.7%, led by outbound volume growth of 84.5%.

### Germany Cross-Border M&A Activity

For the year-to-date period, the number of announced transactions in Germany climbed 16.7% to 930, as the count increased for both domestic and cross-border deals. Dollar volume decreased 5.0% to \$46.7 billion.

### Asia Commentary and Deal Statistics

M&A metrics in Asia (ex. Japan) decreased on a year-over-year basis during July even as dollar volume reached the highest level to date in 2011. The deal count dropped 12.6%, the largest percentage decline in over two years. Dollar volume was down 8.5% to \$34.6 billion, which was 51% above the first-half average.

### China M&A Activity and Deal Statistics

Year to date, a total of 1,594 M&A transactions were announced in China, 3.6% above the prior-year figure. Dollar volume jumped 32.2% to \$96.3 billion, aided by 52.6% growth for outbound volume.

### India M&A Activity and Deal Statistics

India M&A metrics were down through the year-to-date period. The deal count slipped 0.4% to 531, despite a 60.0% increase in inbound transactions. Dollar volume plunged 66.0% to \$15.8 billion.

### Japan M&A Activity

Through the first seven months of the year, Japan's M&A activity was impressive. The deal count grew 5.6% to 1,255, led by strength in the number of outbound transactions. Dollar volume climbed 68.1% to \$55.3 billion, with cross-border volume growth exceeding 130%.

### Economic Commentary

Economic fundamentals remain bearish and the risk of recession is on the rise. We do not expect the economy will move into recession, but it is a much more discrete possibility now than it appeared to be at the start of the year.

### Restructuring News

The Baird CDS Index rose for the third consecutive month in July, increasing 59.1 points to 593.7 – up 11.1% from 534.6 on June 30.

### Transaction Spotlight – Sale of U.S. Security Associates Holdings, Inc. to Goldman Sachs Capital Partners

U.S. Security Associates Holdings, Inc. ("USA"), a portfolio company of Wind Point Partners ("Wind Point"), recently completed its sale to affiliates of Goldman Sachs Capital Partners. 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 July, Baird added 16 companies to coverage and now covers 669 companies. These companies have a median and average market capitalization of \$2.2 billion and \$9.6 billion, respectively.

#### Christopher C. McMahon

Managing Director  
Head of Global M&A  
[cmcmahon@rwbaird.com](mailto:cmcmahon@rwbaird.com)  
312.609.4983

#### Brian P. McDonagh

Managing Director  
Co-Head of M&A  
[bmcdonagh@rwbaird.com](mailto:bmcdonagh@rwbaird.com)  
704.553.6611

#### Howard P. Lanser

Director, Mergers & Acquisitions  
Head of Business Development  
[hlanser@rwbaird.com](mailto:hlanser@rwbaird.com)  
312.609.5478