

# M&A Market Analysis

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## JULY 2011 GLOBAL M&A MONTHLY

### Global M&A Commentary and Deal Statistics

The global M&A market registered impressive dollar volume growth during the first half of 2011 even as deal count metrics flattened. Year to date through June, the global transaction total increased 0.8%. In contrast, announced dollar volume climbed 17.1% from the first-half 2010 figure.

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

U.S. M&A activity remained healthy in June. Despite an 11.0% year-over-year decline in the number of transactions, the deal total of 967 was 8.1% above the average for the prior six months. Reported dollar volume rose 37.3% to \$98.2 billion, in line with recent trends.

### Europe M&A Commentary and Deal Statistics

Europe's M&A market again featured robust dollar volume growth in June. Dollar value increased 22.1% to \$82.0 billion, the highest monthly level in the first half of the year. June's deal count was above the totals for April and May but down 10.0% versus a high June 2010 comparison.

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

For the year-to-date period, the number of announced transactions in the U.K. slipped 1.2%, but the deal count of 1,461 was 18.4% higher than the 2H 2010 level. Dollar volume increased 13.7% to \$103.7 billion.

### Germany Cross-Border M&A Activity

In the first half of 2011, the deal count in Germany increased 13.7% to 746. Total transactions for domestic, inbound, and outbound deals all experienced year-over-year growth. Dollar volume declined 13.3% to \$39.8 billion.

### Asia Commentary and Deal Statistics

In Asia (ex. Japan), the recent pattern of higher M&A deal counts and lower dollar volumes repeated in June. The transaction total increased 2.7% during the month, whereas dollar volume declined 4.3% to \$22.8 billion.

### China M&A Activity and Deal Statistics

Year to date, total announced transactions in China rose 6.9% to 1,385. Dollar volume increased 26.0% to \$69.7 billion. Outbound dollar volume was particularly strong, jumping nearly 100% to \$12.4 billion.

### India M&A Activity and Deal Statistics

Through the first half of the year, the deal count in India gained 0.9% to 463. Although domestic and outbound transactions decreased, the inbound deal count soared 80.6%. Dollar volume plummeted 67.6% to \$14.4 billion.

### Japan M&A Activity

Japan's M&A market performed positively during the first six months of the year. The deal count saw an uptick of 2.0% to 1,051. Dollar volume spiked 83.8% to \$50.1 billion, led by cross-border volume growth of 225%.

### Economic Commentary

The economy is stuck in slow-growth mode while expectations are for average to above-average growth. While the passing of some transitory effects may provide some boost to output in the second half, the longer-term trend in growth appears closer to 2.0% than 3.0%, a view that is not yet widely shared.

### Restructuring News

The Baird CDS Index rose for the second consecutive month in June, increasing 46.0 points to 534.6 – up 9.4% from 488.6 on May 31.

### Transaction Spotlight – Sale of Equitrac Corporation to Nuance Communications, Inc.

Equitrac Corporation (“Equitrac”), a portfolio company of Cornerstone Equity Investors, has been acquired by Nuance Communications, Inc. (“Nuance”) (NASDAQ: NUAN) for approximately \$157 million cash consideration.

### 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 June, Baird added 6 companies to coverage and now covers 660 companies. These companies have a median and average market capitalization of \$2.3 billion and \$8.4 billion, respectively.

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