



M&A Market Analysis

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MERGER MONTHLY – June 2008

General M&A Market Commentary

The number of global M&A deals year-to-date has decreased by 14.5% while dollar volume is down by 51.8% compared to the same period in 2007.

U.S. Middle-Market M&A Deal Statistics

May was the slowest month yet in 2008 for middle-market M&A activity, though it continues to remain stronger than the mega-deal segment. There were a total of just 229 announced middle-market transactions in May, a 34.8% decline from the prior-year period.

Transaction Spotlight – Sale of Primrose Holdings, Inc.

Primrose Holdings Inc., the nation's leader in early childhood education and a portfolio company of American Capital Strategies Ltd., was acquired by Roark Capital Group. Baird served as the exclusive financial advisor to Primrose and American Capital Strategies on this transaction.

European Middle-Market M&A Deal Statistics

The total number of announced middle-market European transactions for May was 287, a 29.1% decline from last year. Total European middle-market transaction dollar volume for the month was \$28.9 billion, a 41.1% decline from last year.

Transatlantic Middle-Market M&A Deal Statistics

There were 36 announced middle-market transatlantic transactions in May, a 23.4% decline compared to last year. The total dollar value of disclosed middle-market transatlantic acquisitions for the month was \$5.3 billion, a steep 17.3% decrease from the same period last year.

Restructuring News

On May 31, the Baird CDS Index fell for the third consecutive month, decreasing by 4% to 209.0, down from 217.7 on April 30, which was down significantly from 261.6 on March 31. The Index now stands 21.3% lower than the record high of 265.5 posted on February 29.

Recent Baird M&A Transactions

A summary of Baird's announced M&A transactions over the past 12 months.

Economic Commentary

The weight of the evidence continues to argue for a cautious approach to the stock market. Economic fundamentals remain weak and, despite whether the current period ultimately garners the recession label, the upturn in economic conditions expected later this year and into 2009 is expected to be sub-par.

Baird U.S. Equity Research Coverage

In May 2008, Baird added 8 companies to coverage and covered 512 companies at month end. These companies have a median and average market capitalization of \$1.5 billion and \$8.9 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

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