

M&A Market Analysis

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JUNE 2011 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Year to date through May, global M&A dollar volume has consistently outpaced deal count metrics. In the first five months of the year, the global transaction total dipped 1.2%. However, reported dollar volume increased 19.8%, powered by strong growth for the number of deals valued above \$100 million.

U.S. M&A Commentary and Deal Statistics

U.S. M&A activity in May again reflected the shift toward larger transactions. Although the monthly deal count declined 9.5%, the total of 909 was the second-highest in the past 10 months. Announced dollar volume remained on an upward path, rising 13.1% to \$83.7 billion.

Europe M&A Commentary and Deal Statistics

In May, the number of transactions experienced an uptick of 1.0%, comparable to the year-to-date growth rate. In contrast, announced dollar volume climbed 45.8% to \$94.8 billion, the highest monthly figure in nearly three years.

U.K. Cross-Border M&A Activity

For the year-to-date period, M&A activity in the U.K. was strong. The deal count posted an increase of 1.9% to 1,210, led by 31.2% growth in outbound transactions. Dollar volume climbed 30.3% to \$75.6 billion, powered by a 49.7% increase in cross-border dollar volume.

Germany Cross-Border M&A Activity

For the first five months of the year, the deal count in Germany was up 6.8% to 598, highlighted by 26.0% growth in outbound transactions. Dollar volume increased 31.0% to \$52.7 billion.

Asia Commentary and Deal Statistics

For the third time in the first five months of 2011, the M&A market in Asia (ex. Japan) witnessed a significant decline in reported dollar volume despite slight growth for the transaction total. In May, the number of deals increased 2.5%, but dollar volume of \$21.1 billion fell 44.6% from the May 2010 level, which was the second-highest monthly figure on record.

China M&A Activity and Deal Statistics

Year to date, the deal count in China was up 3.8% to 1,087. Dollar volume grew 40.4% to \$60.5 billion. Outbound M&A activity posted particularly strong results, with the deal count up 33.3% and dollar volume rising 83.6%.

India M&A Activity and Deal Statistics

Through the first five months of the year, M&A activity contracted in India. The deal count slipped 4.9% to 372, and dollar volume plummeted 64.6% to \$13.3 billion.

Japan M&A Activity

In Japan, the year-to-date deal count fell 1.3% to 838. However, dollar volume jumped 99.2% to \$47.4 billion, fueled by a 250% spike in outbound volume.

Economic Commentary

Economic Fundamentals are for now neutral, but may be headed to bearish. The economic activity has certainly slowed. The question is to the degree and duration of that slowdown. Labor market conditions have deteriorated, business activity is slowing, and the housing market remains under pressure.

Restructuring News

In May, the Baird CDS Index closed at its highest level since November 2010, increasing by 35.8 points to 488.6, up 7.9% from 452.8 on April 30.

Transaction Spotlight – Sale of Ladish Co., Inc. to Allegheny Technologies Incorporated

Allegheny Technologies Incorporated (NYSE: ATI) and Ladish Co., Inc. (NASDAQ: LDSH) announced that they have closed their previously announced definitive merger agreement whereby ATI acquired Ladish for an aggregate fully distributed equity value of approximately \$778 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 May, Baird added 8 companies to coverage and now covers 657 companies. These companies have a median and average market capitalization of \$2.3 billion and \$8.6 billion, respectively.

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