

M&A Market Analysis

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MARCH 2011 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

In early 2011, global dollar volume growth continued to outpace M&A deal count metrics. Year to date through February, the transaction total essentially matched the year-ago figure. In contrast, dollar volume rose 7.6%, reflecting 50% growth in the number of billion-dollar-plus deals.

U.S. M&A Commentary and Deal Statistics

M&A activity in the U.S. was mixed in February. The transaction count declined 18.4% to 711, the lowest monthly figure since late 2009. However, reported dollar volume of \$98.4 billion (nearly matching a strong year-ago comparison) was the second-highest figure in the last 12 months.

Europe M&A Commentary and Deal Statistics

Last year's trend of substantial M&A dollar volume growth on modest deal count increases resumed in February. The number of transactions in Europe was 1.1% above the year-ago level. Dollar volume climbed 48.3% to \$72.9 billion, powered by the billion-dollar-plus segment.

U.K. Cross-Border M&A Activity

Year to date, M&A activity in the U.K. registered growth. The deal count experienced an uptick of 2.5% to 457, while dollar volume soared 112% to \$33.3 billion, led by outbound dollar volume growth of almost 350%.

Germany Cross-Border M&A Activity

Year to date, M&A activity posted increased results in Germany. A total of 217 transactions were announced for the period, up 1.9% from last year. Dollar volume climbed 70.2% to \$17.5 billion, led by 91.5% growth in cross-border dollar volume.

Asia Commentary and Deal Statistics

M&A activity in Asia (ex. Japan) decreased in February. The number of deals declined for the third time in the past five months, dipping 2.3%. Reported dollar volume fell 55.6% to \$11.5 billion, the lowest total since early 2009.

China M&A Activity and Deal Statistics

Despite declines in China's M&A metrics in February, year-to-date M&A metrics were positive. A total of 383 transactions were announced, representing growth of 6.4%. Dollar volume soared 53.1% to \$24.6 billion, partly reflecting an increase of nearly 500% for outbound dollar volume.

India M&A Activity and Deal Statistics

M&A activity was weak through the first two months of the year in India. The deal count contracted 7.5% to 135, while dollar volume plummeted 76.3% to \$4.0 billion.

Japan M&A Activity

Year to date, M&A levels have been robust in Japan, as the deal count grew 18.9% to 352, and dollar volume jumped 175% to \$15.3 billion.

Economic Commentary

Near-term growth is improving, although trouble spots remain. The unemployment rate has come down considerably in recent months (from 9.8% in November to 8.9% in March). Weekly initial jobless claims are in a down-trend as the pace of layoffs slows. Payroll growth has been uneven and well below historical trends, but the pattern has now turned positive.

Restructuring News

In February, the Baird CDS Index fell for the fourth consecutive month, declining 24.1 points to 426.8, down 5.4% from 450.9 on January 31 – setting another post-September 2008 low for the Index. At this level, the Index is 25.9% below where it was a year ago and 21.3% below its trailing twelve-month moving average.

Transaction Spotlight – Cortec Group's sale of NeuroTherm, Inc. to Linsalata Capital Partners

RF Medical Holdings, Inc. ("NeuroTherm"), a portfolio company of Cortec Group Fund III, L.P., an affiliate of Cortec Group ("Cortec"), recently completed its sale to Linsalata Capital Partners ("Linsalata").

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 February, Baird added 13 companies to coverage and now covers 645 companies. These companies have a median and average market capitalization of \$2.2 billion and \$13.8 billion, respectively.

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