

M&A Market Analysis

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October 2009 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Year to date through September, the global transaction count fell 21.8%, and reported dollar volume was 29.4% under the prior-year figure. The number of deals in Q3 essentially matched the Q2 figure, but quarterly dollar volume was down 16.1% on a sequential basis.

U.S. M&A Commentary and Deal Statistics

Through the third quarter of 2009, the number of U.S. M&A deals totaled 5,597, a 23.6% decline compared to last year. Dollar volume of \$514.9 billion registered a 25.5% drop.

Europe M&A Commentary and Deal Statistics

For the first nine months of 2009, the number of transactions in Europe was 21.9% below the prior-year figure. Year-to-date dollar volume plunged 45.6%.

U.K. Cross-Border M&A Activity

The U.K. middle market experienced a 45.7% decrease in the number of deals and a 51.5% drop in dollar volume for the year-to-date period. The middle market continued to lag the overall market through September.

Germany Cross-Border M&A Activity

For the year-to-date period, there was a total of 848 announced German M&A transactions, off 33.4% compared to last year. Dollar volume experienced a 61.8% drop to \$42.7 billion.

Asia Commentary and Deal Statistics

Year to date through September, the number of Asia M&A transactions decreased 24.1%, and dollar volume was down 26.3%.

China M&A Activity and Deal Statistics

On a year-to-date basis, China's deal activity declined 17.6%. Dollar volume of \$96.5 billion was down 14.2% compared to the year-ago period.

India M&A Activity and Deal Statistics

Through Q3, there were 417 announced India M&A transactions, a 45.7% drop from the year-ago period. Dollar volume totaled \$5.2 billion, an 85.0% decrease. There have been no billion-dollar-plus deals in India through the third quarter.

Japan M&A Activity

The developed Japan M&A market compared well to most major markets through Q3. The number of deals totaled 1,504 (-11.4%) while dollar volume of \$83.2 billion registered a 4.1% decline.

Economic Commentary

Stocks have closed higher in each of the last seven months, rallying more on the hope of recovery than the realization of it, but still, the fourth quarter begins with the weight of the evidence continuing to give the benefit of the doubt to the bullish case. In the near term, however, the outside reversal day on the S&P 500 witnessed in late September (in the wake of the FOMC's declaring an expansion in economic activity and low risk of inflation) suggests that risks have risen. Investors should exhibit more patience in the current environment by focusing on buying in periods of weakness as opposed to chasing rallies.

Restructuring News

Consistent with the powerful rallies in the equity and corporate fixed income markets, the Baird CDS Index resumed its steep descent in September, falling for six of the past seven months since reaching its peak on Feb. 28, at the height of the credit crisis. The Index fell 151.1 points to 650.2 on September 30 – an 18.9% drop from 801.3 on August 31.

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 September 2009, Baird added 8 companies to coverage, bringing the total coverage to 599 companies.

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