

M&A Market Analysis

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SEPTEMBER 2011 GLOBAL M&A MONTHLY

Global M&A Commentary and Deal Statistics

Despite a late-summer slowdown for larger deal activity, global M&A metrics remained positive on a year-to-date basis. Through August, the global M&A deal count increased 5.1%. Announced dollar volume was up 11.4% in the first eight months of 2011.

U.S. M&A Commentary and Deal Statistics

The U.S. M&A market countered recent trends by registering strong deal count growth and a slight dollar volume decline in August. The number of transactions climbed 22.2% to 1,079, the highest monthly total in over a year. Nevertheless, reported dollar volume was down 1.1% to \$78.4 billion, the lowest figure since October 2010.

Europe M&A Commentary and Deal Statistics

For the second consecutive month, Europe's M&A market witnessed a substantial drop-off in announced dollar volume. Despite the transaction count increase of 9.5% in August, dollar volume sank 45.8% to \$45.4 billion, the lowest total since January. The middle market experienced modest gains in the number of deals (up 0.9%) and dollar value (+3.3%).

U.K. Cross-Border M&A Activity

For the year-to-date period, the deal count in the U.K. was up 3.8% to 2,008. The number of domestic deals decreased 5.7%, while outbound transactions rose 23.8%. Dollar volume slipped 7.4% to \$137.8 billion.

Germany Cross-Border M&A Activity

Through the first eight months of the year, total announced transactions in Germany jumped 30.2% to 1,160, as both domestic and cross-border activity experienced substantial growth. Dollar volume contracted 2.0% to \$50.7 billion.

Asia Commentary and Deal Statistics

For the fourth consecutive month, the M&A market in Asia (ex. Japan) experienced a decline in reported dollar volume. Although the number of deals increased 6.8% in August, dollar volume fell 25.5% to \$19.1 billion, which was the second-lowest monthly total to date in 2011.

China M&A Activity and Deal Statistics

China M&A activity expanded during the year-to-date period. The deal count of 1,904 was up 5.6%, driven by outbound growth of 49.7%. Dollar volume climbed 29.1% to \$109.6 billion, marking a record high for the first eight months of the year.

India M&A Activity and Deal Statistics

From January through August, India M&A metrics posted divergent results. The deal count rose 1.7% to 616, led by 63.7% growth for inbound transactions. Year-to-date dollar volume plummeted 65.8% to \$17.0 billion, as the number of billion-dollar-plus deals fell from 13 to 3.

Japan M&A Activity

M&A in Japan was robust through the first eight months of the year. The deal count climbed 7.6% to 1,431, with particular strength in outbound transactions. Dollar volume soared 47.5% to \$68.7 billion, supported by cross-border volume growth exceeding 165%.

Economic Commentary

Economic fundamentals are bearish. Obscured in the debate over whether underlying demand in the economy is slowing or not is the recognition of just how weak growth was in the first half.

Restructuring News

The Baird CDS Index rose for the fourth consecutive month in August, increasing 141.0 points to 734.7 – up 23.8% from 593.7 on July 31.

Transaction Spotlight – Sale of CamelBak Products, LLC to Compass Diversified Holdings

CamelBak Products, LLC (“CamelBak” or the “Company”), a subsidiary of a portfolio company of Irving Place Capital (“Irving Place”), recently completed its sale to Compass Diversified Holdings (NYSE:CODI) for a purchase price of \$257.5 million, including cash and working capital adjustments.

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 August, Baird added 7 companies to coverage and now covers 674 companies. These companies have a median and average market capitalization of \$2 billion and \$8 billion, respectively.

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