

## **M&A Market Analysis**

February 2008

# **Merger Monthly**

**A Middle-Market Perspective on U.S., European, and  
Transatlantic Mergers & Acquisitions**

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M&A activity started 2008 on a sluggish note, unable to shake the effects of the turmoil in the debt markets and growing concerns over the health of the economy. The total number of global transactions for January was 2,210 a 24.0% decline over the same period last year and below the LTM monthly average of 2,804. The dollar value of global M&A activity for the month totaled just \$123.0 billion, a 22.2% decline from the same period last year.	
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Middle-market activity also started the year on a weak note. There were a total of 241 announced middle-market transactions in January, a 31.5% decline from the prior-year period and significantly below the LTM monthly average of 336 transactions. Middle-market dollar volume of \$26.6 billion was down 26.6% compared to last year.	
• <b>Transaction Spotlight – Sale of SECOR International to Stantec Inc. ....</b>	<b>5</b>
In February, SECOR International Incorporated, a portfolio company of Arlington Capital Partners, announced that it had been acquired by Stantec Inc. Transaction terms were not disclosed. Baird served as the exclusive financial adviser to SECOR International Incorporated and its shareholders on this transaction.	
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European M&A activity is still negatively impacted by the turmoil in the credit markets.	
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The total number of announced middle-market European transactions for January was 221, substantially below the 379 transactions reported last year and the trailing LTM monthly average of 357 transactions. Total European middle-market transaction dollar volume for the month was \$16.1 billion, a 43.8% decline from last year.	
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There were just 26 announced middle-market transatlantic transactions in January, a 49.0% decline compared to last year. The total dollar value of disclosed middle-market transatlantic acquisitions for the month was \$3.6 billion, a 20.5% decline from the same period last year.	
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The Baird CDS index of 36 credit default swap contracts references non-investment grade debt using pricing information from Bloomberg. Our data confirm recent headlines in the business press about constrained credit availability and higher pricing of risk for all but the very strongest of investment grade borrowers.	
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A summary of Baird's announced M&A Transactions over the past 12 months.	
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Evidence is gaining that the U.S. economy is in or very near recession. Typically the equity market bottoms half way through a down cycle for the economy. Considering that the average length of a recession is 10 months and the starting date is assumed to be December, stock should begin to strengthen in the second quarter.	
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In January, Baird added 20 companies to coverage and now covers 513 companies. These companies have a median and average market capitalization of \$1.6 billion and \$6.6 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.	
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# General M&A Market Commentary

## OFF TO A SLOW START

M&A activity started 2008 on a sluggish note, unable to shake the effects of the turmoil in the debt markets and growing concerns over the health of the economy. The total number of global transactions for January was 2,210 a 24.0% decline over the same period last year and below the last 12 months (LTM) monthly average of 2,804. The dollar value of global M&A activity for the month totaled just \$123.0 billion, a 22.2% decline from the same period last year and 59.5% below the LTM monthly average of \$303.8 billion. Both of these totals were the lowest monthly totals in over three years.

In the U.S., there were just 866 announced transactions in January, a 20.6% drop from last year and well below the LTM monthly average of 980. The dollar volume of announced U.S. deals also dropped significantly due to the continued absence of large multi-billion deals. Dollar volume was just \$59.1 billion, a 35.5% decline from the year-ago period and less than one-half of the LTM monthly average of \$128.4 billion. There were just 14 transactions in excess of \$1 billion this month compared to an average of 31 deals in the first six months of the year. Furthermore, these 17 deals generated an aggregate value of just \$32.5 billion, or slightly more than \$2.3 billion per transaction. This compares to the 31 deals generating an average of \$129.8 billion in monthly aggregate deal volume, an average of \$4.2 billion per deal.

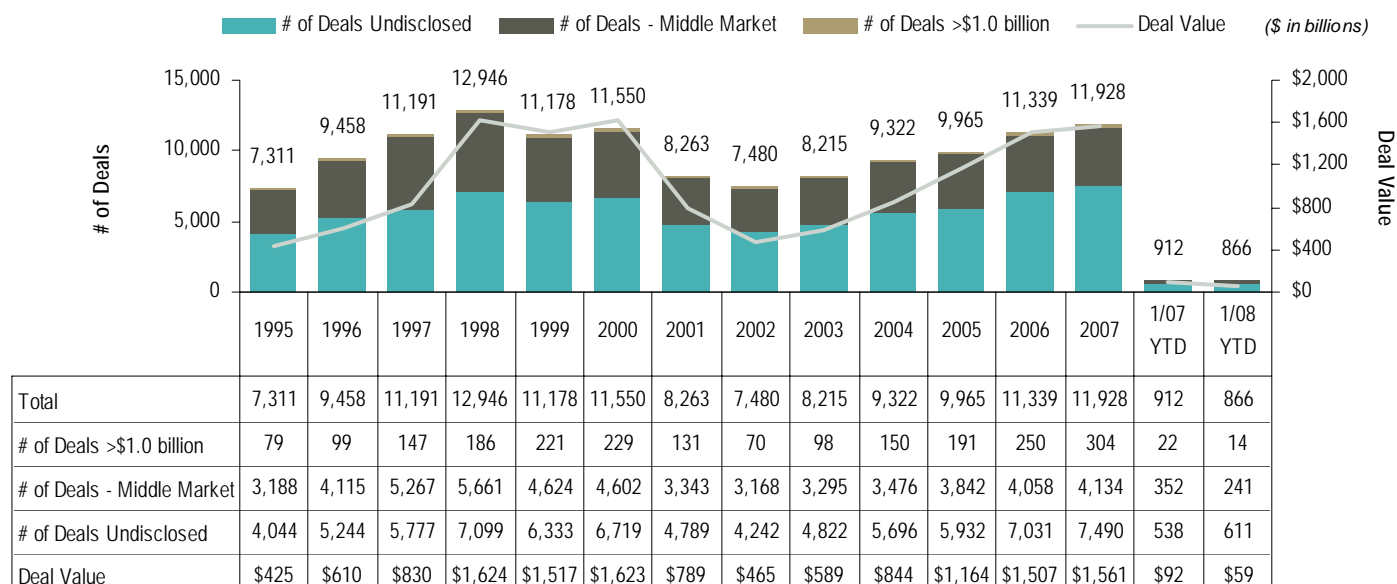
The current slowdown in activity has narrowed the number of industries experiencing year over year increases in activity. Data from Factset Mergerstat shows just seven of the 49 industries tracked with an increase in year-to-date deal activity compared to last year with five industries showing no change. This is a significant decline from last year when there were 21 industries showing increased activity and 15 industries for all of 2007. The industries with the largest increase in deals relative to the year-ago period were Miscellaneous Manufacturing (+3 transactions) and Beverages (+2 transactions) while the industries with the largest declines were Wholesale and Distribution (-36 transactions), and Banking and Finance (-32 transactions).

Middle-market activity also started the year on a weak note. There were a total of 241 announced middle-market transactions in January, a 31.5% decline from the prior-year period and significantly below the LTM monthly average of 336 transactions. Middle-market dollar volume of \$26.6 billion was down 26.6% compared to last year and below the LTM monthly average of \$34.6 billion.

Middle-market transaction multiples continue to hover at the higher end of historical ranges, although we expect them to begin declining as a result of the slowdown in activity. For all middle-market transactions across all industry sectors over the last 12 months, the median Enterprise Value/EBITDA multiple was 11.1x compared to 9.6x at this time last year and 11.4x reported for all of 2007.

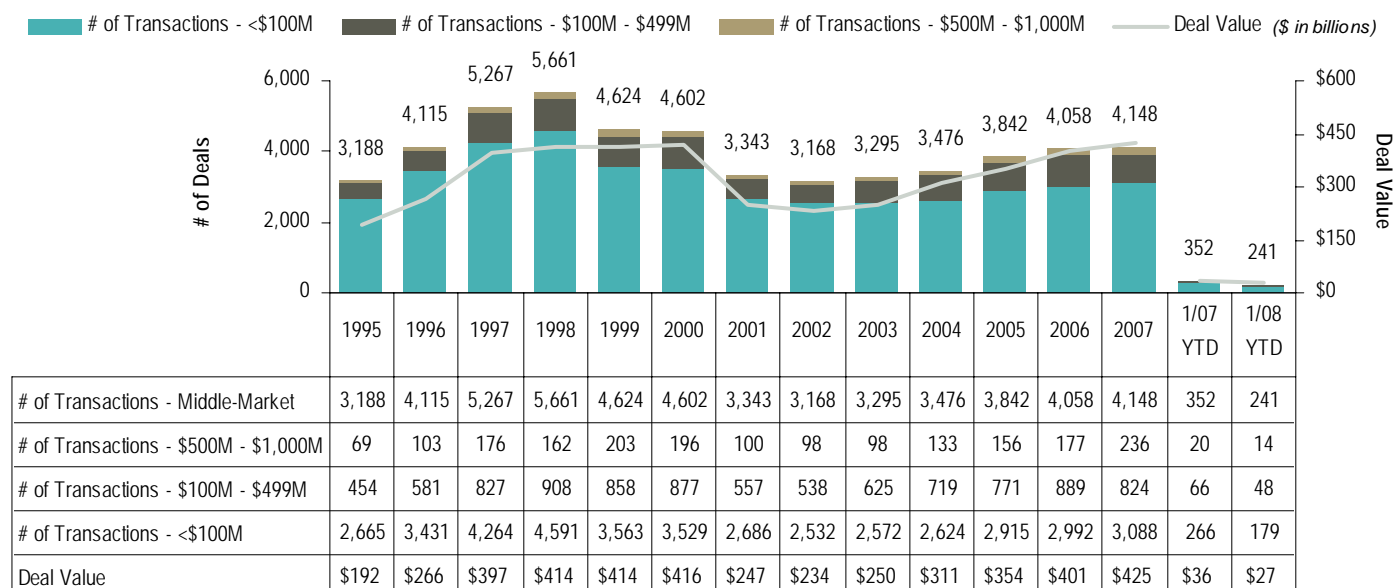
# General M&A Market Commentary

## U.S. Mergers & Acquisitions



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.  
 Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion.

## U.S. Mergers & Acquisitions – Middle Market



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.  
 Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion.

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

Number of Deals			
	2007	2008	% Change
<u>January</u>			
<\$100M	266	179	(32.7%)
\$100M-\$499M	66	48	(27.3%)
\$500M-\$1,000M	20	14	(30.0%)
<b>Total Middle Market</b>	<b>352</b>	<b>241</b>	<b>(31.5%)</b>
<b>Monthly Average</b>	<b>341</b>	<b>336</b>	<b>(1.3%)</b>
>\$1,000M	22	14	(36.4%)
Undisclosed	717	611	(14.8%)
<b>Total</b>	<b>1,091</b>	<b>866</b>	<b>(20.6%)</b>
<b>Monthly Average</b>	<b>960</b>	<b>980</b>	<b>2.1%</b>
<u>YTD</u>			
<\$100M	266	179	(32.7%)
\$100M-\$499M	66	48	(27.3%)
\$500M-\$1,000M	20	14	(30.0%)
<b>Total Middle Market</b>	<b>352</b>	<b>241</b>	<b>(31.5%)</b>
>\$1,000M	22	14	(36.4%)
Undisclosed	717	611	(14.8%)
<b>Total</b>	<b>1,091</b>	<b>866</b>	<b>(20.6%)</b>
<u>LTM</u>			
<\$100M	3,012	3,001	(0.4%)
\$100M-\$499M	889	806	(9.3%)
\$500M-\$1,000M	188	230	22.3%
<b>Total Middle Market</b>	<b>4,089</b>	<b>4,037</b>	<b>(1.3%)</b>
>\$1,000M	256	297	16.0%
Undisclosed	7,174	7,424	3.5%
<b>Total</b>	<b>11,519</b>	<b>11,758</b>	<b>2.1%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

Deal Value			
(\$ in millions)	2007	2008	% Change
<u>January</u>			
<\$100M	\$6,016	\$4,682	(22.2%)
\$100M-\$499M	\$15,831	\$11,773	(25.6%)
\$500M-\$1,000M	\$14,468	\$10,185	(29.6%)
<b>Total Middle Market</b>	<b>\$36,315</b>	<b>\$26,640</b>	<b>(26.6%)</b>
<b>Monthly Average</b>	<b>\$34,169</b>	<b>\$34,645</b>	<b>1.4%</b>
>\$1,000M	\$55,327	\$32,464	(41.3%)
Undisclosed	**	**	**
<b>Total</b>	<b>\$91,642</b>	<b>\$59,105</b>	<b>(35.5%)</b>
<b>Monthly Average</b>	<b>\$125,022</b>	<b>\$128,365</b>	<b>2.7%</b>
<u>YTD</u>			
<\$100M	\$6,016	\$4,682	(22.2%)
\$100M-\$499M	\$15,831	\$11,773	(25.6%)
\$500M-\$1,000M	\$14,468	\$10,185	(29.6%)
<b>Total Middle Market</b>	<b>\$36,315</b>	<b>\$26,640</b>	<b>(26.6%)</b>
>\$1,000M	\$55,327	\$32,464	(41.3%)
Undisclosed	**	**	**
<b>Total</b>	<b>\$91,642</b>	<b>\$59,105</b>	<b>(35.5%)</b>
<u>LTM</u>			
<\$100M	\$72,143	\$69,233	(4.0%)
\$100M-\$499M	\$206,101	\$185,764	(9.9%)
\$500M-\$1,000M	\$131,788	\$160,746	22.0%
<b>Total Middle Market</b>	<b>\$410,031</b>	<b>\$415,742</b>	<b>1.4%</b>
>\$1,000M	\$1,090,239	\$1,124,641	3.2%
Undisclosed	**	**	**
<b>Total</b>	<b>\$1,500,270</b>	<b>\$1,540,383</b>	<b>2.7%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

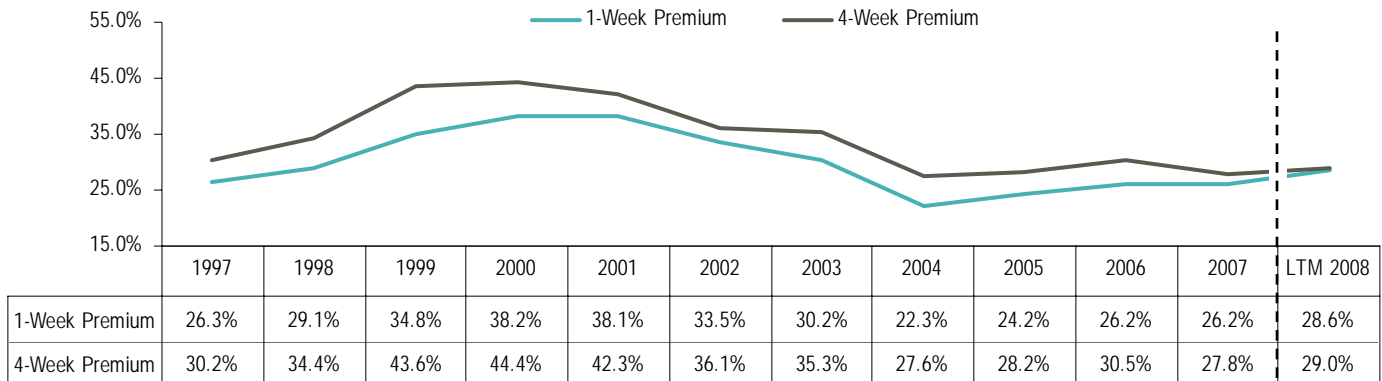
## U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

Transaction Size	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	LTM 2008
<u>EV/EBITDA</u>												
<\$100M	9.7x	8.1x	8.6x	6.5x	7.2x	6.6x	7.2x	8.2x	8.6x	8.2x	10.8x	10.8x
\$100M-\$499M	10.7x	10.6x	9.5x	8.5x	8.5x	8.3x	8.5x	8.9x	10.5x	10.2x	10.5x	10.8x
\$500M-\$1,000M	11.9x	12.8x	9.6x	9.0x	6.4x	10.9x	9.7x	12.2x	13.9x	12.8x	12.0x	12.0x
<b>Middle Market</b>	<b>10.7x</b>	<b>9.9x</b>	<b>9.2x</b>	<b>7.9x</b>	<b>7.7x</b>	<b>7.9x</b>	<b>7.6x</b>	<b>9.2x</b>	<b>10.1x</b>	<b>9.7x</b>	<b>11.4x</b>	<b>11.1x</b>
<u>EV/EBIT</u>												
<\$100M	13.1x	11.4x	11.1x	9.8x	9.2x	9.5x	11.5x	10.3x	11.7x	12.5x	14.3x	13.3x
\$100M-\$499M	13.3x	13.4x	12.4x	11.4x	11.1x	10.9x	10.8x	12.3x	13.4x	14.7x	15.0x	14.0x
\$500M-\$1,000M	14.8x	12.3x	13.4x	10.9x	9.3x	14.6x	12.8x	17.0x	18.7x	17.2x	16.7x	16.5x
<b>Middle Market</b>	<b>13.4x</b>	<b>13.2x</b>	<b>12.3x</b>	<b>10.8x</b>	<b>10.1x</b>	<b>11.0x</b>	<b>11.1x</b>	<b>11.5x</b>	<b>13.1x</b>	<b>14.4x</b>	<b>15.3x</b>	<b>14.5x</b>
<u>EV/Revenue</u>												
<\$100M	1.17x	1.03x	1.06x	0.89x	0.92x	0.77x	0.84x	0.83x	0.98x	0.93x	0.88x	0.99x
\$100M-\$499M	1.76x	1.67x	1.49x	1.39x	1.45x	1.49x	1.41x	1.63x	1.74x	1.48x	1.45x	1.47x
\$500M-\$1,000M	2.15x	2.50x	2.31x	1.85x	2.02x	2.41x	1.80x	1.56x	2.68x	2.32x	1.91x	1.63x
<b>Middle Market</b>	<b>1.57x</b>	<b>1.42x</b>	<b>1.31x</b>	<b>1.20x</b>	<b>1.09x</b>	<b>1.07x</b>	<b>1.00x</b>	<b>1.17x</b>	<b>1.61x</b>	<b>1.31x</b>	<b>1.25x</b>	<b>1.27x</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

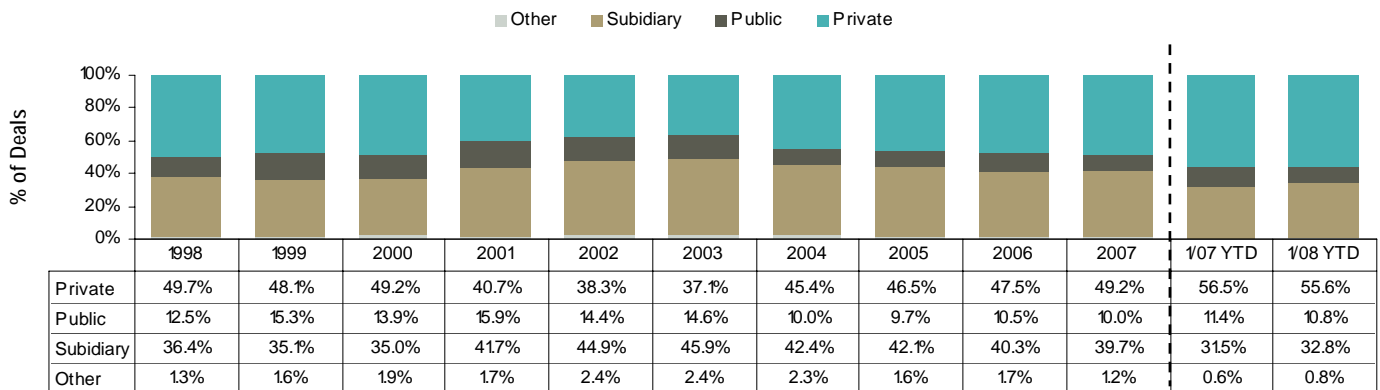
# U.S. Middle-Market M&A Deal Statistics

## U.S. Middle-Market Median Acquisition Premiums



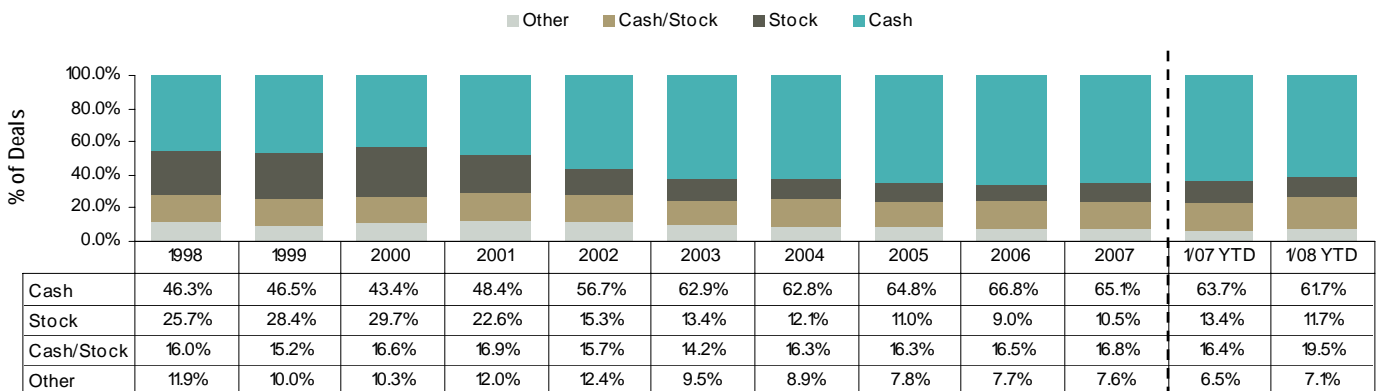
Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

## U.S. Middle-Market M&A Transaction Composition by Number of Deals



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

## U.S. Middle-Market M&A Payment Method by Number of Deals



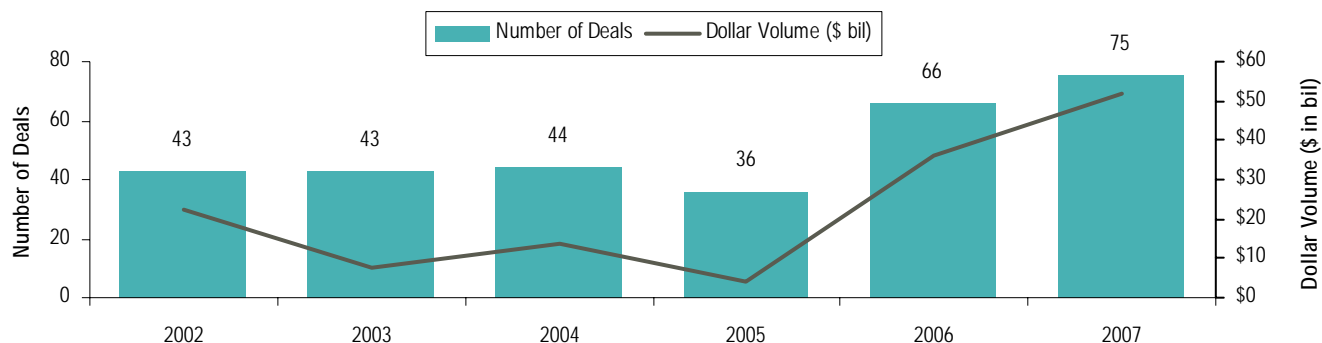
Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

# Transaction Spotlight – Sale of SECOR International to Stantec Inc.

<b>Client Company Headquarters</b>	SECOR International Incorporated, a portfolio company of Arlington Capital Partners <i>Redmond, Washington; Washington, D.C.</i>
<b>Acquiring Company Headquarters</b>	Stantec Inc. (TSX:STN; NYSE:SXC) <i>Edmonton, Alberta, Canada</i>
<b>Industry Sector</b>	Industrial Services
<b>Transaction Overview</b>	In February, SECOR International Incorporated, a portfolio company of Arlington Capital Partners, announced that it had been acquired by Stantec Inc. Transaction terms were not disclosed.
<b>Client Company Description</b>	<p>SECOR is a leading provider of environmental consulting and engineering services to the private sector. Through a network of 40 offices across the United States, SECOR provides environmental due diligence, remediation management and compliance and permitting services to its clients. In 2007, SECOR generated gross revenue of approximately \$125 million.</p> <p>Arlington Capital Partners is a Washington, D.C.-based private equity fund with over \$1 billion of committed capital focused on middle-market buyout investment opportunities in growth industries including: aerospace/defense, media and information services, healthcare services, business services and outsourcing and education.</p>
<b>Acquiring Company Description</b>	Stantec, based in Edmonton, Alberta, provides professional design and consulting services in planning, engineering, architecture, surveying, economics and project management. Stantec supports public and private sector clients in a diverse range of markets in the infrastructure and facilities sector at every stage, from initial concept and financial feasibility to project completion and beyond.
<b>Industry Overview – Environmental Consulting and Engineering Services</b>	<p>SECOR is a leading participant in the environmental consulting and engineering services industry. The industry provides advice and assistance to private and public institutions on environmental matters, particularly, control of contamination from pollutants, toxic substances and hazardous materials. In 2006, expenditures in the U.S. industry generated nearly \$24 billion and are expected to grow by approximately 5% annually in the near future.</p> <p>During the past few decades, state and federal governments in the United States and other nations have instituted environmental regulations to protect the quality of surface water, ground water, soils, sediments and other parts of the environment from various contaminants. The passage of several regulations, including the Resource Conservation and Recovery Act of 1976 and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, is credited with spurring the industry's growth. The enforcement of these laws, and continued tightening of regulation by the U.S. Environmental Protection Agency and individual states, continues to affect client operations in every industry by imposing increased operating and maintenance costs and capital expenditures requisite for compliance. Regulations continue to foster demand for limiting today's liability concerns and providing industry growth. SECOR services industries affected by these and other environmental regulations.</p>
<b>Advisory Role</b>	Baird served as the exclusive financial adviser to SECOR International Incorporated and its shareholders on this transaction. For more information on this transaction, please contact: Peter Kies, Managing Director, at 414-765-7262 or <a href="mailto:pkies@rwbaird.com">pkies@rwbaird.com</a> ; David Wierman, Managing Director, at 404-240-5792 or <a href="mailto:dwierman@rwbaird.com">dwierman@rwbaird.com</a> ; or John Lanza, Director, at 414-298-7669 or <a href="mailto:jlanza@rwbaird.com">jlanza@rwbaird.com</a> .

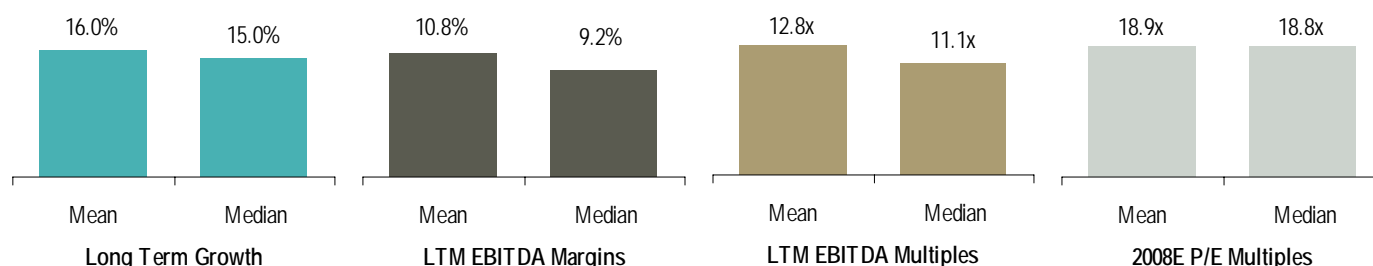
# Transaction Spotlight – Sale of SECOR International to Stantec Inc.

## Facility, Industrial, and Rental Services M&A Activity



Source: Thomson Financial and Robert W. Baird & Co. M&A Market Analysis. Reflects transactions with disclosed deal size only. Note: Deals classified by announcement date.

## Industrial Services Recent Operating/Valuation Metrics



Source: Capital IQ. LTM as of January 31, 2008.

## Selected Recent Industrial Services M&A Transactions

(\$ in millions)

Date Effective	Target	Acquiror	Enterprise Value	Enterprise Value/	
				Revenue	EBITDA
Pending	Jones & Stokes Associates, Inc.	ICF International Inc.	\$50.0	0.8x	N/A
Pending	Alfred McAlpine plc	Carillion plc	1,363.8	0.5	19.2x
Pending	Consolidated Fire Protection, Inc.	Minimax GmbH & Co.	N/A	N/A	N/A
Feb-08	SECOR International Incorporated	Stantec Inc.	N/A	N/A	N/A
Feb-08	Ecovation, Inc.	Ecolab Inc	210.0	4.2	N/A
Jan-08	The Services Group (TSG)	AECOM Technology Corporation	N/A	N/A	N/A
Jan-08	Delta Consultants	Oranjewoud N.V.	N/A	N/A	N/A
Jan-08	Energy Maintenance Services	Tower Tech Holdings, Inc.	36.4	N/A	N/A
Jan-08	Redman Equipment & Manufacturing	EMCOR Group Inc.	N/A	N/A	N/A
Jan-08	Southern Waste Services	Shoreview Industries	N/A	N/A	N/A
Dec-07	Advanced Technology Services	Westview Capital Partners	N/A	N/A	N/A
Dec-07	JD Consulting	RPS Group plc	11.2	0.9	N/A
Dec-07	R.D. Zande & Associates Inc. and Fuller, Mossbarger, Scott & May Engineers	Stantec Inc.	N/A	N/A	N/A
Dec-07	Liberty Waste Services	Centre Partners	N/A	N/A	N/A
Nov-07	Carter & Burgess	Jacobs Engineering	N/A	N/A	N/A
Nov-07	Performance Mechanical, Inc.	EMCOR Group, Inc.	N/A	N/A	N/A
Nov-07	Washington Group International, Inc.	URS Corp.	2,659.6	0.7	14.7
Nov-07	Integrated Service Company (InServ)	Willbros Group Inc.	217.8	0.7	7.2
Oct-07	ARD, Inc.	Tetra Tech, Inc.	N/A	N/A	N/A
Oct-07	Omnisource Corporation	Steel Dynamics, Inc.	1,088.0	0.5	6.8
Aug-07	InfraSource Services Inc.	Quanta Services Inc.	1,304.7	1.3	16.3
Aug-07	Oakleaf Global Holdings, Inc.	New Mountain Capital, L.L.C.	655.0	N/A	N/A

Source: SEC filings and press releases.



# European and Transatlantic M&A Overview

## EUROPEAN M&A OVERVIEW

European M&A activity also got off to a very slow start in the new year, impacted by the global turmoil in the credit markets and fears of a slowing global economy. The total number of announced European transactions in the month was 737, a 39.1% decline from the year-ago period and significantly below the LTM monthly average of 1,034 transactions. The disclosed dollar volume for the month was just \$40.7 billion, a 26.6% decline from the year-ago period and significantly below the monthly average of \$154.6 billion.

The total number of announced middle-market European transactions for January was 221, substantially below the 379 transactions reported last year and the trailing LTM monthly average of 357 transactions. Total European middle-market transaction dollar volume for the month was \$16.1 billion, a 43.8% decline from last year and well below the 12-month monthly average of \$35.9 billion.

## TRANSATLANTIC M&A OVERVIEW

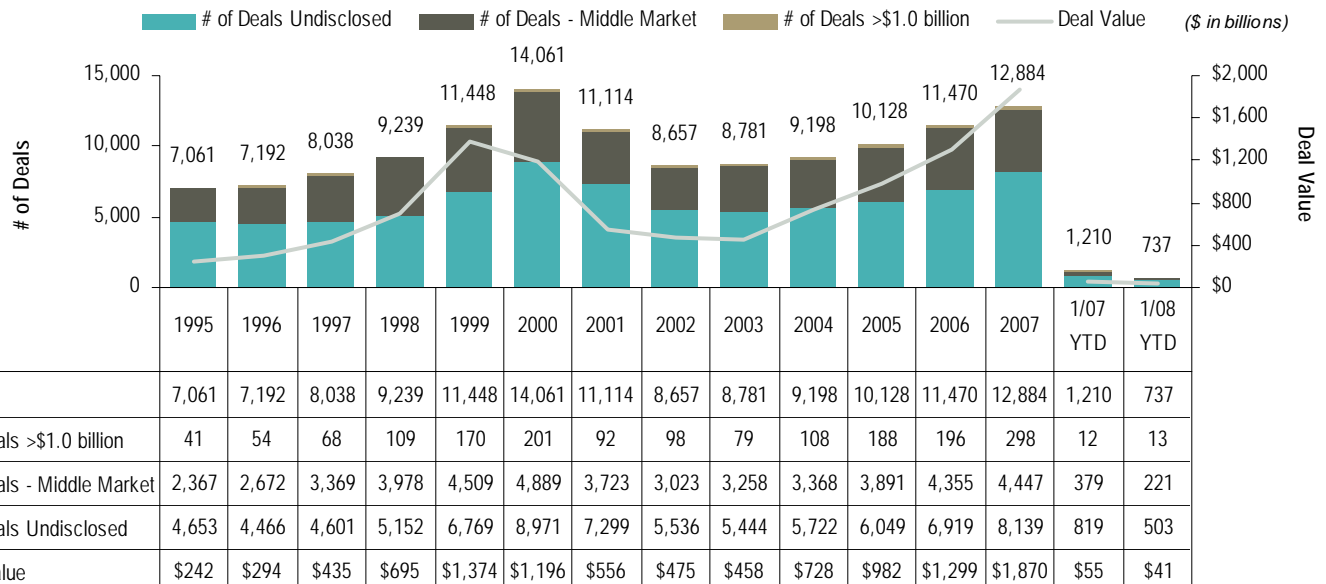
There were just 26 announced middle-market transatlantic transactions in January, a 49.0% decline compared to last year. The total dollar value of disclosed middle-market transatlantic acquisitions for the month was \$3.6 billion, a 20.5% decline from the same period last year.

For the month, there were 13 acquisitions of European middle-market targets made by U.S. buyers, a 60.6% decline from last year although it still accounted for 50.0% of the monthly total. The dollar value of U.S. acquisitions of European targets was \$2.1 billion, down 42.5% from last year and represented 59.2% of the total dollar volume.

There were also 13 European acquisitions of U.S. middle-market targets in January, a 27.8% drop from the total last year. The dollar value of the acquisitions of these U.S. targets was just under \$1.5 billion, an increase of 78.4% compared to last year and accounted for 41.8% of the total.

# European Middle-Market M&A Deal Statistics

## European Mergers & Acquisitions



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

### Number of Deals

	2007	2008	% Change
<b>January</b>			
<\$100M	300	173	(42.3%)
\$100M-\$499M	70	42	(40.0%)
\$500M-\$1,000M	9	6	(33.3%)
<b>Total Middle Market</b>	<b>379</b>	<b>221</b>	<b>(41.7%)</b>
<b>Monthly Average</b>	<b>369</b>	<b>357</b>	<b>(3.1%)</b>
>\$1,000M	12	13	8.3%
Undisclosed	819	503	(38.6%)
<b>Total</b>	<b>1,210</b>	<b>737</b>	<b>(39.1%)</b>
<b>Monthly Average</b>	<b>977</b>	<b>1,034</b>	<b>5.9%</b>
<b>YTD</b>			
<\$100M	300	173	(42.3%)
\$100M-\$499M	70	42	(40.0%)
\$500M-\$1,000M	9	6	(33.3%)
<b>Total Middle Market</b>	<b>379</b>	<b>221</b>	<b>(41.7%)</b>
>\$1,000M	12	13	8.3%
Undisclosed	819	503	(38.6%)
<b>Total</b>	<b>1,210</b>	<b>737</b>	<b>(39.1%)</b>
<b>LTM</b>			
<\$100M	3,331	3,202	(3.9%)
\$100M-\$499M	888	853	(3.9%)
\$500M-\$1,000M	209	234	12.0%
<b>Total Middle Market</b>	<b>4,428</b>	<b>4,289</b>	<b>(3.1%)</b>
>\$1,000M	195	299	53.3%
Undisclosed	7,102	7,823	10.2%
<b>Total</b>	<b>11,725</b>	<b>12,411</b>	<b>5.9%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

### Deal Value

(\$ in millions)	2007	2008	% Change
<b>January</b>			
<\$100M	\$6,681	\$3,878	(42.0%)
\$100M-\$499M	\$16,077	\$8,240	(48.7%)
\$500M-\$1,000M	\$5,941	\$4,007	(32.6%)
<b>Total Middle Market</b>	<b>\$28,699</b>	<b>\$16,125</b>	<b>(43.8%)</b>
<b>Monthly Average</b>	<b>\$35,231</b>	<b>\$35,855</b>	<b>1.8%</b>
>\$1,000M	\$26,756	\$24,551	(8.2%)
Undisclosed	**	**	**
<b>Total</b>	<b>\$55,455</b>	<b>\$40,677</b>	<b>(26.6%)</b>
<b>Monthly Average</b>	<b>\$103,365</b>	<b>\$154,599</b>	<b>49.6%</b>
<b>YTD</b>			
<\$100M	\$6,681	\$3,878	(42.0%)
\$100M-\$499M	\$16,077	\$8,240	(48.7%)
\$500M-\$1,000M	\$5,941	\$4,007	(32.6%)
<b>Total Middle Market</b>	<b>\$28,699</b>	<b>\$16,125</b>	<b>(43.8%)</b>
>\$1,000M	\$26,756	\$24,551	(8.2%)
Undisclosed	**	**	**
<b>Total</b>	<b>\$55,455</b>	<b>\$40,677</b>	<b>(26.6%)</b>
<b>LTM</b>			
<\$100M	\$71,233	\$71,036	(0.3%)
\$100M-\$499M	\$203,718	\$195,882	(3.8%)
\$500M-\$1,000M	\$147,826	\$163,339	10.5%
<b>Total Middle Market</b>	<b>\$422,777</b>	<b>\$430,258</b>	<b>1.8%</b>
>\$1,000M	\$817,603	\$1,424,929	74.3%
Undisclosed	**	**	**
<b>Total</b>	<b>\$1,240,381</b>	<b>\$1,855,187</b>	<b>49.6%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

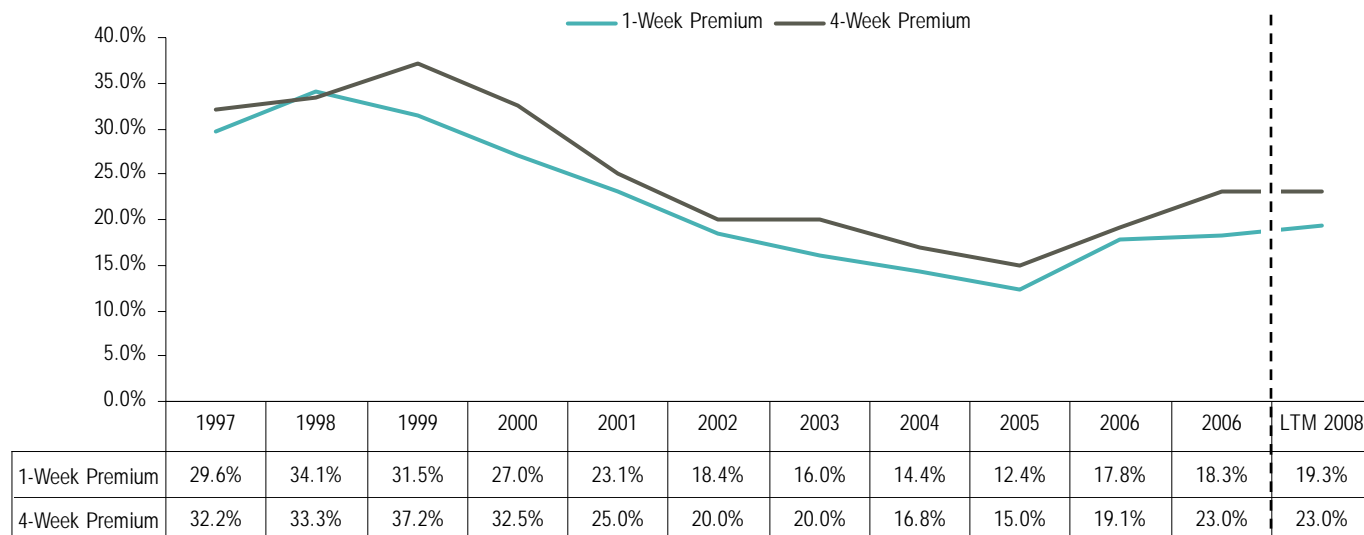
# European Middle-Market M&A Deal Statistics

## European Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

Transaction Size	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	LTM 2008
<b>EV/EBITDA</b>												
<\$100M	7.1x	7.0x	6.0x	6.1x	5.9x	8.0x	6.7x	7.3x	7.7x	9.7x	10.9x	10.9x
\$100M-\$499M	8.4x	8.0x	8.1x	7.6x	7.4x	9.3x	8.7x	7.6x	10.0x	11.1x	11.4x	11.4x
\$500M-\$1,000M	9.9x	8.8x	9.5x	7.0x	10.7x	8.3x	7.9x	7.9x	12.1x	10.7x	11.0x	11.3x
<b>Middle Market</b>	<b>7.5x</b>	<b>7.5x</b>	<b>6.9x</b>	<b>6.5x</b>	<b>7.0x</b>	<b>8.4x</b>	<b>7.2x</b>	<b>7.6x</b>	<b>9.0x</b>	<b>10.5x</b>	<b>11.2x</b>	<b>11.1x</b>
<b>EV/EBIT</b>												
<\$100M	10.4x	9.2x	8.5x	9.1x	8.3x	9.9x	9.3x	10.0x	9.9x	12.2x	14.1x	13.6x
\$100M-\$499M	10.3x	9.8x	10.4x	10.4x	11.1x	11.9x	11.0x	12.1x	12.8x	16.4x	15.2x	15.2x
\$500M-\$1,000M	13.9x	12.8x	15.1x	9.3x	12.9x	13.1x	12.9x	12.6x	16.3x	13.6x	13.4x	13.4x
<b>Middle Market</b>	<b>10.5x</b>	<b>9.8x</b>	<b>9.9x</b>	<b>9.5x</b>	<b>9.2x</b>	<b>11.2x</b>	<b>10.5x</b>	<b>11.1x</b>	<b>11.4x</b>	<b>13.8x</b>	<b>14.1x</b>	<b>14.0x</b>
<b>EV/Revenue</b>												
<\$100M	0.62x	0.76x	0.67x	0.58x	0.61x	0.69x	0.69x	0.69x	0.77x	0.90x	1.04x	1.00x
\$100M-\$499M	1.00x	1.09x	0.92x	1.15x	1.16x	1.02x	1.15x	1.56x	1.69x	1.67x	1.93x	2.04x
\$500M-\$1,000M	1.99x	1.37x	1.46x	1.24x	1.38x	0.88x	1.62x	0.91x	1.25x	1.87x	1.51x	1.51x
<b>Middle Market</b>	<b>0.87x</b>	<b>0.84x</b>	<b>0.81x</b>	<b>0.77x</b>	<b>0.75x</b>	<b>0.79x</b>	<b>0.87x</b>	<b>0.88x</b>	<b>1.03x</b>	<b>1.16x</b>	<b>1.35x</b>	<b>1.32x</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

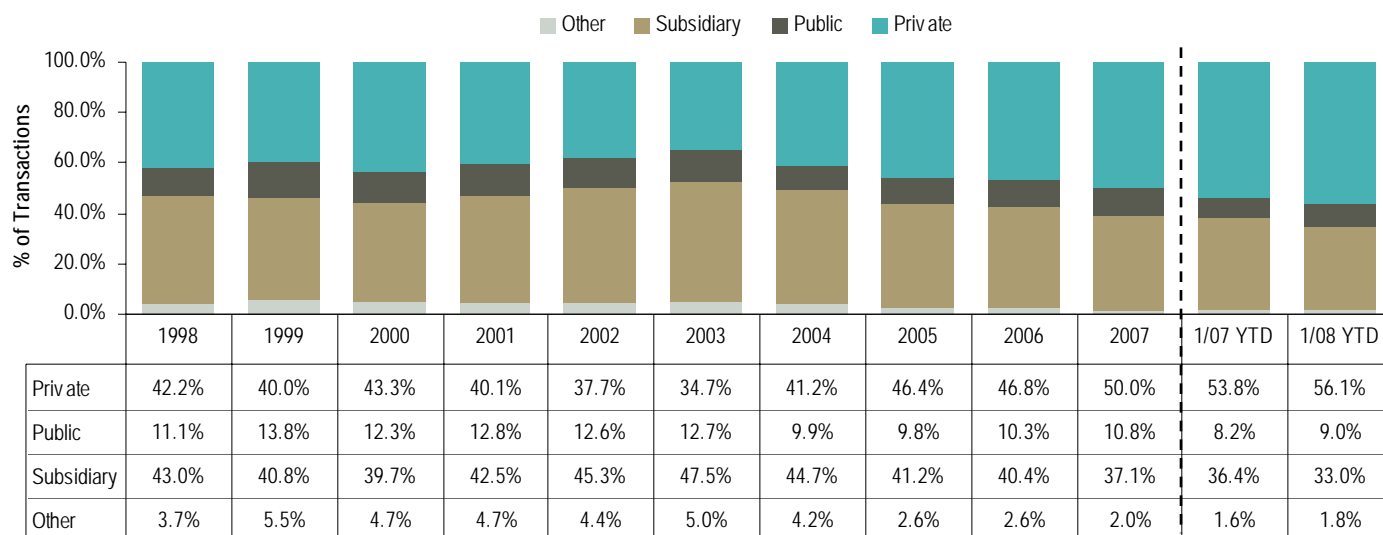
## European Middle-Market Median Acquisition Premiums



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

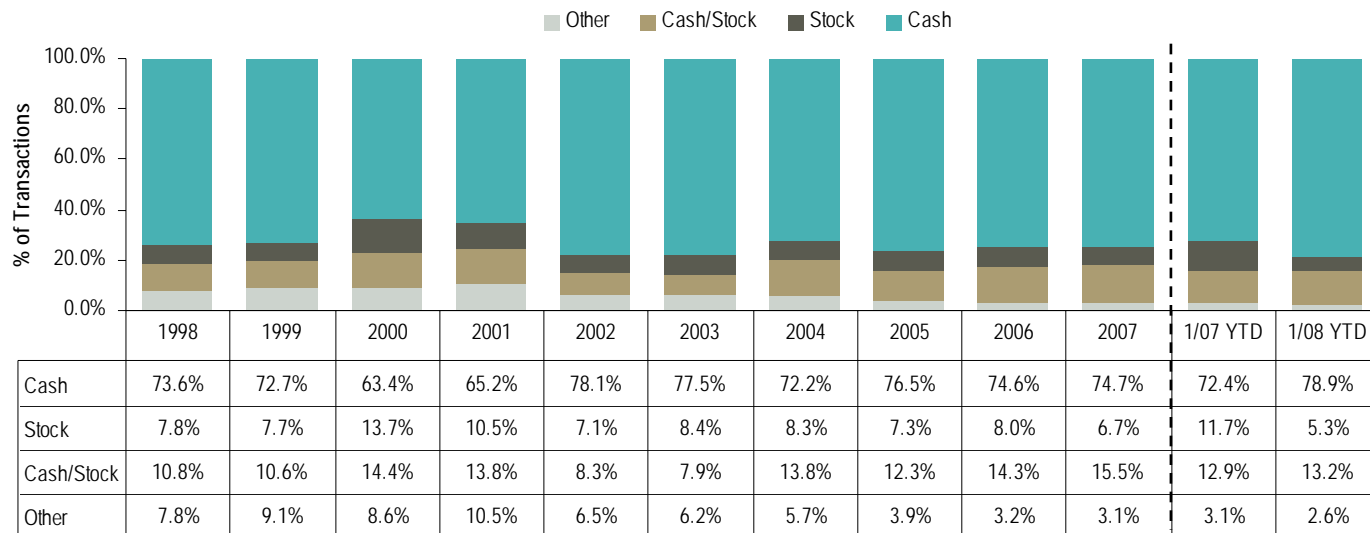
# European Middle-Market M&A Deal Statistics

## European Middle-Market M&A Transaction Composition by Number of Deals



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

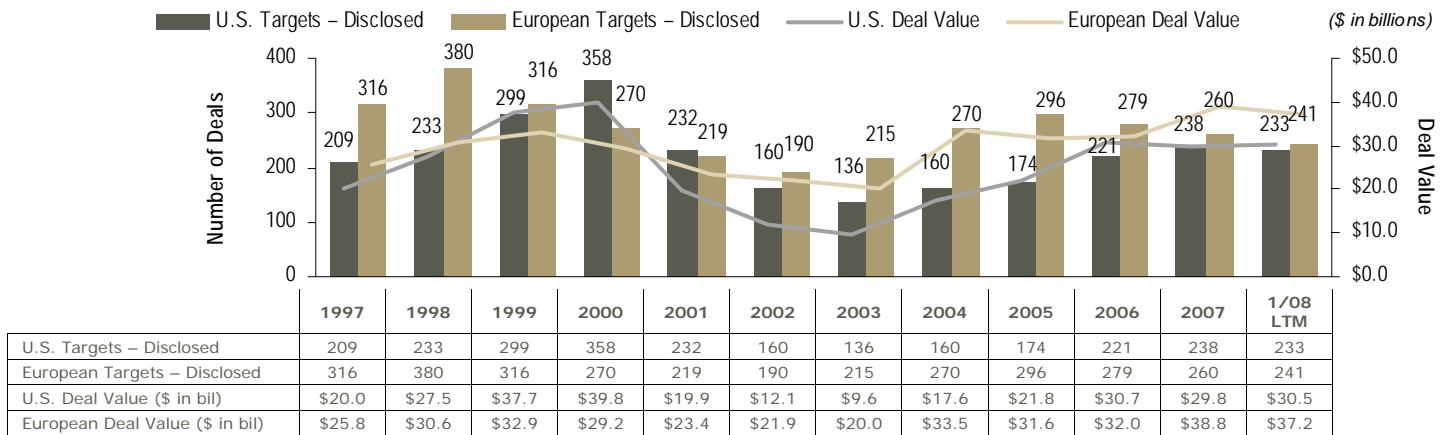
## European Middle-Market M&A Payment Method by Number of Deals



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

# Transatlantic Middle-Market M&A Deal Statistics

## Transatlantic M&A by Number of Deals



Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis.

## Transatlantic M&A by Number of Deals

	U.S. Targets					European Targets					Total		
	2007	% of Total	2008	% of Total	% Change	2007	% of Total	2008	% of Total	% Change	2007	2008	% Change
<b>Janaury</b>													
Middle-Market Deals	18	35.3%	13	50.0%	(27.8%)	33	64.7%	13	50.0%	(60.6%)	51	26	(49.0%)
Deals >\$1 Billion	2	50.0%	1	50.0%	(50.0%)	2	50.0%	1	50.0%	(50.0%)	4	2	(50.0%)
Undisclosed	35	46.7%	33	50.8%	(5.7%)	40	53.3%	32	49.2%	(20.0%)	75	65	(13.3%)
<b>Total</b>	<b>55</b>	<b>42.3%</b>	<b>47</b>	<b>50.5%</b>	<b>(14.5%)</b>	<b>75</b>	<b>57.7%</b>	<b>46</b>	<b>49.5%</b>	<b>(38.7%)</b>	<b>130</b>	<b>93</b>	<b>(28.5%)</b>
<b>YTD</b>													
Middle-Market Deals	18	35.3%	13	50.0%	(27.8%)	33	64.7%	13	50.0%	(60.6%)	51	26	(49.0%)
Deals >\$1 Billion	2	50.0%	1	50.0%	(50.0%)	2	50.0%	1	50.0%	(50.0%)	4	2	(50.0%)
Undisclosed	35	46.7%	33	50.8%	(5.7%)	40	53.3%	32	49.2%	(20.0%)	75	65	(13.3%)
<b>Total</b>	<b>55</b>	<b>42.3%</b>	<b>47</b>	<b>50.5%</b>	<b>(14.5%)</b>	<b>75</b>	<b>57.7%</b>	<b>46</b>	<b>49.5%</b>	<b>(38.7%)</b>	<b>130</b>	<b>93</b>	<b>(28.5%)</b>
<b>LTM</b>													
Middle-Market Deals	222	43.2%	233	49.2%	5.0%	292	56.8%	241	50.8%	(17.5%)	514	474	(7.8%)
Deals >\$1 Billion	21	48.8%	38	56.7%	81.0%	22	51.2%	29	43.3%	31.8%	43	67	55.8%
Undisclosed	262	36.2%	284	36.4%	8.4%	462	63.8%	497	63.6%	7.6%	724	781	7.9%
<b>Total</b>	<b>505</b>	<b>39.4%</b>	<b>555</b>	<b>42.0%</b>	<b>9.9%</b>	<b>776</b>	<b>60.6%</b>	<b>767</b>	<b>58.0%</b>	<b>(1.2%)</b>	<b>1,281</b>	<b>1,322</b>	<b>3.2%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

## Transatlantic M&A by Dollar Volume

	U.S. Targets					European Targets					Total		
	2007	% of Total	2008	% of Total	% Change	2007	% of Total	2008	% of Total	% Change	2007	2008	% Change
<b>Janaury</b>													
Middle-Market Deals	\$828	18.2%	\$1,476	40.8%	78.4%	\$3,723	81.8%	\$2,142	59.2%	(42.5%)	\$4,551	\$3,618	(20.5%)
Deals >\$1 Billion	\$5,400	47.8%	\$1,115	51.5%	(79.4%)	\$5,903	52.2%	\$1,051	48.5%	(82.2%)	\$11,303	\$2,166	(80.8%)
<b>Total</b>	<b>\$6,228</b>	<b>39.3%</b>	<b>\$2,591</b>	<b>44.8%</b>	<b>(58.4%)</b>	<b>\$9,627</b>	<b>60.7%</b>	<b>\$3,193</b>	<b>55.2%</b>	<b>(66.8%)</b>	<b>\$15,854</b>	<b>\$5,784</b>	<b>(63.5%)</b>
<b>YTD</b>													
Middle-Market Deals	\$828	18.2%	\$1,476	40.8%	78.4%	\$3,723	81.8%	\$2,142	59.2%	(42.5%)	\$4,551	\$3,618	(20.5%)
Deals >\$1 Billion	\$5,400	47.8%	\$1,115	51.5%	(79.4%)	\$5,903	52.2%	\$1,051	48.5%	(82.2%)	\$11,303	\$2,166	(80.8%)
<b>Total</b>	<b>\$6,228</b>	<b>39.3%</b>	<b>\$2,591</b>	<b>44.8%</b>	<b>(58.4%)</b>	<b>\$9,627</b>	<b>60.7%</b>	<b>\$3,193</b>	<b>55.2%</b>	<b>(66.8%)</b>	<b>\$15,854</b>	<b>\$5,784</b>	<b>(63.5%)</b>
<b>LTM</b>													
Middle-Market Deals	\$29,582	46.6%	\$30,467	45.1%	3.0%	\$33,923	53.4%	\$37,156	54.9%	9.5%	\$63,505	\$67,623	6.5%
Deals >\$1 Billion	\$70,493	49.5%	\$146,164	58.1%	107.3%	\$72,016	50.5%	\$105,382	41.9%	46.3%	\$142,509	\$251,546	76.5%
<b>Total</b>	<b>\$100,074</b>	<b>48.6%</b>	<b>\$176,630</b>	<b>55.3%</b>	<b>76.5%</b>	<b>\$105,939</b>	<b>51.4%</b>	<b>\$142,538</b>	<b>44.7%</b>	<b>34.5%</b>	<b>\$206,014</b>	<b>\$319,168</b>	<b>54.9%</b>

Source: Thomson Financial and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of January 31, 2008.

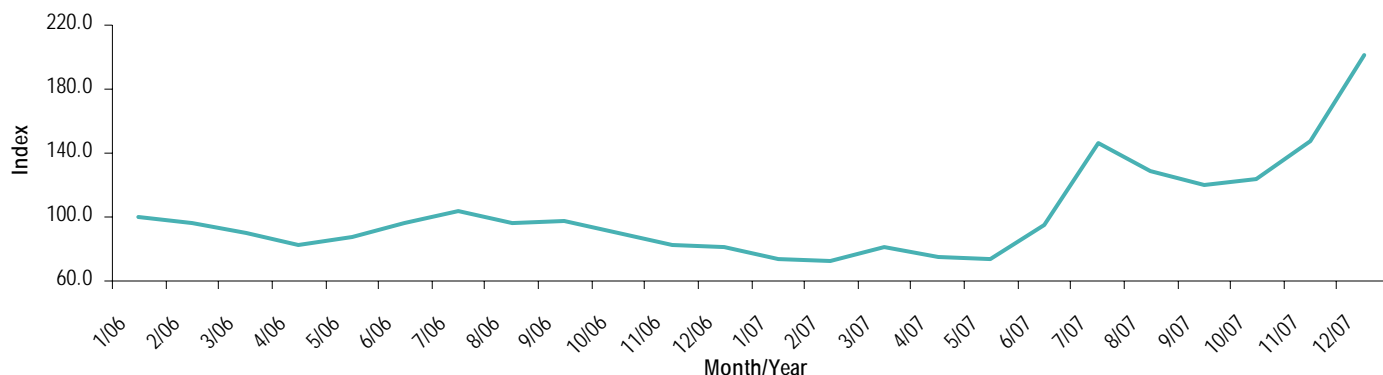
# Restructuring News

## The Baird CDS Index

The following graph shows the Baird CDS Index for January 31, 2006 through January 31, 2008. This proprietary index of 36 credit default swap contracts references non-investment grade debt using pricing information from Bloomberg. Our data confirm recent headlines in the business press about constrained credit availability and higher pricing of risk for all but the very strongest of investment grade borrowers.

On January 31, the Baird CDS Index posted its third consecutive record month, reaching 200.7 and surpassing the previous high water mark of 159.1 set just one month earlier. The Index has now risen four months in a row and six of the last eight months. It now stands at more than twice the base level set two years ago, and 171% higher than the cyclical low point of 74.0, reached on May 31, 2007.

**Baird Non-Investment Grade CDS Index**



Source: Bloomberg L.P.

With this new data, in our view, the debate has shifted from whether default rates for non-investment grade borrowers – and thus restructuring activity – will spike up in 2008 to how serious and prolonged these conditions will last.

If you are interested in additional information about the Baird CDS Index, specific companies on our watch list or our corporate restructuring capabilities, please contact a member of our team.

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# Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$ in millions)	Industry
1/11/08	Crestcom International, Ltd.	Provider of management skills training	Sale to Bear Growth Capital Partners, LP	*	Education Services
1/7/08	Brooks Instruments division of Emerson Electric Co.	Supplier of flow measurement and control devices to the low flow application market	Sale to American Industrial Partners	*	Test & Measurement
1/3/08	Benetech, Inc. (Parallel Investment Partners, Carlisle Enterprises and management)	Provider of dust control and material handling solutions primarily serving electric utilities	Recapitalization led by Chicago Growth Partners and cosponsored by the Private Equity Group of Goldman Sachs Asset Management	*	Process Technology
12/26/07	Marmon Holdings, Inc.	A private company of more than 125 manufacturing and service businesses	Sale to Berkshire Hathaway	*	Industrial
12/10/07	Mobility Solutions Group (PCTEL Inc.)	Software that simplifies wireless access to and mobility	Sale to Smith Micro Software Inc.	\$59.7	Network Technology
12/6/07	Alexander Mann Solutions (Advent International Corp.)	Independent provider of recruitment process outsourcing solutions to international companies worldwide	Sale to Graphite Capital	£100.0	Human Capital Services
11/27/07	Filtration portion of Filtrertek, Inc. (ESCO Technologies, Inc.)	Manufactures customized filtration solutions	Sale to Illinois Tool Works, Inc.	\$77.5	Filtration
11/15/07	Clarity Communication Systems, Inc.	Provides applications for mobile networks and devices	Sale to ISCO International, Inc.	**	Communications
11/1/07	PharMEDium Healthcare Corporation (Baird Capital Partners and Baird Venture Partners)	Provider of pharmacy compounding services	Recapitalization with Oak Investment Partners and Baird Private Equity	**	Healthcare Services
10/16/07	Independent Bank Corp.	Bank	Acquisition of Slade's Ferry Bancorp	*	Financial Services
10/11/07	Wayfarer Group Limited (Royal Bank Equity Finance)	Designs, manufactures and services fully integrated fare revenue collection systems	Sale to Parkeon S.A.S.	**	Technology
10/10/07	LMF Leobersdorfer Maschinenfabrik AG (Invest Equity and NORD Holding mbH)	Engineers, manufactures and sells high pressure reciprocating (piston) compressors for natural gases, process gases and air	Sale to Equita KGaA	**	Process Controls
10/1/07	Conney Safety Products, LLC (K+K America/ TAKKT AG)	National direct marketer of personal protective equipment, safety equipment, first aid supplies, and various other safety products	Sale to Caxton-Iseman Capital LLC	\$48.0	Direct Marketing/ Distribution
9/24/07	Avery Berkel (Avery Weigh-Tronix)	Manufactures fresh food weighing systems sold to super-markets, butchers and convenience stores	Sale to Illinois Tool Works	**	Test & Measurement
9/21/07	Spherion Corporation	Provides recruiting and staffing services	Acquisition of Todays Staffing, Inc. (CDI Corporation)	\$40.0	Staffing
9/5/07	Regal Beloit Corporation	Manufacturer of electrical and mechanical motion control and power generation products	Acquisition of Jakel, Inc.	**	Process Controls
9/4/07	Woodstream Corporation (Brockway Moran & Partners)	Branded consumer products	Equity investment by Code Hennessy & Simmons LLC		
8/29/07	MedAssist Holding, Inc. (RoundTable Healthcare Partners)	Provides revenue cycle management services to the healthcare industry	Sale to an affiliate of Firstsource Solutions Limited	\$330.0	Business Services
8/1/07	Oakleaf Global Holdings, Inc. (Charterhouse Group)	Manages national waste service contracts	Sale to New Mountain Capital LLC	\$655.0	Industrial Services
8/1/07	Wilton Industries, Inc.	Food crafting products, including cake decorating products and bakeware	EK Success (GTCR Golder Rauner LLC)	**	Consumer Products
8/1/07	SMC, Inc.	Provider of electronic manufacturing services	Sale to Creation Technologies LP	**	EMS & Electronics
7/30/07	orizon GmbH (PPM Capital)	Provider of temporary staffing services	Acquisition of jobs in time Holding GmbH	**	Business Services
7/25/07	Glotel plc	Specialist provider of telecom, networking and IT consultants with operations in the US, Europe and Asia Pacific	Sale to Spring Group plc	£27.2	IT Staffing
7/19/07	City Practitioners Ltd.	Provider of IT professional services	Sale to The Capital Markets Company	**	IT Services

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

\* Announced and pending transactions; \*\*Closed transactions with undisclosed value; \*\*\* Announced and pending transactions with undisclosed value.

# Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$ in millions)	Industry
7/18/07	LKQ Corporation	Nationwide provider of recycled light vehicle OEM products and related services	Acquisition of Keystone Automotive Industries, Inc.	\$810.8	Industrial
7/18/07	KX Industries L.P. (Capstone Advisory Group, LLC)	Supplier of drinking water filtration technology used in residential water systems and appliances	Sale to Marmon Water LLC	**	Process Technology
7/13/07	Enraf Holding B.V. (Delft Instruments Holding B.V.)	Global solutions provider for the measurement, control and management of oil & gas products	Sale to Honeywell International, Inc.	\$260.0	Test & Measurement
7/6/07	Regal Beloit Corporation	Leading manufacturer of mechanical and electrical motion control and power generation	Acquisition of Fasco Residential & Commercial operations and the stock of the Fasco Asia Pacific operations of Tecumseh (Tecumseh Products Company)	\$220.0	Industrial
6/28/07	API Heat Transfer (Audax Group)	Manufacturer of standardized and highly engineered branded heat transfer equipment	Sale to Industrial Growth Partners	**	Industrial
6/18/07	MediRegs, Inc.	Compliance and reimbursement solutions to the health care services and life sciences industries	Sale to Wolters Kluwer nv	**	Healthcare Services
6/15/07	TwinMed, LLC	Medical supplies distributor	Recapitalization by TA Associates	\$102.5	Healthcare
6/14/07	Ricon Corporation (CGW Southeast Partners)	Manufacturer of wheelchair lifts and ramps	Sale to Wabtec Corporation	**	Industrial
5/29/07	ECO SpA (Compass Partners European Equity Fund)	Manufacturer of coils and coolers for the HVAC and refrigeration industries	Sale to Luvata OY (Nordic Capital)	**	HVAC Equipment
5/24/07	TASI Holdings (Industrial Growth Partners)	Provider of highly engineered test and measurement instruments and integrated systems	Sale to ClearLight Partners and Black Canyon Capital	**	Test & Measurement
5/23/07	Active Minerals, Inc.	Producer and supplier of high quality industrial minerals	Sale to Merit Capital Partners and management	**	Industrial Minerals
5/21/07	UTEX Holding, Inc. (Grey Mountain Partners)	Design, manufacture and service of engineered fluid seals used in pumps, valves and hydraulic equipment	Sale to Audax Group	**	Industrial
5/2/07	ArchivesOne, Inc. (Housatonic Partners)	Provider of records and information management services	Sale to Iron Mountain Information Management, Inc. (Iron Mountain, Inc.)	**	Facility Services
4/26/07	The Hygenic Corporation (Baird Capital Partners)	Manufacturer and marketer of branded healthcare and fitness products	Sale to The Cortec Group	**	Healthcare Products
4/18/07	Vestcom International (Cornerstone Equity Investors)	Provider of data-driven shelf-edge communications for grocery, drug and mass merchant chains	Sale to The Stephens Group and Lake Capital	**	Marketing & Information Services
4/3/07	Quality measurement business of Illinois Tool Works	Provider of high-volume, rugged and precise measurement and inspection production systems	Sale to American Industrial Partners	**	Test & Measurement
4/2/07	A&A Manufacturing Company	Designer and manufacturer of highly engineered protective systems	Sale to Audax Group	**	Diversified Industrial
3/1/07	Methode Electronics, Inc.	Manufacturer of electronic components and subsystem devices	Acquisition of TouchSensor Technologies, LLC	\$65.0	Electronic Components
2/20/07	Plano Molding Company	Supplier of plastic organizational products sold through retail channels	Sale to Tincum Capital Partners	**	Consumer Products
2/20/07	Go2Call.Com, Inc.	U.S.-based Voice over Internet Protocol ("VoIP") solutions provider	Sale to deltathree, Inc.	**	Technology
2/16/07	EduNeering Holdings, Inc.	Technology-enabled knowledge solutions	Sale to Kaplan, Inc. (The Washington Post Company)	**	Business Services
1/29/07	The RETEC Group, Inc. (Windjammer Capital Investors)	Environmental consulting and engineering firm	Sale to AECOM Technology Corp.	**	Environmental Consulting and Engineering
1/17/07	Industrial Controls Distributors (FdG Associates)	Full service distributor of controls and solutions commercial heating, ventilating, and air-conditioning process control and industrial automation applications	Sale to AEA Investors affiliate	**	Distribution
1/8/07	Cable Management Group (Volition Holdings/ABN AMRO Capital)	Manufacturer of flexible conduit systems, electrical accessories and specialist plumbing tools	Sale to Lloyds TSB Development Capital Limited	**	Industrial Equipment

Source: Robert W. Baird & Co. Incorporated M&A Market Analysis.

\* Announced and pending transactions; \*\*Closed transactions with undisclosed value; \*\*\* Announced and pending transactions with undisclosed value.



# Economic Commentary

## ECONOMY:

Evidence is gaining that the U.S. economy is in or very near recession. Typically the equity market bottoms half way through a down cycle for the economy. Considering that the average length of a recession is 10 months and the starting date is assumed to be December, stocks should begin to strengthen in the second quarter. The Presidential election could also play a role with strong fiscal and monetary actions likely that could help shorten the economic downturn. The largest problem near term is the fact that the downside momentum remains very strong causing every rally this year to fail. Before investors can gain a measure of confidence, a test of the lows near 1270 on the S&P 500 is likely and should be accompanied by extreme investor pessimism. The best performance is anticipated to occur in the second half of the year as the combination of low interest rates and additional fiscal stimulus work their way through the economy.

Recently released employment data have not been inconsistent with the emergence of a recession. The unemployment rate spiked in December, total non-farm payrolls posted their first outright decline since 2003 in January, and both initial and continuing jobless claims have surged to multi-year highs. Data from the business sector have been similarly discouraging. The ISM Purchasing Managers' Index (which measures manufacturing activity) in December fell to its lowest level in more than four years, while the ISM's non-manufacturing index plummeted in January to the second lowest level in its relatively brief history (10 years). While the current period may or may not be ultimately labeled a recession, growth has certainly slowed considerably since the third quarter of 2007.

The key factor in the NBER's (the official arbiter of recessions) ultimate determination of whether the current period is a recession may rest on the duration of the weakness. At this point, notable weakness seems to have emerged in December 2007. Recent rate cuts by Fed, the prospective benefits of the fiscal stimulus package working its way through Washington, and some stabilization in the housing market (notably continued improvements in affordability) point to better economic growth in the second half of the year than in the first half. The question then becomes whether seven months of economic softness qualifies as a "significant decline in economic activity" lasting "more than a few months," which is how the NBER defines a recession.

## STOCK MARKET:

The stock market weakness that emerged in mid-December did not abate with the arrival of the new year. Widespread selling persisted through the first three weeks of the month. At its closing low, the S&P 500 was down nearly 11% from where it ended 2007, and more than 16% below its early-October peak. A rally over the final trading sessions of the month pared the losses, with the S&P 500 finishing the month with a loss of 6.1%. The other indexes followed similar paths. For the month, the Dow Industrials were down 4.6%, the Russell 2000 was off by 6.9%, and the NASDAQ Composite lost 9.9%. While the indexes were able to recover a portion of their losses, the deterioration in the long-term trends remained intact. By the end of the month, all four primary indexes had rolled over into down-trends.

## INTEREST RATES:

The pace of Fed easing accelerated in January. After cutting the fed funds rate by 100 basis points over the course of three months in late 2007, the Fed lowered the fed funds rate by 125 basis points over the course of eight days in late January (the 75 basis point inter-meeting cut that came on January 22 was the largest single cut by the Fed since it began targeting the fed funds rate). This easing has taken the fed funds rate from 5.25% at the end of August to 3.00% at the end of January. Additional easing seems likely when the FOMC next meets in March. Bond yields moved lower over much of January, bottoming as the Fed cut rates in January 22. The down-trend in the yield on the 10-year T-Note that emerged over the course of the second half of 2007 remains intact.

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# Baird U.S. Equity Research Coverage

## BAIRD U.S. EQUITY RESEARCH COVERAGE

In January, Baird added 20 companies to coverage and now covers 513 companies. These companies have a median and average market capitalization of \$1.6 billion and \$6.6 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

In January, there were 70 upward and 80 downward adjustments to current year earnings estimates (generally calendar year 2007). There were 61 upward and 183 downward revisions to forward-year (generally calendar 2008) earnings estimates.

## MONTHLY REPORTS

Sector: Automotive  
[www.rwbaird.com/docs/yourreports/cruisin.pdf](http://www.rwbaird.com/docs/yourreports/cruisin.pdf)

Sector: Business Process Outsourcing  
[www.rwbaird.com/docs/yourreports/financialbytes.pdf](http://www.rwbaird.com/docs/yourreports/financialbytes.pdf)

Sector: Consumer Products  
Contact Jamie Kaplan at [jkaplan@rwbaird.com](mailto:jkaplan@rwbaird.com)

Sector: Diversified Industrial and Machinery  
[www.rwbaird.com/content/rpts/MovinMetal.pdf](http://www.rwbaird.com/content/rpts/MovinMetal.pdf)

Sector: Human Capital Services  
[www.rwbaird.com/docs/yourreports/HCSMAP.pdf](http://www.rwbaird.com/docs/yourreports/HCSMAP.pdf)

Sector: Radio Frequency Identification (RFID)  
[www.rwbaird.com/docs/RFID\\_Monthly\\_-\\_February\\_2008.pdf](http://www.rwbaird.com/docs/RFID_Monthly_-_February_2008.pdf)

Sector: Retail, Restaurants, Apparel & Footwear  
Contact Jamie Kaplan at [jkaplan@rwbaird.com](mailto:jkaplan@rwbaird.com)

Sector: Utilities  
<https://baird.bluematrix.com/docs/pdf/63298.pdf>

# Baird U.S. Equity Research Coverage

## Business Services

### Business Process Outsourcing

Convergys Corporation	CVG
DST Systems, Inc.	DST
eTelecare Global Solutions	ETEL
ExlService Holdings, Inc.	EXLS
Fidelity National Information Services	FIS
Fiserv, Inc.	FISV
Global Payments, Inc.	GPN
Heartland Payment Systems, Inc.	HPY
ICT Group	ICTG
Jack Henry & Associates	JKHY
Metavante Technologies, Inc.	MV
Net 1 UEPS Technologies Inc.	UEPS
Sykes Enterprises, Inc.	SYKE
WNS (Holdings) Limited	WNS

### Education Services

Apollo Group, Inc.	APOL
Avery Dennison Corporation	AVY
Blackboard, Inc.	BBBB
Bright Horizons Family Solutions, Inc.	BFAM
Capella Education Company	CPLA
Career Education Corporation	CECO
Corinthian Colleges, Inc.	COCO
DeVry, Inc.	DV
K12 Inc.	LRN
Lincoln Education Services Corp.	LINC
School Specialty, Inc.	SCHS
Strayer Education, Inc.	STRA
Universal Technical Institute, Inc.	UTI

### Marketing & Information Services

Axciom Corporation	ACXM
Alliance Data Systems Corporation	ADS
Arbitron Inc.	ARB
The Corporate Executive Board Co.	EXBD
Cumulus Media, Inc.	CMLS
Equifax Inc.	EFX
Fair Isaac Corporation	FIC
FTI Consulting, Inc.	FCN
Harte-Hanks, Inc.	HHS
Huron Consulting Group, Inc.	HURN
Journal Communications, Inc.	JRN
Lamar Advertising Company	LAMR
R.H. Donnelly Corporation	RHD
Valassis Communications, Inc.	VCJ
ValueClick, Inc.	VCLK

### Facility Services

American Reprographics Co.	ARP
Cintas Corporation	CTAS
G&K Services, Inc.	GKSRA
Iron Mountain	IRM
Mobile Mini, Inc.	MINI
RSC Holdings Inc.	RRR
UniFirst Corporation	UNF

### Human Capital Services

Administaff, Inc.	ASF
Automatic Data Processing	ADP
Choice Point, Inc.	CPS
COMSYS IT Partners	CITP
First Advantage Corporation	FADV
Heidrick & Struggles International	HSII
Hewitt Associates, Inc.	HEW
HireRight, Inc.	HIRE
Hudson Highland Group, Inc.	HHGP

## Human Capital Services (cont'd)

Kforce Inc.	KFRC
Korn/Ferry International	KFY
Manpower Inc.	MAN
Monster Worldwide, Inc.	MNST
MPS Group, Inc.	MPS
Paychex Inc.	PAYX
Resources Connection, Inc.	RECN
Robert Half International	RHI
Spherion Corporation	SFN
TrueBlue, Inc.	TBI
Watson Wyatt & Company	WW

### Industrial Services

Insituform Technologies, Inc.	INSU
Pike Electric Corporation	PEC

## Communications

### Communications Services - Carriers

AT&T, Inc.	T
Cincinnati Bell, Inc.	CBB
Knology, Inc.	KNOL
Leap Wireless International, Inc.	LEAP
MetroPCS Communications, Inc.	PCS
Sprint Nextel Corporation	S
Telephone & Data Systems, Inc.	TDS
United States Cellular Corp.	USM
Verizon Communications, Inc.	VZ

### Network Technology

ADC Telecommunications, Inc.	ADCTD
ADTRAN, Inc.	ADTN
Alcatel-Lucent	ALU
Cisco Systems, Inc.	CSCO
CommScope, Inc.	CTV
F5 Networks, Inc.	FFIV
Foundry Networks, Inc.	FDRY
Juniper Networks, Inc.	JNPR
Nortel Networks Corporation	NT
PCTEL, Inc.	PCTI
Powerwave Technologies, Inc.	PWAV
Riverbed Technology, Inc.	RVBD
Sonus Networks Inc.	SONS
Tekelec	TKLC
Tellabs Inc.	TLAB
Westell Technologies, Inc.	WSTL

### Communications Services – Software & Services

Amdocs Limited	DOX
Converse Technology, Inc.	CMVT
NeuStar, Inc.	NSR
Openwave Systems	OPWV
Syniverse Holdings, Inc.	SVR

## Consumer

### Automotive Services

Aftermarket Technology Corp.	ATAC
Copart, Inc.	CPRT
LKQ Corporation	LKQX
Ritchie Bros. Auctioneers, Inc.	RBA

### Consumer Leisure

Arctic Cat, Inc.	ACAT
Briggs & Stratton Corp	BGG
Harley-Davidson, Inc.	HOG
Monaco Coach Corp.	MNC
Polaris Industries, Inc.	PII

## Consumer Leisure (cont'd)

Thor Industries	THO
Winnebago Industries, Inc.	WGO

### Consumer Products

RC2 Corporation	RCRC
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### Footwear, Apparel & Accessories

Columbia Sportswear	COLM
Crocs, Inc.	CROX
Deckers Outdoors	DECK
Genesco, Inc.	GCO
Heelys, Inc.	HLYS
Rocky Brands, Inc.	RCKY
Quiksilver Inc.	2QK
Timberland Co.	TBL
Volcom Inc.	VLCM
Wolverine World Wide	WWW

### Restaurants

California Pizza Kitchen, Inc.	CPKI
Caribou Coffee Company, Inc.	CBOU
The Cheesecake Factory Inc.	CAKE
Chipotle Mexican Grill, Inc.	CMG
P.F. Chang's China Bistro, Inc.	PFCB
Panera Bread Company	PNRA
Peet's Coffee & Tea, Inc.	PEET
Ruth's Chris Steak House, Inc.	RUTH
Starbucks Corporation	SBUX
The Steak 'n Shake Company	SNS
Texas Roadhouse, Inc.	TXRH

### Retail

Abercrombie & Fitch	ANF
Advance Auto Parts, Inc.	AAP
AutoZone, Inc.	AZO
Cabela's Incorporated	CAB
Dollar Tree Stores, Inc.	DLTR
Dick's Sporting Goods, Inc.	DKS
Family Dollar Stores, Inc.	FDO
Fred's, Inc.	FRED
Golfsmith International Holdings, Inc.	GOLF
Kohl's Corporation	KSS
O'Reilly Automotive, Inc.	ORLY
Pacific Sunwear of California Inc.	PSUN
PetSmart, Inc.	PETM
Tractor Supply Company	TSCO
Zumiez, Inc.	ZUMZ

### Select Growth

HNI Corporation	HNI
Midwest Air Group, Inc.	MEH
Schawk, Inc.	SGK

## Energy

### Utilities

Alliant Energy Corporation	LNT
California Water Service Group	CWT
Chesapeake Utilities Corp.	CPK
DPL Inc.	DPL
FPL Group, Inc.	FPL
Hawaiian Electric Industries	HE
Integrus Energy Group	TEG
MDU Resources Group Inc.	MDU
Nicor Inc.	GAS
Otter Tail Corporation	OTTR
Piedmont Natural Gas Company, Inc.	PNY
PNM Resources, Inc.	PNM

# Baird U.S. Equity Research Coverage

Utilities (cont'd)	
Progress Energy, Inc.	PGN
Puget Energy, Inc.	PSD
TECO Energy, Inc.	TE
Vectren Corporation	VVC
Wisconsin Energy Corporation	WEC
Xcel Energy Inc.	XEL

## Industrial

Automotive and Truck Supplies	
Accuride Corporation	ACW
American Axle & Mfg	AXL
ArvinMeritor, Inc.	ARM
Autoliv, Inc.	ALV
BorgWarner, Inc.	BWA
Commercial Vehicle Group	CVGI
Gentex Corporation	GNTX
Harman International Industries, Inc.	HAR
Johnson Controls, Inc.	JCI
Lear Corporation	LEA
Magna International, Inc.	MGA
Methode Electronics Inc.	MEI
Modine Manufacturing Co.	MODI
Stoneridge, Inc.	SRI
STRATTEC SECURITY CORP.	STRT
Superior Industries	SUP
Tenneco Inc.	TEN
Visteon Corporation	VC

Consumer Building Products	
Acuity Brands, Inc.	AYI
American Woodmark Corporation	AMWD
The Black & Decker Corporation	BDK
Dayton Superior Corporation	DSUP
Fortune Brands, Inc.	FO
LSI Industries Inc.	LYTS

Diversified Industrial & Machinery	
Actuant Corporation	ATU
Astec Industries, Inc.	ASTE
Bucyrus International, Inc.	BCY
Caterpillar Inc.	CAT
Deere & Company	DE
Dover Corporation	DOV
Gehl Company	GEHL
Illinois Tool Works Inc.	ITW
Ingersoll-Rand Company	IR
Joy Global Inc.	JOYG
Manitowoc Company Inc.	MTW
Oshkosh Truck Corporation	OSK
Parker Hannifin Corporation	PH
Snap-on Incorporated	SNA
Sun Hydraulics Corporation	SNHY
Terex Corporation	TEX
Titan Machinery Inc.	TITN

General Industrial	
Barnes Group, Inc.	B
Blount International, Inc.	BLT
Carlisle Companies, Inc.	CLS
Columbus McKinnon Corp.	CMCO
Gibraltar Industries, Inc.	ROCK
Kaydon Corporation	KDN
Masco Corporation	MAS
Middleby Corporation	MIDD
Quanex Corporation	NX

General Industrial (cont'd)	
RBC Bearings Incorporated	ROLL
The Stanley Works	SWK
Sypris Solutions, Inc.	SYPR
Woodward Governor Company	WGOV
Xerium Technologies Inc.	XRM

Industrial Distribution	
Airgas, Inc.	ARG
Anixter International, Inc.	AXE
Beacon Roofing Supply, Inc.	BECN
Builders FirstSource, Inc.	BLDR
Fastenal Company	FAST
Grainger, W.W., Inc.	GWW
Houston Wire & Cable Company	HWCC
Interline Brands, Inc.	IBI
MSC Industrial Direct Co.	MSM
Pool Corporation	POOL
Stericycle, Inc.	SRCL
Watsco, Inc.	WSO
WESCO International, Inc.	WCC

Process Controls	
Altra Holdings, Inc.	AIMC
A.O. Smith Corporation	AOS
Baldor Electric Company	BEZ
CIRCOR International, Inc.	CIR
Emerson Electric Co.	EMR
Flowserve Corporation	FLS
Franklin Electric Co., Inc.	FELE
Gardner Denver, Inc.	GDI
Graco Inc.	GGG
IDEX Corporation	IEX
ITT Industries, Inc.	ITT
Mueller Water Products, Inc.	MWA
Pentair, Inc.	PNR
Regal-Beloit Corporation	RBC
Robbins & Myers, Inc.	RBN
Roper Industries, Inc.	ROP
Tecumseh Products Co.	TECUA
Watts Water Technologies, Inc.	WTS

Transportation/Logistics	
C.H. Robinson Worldwide Inc.	CHRW
Con-way, Inc.	CNW
Expeditors Intl. of Washington, Inc	EXPD
FedEx Corporation	FDX
Forward Air Corporation	FWRD
Heartland Express, Inc.	HTLD
Hub Group, Inc.	HUBG
JB Hunt Transport Services Inc.	JBHT
Knight Transportation, Inc.	KNX
Landstar Systems Inc.	LSTR
Old Dominion Freight Line	ODFL
Pacer International, Inc.	PACR
Ryder System, Inc.	R
TAL International Group	TAL
United Parcel Service	UPS
UTi Worldwide, Inc.	UTIW
Werner Enterprises	WERN
YRC Worldwide	YRCW

## Technology

Computer Hardware & Storage	
Bell Microproducts, Inc.	BELM
Brocade Communications	BRCD

Computer Hardware & Storage (cont'd)	
CommVault Systems, Inc.	CVLT
Data Domain, Inc.	DDUP
Dell Inc.	DELL
EMC Corporation	EMC
Emulex Corporation	ELX
Hewlett-Packard Company	HPQ
Hutchinson Technology	HTCH
Network Appliance, Inc.	NTAP
QLogic Corporation	QLGC
Seagate Technology	STX
VMware	VMW
Western Digital Corporation	WDC
Xyratex, Ltd	XRTX

Software & Services	
Adobe Systems Inc.	ADB
ANSYS, Inc.	ANSS
Autodesk, Inc.	ADSK
BEA Systems, Inc	BEAS
Borland Software Corporation	BORL
Citrix Systems, Inc.	CTXS
Cognos Incorporated	COGN
Getty Images, Inc	GYI
Omniure, Inc.	OMTR
Red Hat, Inc.	RHT
RightNow Technologies, Inc.	RNOW
Salesforce.com, Inc.	CRM
SPSS, Inc.	SPSSE
Symantec Corp.	SYMC
VeriSign Inc.	VRSN

EMS & Electronics	
Jabil Circuit, Inc.	JBL
Littelfuse Inc.	LFUS
Multi-Fineline Electronix, Inc.	MFLX
Plexus Corporation	PLXS

Process Technology	
Agilent Technologies, Inc.	A
AMETEK, Inc.	AME
Badger Meter, Inc.	BMI
CLARCOR, Inc.	CLC
Cognex Corporation	CGNX
Danaher Corporation	DHR
Dionex Corporation	DNEX
Donaldson Company, Inc.	DCI
ESCO Technologies Inc.	ESE
FARO Technologies, Inc.	FARO
Mettler-Toledo Int'l, Inc.	MTD
Mine Safety Appliances Company	MSA
Nalco Holding Company	NLC
National Instruments Corp.	NATI
Pall Corporation	PLL
Polypore International, Inc.	PPO
Rockwell Automation Inc.	ROK
Tetra Tech, Inc.	TTEK
Varian, Inc.	VARI

Semiconductor Components	
Altera Corp.	ALTR
Analog Devices, Inc.	ADI
Conexant Systems, Inc.	CNXT
Fairchild Semiconductor Corp.	FCS
GSI Technology	GSIT
Intel Corporation	INTC
Lattice Semiconductor Corp.	LSCC

# Baird U.S. Equity Research Coverage

## Technology (cont'd)

### Semiconductor Components (cont'd)

Micron Technology, Inc.	MU
OmniVision Technologies, Inc.	OVTI
ON Semiconductor Corp.	ONNN
SanDisk Corporation	SNDK
Sigma Designs, Inc.	SIGM
STMicroelectronics NV	STM
Syntax-Brilliant Corp.	BRLC
Texas Instruments, Inc.	TXN
Xilinx Inc.	XLNX

### Supply Chain Technology

Avocent Corp.	AVCT
Bemis Company	DDUP
Diebold, Inc.	DBD
Garmin Ltd.	GRMN
Intermec, Inc.	IN
NCR Corporation	NCR
Plantronics, Inc.	PLT
ScanSource, Inc.	SCSC
Sealed Air Corporation	SEE
Zebra Technologies	ZBRA

## Healthcare/Life Sciences

### Biotechnology

Amgen, Inc.	AMGN
Amylin Pharmaceuticals, Inc.	AMLN
Array BioPharma Inc.	ARRY
Biogen Idec Inc.	BIIB
BioMarin Pharmaceutical, Inc.	BMRN
Celgene Corporation	CELG
Cerus Corporation	CERS
Cubist Pharmaceuticals, Inc.	CBST
Genentech, Inc.	DNA
Genzyme Corporation	GENZ
Gilead Sciences, Inc.	GILD
Human Genome Sciences, Inc.	HGSI
Infinity Pharmaceuticals, Inc.	INFI
MannKind Corporation	MNKD
Millenium Pharmaceuticals, Inc.	MLNM
Pharmion Corporation	PHRM
Tercica, Inc.	TRCA
Theravance, Inc.	THRX
Vertex Pharmaceuticals, Inc.	VRTX

### Distribution & Services

AmerisourceBergen Corporation	ABC
Cardinal Health, Inc.	CAH
Charles River Laboratories	CRL
Covance Inc.	CVD
ICON plc	ICLR
IMS Health Incorporated	RX
Kendle International Inc.	KNDL
McKesson Corporation	MCK
Owens & Minor, Inc.	OMI
PAREXEL International Corp.	PRXL
Pharmaceutical Product Development	PPDI
PharmaNet Development Group	PDGI
PSS World Medical, Inc.	PSSI
SFBC International, Inc.	SFCC

### Life Sciences & Diagnostics

Affymetrix, Inc.	AFFX
Applied Biosystems Group	ABI
Beckman Coulter, Inc.	BEC
Becton, Dickson and Company	BDX

## Life Sciences & Diagnostics (cont'd)

Bio-Rad Laboratories, Inc.	BIO
Cepheid	CPHD
Gen-Probe Inc.	GPRO
Illumina, Inc.	ILMN
Immucor Inc.	BLUD
Invitrogen Corporation	IVGN
Meridian Bioscience, Inc.	VIVO
PerkinElmer, Inc.	PKI
QIAGEN N.V.	QGENF
Sigma-Aldrich Corporation	SIAL
TECHNE Corp.	TECH
Thermo Fisher Scientific	TMO
Third Wave Technologies	TWTI
Waters Corporation	WAT

### Medical Technology

Animal Health International	AHII
The Cooper Companies	COO
DENTSPLY International Inc.	XRAY
Exactech, Inc.	EXAC
Henry Schein, Inc.	HSIC
Patterson Companies, Inc.	PDCO
Sirona Dental Systems, Inc.	SIRO
Stryker Corporation	SYK
TomoTherapy, Inc.	TOMO
Wright Medical Group, Inc.	WMGI
Young Innovations Inc.	YDNT
Zimmer Holdings, Inc.	ZMH

### Specialty Pharmaceuticals

Alkermes Inc.	ALKS
Cephalon Inc.	CEPH
Endo Pharmaceuticals Holdings Inc.	ENDP
Forest Laboratories Inc.	FRX
Neurocrine Biosciences, Inc.	NBIX
Noven Pharmaceuticals, Inc.	NOVN
Obagi Medical Products, Inc.	OMPI
Penwest Pharmaceuticals Co.	PPCO
Sepracor Inc.	SEPR
Shire Pharmaceuticals Group plc	SHPGY

## Financials

### Community Banks

Amcore Financial, Inc.	AMFI
Associated Banc-Corp	ASBC
Capital Bank Corporation	CBKN
Cardinal Financial Corp.	CFNL
First Midwest Bancorp, Inc.	FMBI
IBERIABANK Corporation	IBKC
Independent Bank Corp.	INDB
MB Financial, Inc.	MBFI
Metrocorp Bancshares, Inc.	MCBI
PennantPark Investment Corp.	PNNT
Pinnacle Financial Partners, Inc.	PNFP
PrivateBancorp, Inc.	PVTB
Sandy Spring Bancorp, Inc.	SASR
Sterling Bancshares, Inc.	SBIB
S.Y. Bancorp, Inc.	SYBT
Union Bancshares Corp.	UBSH
Virginia Commerce Bancorp, Inc.	VCBI
Virginia Financial Group, Inc.	VFGI
Wintrust Financial Corporation	WTFC

## Regional Banks

Bank of America	BAC
BB&T Corp.	BBT
Comerica, Inc.	CMA
Fifth Third Bancorp	FITB
KeyCorp	KEY
M&T Bank Corp.	MTB
Marshall & Ilsley Corp.	MI
PNC Financial Services	PNC
SunTrust Banks Inc.	STI
U.S. Bancorp	USB
Wachovia Corp.	WB
Wells Fargo & Company	WFC

## Real Estate

### Real Estate

Ashford Hospitality Trust Inc.	AHT
BioMed Realty Trust, Inc.	BMR
DiamondRock Hospitality Co.	DRH
Hersha Hospitality Trust	HT
Host Hotels & Resorts	HST
Interstate Hotels & Resorts, Inc.	IHR
Kilroy Realty Corporation	KRC
LaSalle Hotel Properties	LHO
Maguire Properties, Inc.	MPG
Marcus Corporation	MCS
MHI Hospitality Corporation	MDH
Parkway Properties, Inc.	PKY
Red Lion Hotels Corporation	RLH
Sunstone Hotel Investors, Inc.	SHO
Supertel Hospitality, Inc.	SPPR
Thomas Properties Group, Inc.	TPGI

### REITs

American Campus Communities, Inc.	ACC
AmREIT, Inc.	AMY
Associated Estates Realty Corp.	AEC
AvalonBay Communities, Inc.	AVB
Camden Property Trust	CPT
Comstock Homebuilding Companies	CHCI
Corporate Office Properties Trust	OFC
EastGroup Properties, Inc.	EGP
Education Realty Trust, Inc.	EDR
Essex Property Trust, Inc.	ESS
Extra Space Storage Inc.	EXR
Federal Realty Investment Trust	FRT
First Potomac Realty Trust	FPO
Gladstone Commercial Corporation	GOOD
Investor Real Estate Trust	IRETS
Mid-America Apartment Communities	MAA
PS Business Parks Inc.	PSB
Public Storage, Inc.	PSA
Realty Income Corporation	O
Regency Centers Corporation	REG
Saul Centers, Inc.	BFS
U-Store-It Trust	YSI
UDR, Inc.	UDR
Urstadt Biddle Properties Inc.	UBA
Washington Real Estate Invst. Trust	WRE
Weingarten Realty Investors	WRI





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