

M&A Market Analysis

November 2010

Global M&A Monthly

A Middle-Market Perspective on U.S., Europe, and Asia
Mergers & Acquisitions



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The U.S. M&A market continued to register solid growth in October. The 22.7% increase in the number of transactions was the ninth consecutive monthly percentage gain exceeding 20%. Announced dollar volume jumped 62.0% to \$66.2 billion, as growth was enhanced again by a large increase in inbound M&A volume.	
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Global M&A Commentary

Year-to-date global M&A metrics remained impressive, including 19.3% growth in the number of transactions and a 38.5% increase in announced dollar volume. In the first ten months of the year, the global middle market witnessed a 28.9% rise in the deal total and dollar value up 40.1%.

The pace of global M&A activity slowed in October. The transaction total declined 5.9% to 2,107, the lowest monthly figure in more than a year. Reported dollar volume increased 17.6% versus the October 2009 value but was 12.3% below the monthly average for January-September. In the middle market, the deal count dipped 1.9%, whereas dollar volume grew 7.0%.

Although global M&A activity for October was not as robust as earlier in the year, recent updates and projections for the worldwide economy point to a supportive backdrop for M&A. The global all-industry purchasing managers index (PMI) reached a four-month high in October, reflecting acceleration in the manufacturing and services sectors, expansion in most major regions, and an uptick in new orders. The composite leading indicator of the Organisation for Economic Co-operation and Development (OECD) posted a slight uptick in expansion within a relatively steady six-month series of readings. Nevertheless, the OECD lowered its 2011 GDP growth forecast for its membership (generally developed countries) to 2.0-2.5% (down from 2.8%), citing the impact of efforts to reduce budget deficits. Importantly, the OECD expects GDP growth to accelerate to 2.5-3.0% in 2012, suggesting a sustained period of expansion that would provide a suitable environment for M&A.

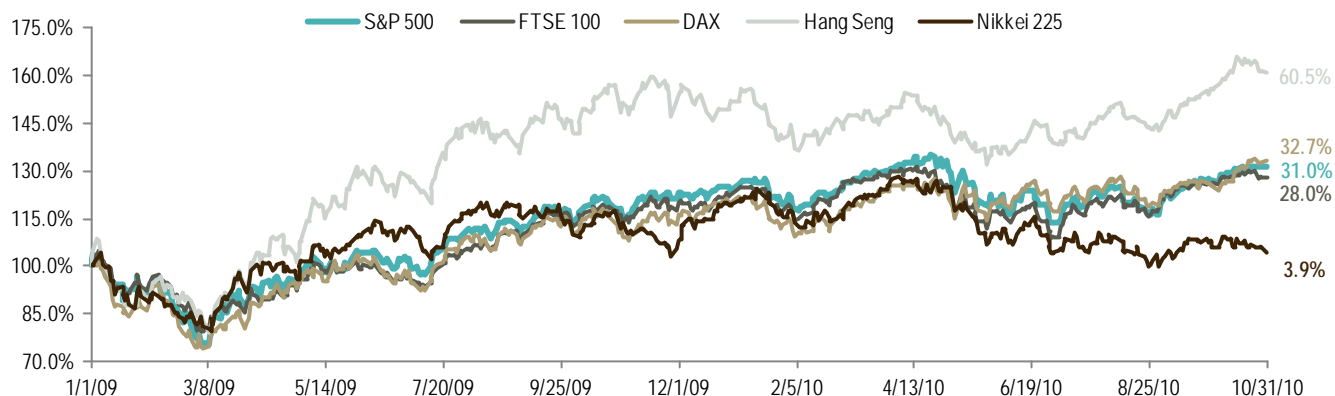
The global credit markets remain conducive to M&A activity. After another high-volume month in October, global high yield debt issuance in 2010 appears likely to exceed the record level of 2009 by more than 50%. Through October, leveraged loan issuance is on track to triple in 2010 relative to last year. Net inflows into leveraged loan and high yield funds were positive for each week of October, reflecting a hearty appetite for yield in a low interest rate environment. In addition, the investment grade bond market has been stimulated by a large supply of debt issued at historically low rates. On a global basis, corporate bond issuance is projected to grow further in upcoming months, boosting the liquidity of potential strategic acquirors. M&A financing trends should also benefit from ongoing declines (through October) in global high yield and leveraged loan default rates, with further reductions expected well into next year.

Global equity markets advanced for the second consecutive month in October, as the five major indices depicted below gained 2.7% on average. The 2.6% year-to-date increase for this group will help clear the busy calendar of equity offerings, leading to stronger corporate balance sheets and additional capital for prospective M&A activity.

The global M&A market should be active for the balance of 2010. The wide range of positive forces for deal-making through year-end include stabilizing economic conditions, healthy balance sheets among strategic acquirors, access to credit at attractive terms, and capital allocation requirements for private equity firms.

Note: See pages 5, 10, and 16 for specific U.S., Europe, and Asia commentary

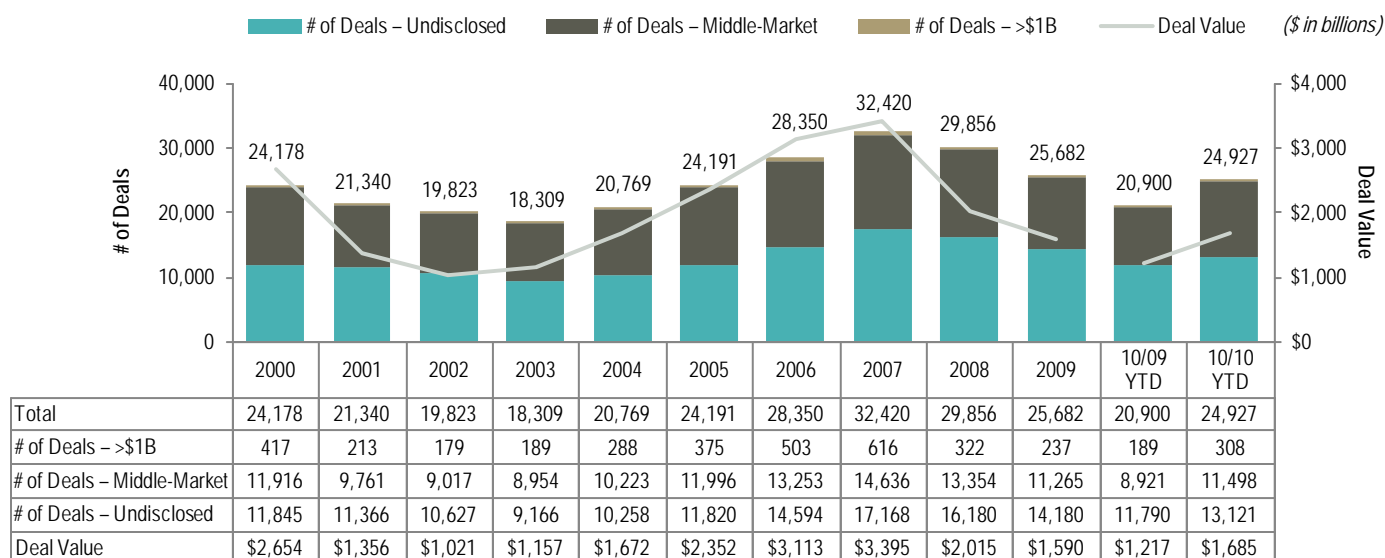
Relative Performance of Global Market Indices



Source: Capital IQ.

Global M&A Activity

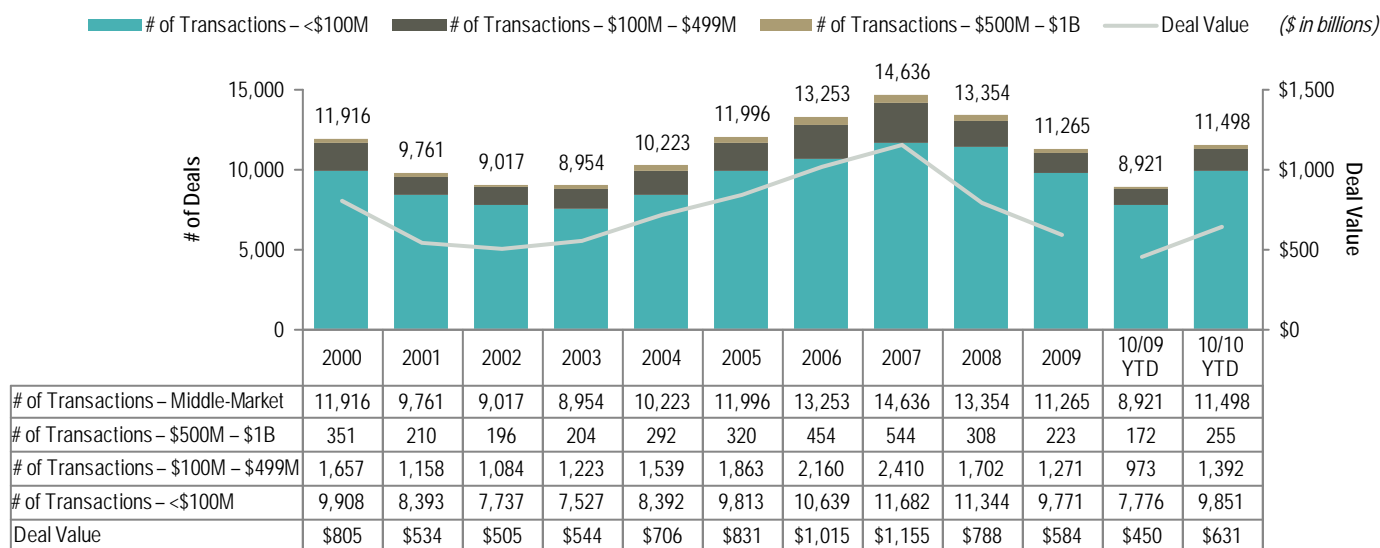
Global M&A Activity



Source: Dealogic 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. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global Middle-Market M&A Activity



Source: Dealogic 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. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global M&A Deal Statistics

(\$ in millions)

	Number of Deals – October			Deal Value – October		
	2009	2010	% Change	2009	2010	% Change
North America	771	959	24.4%	\$46,986	\$72,627	54.6%
– U.S.	675	828	22.7%	\$40,863	\$66,189	62.0%
Central / South America	53	61	15.1%	\$4,739	\$4,548	(4.0%)
Europe	878	718	(18.2%)	\$45,005	\$53,536	19.0%
– U.K.	206	164	(20.4%)	\$6,959	\$7,867	13.0%
– Germany	107	80	(25.2%)	\$4,408	\$2,409	(45.4%)
Africa / Middle East	57	76	33.3%	\$2,482	\$4,223	70.1%
Asia-Pacific (ex. Japan)	444	369	(16.9%)	\$24,176	\$27,441	13.5%
– China	217	160	(26.3%)	\$12,072	\$9,968	(17.4%)
– India	51	50	(2.0%)	\$691	\$1,021	47.7%
Japan	180	132	(26.7%)	\$16,483	\$5,329	(67.7%)
Global Total	2,238	2,107	(5.9%)	\$127,236	\$149,597	17.6%

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

Note: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

(\$ in millions)

	Number of Deals – YTD			Deal Value – YTD		
	2009	2010	% Change	2009	2010	% Change
North America	7,323	10,740	46.7%	\$641,105	\$855,807	33.5%
– U.S.	6,400	9,330	45.8%	\$574,733	\$742,584	29.2%
Central / South America	485	787	62.3%	\$54,715	\$144,183	163.5%
Europe	8,564	8,939	4.4%	\$388,484	\$597,477	53.8%
– U.K.	2,204	2,294	4.1%	\$107,050	\$200,055	86.9%
– Germany	1,046	1,058	1.1%	\$47,384	\$63,352	33.7%
Africa / Middle East	496	625	26.0%	\$39,817	\$75,471	89.5%
Asia-Pacific (ex. Japan)	3,632	4,362	20.1%	\$170,805	\$250,305	46.5%
– China	1,760	2,184	24.1%	\$104,057	\$111,962	7.6%
– India	479	709	48.0%	\$6,492	\$51,430	692.2%
Japan	1,800	1,600	(11.1%)	\$97,493	\$65,767	(32.5%)
Global Total	20,900	24,927	19.3%	\$1,216,831	\$1,684,915	38.5%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of October 31.

Note: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Global Middle-Market M&A Deal Statistics

(\$ in millions)

	Number of Deals – October			Deal Value – October		
	2009	2010	% Change	2009	2010	% Change
North America	345	513	48.7%	\$24,178	\$36,188	49.7%
– U.S.	287	427	48.8%	\$22,014	\$32,486	47.6%
Central / South America	27	31	14.8%	\$2,321	\$4,548	95.9%
Europe	247	196	(20.6%)	\$17,753	\$19,017	7.1%
– U.K.	80	63	(21.3%)	\$4,483	\$5,018	11.9%
– Germany	28	19	(32.1%)	\$2,923	\$2,409	(17.6%)
Africa / Middle East	35	37	5.7%	\$2,482	\$2,319	(6.6%)
Asia-Pacific (ex. Japan)	307	239	(22.1%)	\$15,067	\$12,026	(20.2%)
– China	169	111	(34.3%)	\$9,789	\$5,729	(41.5%)
– India	27	21	(22.2%)	\$691	\$1,021	47.7%
Japan	98	51	(48.0%)	\$4,296	\$2,940	(31.6%)
Global Total	1,018	999	(1.9%)	\$62,984	\$67,378	7.0%

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

Note: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

(\$ in millions)

	Number of Deals – YTD			Deal Value – YTD		
	2009	2010	% Change	2009	2010	% Change
North America	3,197	5,449	70.4%	\$172,832	\$303,855	75.8%
– U.S.	2,653	4,596	73.2%	\$154,353	\$269,846	74.8%
Central / South America	221	346	56.6%	\$21,525	\$28,171	30.9%
Europe	2,296	2,452	6.8%	\$148,055	\$198,355	34.0%
– U.K.	756	896	18.5%	\$46,527	\$65,279	40.3%
– Germany	205	189	(7.8%)	\$21,461	\$19,081	(11.1%)
Africa / Middle East	243	290	19.3%	\$16,528	\$19,631	18.8%
Asia-Pacific (ex. Japan)	2,493	2,903	16.4%	\$104,581	\$133,408	27.6%
– China	1,402	1,705	21.6%	\$65,358	\$77,971	19.3%
– India	204	312	52.9%	\$6,492	\$16,509	154.3%
Japan	957	784	(18.1%)	\$36,182	\$29,403	(18.7%)
Global Total	8,921	11,498	28.9%	\$450,481	\$631,318	40.1%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of October 31.

Note: Global Total will not equal the sum of the individual regions listed above, as cross-border transactions are reflected in both the target's and acquiror's respective regions. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. M&A Commentary

INBOUND M&A LIFTED BY WEAK DOLLAR

The U.S. M&A market continued to register solid growth in October. The 22.7% increase in the number of transactions was the ninth consecutive monthly percentage gain exceeding 20%. Announced dollar volume jumped 62.0% to \$66.2 billion, as growth was enhanced again by a large increase in inbound M&A volume amid relative weakness in the dollar, which has declined against all 16 major currencies since the end of June. The U.S. middle market remained strong, with the deal count up 48.8% and dollar volume rising 47.6% to \$32.5 billion, the second-highest monthly total of the year.

Further evidence of a gradual economic rebound in the U.S. has benefited M&A activity. Q3 GDP growth of 2.0% was in line with estimates and slightly above the Q2 growth rate. More recently, the Federal Reserve's beige book noted national economic activity rising at a modest pace into October. In addition, the Institute for Supply Management (ISM) manufacturing index recorded a five-month high in October, while the ISM non-manufacturing index posted a second consecutive monthly increase in services sector growth. On the employment front, the October payroll report featured private hiring at the highest level in five months and positive updates to prior-month data. In addition, the four-week moving average for jobless claims reached a two-year low. After a series of downward revisions to projections, forecasts for GDP growth in Q4 and 2011 have stabilized in the 2.0-2.5% range. Expectations of a low-growth scenario should continue to drive corporate executives at cash-rich companies to seek revenue and earnings growth through M&A.

Favorable trends in the U.S. credit markets remain a key driver of M&A activity. High yield debt issuance was strong again in October, with demand supported by net fund inflows throughout the month. Consistently positive fund inflows also have fueled the leveraged loan market, where volume in October was slightly above the year-to-date average. In addition, the Baird CDS Index declined for the second consecutive month, reflecting lower perceived risk of credit default. Significantly, credit conditions have improved in the general economy. The Federal Reserve's latest quarterly survey of loan officers revealed easing in bank lending standards. Furthermore, the Thomson Reuters/PayNet small business lending index reached the highest level in two years due to accelerated borrowing growth. Looser credit markets bode well for economic trends as well as M&A activity in upcoming periods.

The U.S. equity market extended its recent gains in October, when the 3.7% increase in the S&P 500 lifted the year-to-date return to 6.1%. Higher stock values have enabled a substantial portion of the equity offering backlog to price, generating proceeds that can be used for M&A.

U.S. M&A Activity

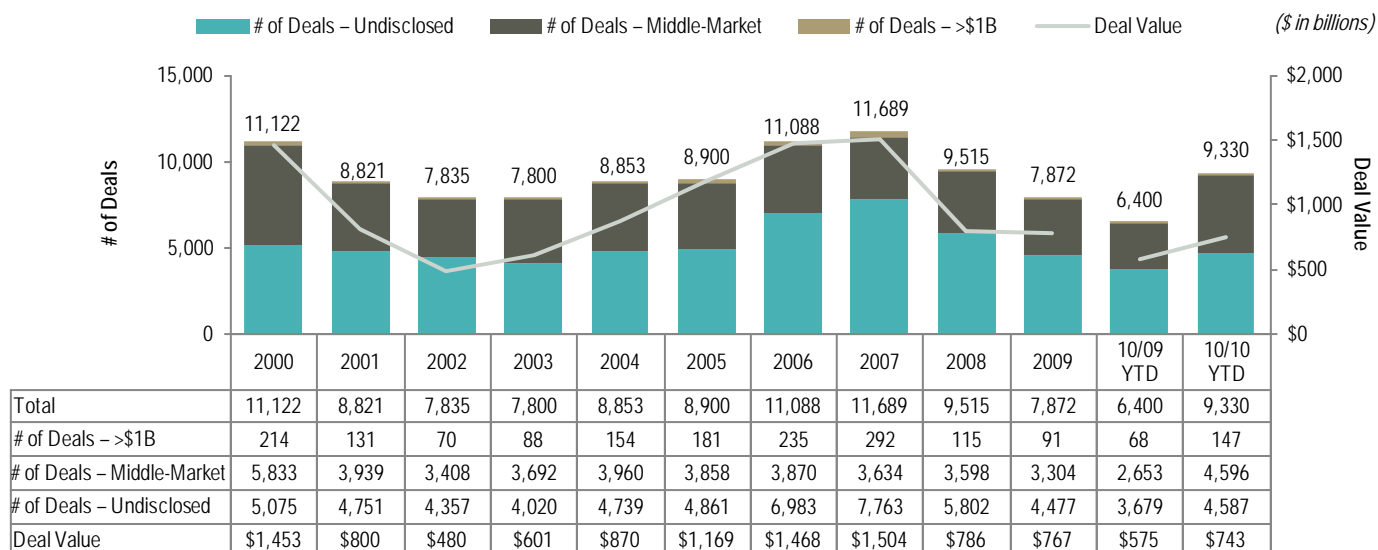
- A total of 828 U.S. M&A transactions were announced in October, an increase of 22.7% over the prior-year period. Dollar volume jumped 62.0% to \$66.2 billion. Despite year-over-year increases in deal count and dollar volume, both figures trailed their respective last twelve month (LTM) averages of 900 and \$77.0 billion.
- Year to date, the number of announced deals rose 45.8% to 9,330. Dollar volume for the period increased 29.2% to \$742.6 billion. Helped by ongoing weakness in the dollar relative to other major currencies, inbound activity registered particularly strong dollar volume growth for the period, surging 79.9% to \$130.7 billion on a 25.4% increase in deal count.
- For the LTM period, M&A activity jumped 39.7% to 10,802, while total dollar volume climbed 53.1% to \$943.7 billion.

U.S. Middle-Market Activity

- October continued an impressive run for the U.S. middle market, as the deal count rose 48.8% to 427, the highest October total since 1997. Dollar volume displayed similar trends, growing 47.6% to \$32.5 billion.
- Year to date, middle-market M&A metrics were strong, as the transaction count jumped 73.2% to 4,596, marking the highest level of activity through October since 2000. Reported dollar volume for the period increased 74.8% to \$269.8 billion.
- For the LTM period, median EBITDA transaction multiples have risen to 8.4x from a 2009 median value of 7.5x.

U.S. M&A Activity

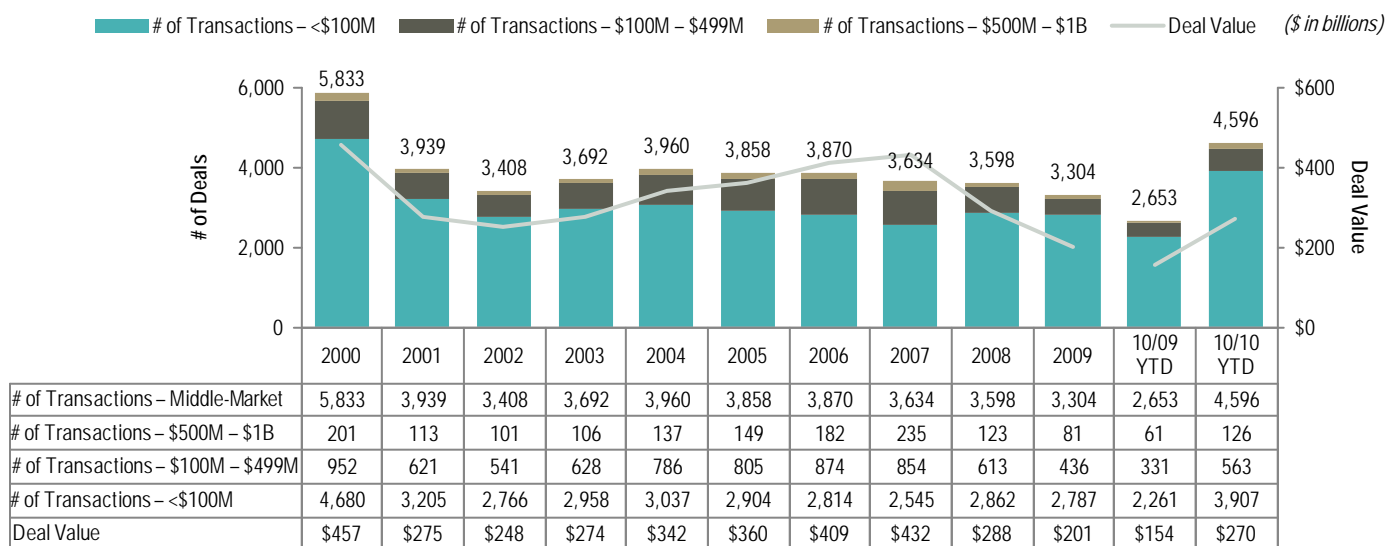
U.S. M&A Activity



Source: Dealogic 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. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Middle-Market M&A Activity



Source: Dealogic 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. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

Number of Deals			
	2009	2010	% Change
<u>October</u>			
<\$100M	233	353	51.5%
\$100M-\$499M	45	54	20.0%
\$500M-\$1B	9	20	122.2%
Total Middle-Market	287	427	48.8%
LTM Monthly Average	265	437	65.3%
>\$1B	10	14	40.0%
Undisclosed	378	387	2.4%
Total	675	828	22.7%
LTM Monthly Average	644	900	39.7%
<u>YTD</u>			
<\$100M	2,261	3,907	72.8%
\$100M-\$499M	331	563	70.1%
\$500M-\$1B	61	126	106.6%
Total Middle-Market	2,653	4,596	73.2%
>\$1B	68	147	116.2%
Undisclosed	3,679	4,587	24.7%
Total	6,400	9,330	45.8%
<u>LTM</u>			
<\$100M	2,723	4,433	62.8%
\$100M-\$499M	383	668	74.4%
\$500M-\$1B	68	146	114.7%
Total Middle-Market	3,174	5,247	65.3%
>\$1B	73	170	132.9%
Undisclosed	4,483	5,385	20.1%
Total	7,730	10,802	39.7%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Deal Value			
(\$ in millions)	2009	2010	% Change
<u>October</u>			
<\$100M	\$5,466	\$5,396	(1.3%)
\$100M-\$499M	\$9,430	\$12,911	36.9%
\$500M-\$1B	\$7,117	\$14,178	99.2%
Total Middle-Market	\$22,014	\$32,486	47.6%
LTM Monthly Average	\$15,010	\$26,391	75.8%
>\$1B	\$18,850	\$33,703	78.8%
Undisclosed	**	**	**
Total	\$40,863	\$66,189	62.0%
LTM Monthly Average	\$50,872	\$77,889	53.1%
<u>YTD</u>			
<\$100M	\$39,293	\$55,200	40.5%
\$100M-\$499M	\$72,840	\$128,014	75.7%
\$500M-\$1B	\$42,220	\$86,632	105.2%
Total Middle-Market	\$154,353	\$269,846	74.8%
>\$1B	\$420,380	\$472,738	12.5%
Undisclosed	**	**	**
Total	\$574,733	\$742,584	29.2%
<u>LTM</u>			
<\$100M	\$48,457	\$65,010	34.2%
\$100M-\$499M	\$83,977	\$152,215	81.3%
\$500M-\$1B	\$47,687	\$99,473	108.6%
Total Middle-Market	\$180,121	\$316,698	75.8%
>\$1B	\$430,345	\$617,972	43.6%
Undisclosed	**	**	**
Total	\$610,467	\$934,669	53.1%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

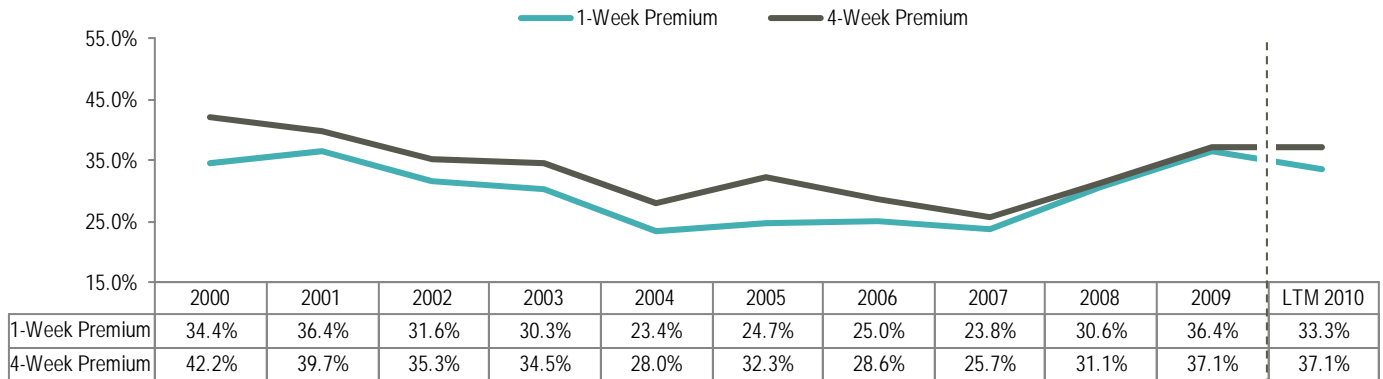
Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
<u>EV/EBITDA</u>											
<\$100M	7.4x	5.9x	7.0x	6.8x	7.6x	9.2x	8.1x	8.5x	7.8x	7.0x	7.1x
\$100M-\$499M	8.5x	8.3x	7.7x	8.2x	9.0x	9.9x	9.2x	11.2x	11.1x	7.4x	9.3x
\$500M-\$1B	8.7x	8.4x	8.4x	9.6x	10.3x	10.1x	12.0x	10.8x	10.6x	7.8x	9.1x
Middle-Market	8.2x	7.2x	7.3x	7.5x	8.6x	9.7x	9.2x	9.9x	9.5x	7.5x	8.4x
<u>EV/EBIT</u>											
<\$100M	9.0x	7.3x	9.5x	8.9x	9.6x	10.8x	10.0x	10.8x	10.1x	7.8x	9.8x
\$100M-\$499M	11.8x	11.7x	11.2x	11.0x	11.7x	13.5x	13.3x	14.5x	13.7x	11.0x	11.3x
\$500M-\$1B	11.4x	10.6x	12.2x	12.9x	14.0x	13.8x	17.0x	16.1x	13.7x	13.6x	13.4x
Middle-Market	10.7x	9.2x	10.7x	10.8x	11.2x	12.4x	12.5x	12.8x	11.6x	9.7x	10.9x
<u>EV/Revenue</u>											
<\$100M	0.92x	0.75x	0.69x	0.76x	0.95x	0.95x	0.96x	0.92x	0.91x	0.80x	0.93x
\$100M-\$499M	1.15x	1.19x	1.09x	1.06x	1.34x	1.31x	1.24x	1.27x	1.30x	1.22x	1.34x
\$500M-\$1B	1.45x	1.41x	1.27x	1.42x	1.33x	1.55x	1.69x	1.51x	1.42x	1.46x	1.60x
Middle-Market	1.00x	0.89x	0.80x	0.88x	1.11x	1.10x	1.08x	1.01x	1.00x	0.90x	1.08x

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available. LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

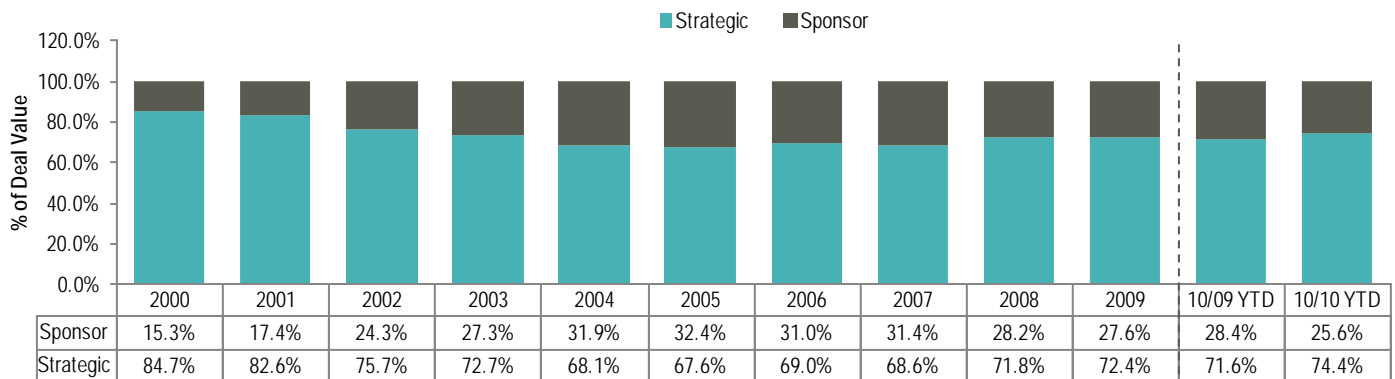
U.S. Middle-Market Median Acquisition Premiums



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

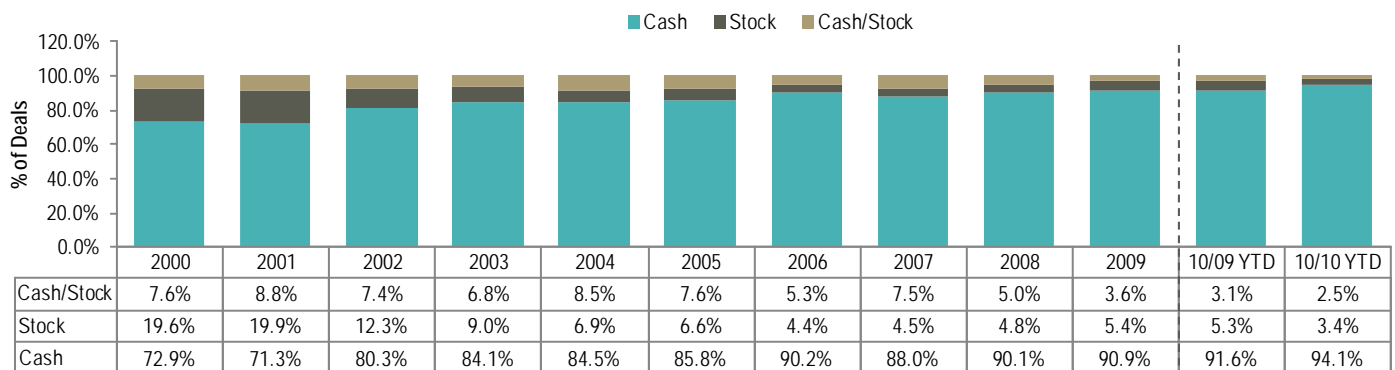
U.S. Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



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

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

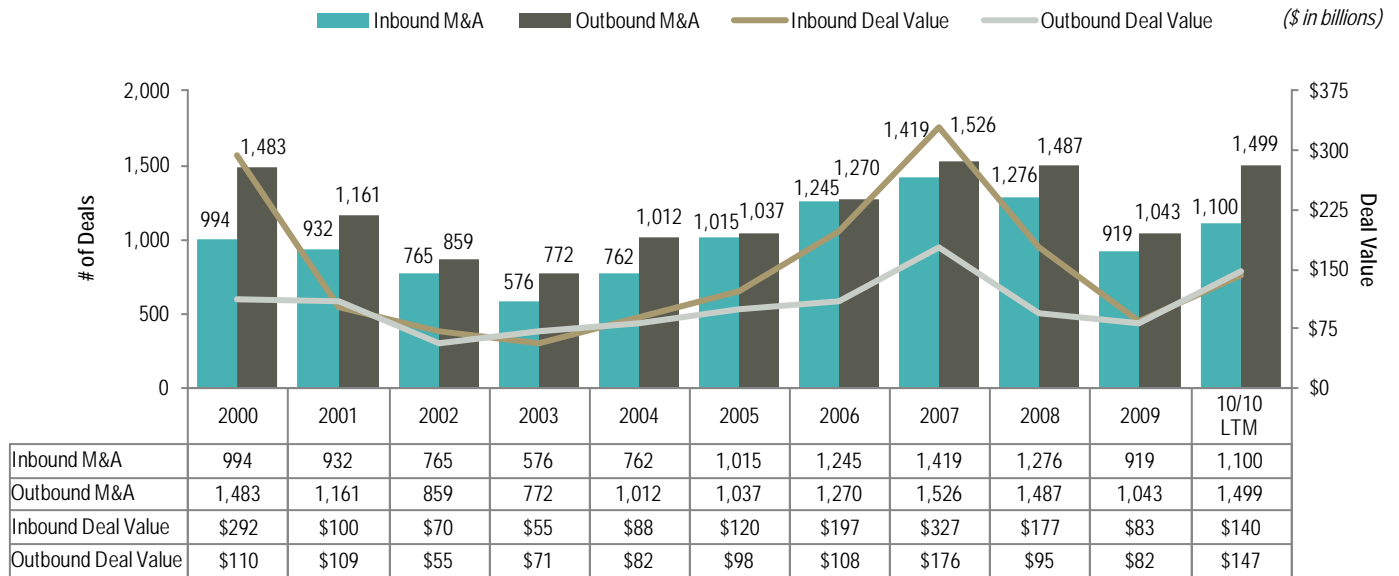


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.S. Cross-Border M&A Activity

U.S. – Inbound and Outbound M&A Activity



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

Note: Inbound M&A represents U.S. target/non-U.S. acquiror; Outbound M&A represents non-U.S. target/U.S. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Top 10 U.S. Target Industries Acquired by Non-U.S. Companies - YTD

Industry	# of Deals
1. Computers & Electronics	191
2. Healthcare	114
3. Professional Services	101
4. Mining	76
5. Oil & Gas	57
6. Construction/Building	37
7. Finance	33
8. Real Estate/Property	33
9. Utility & Energy	27
10. Telecommunications	25

Top 10 Non-U.S. Acquirors of U.S. Targets - YTD

Country	# of Deals
1. Canada	284
2. United Kingdom	118
3. Japan	69
4. Australia	51
5. India	47
6. France	43
7. Switzerland	35
8. Germany	34
9. China	27
10. Sweden	25

Top 10 Non-U.S. Target Industries Acquired by U.S. Companies - YTD

Industry	# of Deals
1. Computer & Electronics	292
2. Professional Services	160
3. Healthcare	108
4. Finance	75
5. Mining	65
6. Construction/Building	51
7. Oil & Gas	51
8. Consumer Products	47
9. Chemicals	42
10. Telecommunications	40

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of October 31, 2010.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe M&A Commentary

The contrasting trends of healthy dollar volume growth and lagging M&A deal flow continued in Europe during October. The number of deals decreased 18.2%, marking the eleventh time in the past twelve months that Europe's percentage change trailed the global figure. However, reported dollar volume increased 19.0%, the seventh double-digit percentage gain in the last nine months. In the middle market, the transaction total declined 20.6%, whereas dollar value grew 7.1%.

In the first ten months of 2010, the deal count increased 4.4%, and announced dollar volume jumped 53.8% due to larger transaction sizes. Europe's middle market registered year-to-date growth of 6.8% for the number of transactions and 34.0% for dollar value.

Recent updates provide additional signs of an anemic economic recovery in Europe. Euro zone GDP increased 0.4% in Q3 (compared to Q2), below 1.0% sequential growth in Q2 but in line with 0.2-0.4% growth in the prior three quarters. In the current quarter, the composite PMI for euro zone activity in October continued to show expansion, albeit at the lowest level in eight months. Furthermore, the Economic Sentiment Indicator of the European Union has moved slightly above the long-term average while rising for four consecutive months. Looking ahead, the International Monetary Fund (IMF) projects 2011 GDP growth in Europe at 2.2%, slightly below this year's level as austerity measures are expected to dampen next year's expansion by one percentage point. A lengthy stretch of modest growth in Europe, as anticipated by the IMF and other organizations, likely would serve as a backdrop for moderate improvement in M&A activity.

European middle-market transaction valuations have surpassed levels of the past two years. Through October, the LTM median EBITDA multiple was 7.9x, above the 2009 figure of 7.4x and the 2008 median of 7.8x.

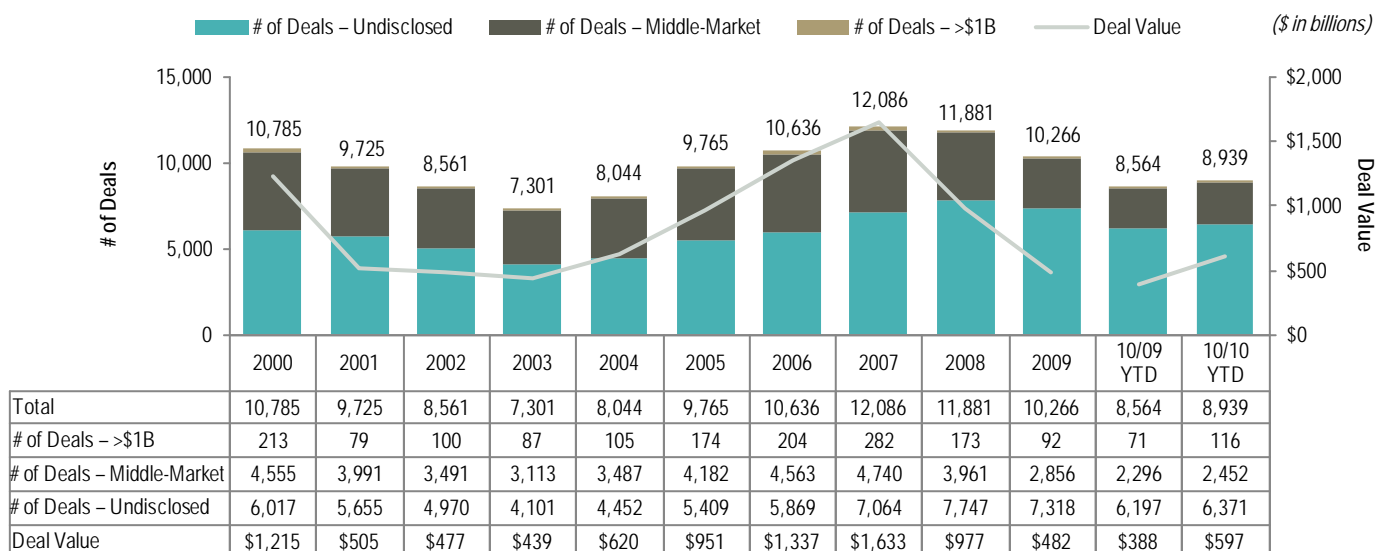
U.K. M&A metrics were varied through the first ten months of the year. Deal count experienced a slight uptick of 4.1% to 2,294, while dollar volume spiked 86.9% to \$200.1 billion. Outbound dollar volume contributed significantly to this increase, soaring almost 270%.

Year to date, U.K. middle-market activity exhibited positive trends. Deal count increased 18.5% to 896, and reported dollar volume grew 40.3% to \$65.3 billion.

A total of 1,058 German M&A transactions were announced from January through October, up 1.1% over the prior-year period. Dollar volume registered stronger growth, rising 33.7% to \$63.4 billion. Inbound dollar volume growth of 217% was the primary contributor to this increase.

German middle-market activity was weak for the year-to-date period. The deal count fell 7.8% to 189, while announced dollar volume shrank 11.1% to \$19.1 billion.

Europe M&A Activity



Source: Dealogic 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. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Deal Statistics

Number of Deals			
	2009	2010	% Change
<u>October</u>			
<\$100M	200	148	(26.0%)
\$100M-\$499M	39	41	5.1%
\$500M-\$1B	8	7	(12.5%)
Total Middle-Market	247	196	(20.6%)
LTM Monthly Average	233	251	7.6%
>\$1B	9	10	11.1%
Undisclosed	622	512	(17.7%)
Total	878	718	(18.2%)
LTM Monthly Average	844	887	5.1%
<u>YTD</u>			
<\$100M	1,928	1,920	(0.4%)
\$100M-\$499M	304	453	49.0%
\$500M-\$1B	64	79	23.4%
Total Middle-Market	2,296	2,452	6.8%
>\$1B	71	116	63.4%
Undisclosed	6,197	6,371	2.8%
Total	8,564	8,939	4.4%
<u>LTM</u>			
<\$100M	2,366	2,373	0.3%
\$100M-\$499M	361	545	51.0%
\$500M-\$1B	72	94	30.6%
Total Middle-Market	2,799	3,012	7.6%
>\$1B	90	137	52.2%
Undisclosed	7,233	7,492	3.6%
Total	10,122	10,641	5.1%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Deal Value			
(\$ in millions)	2009	2010	% Change
<u>October</u>			
<\$100M	\$3,724	\$3,364	(9.7%)
\$100M-\$499M	\$9,477	\$10,077	6.3%
\$500M-\$1B	\$4,552	\$5,576	22.5%
Total Middle-Market	\$17,753	\$19,017	7.1%
LTM Monthly Average	\$14,479	\$19,778	36.6%
>\$1B	\$27,252	\$34,519	26.7%
Undisclosed	**	**	**
Total	\$45,005	\$53,536	19.0%
LTM Monthly Average	\$42,246	\$57,570	36.3%
<u>YTD</u>			
<\$100M	\$34,267	\$39,866	16.3%
\$100M-\$499M	\$70,632	\$103,963	47.2%
\$500M-\$1B	\$43,156	\$54,526	26.3%
Total Middle-Market	\$148,055	\$198,355	34.0%
>\$1B	\$240,429	\$399,122	66.0%
Undisclosed	**	**	**
Total	\$388,484	\$597,477	53.8%
<u>LTM</u>			
<\$100M	\$41,950	\$49,107	17.1%
\$100M-\$499M	\$82,761	\$124,440	50.4%
\$500M-\$1B	\$49,030	\$63,784	30.1%
Total Middle-Market	\$173,742	\$237,331	36.6%
>\$1B	\$333,209	\$453,508	36.1%
Undisclosed	**	**	**
Total	\$506,952	\$690,839	36.3%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

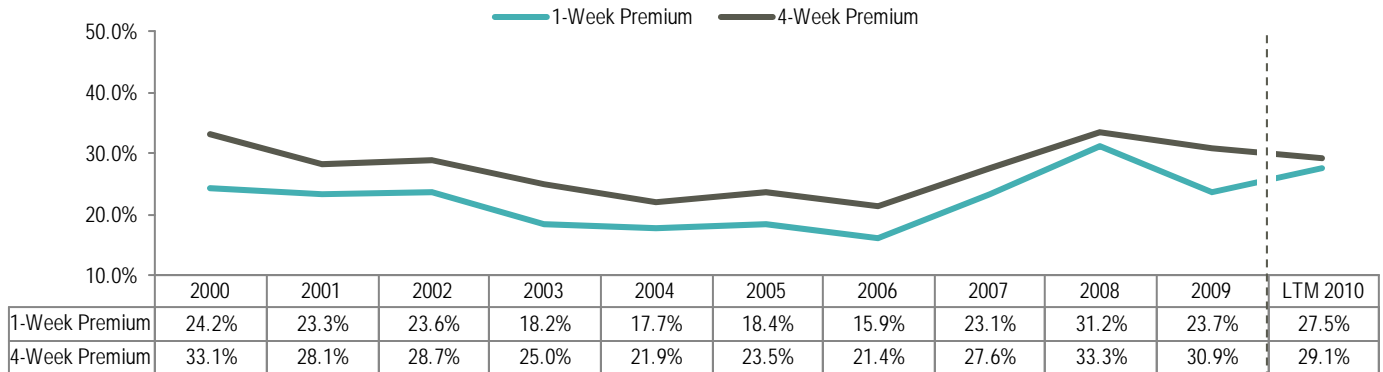
Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
<u>EV/EBITDA</u>											
<\$100M	7.0x	6.5x	5.7x	5.5x	7.0x	7.4x	7.4x	8.2x	6.8x	6.2x	7.0x
\$100M-\$499M	10.2x	7.7x	7.2x	6.3x	7.7x	10.0x	10.0x	11.0x	9.6x	7.7x	8.5x
\$500M-\$1B	8.7x	8.5x	7.9x	8.7x	9.7x	10.2x	10.2x	10.8x	9.6x	11.2x	9.2x
Middle-Market	8.7x	7.9x	6.8x	6.3x	7.6x	8.5x	8.8x	9.5x	7.8x	7.4x	7.9x
<u>EV/EBIT</u>											
<\$100M	10.6x	7.8x	9.1x	8.3x	9.4x	9.2x	8.5x	9.2x	8.1x	7.6x	7.4x
\$100M-\$499M	12.3x	11.1x	10.8x	9.7x	11.2x	13.4x	13.8x	13.5x	11.1x	10.2x	11.2x
\$500M-\$1B	10.2x	10.6x	13.0x	11.4x	12.2x	15.6x	15.1x	12.4x	12.4x	15.7x	12.5x
Middle-Market	11.3x	9.1x	10.3x	9.2x	10.4x	11.6x	10.7x	10.9x	9.3x	9.1x	8.7x
<u>EV/Revenue</u>											
<\$100M	0.95x	0.69x	0.59x	0.63x	0.84x	0.74x	0.81x	0.78x	0.78x	0.63x	0.72x
\$100M-\$499M	1.29x	1.14x	1.04x	0.95x	1.11x	1.18x	1.29x	1.32x	1.12x	0.92x	1.15x
\$500M-\$1B	1.01x	0.94x	0.57x	1.43x	1.44x	1.29x	1.74x	1.37x	1.63x	1.68x	1.42x
Middle-Market	1.03x	0.82x	0.66x	0.71x	0.89x	0.89x	0.92x	0.87x	0.86x	0.69x	0.85x

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available. LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market M&A Deal Statistics

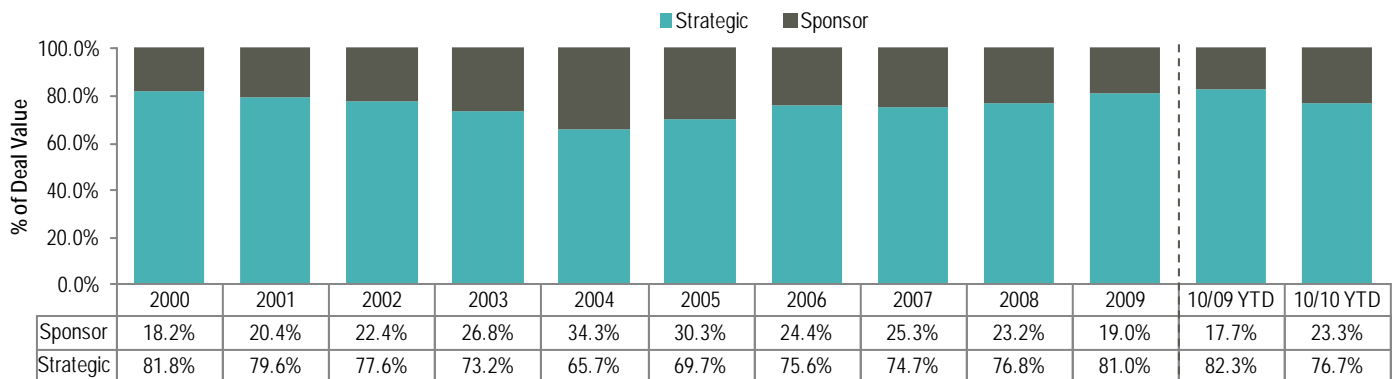
Europe Middle-Market Median Acquisition Premiums



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of October 31.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

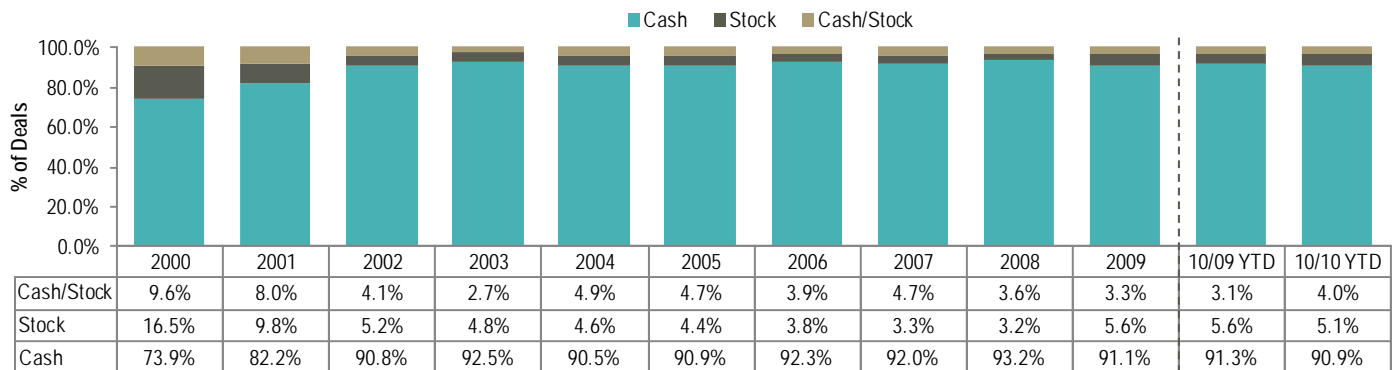
Europe Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



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

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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

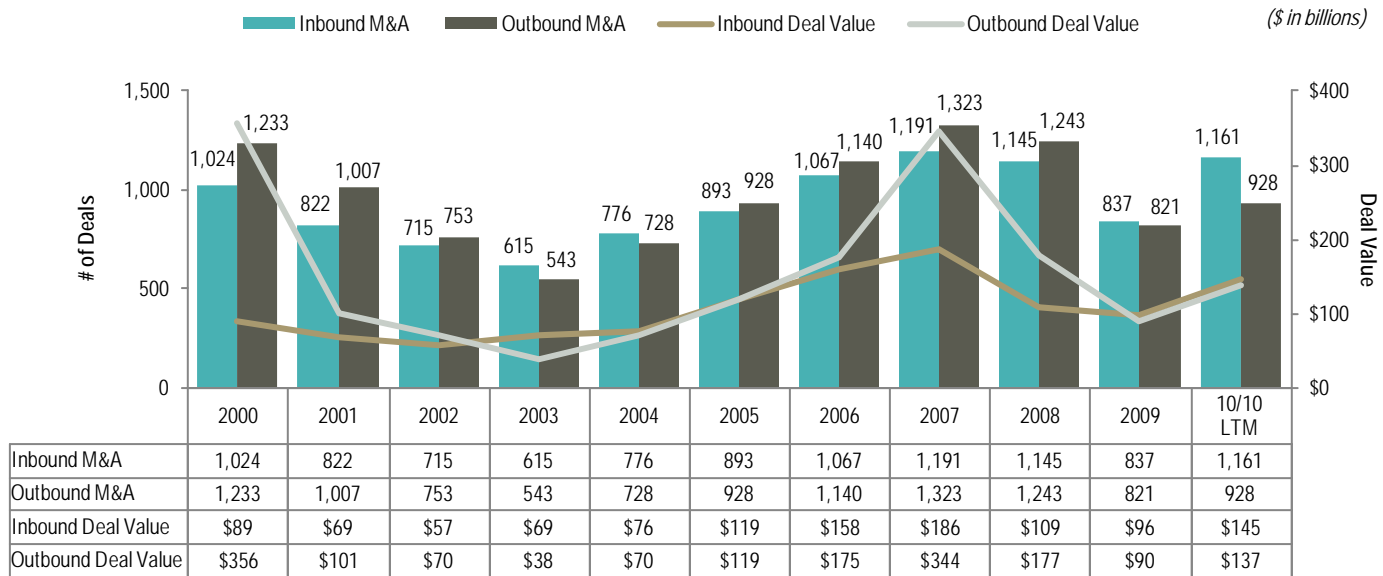


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Cross-Border M&A Activity

Europe – Inbound and Outbound M&A



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

Note: Inbound M&A represents European target/non-European acquiror; Outbound M&A represents non-European target/European acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Top 10 European Target Countries Acquired by Non-European Companies - YTD

Country	# of Deals
1. United Kingdom	340
2. Germany	119
3. France	91
4. Italy	49
5. Spain	44
6. Netherlands	39
7. Sweden	35
8. Denmark	32
9. Switzerland	30
10. Belgium	26

Top 10 European Target Industries Acquired by Non-European Companies - YTD

Industry	# of Deals
1. Computers & Electronics	214
2. Professional Services	108
3. Healthcare	82
4. Finance	52
5. Construction/Building	45
6. Machinery	42
7. Oil & Gas	41
8. Consumer Products	40
9. Transportation	33
10. Real Estate/Property	33

Top 10 Non-European Target Countries Acquired by European Companies - YTD

Country	# of Deals
1. United States of America	340
2. Australia	56
3. Canada	52
4. Brazil	44
5. China	36
6. India	27
7. South Africa	24
8. Japan	16
9. South Korea	13
10. Argentina	12

Top 10 Non-European Target Industries Acquired by European Companies - YTD

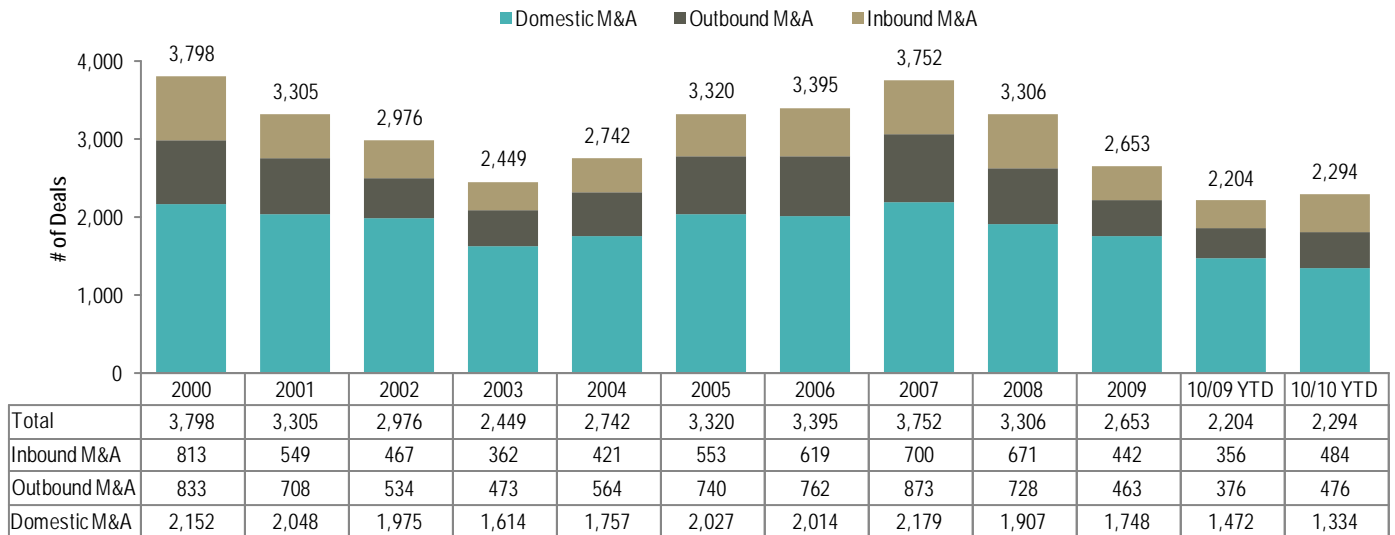
Industry	# of Deals
1. Computers & Electronics	131
2. Professional Services	117
3. Healthcare	96
4. Construction/Building	41
5. Mining	40
6. Oil & Gas	38
7. Finance	32
8. Utility & Energy	27
9. Metal & Steel	23
10. Chemicals	23

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of October 31, 2010.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Cross-Border M&A Activity

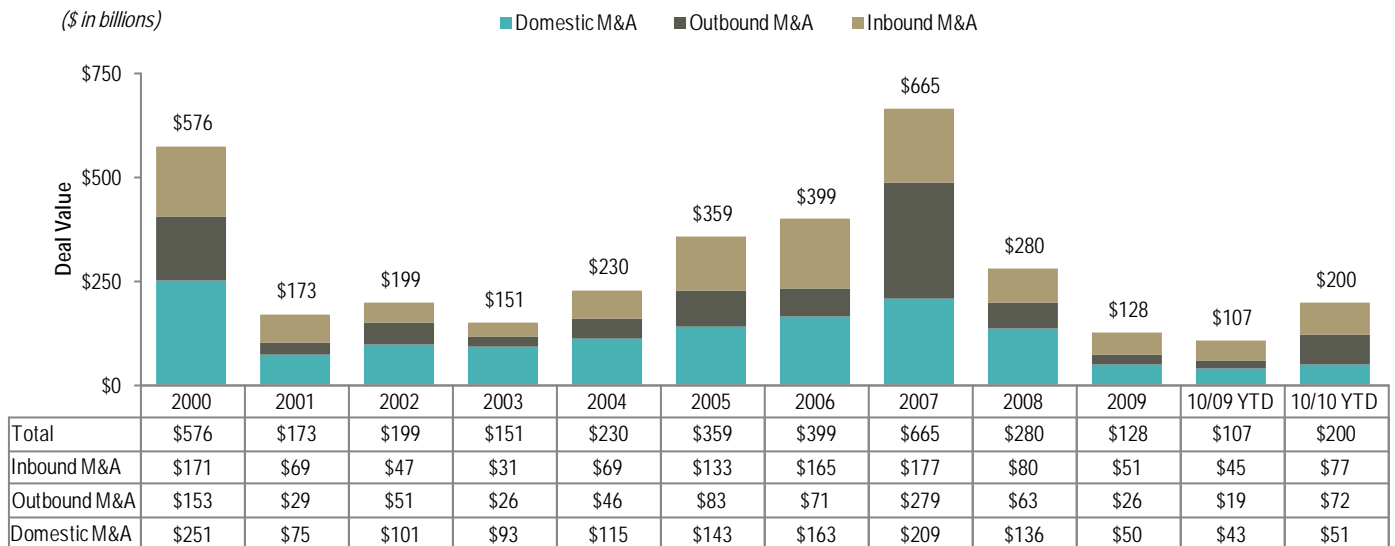
U.K. Number of Deals (Domestic/Outbound/Inbound)



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

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

U.K. Deal Value (Domestic/Outbound/Inbound)

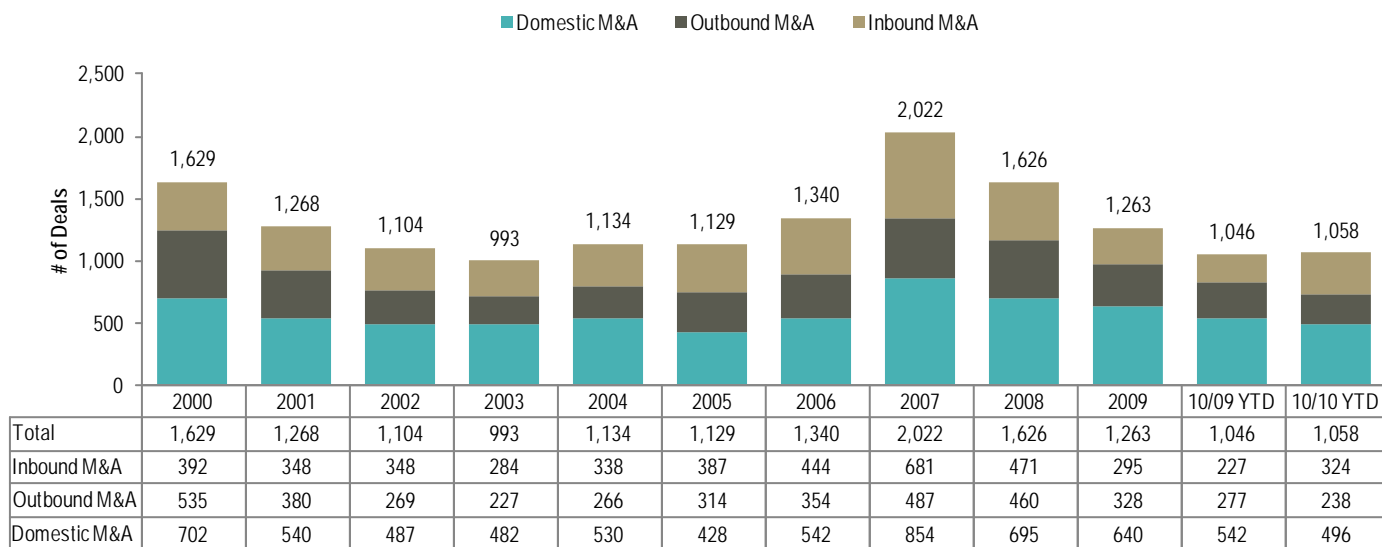


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Domestic M&A represents U.K. target/U.K. acquiror; Outbound M&A represents non-U.K. target/U.K. acquiror; Inbound M&A represents U.K. target/non-U.K. acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Cross-Border M&A Activity

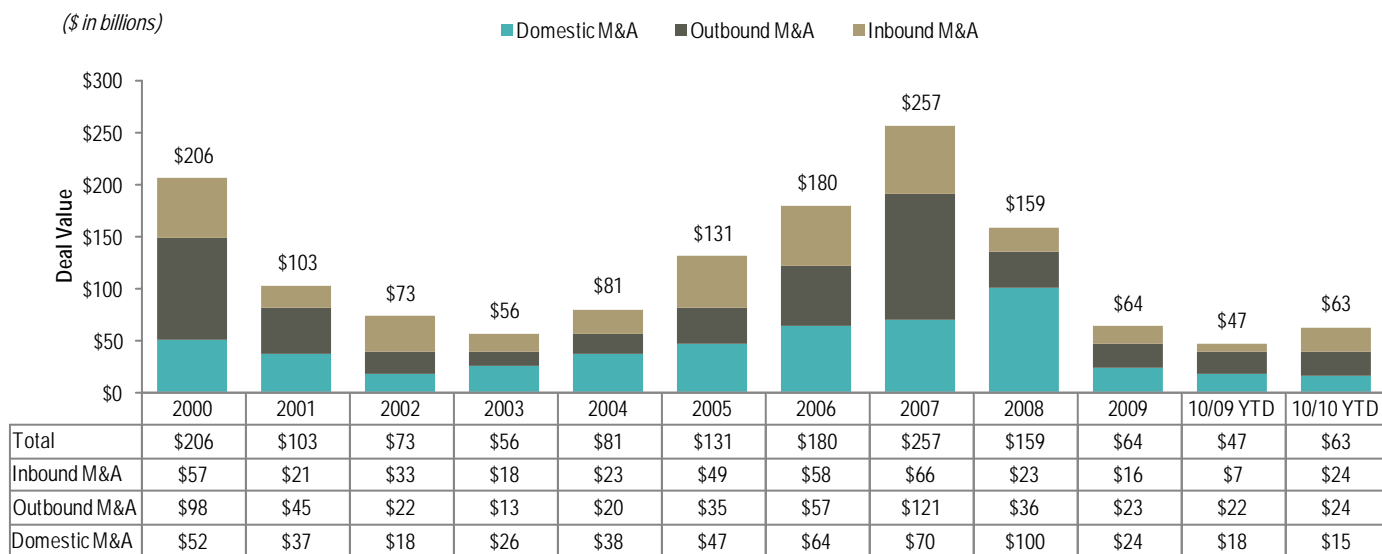
Germany Number of Deals (Domestic/Outbound/Inbound)



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

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Germany Deal Value (Domestic/Outbound/Inbound)



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

Note: Domestic M&A represents Germany target/Germany acquiror; Outbound M&A represents non-Germany target/Germany acquiror; Inbound M&A represents Germany target/non-Germany acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Asia M&A Commentary

M&A activity in Asia (ex. Japan) was mixed in October. The deal total of 369 was the second-lowest monthly figure of 2010, and the 16.9% decline in the number of transactions represented the largest percentage decrease in more than a year. However, reported dollar volume increased 13.5% to \$27.4 billion, which was 10.8% above the average for January-September. In the middle market, the number of transactions was down 22.1%, and dollar value fell 20.2%.

Results for October reduced year-to-date growth rates for M&A metrics in Asia (ex. Japan). Through October, the deal count grew 20.1%, and announced dollar volume climbed 46.5%. In Asia's middle market, the number of transactions increased 16.4% on a year-to-date basis, while dollar volume was up 27.6%.

Over the past few months, M&A metrics have leveled off in Asia (ex. Japan) as robust economic trends in China have moderated. China reported Q3 GDP growth of 9.6%, the lowest expansion in a year and down from 10.3% in Q2, reflecting the diminished impact of government stimulus efforts. Importantly, underlying fundamentals appear strong, as indicated by October manufacturing PMI at the highest level in four months as well as monthly growth for imports and exports consistently exceeding 20%. Based on its confidence in economic conditions and its desire to restrict inflation, China's central bank raised interest rates for the first time in three years during October. The World Bank noted the likelihood of further rate hikes while raising its 2011 GDP growth forecast for China to 8.7% (from 8.5%), suggesting the potential for an extended period of high-single-digit growth, which would continue to benefit M&A activity in the region.

China's M&A activity contracted in October. The deal count decreased for only the second time in fifteen months, falling 26.3% to 160. Dollar volume dropped 17.4% to \$10.0 billion.

Year to date, the transaction count in China increased 24.1% to 2,184. Dollar volume for the period rose 7.6% to \$112.0 billion. A 110% surge in inbound dollar volume drove the overall increase, as domestic and outbound volume posted low growth.

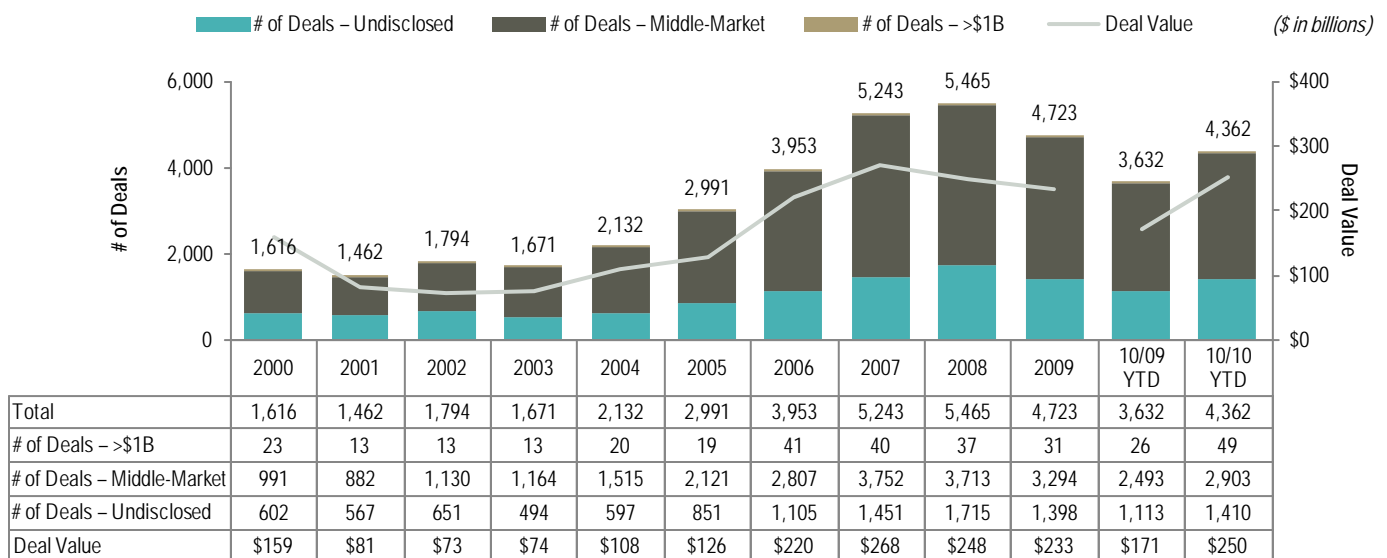
China's middle-market activity showed a significant decline in October, when the deal count slumped 34.3%. Dollar volume for the month plunged 41.5% to \$5.7 billion. Despite recent weakness, year-to-date metrics were positive, as deal count rose 21.6% to 1,705 and dollar volume climbed 19.3% to \$78.0 billion.

M&A activity in India displayed impressive gains for the year-to-date period. Deal count increased 48.0% to 709, while dollar volume surged almost 700%, fueled by 14 billion-dollar-plus transactions (versus none in 2009).

India's middle-market activity experienced rapid growth through October. Total deal count jumped 52.9% to 312, and dollar volume spiked more than 150% to \$16.5 billion.

For January through October, Japan's M&A levels experienced notable declines. The number of announced transactions fell 11.1% to 1,600. Dollar volume dropped 32.5% from the prior-year period to \$65.8 billion.

Asia (ex. Japan) M&A Activity

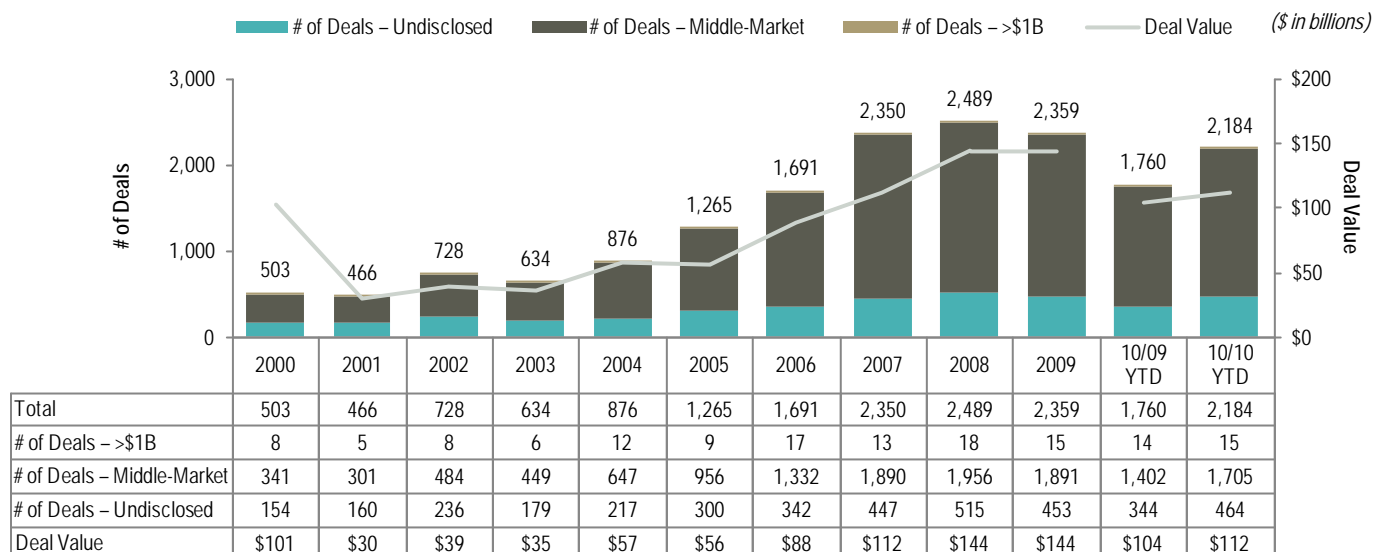


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China M&A Activity

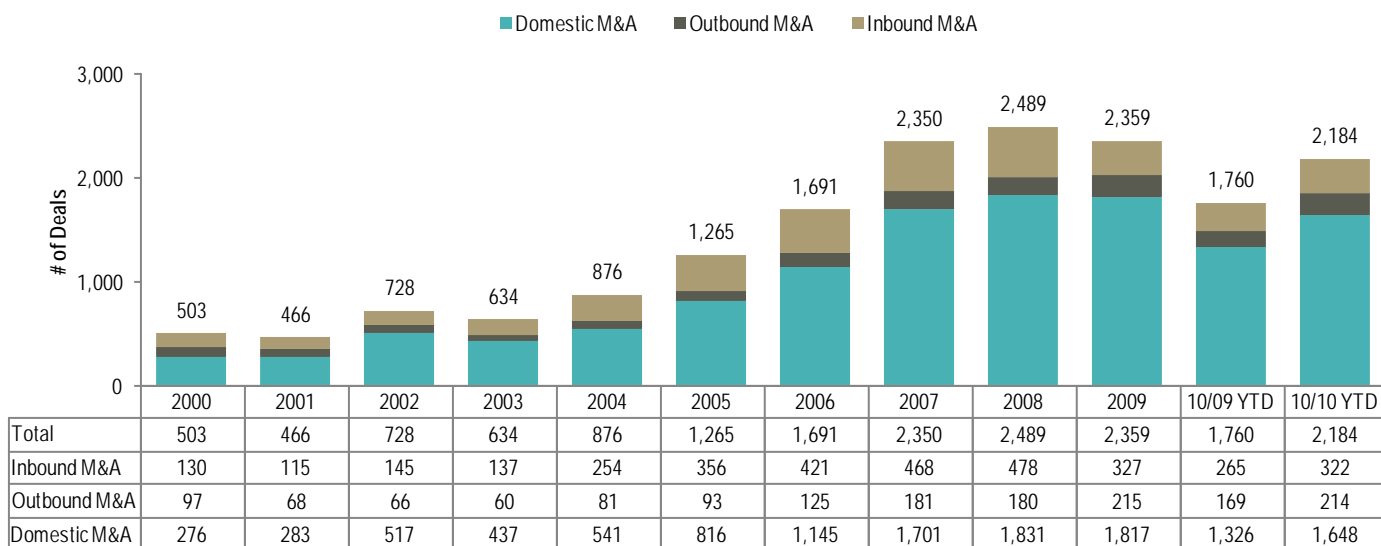
China M&A Activity



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

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China Number of Deals (Domestic/Outbound/Inbound)



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

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China M&A Deal Statistics

China Number of Deals

	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
October								
Middle-Market	146	88	12	9	11	14	169	111
>\$1B	2	1	0	1	0	0	2	2
Undisclosed	23	25	6	7	17	15	46	47
Total	171	114	18	17	28	29	217	160
YTD								
Middle-Market	1,145	1,385	114	129	143	191	1,402	1,705
>\$1B	9	9	5	5	0	1	14	15
Undisclosed	172	254	50	80	122	130	344	464
Total	1,326	1,648	169	214	265	322	1,760	2,184
LTM								
Middle-Market	1,412	1,810	128	155	183	229	1,723	2,194
>\$1B	13	10	5	5	1	1	19	16
Undisclosed	223	319	60	100	154	154	437	573
Total	1,648	2,139	193	260	338	384	2,179	2,783

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

China Deal Value

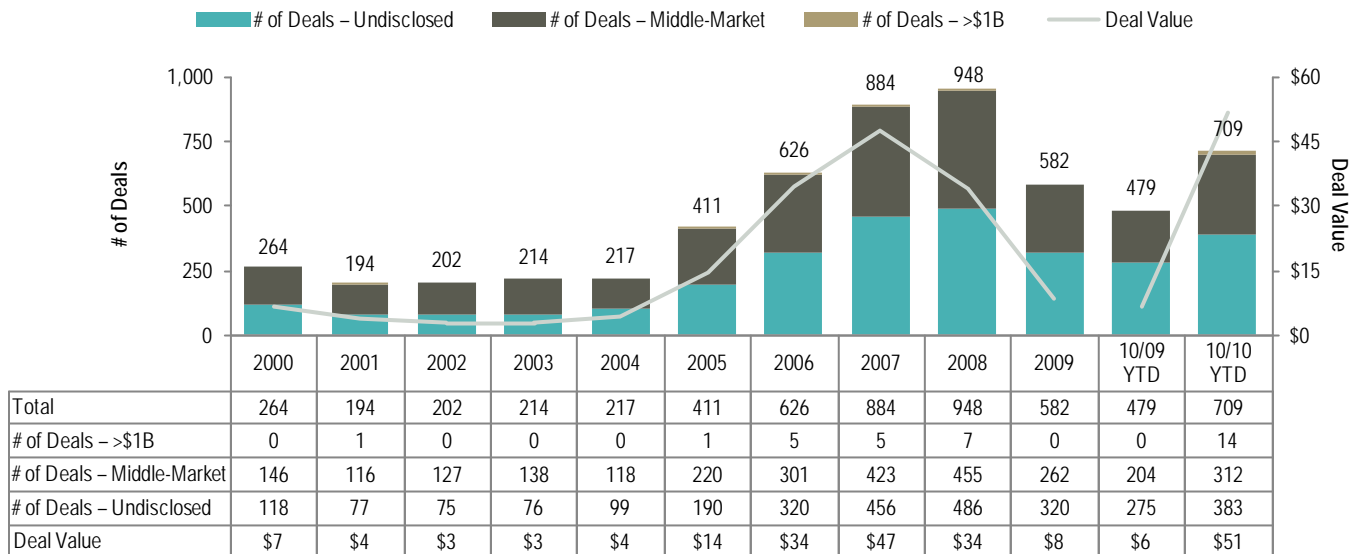
(\$ in millions)	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
October								
Middle-Market	\$7,305	\$4,526	\$1,593	\$380	\$891	\$823	\$9,789	\$5,729
>\$1B	\$2,282	\$2,336	\$0	\$1,904	\$0	\$0	\$2,282	\$4,240
Total	\$9,587	\$6,861	\$1,593	\$2,284	\$891	\$823	\$12,072	\$9,968
YTD								
Middle-Market	\$50,441	\$61,207	\$9,235	\$7,011	\$5,682	\$9,753	\$65,358	\$77,971
>\$1B	\$21,439	\$16,425	\$17,259	\$15,366	\$0	\$2,200	\$38,698	\$33,991
Total	\$71,881	\$77,632	\$26,494	\$22,377	\$5,682	\$11,953	\$104,057	\$111,962
LTM								
Middle-Market	\$57,874	\$83,643	\$9,538	\$9,569	\$7,376	\$12,506	\$74,787	\$105,718
>\$1B	\$38,132	\$28,967	\$17,259	\$15,366	\$1,300	\$2,200	\$56,691	\$46,533
Total	\$96,006	\$112,609	\$26,797	\$24,935	\$8,676	\$14,706	\$131,479	\$152,250

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India M&A Activity

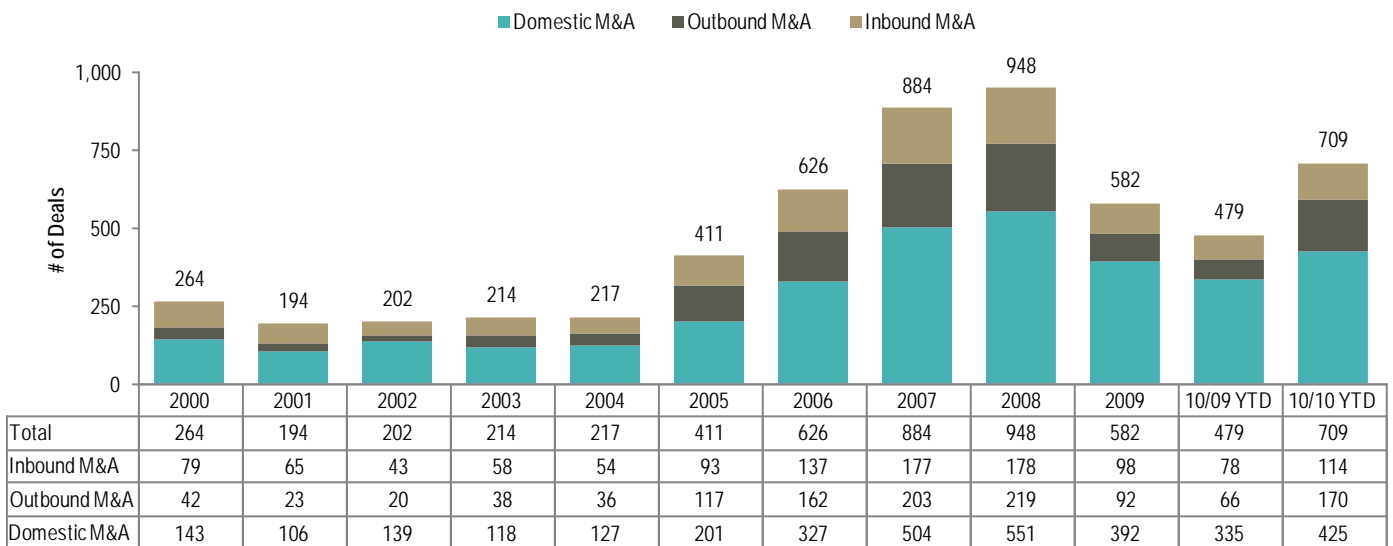
India M&A Activity



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

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India Number of Deals (Domestic, Outbound, Inbound)



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

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

India M&A Deal Statistics

India Number of Deals								
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
October								
Middle-Market	15	9	4	7	8	5	27	21
>\$1B	0	0	0	0	0	0	0	0
Undisclosed	14	14	5	11	5	4	24	29
Total	29	23	9	18	13	9	51	50
YTD								
Middle-Market	132	185	32	65	40	62	204	312
>\$1B	0	9	0	3	0	2	0	14
Undisclosed	203	231	34	102	38	50	275	383
Total	335	425	66	170	78	114	479	709
LTM								
Middle-Market	161	217	39	77	59	76	259	370
>\$1B	0	9	0	3	0	2	0	14
Undisclosed	254	256	47	116	47	56	348	428
Total	415	482	86	196	106	134	607	812

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

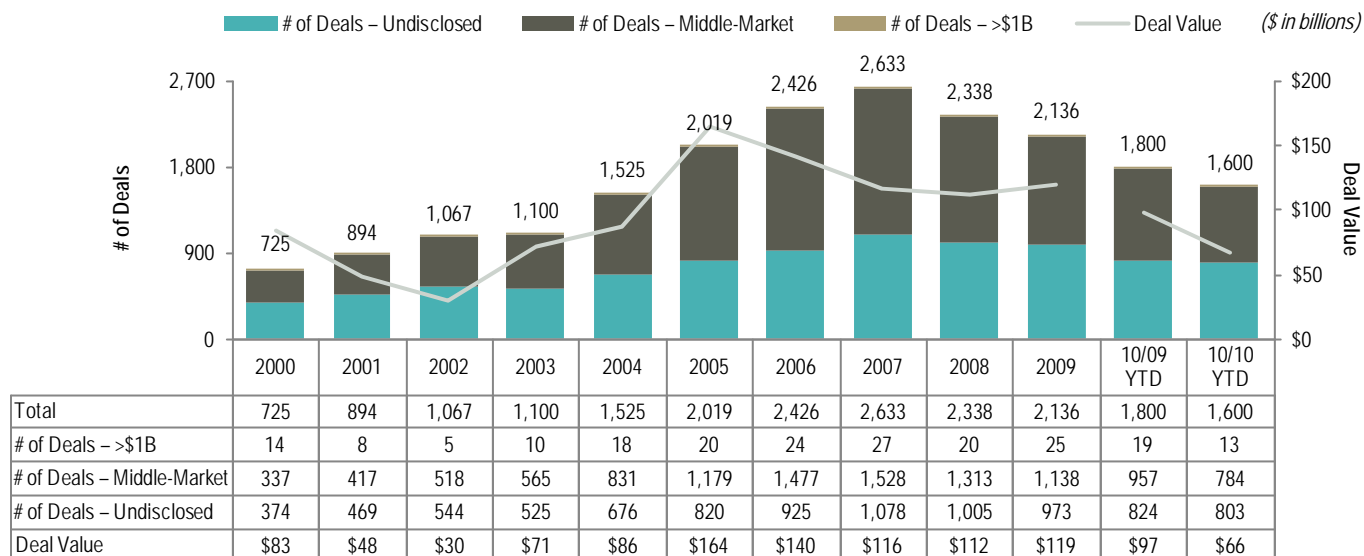
India Deal Value								
(\$ in millions)								
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
October								
Middle-Market	\$573	\$320	\$49	\$326	\$70	\$376	\$691	\$1,021
>\$1B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$573	\$320	\$49	\$326	\$70	\$376	\$691	\$1,021
YTD								
Middle-Market	\$4,256	\$7,463	\$611	\$6,569	\$1,625	\$2,477	\$6,492	\$16,509
>\$1B	\$0	\$16,631	\$0	\$13,442	\$0	\$4,847	\$0	\$34,921
Total	\$4,256	\$24,095	\$611	\$20,011	\$1,625	\$7,324	\$6,492	\$51,430
LTM								
Middle-Market	\$4,969	\$8,010	\$816	\$7,238	\$2,050	\$3,219	\$7,834	\$18,467
>\$1B	\$0	\$16,631	\$0	\$13,442	\$0	\$4,847	\$0	\$34,921
Total	\$4,969	\$24,642	\$816	\$20,680	\$2,050	\$8,066	\$7,834	\$53,388

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of October 31.

Note: Domestic M&A represents India target/India acquiror; Outbound M&A represents non-India target/India acquiror; Inbound M&A represents India target/non-India acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan M&A Activity

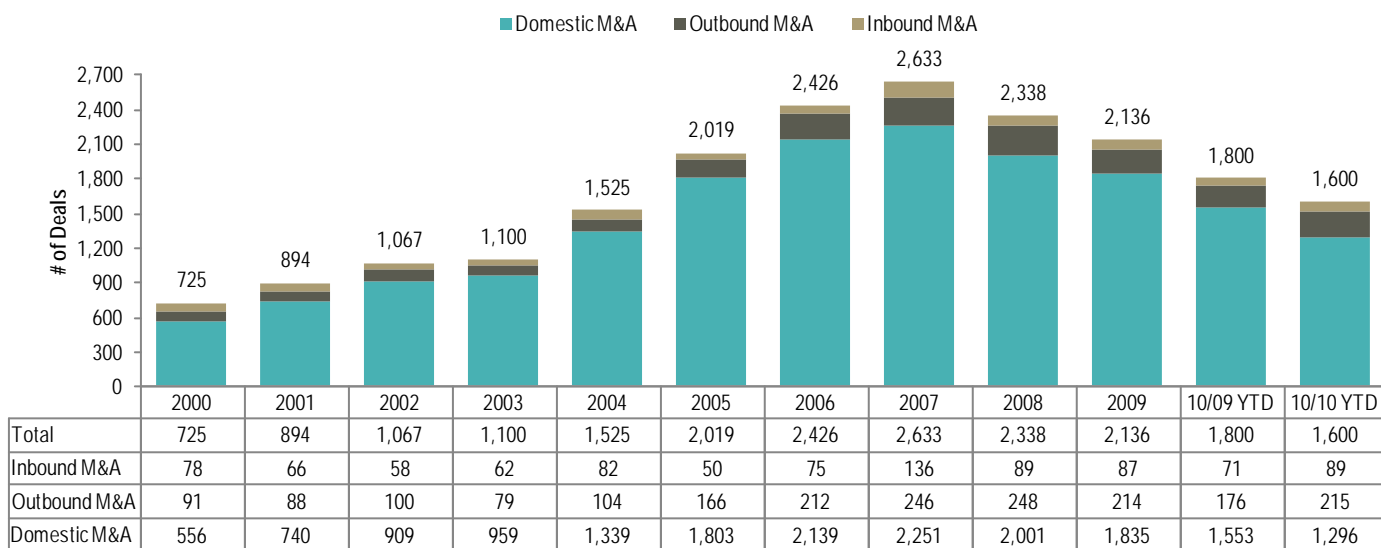
Japan M&A Activity



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

Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Japan Number of Deals (Domestic/Outbound/Inbound)



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

Note: Domestic M&A represents Japan target/Japan acquiror; Outbound M&A represents non-Japan target/Japan acquiror; Inbound M&A represents Japan target/non-Japan acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Economic Commentary

Originally published in Baird's Investment Strategy Outlook: November 2010

For a complete copy of this report, [click here](#).

ECONOMY:

Economic growth has slowed from the pace seen earlier this year as the effects of government stimulus have ebbed and the private sector has not been able to pick up the slack. Business investment and inventory rebuilding remains relatively robust, but consumers have neither the ability nor inclination to return to the aggressive spending patterns of years past. Household debt levels have begun to recede, although this may be more a function of defaults than paydowns.

The employment picture has improved somewhat in recent months, but the pace of job creation is only sufficient to prevent further rises in the unemployment rate, not actually bring it meaningfully lower. Moreover, wage growth is at its lowest level in 20 years and disposable incomes could be negatively impacted in coming months as jobless benefits begin to expire. The housing market is still struggling to find its natural equilibrium. Depressed home values are limiting the ability of homeowners to take advantage of record low mortgage rates and reducing the mobility of the American workforce, as would-be workers cannot easily relocate to take advantage of job opportunities. This is evidence again of the tendency of excessive debt to act as an anchor on the economy.

STOCK MARKET:

The stock market has gone almost straight up over the past two months, leaving the major indexes overextended and the S&P 500 now struggling at resistance in the vicinity of the April peak. Downside risks are expected to be limited as the weight of the evidence suggests that the path of least resistance for stocks into the first part of 2011 is higher. Breadth remains strong, with almost all areas of the market participating in the rally, both domestically as well as internationally. Seasonal trends have aligned to offer a tailwind to equities into the first half of 2011. Fed policy is supportive, although the realization that QEII is a grand experiment and the push back from foreign governments over the currency effects of the program have led to some near-term uncertainty. Near-term complacency is raising the risk of pullback, but weakness is expected to be limited (support on the S&P 500 is near 1150) and the weight of the evidence offers a favorable environment for stocks into the first part of 2011.

The valuation picture remains mixed, with the overriding message we take from the indicators being that relative to actual earnings, prices are not too cheap and not too dear, but about right. Earnings growth has been strong, which is bullish, but expectations are so elevated that it will be difficult to surprise on the upside. Real earnings yields are relatively high, but profit margins are at record levels, suggesting further earnings expansion may be heavily dependent on accelerating sales and thereby nominal economic growth – a development that does not seem likely in the near term. We generally discount measures of valuation relative to interest rates. The historical relationship between earnings yields and interest rates is tenuous when looked at from a perspective beyond just the last secular equity bull market, and if Japan is any indication, they matter even less in periods of near-zero yields (as they imply near-infinite P/E ratios).

The sentiment data remains mixed, although some of the shorter-term indicators suggest a rising risk of a near-term pullback in the equity indexes. Broad measures of sentiment suggest that economic and political uncertainty have restrained optimism, whether viewed through the lens of the consumer confidence index, which has moved lower since early summer, or the recent election results that seemed to express dissatisfaction with the status quo. Given this backdrop, we'd expect to see truly extreme levels of optimism in the weekly investor sentiment surveys if the risks of a significant correction were rising.

Optimism has increased in both the Investors Intelligence survey of advisory services and the AAII survey of individual investors. Bulls in the II survey have climbed to 48%, while the latest data from the AAII shows bulls expanding from 48% to 58% - the highest level since early 2007. The caveat here is that bearish sentiment remains relatively elevated, as bears in both surveys are in the mid-20s. In this environment, bulls above 50% and bears in the teens is likely necessary to move sentiment from neutral to bearish.

Economic Commentary

INTEREST RATES:

At the last FOMC meeting, the Federal Reserve announced its intentions to expand its purchases of U.S. Treasuries. At a previous meeting it committed to buying Treasuries to offset principal payments received on its holdings of Agency debt (an attempt to keep the size of the Fed's balance sheet constant, rather than letting it contract over time as debt holdings mature). It is now planning to expand its balance sheet by \$600 billion by the middle of 2011. The goal of this experiment is to put upward pressure on measures of core inflation (that is, inflation minus food and energy) and provide a stimulative effect on the economy, thereby reducing unemployment. The focus on core inflation is largely a focus on home prices, as shelter costs account for 42% of the core consumer price index. In other words, to get core inflation running at a higher rate, home prices need to at least stabilize. This helps explain why the Fed will focus its Treasury purchases on maturities of 7-10 years, the area of the curve to which mortgage rates are most sensitive.

This strategy is not without risk. While food and energy prices are excluded from measures of core inflation, they are not excluded from the wallets of the consumer. In fact, food and energy prices are already rising (oil is again approaching \$90/bbl, and \$3/gal for gasoline does not seem far behind) and could soon begin to have a deleterious effect on the real economy. Another risk is the negative effect that this strategy could have on the value of the U.S. dollar. A weaker dollar is being viewed as an attempt to export our way out of slow growth – essentially saddling our trading partners with our economic weakness – and it threatens to morph into a currency war as paper currencies around the world are de-based. A second round effect is that currency wars tend to evolve into trade wars (witness the lack of traction for U.S. policies at the latest G-20 meeting) where protectionism and other barriers re-emerge. This reduces potential growth trends, making a temporary growth problem more permanent.

Our view that Federal Reserve Policy is not premised on the impact that this latest round of quantitative easing will have on the economy. Rather, it is our view that with the Fed re-starting its printing press, additional dollars are going to make their way into the equity and commodity markets. We do not want to be in the position where we are fighting a Fed that is aggressively attempting to rekindle inflation.

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Restructuring News

The Baird CDS Index

The graph below shows the Baird CDS Index for the three-year period ending October 31, 2010. This proprietary index of 36 credit default swap contracts references non-investment grade debt of non-financial U.S. based companies using pricing information from Bloomberg.

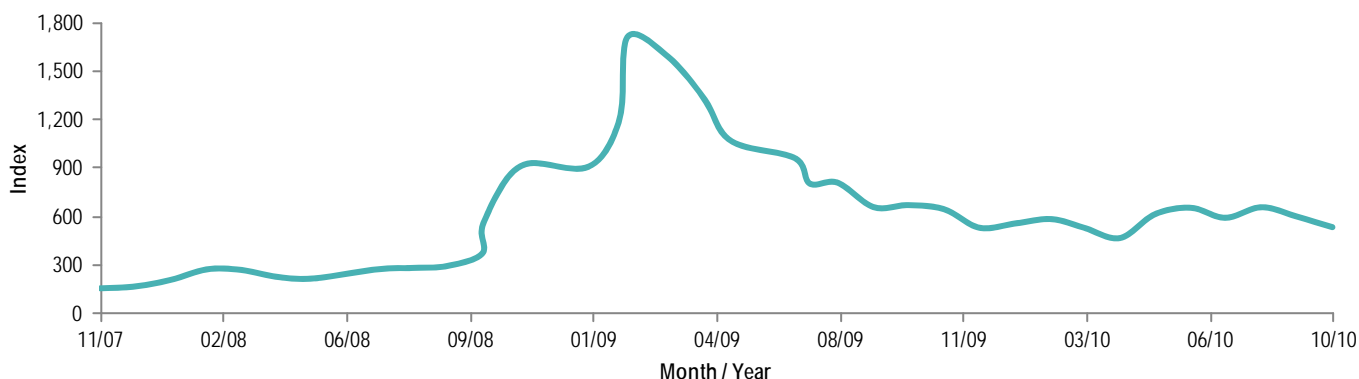
The Baird CDS Index may be beginning to show some conviction toward lower levels, dropping 64.2 points or 10.9% as of October 31 from 590.5 on September 30. This followed a 59.2 point or 9.1% decline during September. Thus, in the last two months the CDS Index has fallen by 123.4 points or 19.0%, bringing it almost 10% below its median (580.2) and mean (572.4) values over the last 12 months to its lowest level since April. This indicates that the cost to insure against credit default by non-investment grade companies outside the financial sector has now become measurably less expensive than most of the past year.

While two months do not make a trend, the consecutive monthly decline in October did break a listless see-saw pattern between May and September during which the Index was relatively directionless.

In addition to reflecting the marginally stronger economy, the significant decline in the Index probably also reflects the flood of liquidity flowing recently into riskier asset classes such as high yield bonds and equities. With the Fed pumping massive amounts of liquidity into the banking system through its \$600 billion quantitative easing program, it is not overly surprising that riskier financial assets (and commodities) have risen in value while the price of risk as measured by our CDS Index has declined.

Consistent with the abundance of liquidity in the junk bond market that has been driving robust refinancing activity by highly leveraged companies, the number of large bankruptcy case filings continues to dwindle. Based on data from Bankruptcy.com, only four public companies filed for bankruptcy in October, compared to 16 in October 2009. Meanwhile, only 83 public companies filed for bankruptcy between January and October, compared to 182 in the same period of 2009. We anticipate this downward trend in filings to continue as long as credit for non-investment grade borrowers remains readily available.

Baird Non-Investment Grade CDS* Index



Source: Bloomberg L.P.

*A credit default swap ("CDS") is a derivative whereby one party to a swap agreement transfers credit risk to the counterparty for a periodic fee. Under the swap agreement, the CDS buyer pays a fixed periodic fee in return for a contingent payment by the CDS seller in the event of a credit default, and thus is similar to an insurance policy on the reference debt. In its simplest form, if there is a default on the reference debt, the CDS buyer puts the debt to the CDS seller in exchange for a payment by the CDS seller of the outstanding principal and unpaid interest. In theory, the market's assessment of the likelihood of default for the reference debt should have a close positive correlation with the price of a CDS for that debt. Thus, the Baird CDS Index should increase as the perceived risk of credit default for the reference debt increases, and should decrease as the perceived risk of credit default for the reference debt decreases. Accordingly, the Baird CDS Index should be a leading indicator of the prospects for restructuring opportunities with respect to the reference debt and, by implication, the overall climate for restructuring opportunities with respect to the debt of financially weaker credits in the wider market. The Baird CDS Index is unmanaged and is not eligible for investment.

William G. Welnhof

Managing Director, Head of Financial Restructuring Group

Robert W. Baird & Co., Inc.

bwelnhof@rwbaird.com

Transaction Spotlight – Sale of Chamberlin Edmonds & Associates, Inc. to Emdeon Inc.

Target Company Headquarters	Chamberlin Edmonds & Associates, Inc. <i>Atlanta</i>					
Financial Sponsors Headquarters	Charterhouse Group, Inc., Highland Partners, L.P., and MTS Health Investors <i>New York; Dallas; New York</i>					
Acquiring Company Headquarters	Emdeon Inc. <i>Nashville</i>					
Industry Sector	Healthcare – Revenue Cycle Management					
Transaction Overview	Chamberlin Edmonds & Associates, Inc., a portfolio company of Charterhouse Group, Inc., Highlander Partners, L.P., and MTS Health Investors, recently completed its sale to Emdeon Inc. Emdeon acquired Chamberlin Edmonds for \$260 million in cash.					
Target Company Description	Chamberlin Edmonds serves as patient advocates and provides custom-tailored eligibility services to hospitals nationwide. Chamberlin Edmonds’ comprehensive services examine a wide spectrum of uninsured and underinsured patients, including inpatient, outpatient, and emergency department cases. The advanced technology of its proprietary web-based system is built on the experience and expertise of some of the most qualified eligibility and enrollment professionals in the industry – its people. Chamberlin Edmonds has more than 24 years of experience in eligibility services, with eight regional offices in the U.S.					
Acquiring Company Description	Emdeon is a leading provider of revenue and payment cycle management solutions, connecting payers, providers, and patients in the U.S. healthcare system. Emdeon's product and service offerings integrate and automate key business and administrative functions of its payer and provider customers throughout the patient encounter. Through the use of Emdeon's comprehensive suite of products and services, which are designed to easily integrate with existing technology infrastructures, customers are able to improve efficiency, reduce costs, increase cash flow, and more efficiently manage the complex revenue and payment cycle process.					
Advisory Role	<p>Baird served as the exclusive financial advisor to Chamberlin Edmonds & Associates, Inc.</p> <p>The revenue cycle management space, which covers hospitals, physicians, payers, and consumers as well as information technology and outsourcing services participants, is an area of particular focus and expertise for Baird. Baird has closed 12 transactions in the revenue cycle management space since 2007.</p> <p>For additional information about this transaction, please contact the following:</p> <table><tr><td>Bill Suddath Managing Director Head of Healthcare Services 404.264.2222 bsuddath@rwbaird.com</td><td>Les Cheek Managing Director 617.426.5789 lcheek@rwbaird.com</td><td>Chad Moore, CFA Vice President 312.609.5475 cmoore@rwbaird.com</td></tr></table>			Bill Suddath Managing Director Head of Healthcare Services 404.264.2222 bsuddath@rwbaird.com	Les Cheek Managing Director 617.426.5789 lcheek@rwbaird.com	Chad Moore, CFA Vice President 312.609.5475 cmoore@rwbaird.com
Bill Suddath Managing Director Head of Healthcare Services 404.264.2222 bsuddath@rwbaird.com	Les Cheek Managing Director 617.426.5789 lcheek@rwbaird.com	Chad Moore, CFA Vice President 312.609.5475 cmoore@rwbaird.com				

Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$ in millions)	Industry
11/8/10	Sparex Holdings Limited	Agricultural products distributor	Sale to AGCO Corporation	\$85.5*	Industrial
10/29/10	MailSouth, Inc.	Shared mail services	Sale to Court Square Capital Partners	***	Services
10/19/10	Lincoln Holdings Enterprises, Inc.	Engineered lubrication systems	Sale to AB SKF	\$1,005.0*	Industrial
9/21/10	A-Life Medical, Inc.	Healthcare software coding	Sale to Ingenix (UnitedHealth Group, Inc.)	**	Healthcare
9/9/10	RC2 Corporation	Toys and collectibles	Acquisition of assets of JJ Cole Collections	**	Consumer
9/7/10	Chamberlin Edmonds & Associates	Revenue cycle management	Sale to Emdeon, Inc.	\$260.0	Healthcare
9/2/10	Rawson LP	Distributor of flow control products	Sale to ERIKS	**	Industrial Distribution
8/31/10	Attenti Holdings SA	Monitoring devices	Sale to 3M Company	\$230.0	Industrial
8/20/10	The Baric Group	Engineered packaged systems	Sale to Colfax Corporation	**	Industrial
8/17/10	Ion Torrent Systems, Inc.	DNA sequencing system	Sale to Life Technologies Corp.	\$725.0	Healthcare
8/17/10	Motor and appliance controls business of Emerson Electric Co.	Process controls	Sale to Nidec Corporation	**	Industrial
8/16/10	Engineered Controls International, Inc.	Pressure regulators and valves	Sale to Sentinel Capital Partners	**	Industrial
8/9/10	Inergy, LP	Propane and natural gas storage	Acquisition of Inergy Holdings, LP	\$1,921.5	Energy
8/5/10	RHIAG Group Ltd	Automotive aftermarket components	Acquisition of AUTO KELLY	**	Consumer
8/3/10	PRC, LLC	Contact management solutions	Sale to Alorica, Inc.	**	Services
7/26/10	Renaissance Lighting, Inc.	Lighting fixtures	Sale to Acuity Brands, Inc.	**	Industrial
7/20/10	Global Employment Solutions	Human resource management	Sale to Madison Capital Partners	**	Services
7/19/10	ATC Technology Corp.	Supply chain logistics	Sale to GENCO Distribution Systems, Inc.	\$512.6	Industrial
7/19/10	Ames True Temper, Inc.	Non-powered landscaping products	Sale to Griffon Corp.	\$542.0	Consumer
7/15/10	SterilMed, Inc.	Medical device reprocessing	Sale to Great Hill Partners and Primus Venture Partners	**	Healthcare
7/8/10	Star Trac	Fitness Equipment	Sale to private investment group	**	Consumer
7/1/10	Olympus NDT Corporation (Olympus Corporation)	Manufacturer of testing instruments	Acquisition of Innov-X Systems, Inc.	**	Industrial
7/1/10	Insight Global, Inc. (H.I.G. Capital, LLC)	Technical staffing services	Sale to Harvest Partners, LLC	**	Technology
5/21/10	R.G.RAY Corporation	Industrial clamps	Sale to NORMA Group	**	Industrial
4/20/10	Secure EDI	Healthcare IT	Recapitalization with Abingworth	**	Healthcare
3/31/10	Liberty Safe & Security Products	Commercial safes	Sale to Compass Diversified Holdings	\$70.0	Consumer Products
3/23/10	Provo Craft and Novelty	Creative technology	Sale to BAML Capital Partners	**	Consumer Products
3/9/10	Interactive Response Technologies	Provider of contact center and business process outsourcing services	Sale to CCT Group Limited	**	BPO Services
3/2/10	The Advisory Board Company	Provider of support services to the healthcare industry	Acquisition of Concuity, a division of Trintech Group	\$34.5	Services
2/22/10	Halcore Group, Inc.	Manufacturer of ambulances	Sale to American Industrial Partners	**	Industrial
2/1/10	COMSYS IT Partners	Provider of employment services to IT professionals	Sale to Manpower Inc.	\$431.0	Services
2/1/10	Tatum LLC	Provider of executive search and consulting services	Sale to Spherion Corp.	\$46.0	Services
12/29/09	Nautilus, Inc.	Fitness equipment	Sale of select assets to Xiamen World Gear Sports Co.	\$12.3	Consumer
11/24/09	Kowa Pharmaceuticals	Developer of pharmaceutical products	Sale of select assets to Nautilus Neurosciences	**	Healthcare
11/15/09	Syntegra Capital	Private equity firm	Acquisition of Schülerhilfe	**	Education
11/9/09	Landauer, Inc.	Radiation dosimetry services	Acquisition of Global Physics Solutions, Inc.	\$22.0	Healthcare Services/ Test and Measurement
11/9/09	ATI Enterprises, Inc.	Operator of career training centers	Sale to BC Partners	**	Education

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

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

Baird U.S. Equity Research Coverage

BAIRD U.S. EQUITY RESEARCH COVERAGE

In October, Baird added five companies to coverage and now covers 626 companies. These companies have a median and average market capitalization of \$2.1 billion and \$9.3 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

In October, there were 186 upward and 90 downward adjustments to current-year earnings estimates (generally calendar-year 2010). There were 165 upward and 136 downward revisions to forward-year (generally calendar-year 2011) earnings estimates.

MONTHLY REPORTS

Sector: Automotive

<http://www.rwbaird.com/docs/yourreports/cruisin.pdf>

Sector: Consumer Products

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Diversified Industrial and Machinery

<https://baird.bluematrix.com/docs/pdf/b4c6783a-ecd9-4cd1-98be-64255a3ba3af.pdf>

Sector: Education Services

<http://www.rwbaird.com/docs/CN11-10.pdf>

Sector: Human Capital Services

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Radio Frequency Identification (RFID)

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Retail, Restaurants, Apparel & Footwear

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Utilities

<https://baird.bluematrix.com/docs/pdf/2f552c56-46b7-454e-8b2a-a36e39f9c2a8.pdf>

Baird U.S. Equity Research Coverage

Business Services	
Business Process Outsourcing	
APAC Customer Services, Inc.	APAC
Convergys Corporation	CVG
DST Systems, Inc.	DST
ExlService Holdings, Inc.	EXLS
Fidelity National Information Services	FIS
Fiserv, Inc.	FISV
Genpact Limited	G
Global Payments, Inc.	GPN
Heartland Payment Systems, Inc.	HPY
Jack Henry & Associates	JKHY
MasterCard Incorporated	MA
Net 1 UEPS Technologies Inc.	UEPS
StarTek, Inc.	SRT
Sykes Enterprises, Inc.	SYKE
Visa Inc.	V
WNS (Holdings) Limited	WNS
Education Services	
Archipelago Learning Inc.	ARCL
American Public Education, Inc.	APEI
Apollo Group, Inc.	APOL
Blackboard, Inc.	BBBB
Capella Education Company	CPLA
Career Education Corporation	CECO
Corinthian Colleges, Inc.	COCO
DeVry, Inc.	DV
Education Management Corporation	EDMC
Grand Canyon Education, Inc.	LOPE
ITT Educational Services, Inc.	ESI
K12 Inc.	LRN
Lincoln Education Services Corp.	LINC
New Oriental Education & Technology Grp	EDU
Rosetta Stone Inc.	RST
School Specialty, Inc.	SCHS
Strayer Education, Inc.	STRA
Marketing & Professional Services	
Axiom Corporation	ACXM
Alliance Data Systems Corporation	ADS
The Corporate Executive Board Co.	EXBD
The Dun & Bradstreet Corp.	DNB
Equifax Inc.	EFX
Experian plc	EXPN.L
Forrester Research, Inc.	FORR
FTI Consulting, Inc.	FCN
Gartner Inc.	IT
Harte-Hanks, Inc.	HHS
Huron Consulting Group, Inc.	HURN
IHS Inc.	IHS
Journal Communications, Inc.	JRN
Navigant Consulting, Inc.	NCI
Quad/Graphics, Inc.	QUAD
R.R. Donnelley & Sons Company	RRD
Valassis Communications, Inc.	VCI
Facility Services	
ABM Industries Inc.	ABM
Cintas Corporation	CTAS
Ecolab, Inc.	ECL
G&K Services, Inc.	GKSRA
Iron Mountain Incorporated	IRM
UniFirst Corporation	UNF
Human Capital Services	
Administaff, Inc.	ASF
AMN Healthcare Service, Inc.	AHS
Automatic Data Processing	ADP
Heidrick & Struggles International	HSII
Hudson Highland Group, Inc.	HHGP
Kforce Inc.	KFRC
Korn/Ferry International	KFY
Manpower Inc.	MAN
Monster Worldwide, Inc.	MWW
Paychex Inc.	PAYX
Resources Connection, Inc.	RECN
SFN Group	SFN
SuccessFactors, Inc.	SFSF
Robert Half International	RHI
Taleo Corporation	TLEO

Human Capital Services (cont'd)	
TrueBlue, Inc.	TBI
The Ultimate Software Group Inc.	ULTI
Towers Watson & Co.	TW
Industrial Services	
AECOM Technology Corporation	ACM
American Reprographics Co.	ARP
Clean Harbors, Inc.	CLHB
Fluor Corporation	FLR
Heritage Crystal Clean, Inc.	HCCI
Jacobs Engineering Group Inc.	JEC
Mobile Mini, Inc.	MINI
MYR Group Inc.	MYRG
Pike Electric Corporation	PEC
Quanta Services Inc.	PWR
RSC Holdings Inc.	RRR
Shaw Group Inc.	SHAW
Stericycle, Inc.	SRCL
URS Corporation	URS
Communications	
Communications Services - Carriers	
AT&T, Inc.	T
Leap Wireless International, Inc.	LEAP
MetroPCS Communications, Inc.	PCS
Sprint Nextel Corporation	S
TeleNav, Inc.	TNAV
Verizon Communications, Inc.	VZ
Network Technology	
Cisco Systems, Inc.	CSCO
CommScope, Inc.	CTV
F5 Networks, Inc.	FFIV
Fortinet, Inc.	FTNT
Juniper Networks, Inc.	JNPR
Meru Networks, Inc.	MERU
LM Ericsson Telephone Co.	ERIC
PCTEL, Inc.	PCTI
Riverbed Technology, Inc.	RVBD
Tellabs	TLAB
Communications Services – Software & Services	
Amdocs Limited	DOX
Motricity, Inc.	MOTR
NeuStar, Inc.	NSR
Neutral Tandem Inc.	TNDM
Nokia Corporation	NOK
Research in Motion Limited	RIMM
Synchronoss Technologies, Inc.	SNCR
Syniverse Holdings, Inc.	SVR
Consumer	
Automotive Services	
CarMax, Inc.	KMX
Copart, Inc.	CPRT
KAR Auction Services, Inc.	KAR
LKQ Corporation	LKQX
Ritchie Bros. Auctioneers, Inc.	RBA
Consumer Leisure	
Advance Auto Parts, Inc.	AAP
Arctic Cat, Inc.	ACAT
AutoZone, Inc.	AZO
Briggs & Stratton Corp.	BGG
Callaway Golf Company	ELY
Harley-Davidson, Inc.	HOG
O'Reilly Automotive, Inc.	ORLY
Polaris Industries, Inc.	PII
RC2 Corporation	RCRC
Thor Industries	THO
Winnipeg Industries, Inc.	WGO
Footwear, Apparel & Accessories	
adidas AG	ADS GR
Columbia Sportswear	COLM
Crocs, Inc.	CROX
Deckers Outdoors	DECK
Genesco, Inc.	GCO
Nike Inc.	NKE
Rocky Brands, Inc	RCKY
Quicksilver Inc.	ZQK

Footwear, Apparel & Accessories (cont'd)	
Timberland Co.	TBL
Under Armour Inc.	UA
VF Corporation	VFC
Volcom Inc.	VLCM
Wolverine World Wide	WWW
Restaurants	
BJ's Restaurant, Inc.	BJRI
Buffalo Wild Wings, Inc.	BWLD
California Pizza Kitchen, Inc.	CPKI
Caribou Coffee Company, Inc.	CBOU
The Cheesecake Factory Inc.	CAKE
Chipotle Mexican Grill, Inc.	CMG
Darden Restaurants, Inc.	DRI
McDonald's Corporation	MCD
P.F. Chang's China Bistro, Inc.	PFCB
Panera Bread Company	PNRA
Peet's Coffee & Tea, Inc.	PEET
Starbucks Corporation	SBUX
Texas Roadhouse, Inc.	TXRH
YUM! Brands, Inc.	YUM
Retail	
Abercrombie & Fitch	ANF
BJ's Wholesale Club, Inc.	BJ
Coach, Inc.	COH
Costco Wholesale Corp.	COST
Dick's Sporting Goods, Inc.	DKS
The Gap Inc.	GPS
Gordmans Stores, Inc.	GMAN
Hibbett Sports, Inc.	HIBB
The Home Depot, Inc.	HD
J.C. Penney Company, Inc.	JCP
J. Crew Group, Inc.	JCG
Kohl's Corporation	KSS
Limited Brands, Inc.	LTD
Lowe's Companies, Inc	LOW
Lululemon athletic inc.	LULU
Nordstrom, Inc.	JWN
Pacific Sunwear of California Inc.	PSUN
PetSmart, Inc.	PETM
Regis Corporation	RGS
Sally Beauty Holdings, Inc.	SBH
Target Corporation	TGT
Tractor Supply Company	TSCO
Vitamin Shoppe, Inc.	VSI
Ulta Salon, Cosmetics & Fragrance, Inc.	ULTA
Urban Outfitters, Inc.	URBN
Wal-Mart Stores, Inc.	WMT
Zumiez, Inc.	ZUMZ
Select Growth	
HNI Corporation	HNI
Schawk, Inc.	SGK
Energy Utilities	
Alliant Energy Corporation	LNT
American States Water Company	AWR
American Water Works Company, Inc.	AWK
Aqua America, Inc.	WTR
California Water Service Group	CWT
Chesapeake Utilities Corp.	CPK
DPL Inc.	DPL
Hawaiian Electric Industries	HE
Integrus Energy Group	TEG
MDU Resources Group Inc.	MDU
NextEra Energy, Inc.	NEE
Nicor Inc.	GAS
Otter Tail Corporation	OTTR
Piedmont Natural Gas Company, Inc.	PNY
PNM Resources, Inc.	PNM
Progress Energy, Inc.	PGN
SJW Corporation	SJW
TECO Energy, Inc.	TE
UIL Holdings Corporation	UIL
Vectren Corporation	VVC
Wisconsin Energy Corporation	WEC
Xcel Energy Inc.	XEL

Baird U.S. Equity Research Coverage

Clean Technology	
American Superconductor Corp.	AMSC
Calgon Carbon Corp.	CCC
Comverge, Inc.	COMV
Covanta Holding Corp.	CVA
Energy Recovery, Inc.	ERII
EnerNOC, Inc.	ENOC
First Solar, Inc.	FSLR
Itron, Inc.	ITRI
Maxwell Technologies	MXWL
Ormat Technologies, Inc.	ORA
SunPower Corporation	SPWRA
Suntech Power Holdings Co. Ltd.	STP
Telvent GIT, S.A.	TLVT

Industrial	
Automotive and Truck Supplies	
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
Methode Electronics Inc.	MEI
Modine Manufacturing Co.	MODI
Navistar International Corporation	NAV
PACCAR, Inc.	PCAR
Stoneridge, Inc.	SRI
STRATTEC SECURITY CORP.	STRT
AB Volvo	VOLV.B
WABCO Holdings Inc.	WBC

Consumer Building Products	
Acuity Brands, Inc.	AYI
American Woodmark Corporation	AMWD
Fortune Brands, Inc.	FO
Simpson Manufacturing	SSD
Quanex Building Products Corp.	NX

Containers & Packaging	
AptarGroup, Inc.	ATR
Avery Dennison Corporation	AVY
Ball Corporation	BLL
Bemis Company	BMS
Cellu Tissue Holdings, Inc.	CLU
Crown Holdings, Inc.	CCK
Graham Packaging Company Inc.	GRM
Greif, Inc.	GEF
Owens-Illinois, Inc.	OI
Pactiv Corporation	PTV
Rexam PLC	REX.L
Sealed Air Corporation	SEE
Silgan Holdings Inc.	SLGN
Sonoco Products Co.	SON

Diversified Industrial & Machinery	
Actuant Corporation	ATU
Astec Industries, Inc.	ASTE
Brady Corporation	BRC
Bucyrus International, Inc.	BUCY
Caterpillar Inc.	CAT
Deere & Company	DE
Dover Corporation	DOV
Eaton Corporation	ETN
Illinois Tool Works Inc.	ITW
Ingersoll-Rand Company	IR
Joy Global Inc.	JOYG
Manitowoc Company Inc.	MTW
Oshkosh 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
Carlisle Companies, Inc.	CLS
Gibraltar Industries, Inc.	ROCK
Douglas Dynamics, Inc.	PLOW
Kaydon Corporation	KDN
Masco Corporation	MAS

General Industrial (cont'd)	
Middleby Corporation	MIDD
RBC Bearings Incorporated	ROLL
The Stanley Works	SWK
Thomas & Betts Corporation	TNB
Twin Disc, Inc.	TWIN
Woodward Governor Company	WGOV

Industrial Distribution	
Air Products and Chemicals, Inc.	APD
Airgas, Inc.	ARG
Anixter International, Inc.	AXE
Beacon Roofing Supply, Inc.	BECN
Builders FirstSource, Inc.	BLDR
Fastenal Company	FAST
Grainger, W.W., Inc.	GWV
Houston Wire & Cable Company	HWCC
Interline Brands, Inc.	IBI
MSC Industrial Direct Co.	MSM
Pool Corporation	POOL
Praxair, Inc.	PX
Watsco, Inc.	WSO
WESCO International, Inc.	WCC

Process Controls	
ABB Ltd.	ABB
Altra Holdings, Inc.	AIMC
A.O. Smith Corporation	AOS
Baldor Electric Company	BEZ
Colfax Corporation	CFX
Emerson Electric Co.	EMR
Flowserve Corporation	FLS
Franklin Electric Co., Inc.	FELE
Gardner Denver, Inc.	GDI
Generac Holdings Inc.	GNRC
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
Watts Water Technologies, Inc.	WTS

Transportation/Logistics	
Arkansas Best Corp.	ABFS
CSX Corporation	CSX
C.H. Robinson Worldwide Inc.	CHRW
Con-way, Inc.	CNW
Expeditors International of Washington	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
Norfolk Southern Corporation	NSC
Old Dominion Freight Line	ODFL
Pacer International, Inc.	PACR
Roadrunner Transportation Systems	RRTS
Ryder System, Inc.	R
TAL International Group	TAL
UPS	UPS
Union Pacific Corporation	UNP
UTi Worldwide, Inc.	UTIW
Werner Enterprises	WERN
YRC Worldwide	YRCW

Technology	
Computer Hardware & Storage	
Brocade Communications	BRCD
Compellent Technologies Inc.	CML
Dell Inc.	DELL
EMC Corporation	EMC
Emulex Corporation	ELX
Hewlett-Packard Company	HPQ
NetApp Inc.	NTAP
Netezza Corporation	NZ
QLogic Corporation	QLGC
Seagate Technology	STX

Computer Hardware & Storage (cont'd)	
VMware	VMW
Western Digital Corporation	WDC
Software & Services	
Adobe Systems Inc.	ADB
ANSYS, Inc.	ANSS
Autodesk, Inc.	ADSK
Citrix Systems, Inc.	CTXS
Concur Technologies, Inc.	CNQR
Constant Contact, Inc.	CTCT
McAfee, Inc.	MFE
Red Hat, Inc.	RHT
RightNow Technologies, Inc.	RNOW
Salesforce.com, Inc.	CRM
Solar Winds, Inc.	SWI
Symantec Corp.	SYMC
VeriSign Inc.	VRSN
Vocus, Inc.	VRSN

EMS & Electronics	
Littelfuse Inc.	LFUS
Plexus Corp.	PLXS

IT Services	
Accenture	ACN
CIBER, Inc.	CBR
Cognizant Technology Solutions	CTSH
Infosys Technology Ltd.	INFY
Syntel Inc.	SYNT

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
Landauer, Inc.	LDR
Mettler-Toledo Int'l, Inc.	MTD
Mine Safety Appliances Company	MSA
Mistras Group, Inc.	MG
Nalco Holding Company	NLC
National Instruments Corp.	NATI
Pall Corporation	PLL
Polypore International, Inc.	PPO
Rockwell Automation Inc.	ROK
Tetra Tech, Inc.	TTEK

Semiconductor Components	
Altera Corp.	ALTR
Analog Devices, Inc.	ADI
Broadcom Corp.	BRCM
Diodes Incorporated	DIOD
Fairchild Semiconductor Int'l, Inc.	FCS
GSi Technology	GSIT
Intel Corporation	INTC
Lattice Semiconductor Corp.	LSCC
Micron Technology, Inc.	MU
Monolithic Power Systems, Inc.	MPWR
NetLogic Microsystems, Inc.	NETL
OmniVision Technologies, Inc.	OVTI
ON Semiconductor	ONNN
SanDisk Corporation	SNDK
Sigma Designs, Inc.	SIGM
STMicroelectronics NV	STM
Texas Instruments, Inc.	TXN
Xilinx Inc.	XLNX

Supply Chain Technology	
Checkpoint Systems, Inc.	CKP
Diebold, Inc.	DBD
Garmin Ltd.	GRMN
Intermec, Inc.	IN
NCR Corporation	NCR
Plantronics, Inc.	PLT
ScanSource, Inc.	SCSC
Zebra Technologies Corporation	ZBRA

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Baird U.S. Equity Research Coverage

Healthcare/Life Sciences	
Biotechnology	
Affymax, Inc.	AFFY
AMAG Pharmaceuticals, Inc.	AMAG
Amgen, Inc.	AMGN
Amylin Pharmaceuticals, Inc.	AMLN
Array BioPharma Inc.	ARRY
BioDelivery Sciences Int'l	BDSI
Biogen Idec Inc.	BIIB
BioMarin Pharmaceutical, Inc.	BMRN
Celgene Corporation	CELG
Cerus Corporation	CERS
Cubist Pharmaceuticals, Inc.	CBST
Dendreon Corporation	DNDN
Genzyme Corporation	GENZ
Gilead Sciences, Inc.	GILD
Human Genome Sciences, Inc.	HGSI
Incyte Corporation	INCY
Infinity Pharmaceuticals, Inc.	INFI
InterMune, Inc.	ITMN
MannKind Corporation	MNKD
Onyx Pharmaceuticals, Inc.	ONXX
Optimer Pharmaceuticals, Inc.	OPTR
Pharmasset, Inc.	VRUS
Regeneron Pharmaceuticals	REGN
Theravance, Inc.	THRX
Vertex Pharmaceuticals, Inc.	VRTX
Distribution & Services	
Accretive Health, Inc.	AH
AmerisourceBergen Corporation	ABC
Athenahealth Inc.	ATHN
Cardinal Health, Inc.	CAH
Cerner Corporation	CERN
Charles River Laboratories	CRL
Covance Inc.	CVD
ICON plc	ICLR
Kendle International Inc.	KNDL
McKesson Corporation	MCK
MedAssets, Inc.	MDAS
Merge Healthcare Inc.	MRGE
Owens & Minor, Inc.	OMI
PAREXEL International Corp.	PRXL
Pharmaceutical Product Development	PPDI
PSS World Medical, Inc.	PSSI
Facilities & Services	
Addus HomeCare Corp.	ADUS
Alliance HealthCare Services	AIQ
Almost Family, Inc.	AFAM
Amedisys, Inc.	AMED
AmSurg Corporation	AMSG
Community Health Systems, Inc.	CYH
Gentiva Health Services, Inc.	GTIV
Health Management Associates, Inc.	HMA
HealthSouth Corporation	HLS
LHC Group, Inc.	LHCG
LifePoint Hospitals, Inc.	LPNT
MedCath Corporation	MDTH
Psychiatric Solutions, Inc.	PSYS
Select Medical Holdings Corporation	SEM
Tenet Healthcare Corp.	THC
Triangle Capital Corp.	TCAP
Universal Health Services, Inc.	UHS
Life Sciences & Diagnostics	
Affymetrix, Inc.	AFFX
Beckman Coulter, Inc.	BEC
Cepheid	CPHD
Clariant, Inc.	CLRT
Exact Sciences Corp.	EXAS
Gen-Probe Incorporated	GPRO
Illumina, Inc.	ILMN
Immucor, Inc.	BLUD
Life Technologies Corp.	LIFE
Meridian Bioscience, Inc.	VIVO
PerkinElmer, Inc.	PKI

Life Sciences & Diagnostics (cont'd)	
QIAGEN N.V.	QGENF
Sigma-Aldrich Corporation	SIAL
TECHNE Corp.	TECH
Thermo Fisher Scientific	TMO
Waters Corporation	WAT
Medical Technology	
American Dental Partners, Inc.	ADPI
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 Incorporated	TOMO
Varian Medical Systems, Inc.	VAR
Wright Medical Group, Inc.	WMGI
Young Innovations Inc.	YDNT
Zimmer Holdings, Inc.	ZMH
Specialty Pharmaceuticals	
Abiomed Inc.	ABMD
Acorda Therapeutics	ACOR
AGA Medical Holdings, Inc.	AGAM
Alkermes Inc.	ALKS
Boston Scientific Corp.	BSX
Cardiovascular Systems, Inc.	CSII
Cephalon Inc.	CEPH
C.R. Bard, Inc.	BCR
Cyberonics, Inc.	CYBX
Edwards Lifesciences Corp.	EW
Forest Laboratories Inc.	FRX
HeartWare, Inc.	HTWR
Medtronic, Inc.	MDT
Obagi Medical Products, Inc.	OMPI
Shire plc	SHPGY
St. Jude Medical, Inc.	STJ
Thoratec Corp.	THOR
Volcano Corporation	VOLC
Financials	
Community Banks	
Associated Banc-Corp	ASBC
Bank of Hawaii Corporation	BOH
Bank of Kentucky Financial Corporation	BKYF
Cardinal Financial Corp.	CFNL
First Financial Bancorp	FFBC
FirstMerit Corporation	FMER
First Midwest Bancorp, Inc.	FMBI
First PacTrust Bancorp, Inc.	FPTB
IBERIABANK Corporation	IBKC
Independent Bank Corp.	INDB
MB Financial, Inc.	MBFI
Old National Bancorp	ONB
Pinnacle Financial Partners, Inc.	PNFP
PennantPark Investment Corp.	PNNT
PrivateBancorp, Inc.	PVTB
Prosperity Bancshares Inc.	PRSP
Regions Financial Corp.	RF
Sandy Spring Bancorp, Inc.	SASR
Sterling Bancshares, Inc.	SBIB
S.Y. Bancorp, Inc.	SYBT
Union First Market Bankshares	UBSH
Wintrust Financial Corporation	WTFC
Regional Banks	
Bank of America	BAC
BB&T Corp.	BBT
Comerica, Inc.	CMA
Fifth Third Bancorp	FITB
JP Morgan Chase & Co.	JPM
KeyCorp	KEY
M&T Bank Corp.	MTB
Marshall & Ilsley Corporation	MI
PNC Financial Services	PNC

Regional Banks (cont'd)	
SunTrust Banks Inc.	STI
Synovus Financial Corp.	SNV
U.S. Bancorp	USB
Wells Fargo & Company	WFC
Zions Bancorporation	ZION
Real Estate	
Real Estate	
Alexandria Real Estate	ARE
Ashford Hospitality Trust Inc.	AHT
BioMed Realty Trust, Inc.	BMR
Chesapeake Lodging Trust	CHSP
Choice Hotels International, Inc.	CHH
Cousins Properties, Inc.	CUZ
DiamondRock Hospitality Co.	DRH
Digital Realty Trust, Inc.	DLR
Douglass Emmett	DEI
Duke Realty Corp.	DRE
FelCor Lodging Trust, Inc.	FCH
Franklin Street Properties Corp.	FSP
HCP, Inc.	HCP
Health Care REIT Inc.	HCN
Healthcare Realty Trust Inc.	HR
Hersha Hospitality Trust	HT
Host Hotels & Resorts	HST
Hyatt Hotels Corporation	H
Intercontinental Hotels Group PLC	IHG
Kilroy Realty Corporation	KRC
LaSalle Hotel Properties	LHO
Liberty Property Trust	LRY
MPG Office Trust, Inc.	MPG
Marcus Corporation	MCS
Marriott International, Inc.	MAR
Nationwide Health Properties, Inc.	NHP
Parkway Properties, Inc.	PKY
Pebblebrook Hotel Trust	PEB
Red Lion Hotels Corporation	RLH
Senior Housing Properties Trust	SNH
Starwood Hotels & Resorts Worldwide	HOT
Strategic Hotels & Resorts, Inc.	BEE
Sunstone Hotel Investors, Inc.	SHO
Supertel Hospitality, Inc.	SPPR
Terreno Realty Corporation	TRNO
Thomas Properties Group, Inc.	TPGI
Ventas, Inc.	VTR
REITs	
American Campus Communities, Inc.	ACC
Associated Estates Realty Corp.	AEC
AvalonBay Communities, Inc.	AVB
Camden Property Trust	CPT
Corporate Office Properties Trust	OFC
DuPont Fabros Technology, Inc.	DFT
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
Highwoods Properties, Inc.	HIW
Home Properties, Inc.	HME
Investor Real Estate Trust	IRET
Kimco Realty Corporation	KIM
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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