

M&A Market Analysis

2012

2012 Middle-Market M&A Outlook

Up, Up and Away



Global Mergers & Acquisitions

Christopher C. McMahon
Managing Director
Head of Global M&A
cmcMahon@rwbaird.com
312.609.4983

Brian P. McDonagh
Managing Director
Co-Head of M&A
bmcdonagh@rwbaird.com
704.553.6611

Christopher Harned
Managing Director
charned@rwbaird.com
414.765.3908

Howard P. Lanser
Managing Director
hlanser@rwbaird.com
312.609.5478

J. David Cumberland, CFA
Director, M&A Research
dcumberland@rwbaird.com
312.609.5429

Kyle J. Borkowski
M&A Market Analyst
kborkowski@rwbaird.com
312.609.7011

European Investment Banking

David M. Silver
Managing Director
Head of European Investment
Banking
dsilver@rwbaird.com
011.44.207.667.8216

Nicholas R. Sealy
Managing Director
Co-Head, European
Investment Banking
nsealy@rwbaird.com
011.44.207.667.8370

Asia Investment Banking

Anthony Siu
Managing Director
Head of Asia Investment
Banking
asiu@bairdasia.com.cn
86.21.6182.0980

• Overview of 2011 M&A Activity	1
• 2012 Outlook	3
• Global M&A Commentary and Deal Statistics.....	5
• U.S. M&A Commentary and Deal Statistics	9
• U.S. Financing Environment Statistics	15
• Europe M&A Commentary and Deal Statistics.....	16
• U.K. Cross-Border M&A Activity	20
• Germany Cross-Border M&A Activity	21
• Asia M&A Commentary and Deal Statistics	22
• China M&A Activity and Deal Statistics	23
• India M&A Activity and Deal Statistics	25
• Japan M&A Activity	27
• Additional U.S. M&A Analyses	28
○ Corporate U.S. M&A Activity	29
○ Private Equity U.S. M&A Activity	33
○ Private Equity Loan Volume	36
○ Valuations	37
○ U.S. M&A Activity by Industry	38
• Economic Commentary.....	45
• Restructuring News.....	47
• Recent Baird M&A Transactions	48
• Baird U.S. Equity Research Coverage	50
• Investment Banking Contact List	54

Overview of 2011 M&A Activity

Despite sporadic and intense headwinds during 2011, the global M&A market posted solid results, including deal count reaching an all-time high and dollar volume just below the prior-year level. M&A momentum from 2010 carried through mid-year, with the 13.9% increase in global M&A dollar volume in the first six months of 2011 driven by cash-rich strategics augmenting growth and ready access to credit for financial sponsors. However, the M&A market softened during the late summer after the U.S. debt downgrade and amid heightened worries about the global economy and Europe's debt crisis. In the second half of 2011, global M&A dollar volume dropped 18.8% on a year-over-year basis and was 11.1% below the first-half level. The U.S. posted leading M&A performance in 2011, as dollar volume increased 8.6% on volume growth for billion-dollar-plus deals and the middle market. Based on an uptick for economic indicators and significant improvement in the credit markets toward the end of 2011, market conditions appear ripe for increased M&A activity in 2012.

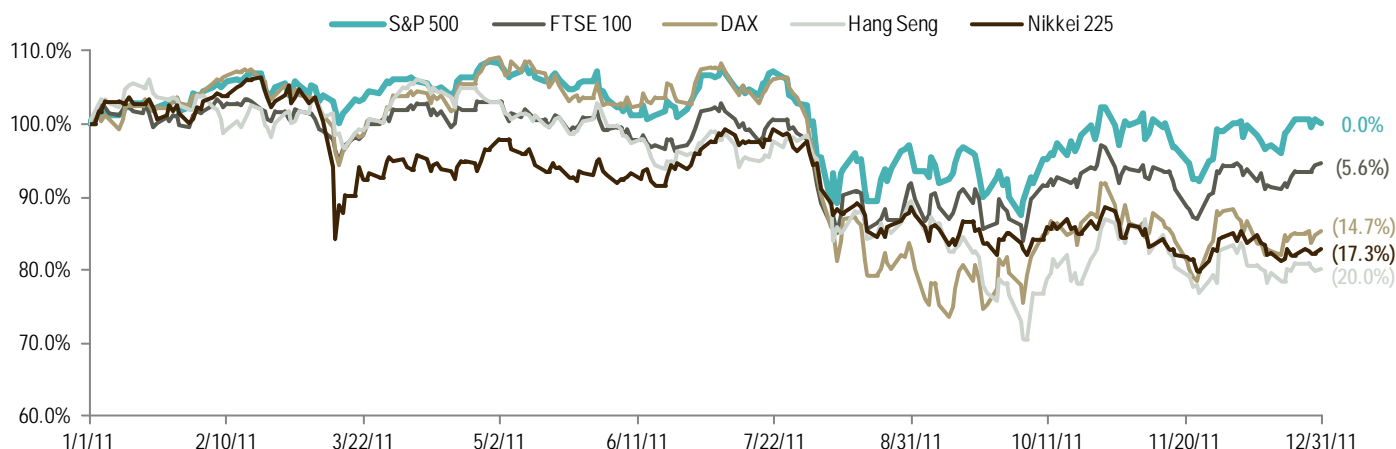
The following text reviews issues and trends relevant to M&A activity in 2011.

Modest Economic Expansion. After a solid recovery for the global economy in 2010, growth decelerated in 2011. Global GDP rose an estimated 2-3%, down from about 4% in the prior year. The manufacturing sector slipped into contraction mode across major regions in the second half of 2011, partly due to the withdrawal of stimulus spending as fiscal policies tightened. The slow recovery was also a function of jobs growth remaining sluggish in the U.S. and Europe for most of the year. Importantly, the U.S. labor market finished 2011 on an upbeat note, with unemployment at its lowest rate since early 2009 and weekly jobless claims at three-year lows.

Credit Markets Mostly Open. In spite of disruption for part of 2011, the global credit markets were a positive force for M&A activity. New issue supply for leveraged loans increased 60% from the year-ago level and posted the highest volume since 2007. Global high yield debt issuance also reflected strong demand for yield in a low-rate environment in generating the second-highest annual volume by a wide margin, trailing only 2010. Full-year volumes were healthy even though issuance was minimal in the late summer and early fall on the heels of the U.S. debt downgrade and as the European sovereign debt crisis spread. Improvement in volumes and fund inflows from late Q3 into Q4 provided an encouraging sign for the M&A market heading into 2012.

Stock Market Retreat. Amid massive volatility, the global stock markets lost ground in 2011. The five major indices depicted below declined 11.5% on average in 2011, giving back some of the combined gain of 38.3% achieved in 2009-2010. Lower equity markets kept a lid on many planned IPOs and follow-on offerings, restricting a source of capital for future M&A activity.

Relative Performance of Global Market Indices



Source: Capital IQ.

Overview of 2011 M&A Activity

We highlight the following data related to M&A activity in 2011.

- On a global basis, the **average transaction size** for deals with a reported value was \$138 million, down slightly from \$141 million in 2010. The mean deal size was far below the average annual values of \$221 million to \$225 million seen during the M&A boom of 2006-2007. In the U.S., the average transaction size jumped to \$220 million from \$171 million in 2010 due to a large drop-off in deals valued under \$100 million (as detailed below).
- In the **global middle market**, the transaction total was down 2.2%, reflecting a decline in the under \$100 million category. Announced dollar volume rose 9.7% on strength in the \$100 million to \$1 billion segment. In the U.S. middle market, the deal count fell 15.9% while dollar volume was up 2.9%. Within the U.S. middle market, the number of deals valued under \$100 million (by far the largest category) contracted 20.5%, whereas the transaction total for the \$100 million to \$1 billion range was 3.5% above the year-ago level.
- The number of **deals with reported value above \$1 billion** was down 11.9% globally and off 7.9% in the U.S. The average size of the billion-dollar-plus deals was essentially unchanged on a global basis at \$3.2 billion while increasing to \$4.1 billion (vs. \$3.4 billion) in the U.S.
- **Private equity activity in the U.S.** experienced modest growth, as the transaction count grew 1.2%, while dollar volume increased 3.8%. Financial sponsor deals represented 15.8% of U.S. M&A activity, down from 16.4% in 2010. Dollar volume of \$254.8 billion for private equity transactions accounted for 24.8% of total U.S. M&A volume, down from 26.0% in 2010 and well below the 36.2% level of 2007, when volume peaked at \$541.4 billion.
- **Cross-border activity** contributed to growth in U.S. M&A dollar volume in 2011. Reported dollar volume for outbound M&A increased 39.5% to \$160.8 billion, as U.S.-based firms facing a low growth environment showed greater interest in overseas targets. Strength for U.S. outbound activity was driven mainly by aggressive acquisition into Europe (dollar volume +76.0%), as U.S. strategic buyers capitalized on caution among European counterparts. In contrast, U.S. inbound M&A dollar volume declined 19.8% primarily due to a 32.5% fall-off in volume from Europe.
- The number of **U.S. take-private transactions** decreased 30.9% to 130, perhaps reflecting challenging credit market conditions during part of the year. However, take-private deals were larger on average in 2011. As a result, dollar volume for this group was up 0.2% to \$61.7 billion while remaining far short of the \$339.9 billion peak in 2007.
- Amid the economic recovery and corporate focus on balance sheet repair, **bankruptcy-related M&A activity** declined substantially. The number of U.S. middle-market bankruptcy-related deals dropped 38.3% to 179. The 2011 total was below the annual figures for 2008-2010, reflecting corporate profit growth and progress on strengthening balance sheets after a period of distress due to the credit boom and subsequent recession.
- **Average debt multiples** expanded slightly in 2011, as the rebound from the credit crunch of 2009 continued. According to S&P LCD, average debt multiples for middle-market LBO loans were 4.3x Total Debt/EBITDA, up from 4.2x in 2010 but well below the 5.6x peak in 2007. As in 2009-2010, lenders required greater equity capital commitments for LBO transactions, resulting in an average equity contribution of 38.0%. While down from 41.4% in 2010, this level remained above the historical range (before 2008) of 30-37%. After a rough patch in late summer and early fall, key technicals improved across the credit markets in Q4, including an average middle-market debt multiple of 4.8x.

Valuation multiples in the U.S. middle market rose from the levels experienced 2010. Among U.S. middle-market deals with meaningful valuation data available, the median Enterprise Value/EBITDA multiple was 9.2x, compared to 8.6x in 2010, 7.6x in 2009, 9.5x in 2008, and 9.9x in 2007, the recent peak year. Multiples were supported by a rebound in demand among M&A participants amid the ongoing economic recovery as well as reasonable access to financing for high-quality transactions.

2012 Outlook

M&A activity should grow in 2012, as the conditions that supported deal-making in 2011 remain in place. As indicated below, the critical factors influencing M&A appear to be either positive or neutral. In addition, a recent survey of M&A practitioners (detailed on page 5) revealed expectations of increased M&A activity in 2012. Furthermore, the M&A market should experience healthy contributions from strategic acquirors and financial sponsors. Given these factors, with only modest growth needed, 2012 reported deal volume could attain its highest levels since the 2007 peak. Moreover, a robust outlook for the middle market could lead to the M&A transaction count topping the record total of 2011. Although M&A results will continue to be sensitive to unforeseen geopolitical and macroeconomic shocks, both the fundamental economic and credit market conditions point to a favorable 2012.

Factors Affecting the M&A Environment					
	Mid 1990s – 2000	2000 – 2002	2002 – 2007	2008 – 2009	2010 – 2012
Economic Environment	↑	↓	↑	↓	↔
Stock Market Performance	↑	↓	↑	↔	↑
Credit Market Strength	↑	↔	↑	↓	↑
Investor Confidence	↑	↓	↑	↓	↑
CEO Confidence	↑	↓	↑	↓	↑
Bankruptcies / Restructuring / Corporate Scandals	↔	↓	↑	↑	↔
Geopolitical Situation	↑	↓	↔	↔	↔
Political Landscape	↑	↑	↑	↔	↔
Shareholder Activism	↔	↔	↑	↑	↔
Valuation	↑	↓	↑	↓	↑

2012 Outlook

Primary Drivers of M&A Activity for 2012

- **Strategics Seeking Growth.** Conditions are good for an increase in strategic acquisitions in 2012. U.S. corporations have built up immense balance sheet firepower, with more than \$2 trillion of aggregate cash currently earning a minimal return. Furthermore, the cost of capital is lower than normal for companies using debt to fund deals. After years of tempered M&A activity, companies have considerable pent-up demand for attractive targets. In the current climate, corporates are likely to remain focused on adding smaller and mid-sized businesses rather than making transformational deals. Given the sluggish economic outlook, M&A can be an effective tool for lifting the top line and generating margin improvement through synergies following an extended period of cost controls. The economic backdrop is well suited to U.S. companies positioned to pull the trigger on deals that have been in the works for some time, whereas firms based in Europe may tread carefully until uncertainty gives way to better visibility.
- **Financial Sponsors Ready to Deal.** Private equity activity is poised to build on the upturn of 2010-2011, as financial sponsors entered 2012 prepared to buy and sell assets due to pressure to put committed capital to work and to generate exits. Financial sponsors evaluating platform acquisitions and add-on deals continue to have in excess of \$400 billion in uninvested capital that needs to be deployed as well as access to debt at reasonable terms. At the same time, achieving fully valued realizations is a high priority for private equity firms with aging portfolio companies. Although private equity holdings represented a substantial portion of IPO activity in 2011, further volatility in the equity markets could enhance the appeal of M&A as a liquidity event. Moreover, sponsors may be motivated to sell long-term investments in 2012 in view of possible tax changes after the end of the year.
- **Slow-growth Economic Environment.** The M&A market should remain active in an anticipated environment of low economic growth, reflecting varied economic trends across geographic markets. In the U.S., signs of steady, albeit modest, economic expansion in recent periods should give M&A participants the conviction needed to execute on planned transactions. Europe entered 2012 under the cloud of a recession amid austerity programs, but the potential combination of interest rate cuts and an improved financial system would help M&A recover from low levels later in the year. Slight deceleration from rapid growth rates in emerging markets such as China could cause companies to pursue growth-enhancing deals more aggressively. In addition, disparities in regional economies should drive growth for cross-border deals, as occurred in 2011.
- **Robust Credit Markets.** After stabilizing in late 2011, the credit markets appear poised to provide sufficient liquidity for M&A financings in 2012. The leveraged loan and high yield markets should be accommodating for new deals, as these asset classes are an attractive alternative to historically low interest rates on U.S. government debt, especially with speculative-grade defaults expected to rise only modestly from low levels in 2012. Lenders and investors are likely to exhibit a preference for larger, high-quality deals in the leveraged loan market, where liquidity would benefit from fund flows turning positive after a period of moderating outflows through the end of 2011. The sovereign debt crisis in Europe remains an overhang for the global credit markets, as a credible solution is needed for liquidity to expand further.

Global M&A Commentary

In view of significant cross-currents, the global M&A market posted healthy results in 2011. The overall deal count increased 8.4% to an all-time high of 32,891, which was just above the previous record set in 2007. In the absence of a robust market for the largest deals, reported dollar volume dipped 4.3% in 2011. M&A metrics lagged in the latter part of the year, as the second-half transaction total was 2.3% below the first-half level, and dollar volume declined 11.1% in comparison to the first half. In the global middle market, the number of deals was down 2.2% on a full-year basis, while dollar value rose 9.7%.

In December, the global deal count was up 6.6% to 2,631. Although announced dollar volume decreased 16.0%, the total of \$168.8 billion was the highest in the past five months. In the middle market, the number of transactions was down 2.8%, and dollar volume fell 4.6%.

Recent economic updates continued to underscore an environment of slow expansion. Although the global all-industry purchasing managers index (PMI) for December reached a nine-month high, readings for Q4 pointed to GDP expansion of about 2%, in line with the latest economist projections for 2012. The composite leading indicator of the Organisation of Economic Co-operation and Development declined for the eighth consecutive month and registered its weakest reading in two years, with Europe representing the biggest drag on the outlook. Also of note, the quarterly Manpower survey of hiring plans demonstrated a cautious corporate mood, as employers in 30 of 41 countries planned to slow the pace of hiring in the first quarter of 2012 due to elevated uncertainty about global growth prospects. Given low expectations, an extended period of modest economic growth would be conducive to M&A.

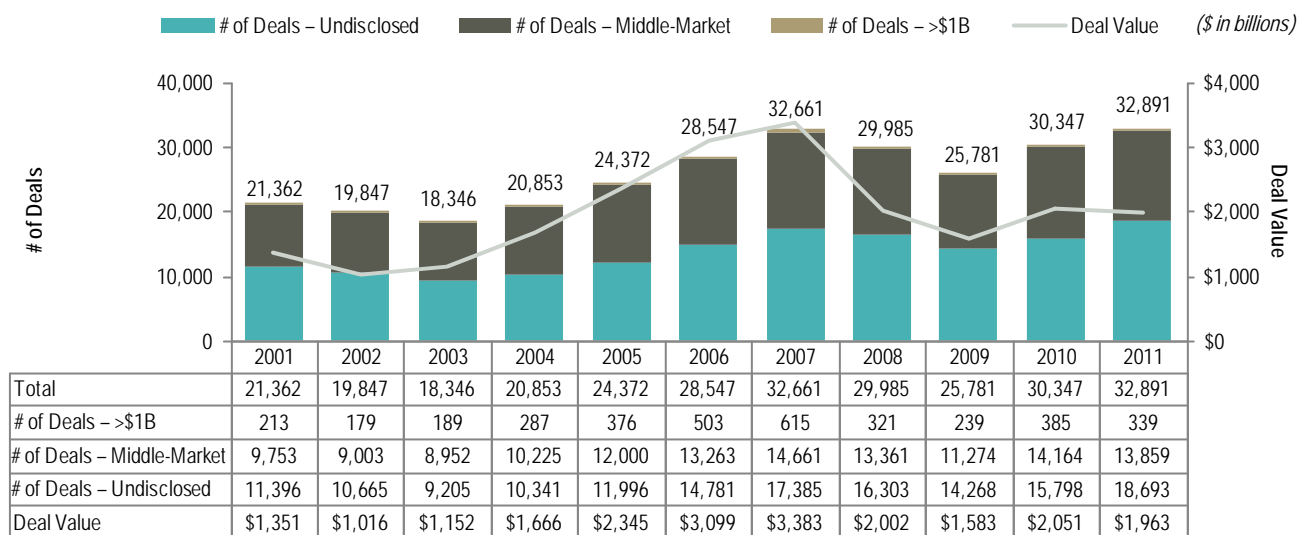
For most of 2011, the global credit markets supported M&A activity. Worldwide corporate bond sales exceeded \$3 trillion for the third consecutive year and essentially matched the 2010 figure. High yield issuance was the second-highest total on record, driven by a stellar first half and a meaningful pickup in Q4 after the August-September slowdown. Boosted by the search for yield among investors, high yield fund inflows were substantial in December and Q4, benefiting the forward calendar entering 2012. Over the last four months of 2011, new issue supply in the leveraged loan market stabilized in a range below the first-half run rate but in line with the 2010 pace. Although loan fund flows for 2011 were less positive than in 2010 due to outflows each month since August, outflows were much lower in Q4 than in Q3. Increased confidence in the global economy and beneficial developments in Europe's sovereign debt situation in the first part of 2012 would keep fundamentals for M&A financings moving in the right direction.

The global equity markets made a partial recovery in late 2011 after losing ground earlier in the year. The five major indices shown in the chart on page 1 increased 0.3% on average in December and were up an average of 5.8% in the fourth quarter, reducing the mean year-to-date decrease to 11.5%. The positive finish to the year provided needed support to the market for equity offerings, where normalized activity resumed after a largely dormant third quarter.

A global survey of M&A professionals conducted in late 2011 by mergermarket and Intralinks indicated an upbeat outlook for M&A in 2012. Of the 160 respondents, a slight majority anticipated an increase in the number of M&A transactions in 2012, while only 13% expected contraction in the M&A market. Optimism was highest in North America and emerging markets, while practitioners were guarded about the prospects for Europe. Private equity activity and cross-border transactions were projected to be strong contributors to deal-making in 2012.

Global M&A Activity

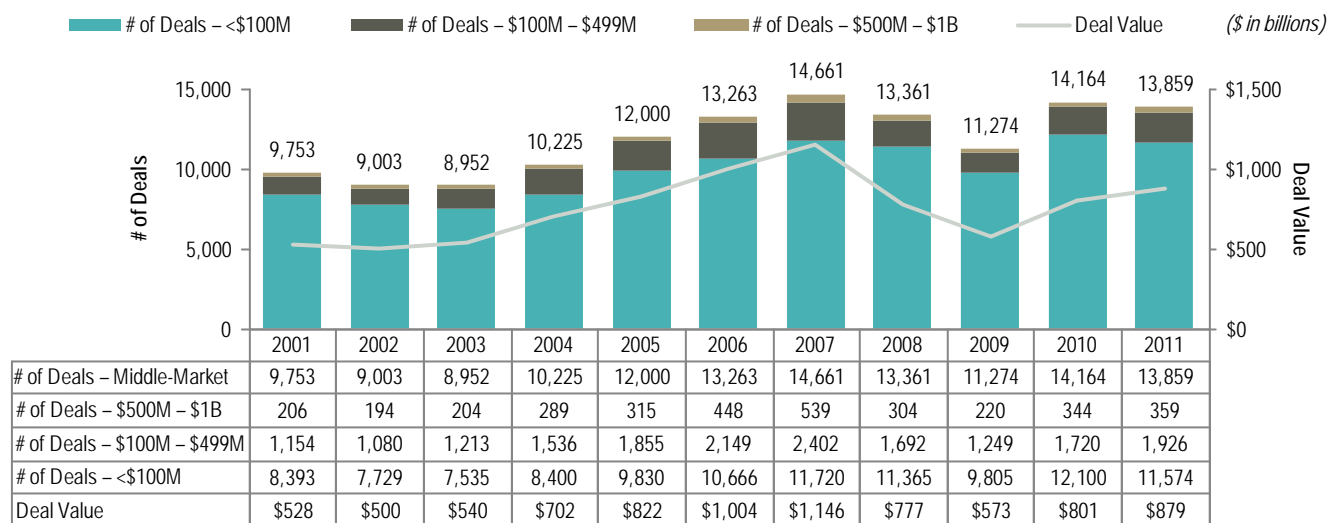
Global M&A Activity



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 – December			Deal Value – December		
	2010	2011	% Change	2010	2011	% Change
North America	922	1,053	14.2%	\$96,712	\$75,213	(22.2%)
– U.S.	758	923	21.8%	\$90,808	\$65,594	(27.8%)
Central / South America	91	170	86.8%	\$11,635	\$7,882	(32.3%)
Europe	841	820	(2.5%)	\$80,567	\$60,069	(25.4%)
– U.K.	178	200	12.4%	\$14,219	\$12,555	(11.7%)
– Germany	108	113	4.6%	\$7,258	\$5,583	(23.1%)
Africa / Middle East	92	56	(39.1%)	\$5,946	\$5,308	(10.7%)
Asia-Pacific (ex. Japan)	570	571	0.2%	\$29,786	\$30,810	3.4%
– China	305	287	(5.9%)	\$19,197	\$15,666	(18.4%)
– India	82	71	(13.4%)	\$3,963	\$773	(80.5%)
Japan	187	230	23.0%	\$6,471	\$14,135	118.4%
Global Total	2,468	2,631	6.6%	\$200,959	\$168,816	(16.0%)

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 – 2011			Deal Value – 2011		
	2010	2011	% Change	2010	2011	% Change
North America	12,795	13,488	5.4%	\$1,032,091	\$1,114,347	8.0%
– U.S.	11,034	11,612	5.2%	\$944,652	\$1,026,168	8.6%
Central / South America	980	1,251	27.7%	\$168,051	\$76,785	(54.3%)
Europe	10,853	12,130	11.8%	\$708,501	\$638,121	(9.9%)
– U.K.	2,720	2,926	7.6%	\$201,497	\$179,685	(10.8%)
– Germany	1,277	1,755	37.4%	\$70,610	\$67,832	(3.9%)
Africa / Middle East	824	852	3.4%	\$62,598	\$56,425	(9.9%)
Asia-Pacific (ex. Japan)	5,453	5,974	9.6%	\$308,524	\$278,106	(9.9%)
– China	2,736	2,914	6.5%	\$149,153	\$157,188	5.4%
– India	879	911	3.6%	\$57,088	\$22,586	(60.4%)
Japan	2,036	2,264	11.2%	\$80,975	\$137,396	69.7%
Global Total	30,347	32,891	8.4%	\$2,050,957	\$1,963,354	(4.3%)

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.

Global Middle-Market M&A Deal Statistics

(\$ in millions)

	Number of Deals – December			Deal Value – December		
	2010	2011	% Change	2010	2011	% Change
North America	416	384	(7.7%)	\$45,265	\$34,484	(23.8%)
– U.S.	299	313	4.7%	\$39,361	\$30,122	(23.5%)
Central / South America	40	70	75.0%	\$4,268	\$6,657	56.0%
Europe	319	301	(5.6%)	\$34,596	\$32,110	(7.2%)
– U.K.	103	99	(3.9%)	\$10,272	\$10,164	(1.1%)
– Germany	25	18	(28.0%)	\$4,425	\$1,843	(58.3%)
Africa / Middle East	42	30	(28.6%)	\$2,493	\$2,803	12.4%
Asia-Pacific (ex. Japan)	418	413	(1.2%)	\$23,089	\$21,088	(8.7%)
– China	256	240	(6.3%)	\$12,500	\$10,150	(18.8%)
– India	42	33	(21.4%)	\$3,963	\$773	(80.5%)
Japan	93	98	5.4%	\$4,115	\$6,746	63.9%
Global Total	1,225	1,191	(2.8%)	\$94,842	\$90,471	(4.6%)

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 – 2011			Deal Value – 2011		
	2010	2011	% Change	2010	2011	% Change
North America	6,450	5,550	(14.0%)	\$386,695	\$397,447	2.8%
– U.S.	5,354	4,502	(15.9%)	\$338,926	\$348,597	2.9%
Central / South America	436	500	14.7%	\$34,391	\$47,369	37.7%
Europe	3,136	3,425	9.2%	\$253,534	\$296,121	16.8%
– U.K.	1,104	1,151	4.3%	\$80,448	\$94,469	17.4%
– Germany	244	302	23.8%	\$27,530	\$31,716	15.2%
Africa / Middle East	384	382	(0.5%)	\$25,112	\$27,397	9.1%
Asia-Pacific (ex. Japan)	3,707	4,079	10.0%	\$174,278	\$187,643	7.7%
– China	2,164	2,342	8.2%	\$96,146	\$104,314	8.5%
– India	422	474	12.3%	\$23,841	\$16,879	(29.2%)
Japan	986	978	(0.8%)	\$38,746	\$56,597	46.1%
Global Total	14,164	13,859	(2.2%)	\$801,144	\$878,719	9.7%

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.

U.S. M&A Commentary

MIXED END TO YEAR FOR U.S. M&A

The U.S. M&A market completed an impressive year with varied results in December. The number of transactions climbed 21.8% to 923, which was the largest total in the past four months. In contrast, announced dollar volume fell 27.8% to \$65.6 billion. In the U.S. middle market, the deal count increased 4.7%, while dollar value declined 23.5%.

The latest economic news in the U.S. indicated continuation of gradual economic expansion. In its beige book reviewing trends through December, the Federal Reserve cited minor improvement in overall economic activity. In addition, the Institute for Supply Management (ISM) manufacturing reading for December showed the most growth in six months, while services expansion was in line with the lackluster second-half average. Positive updates in the labor market included December payroll additions above the 2011 run rate, unemployment at its lowest level since February 2009, and a three-year low for weekly jobless claims. Based on recent data, the economists surveyed by the Blue Chip Economic Indicators newsletter projected 2012 U.S. GDP to be up 2.2%, which would represent an uptick from growth in 2011. Further proof of economic progress in the U.S. and overseas would stimulate M&A activity.

Key markets for M&A financings showed evidence of normalizing as 2011 ended. High yield issuance in Q4 was nearly 50% above the Q3 level. Momentum should continue in early 2012, as high yield fund inflows during Q4 represented 90% of net full-year flows. In the leveraged loan market, new issue supply for November-December was slightly above the total for the prior two months. While loan fund outflows slowed dramatically in Q4 relative to Q3, an increase in liquidity into the leveraged loan market is needed for issuance to reach first-half levels. With speculative-grade defaults and government debt interest rates expected to remain below historical levels in 2012, capital should continue to flow back into the lending markets.

The U.S. equity market increased 0.9% in December and 11.2% in Q4, bringing the 2011 performance for the S&P 500 to essentially flat despite sizable ups and downs during the year. The combination of elevated volatility and market weakness for much of the year dampened U.S. equity offering activity in 2011, as the deal count and dollar volume for both IPOs and follow-ons declined by double-digit percentages. However, the uptick in November-December activity and the lengthy backlog entering 2012 are encouraging signs for the capacity to raise capital, including for M&A.

U.S. M&A Activity

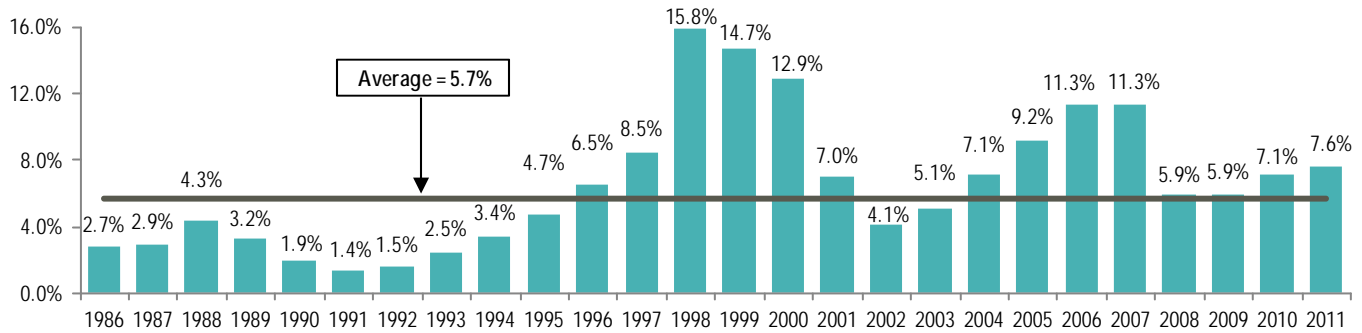
- U.S. M&A metrics were mixed in December. The number of announced transactions grew 21.8% to 923, the sixth consecutive month of year-over-year increases but below the 2011 average of 968. Dollar volume contracted 27.8% to \$65.6 billion, under the 2011 average by 23.3%.
- The Q4 deal count of 2,731 was 12.8% below the Q3 total but above the Q4 2010 figure of 2,407. Quarterly dollar volume of \$211.9 billion contracted 15.1% from Q3 and 9.9% from a year ago. The figure was also the lowest quarterly value since Q3 2009.
- In 2011, the deal count rose 5.2% to 11,612, the second-highest total ever and only 0.9% below the 2007 record. Dollar volume was up 8.6% to \$1.0 trillion, the highest level since 2007 but below the 2005-2007 average of \$1.4 trillion.

U.S. Middle-Market Activity

- In December, the U.S. middle-market deal count grew 4.7% to 313, which lagged the 2011 average of 375. Dollar value declined for the sixth straight month, falling 23.5% to \$30.1 billion despite being 3.7% above the 2011 average.
- In Q4, the deal count of 938 (the lowest count since Q4 2009) was down 22.6% versus the prior quarter and decreased 17.4% from Q4 2010. Volume of \$79.4 billion fell 10.2% from Q3 and 21.9% from the year-ago quarter.
- U.S. middle-market M&A metrics were varied in 2011. The deal count decreased 15.9%, but the total of 4,502 was above annual levels from 2001 through 2009. Dollar volume was up 2.9% to \$348.6 billion, the highest volume since 2007.
- U.S. middle-market valuations climbed for a second consecutive year in 2011. The median EBITDA transaction multiple in 2011 was 9.2x, above the median figures of 8.6x in 2010 and 7.6x in 2009.

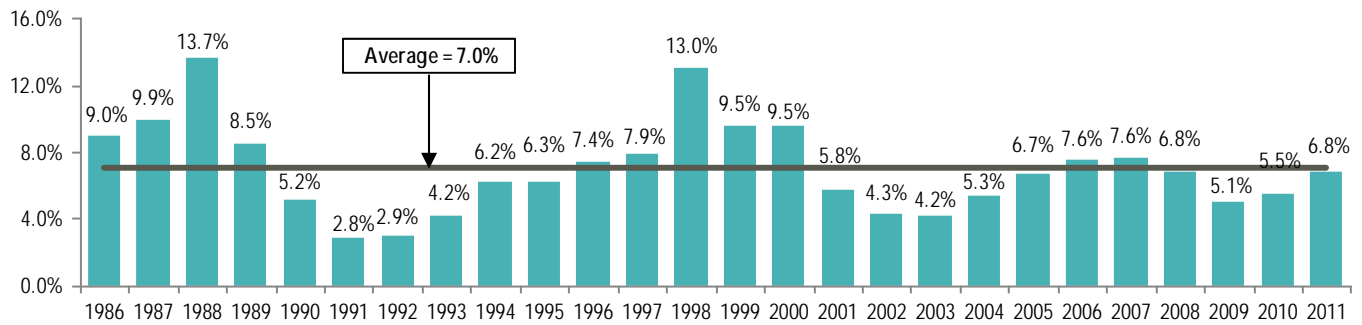
U.S. M&A Activity

U.S. M&A Dollar Volume as a Percent of U.S. GDP



Source: Robert W. Baird & Co. Incorporated M&A Market Analysis, Dealogic, and International Monetary Fund.
 Note: 2011 GDP figures based on International Monetary Fund estimate.

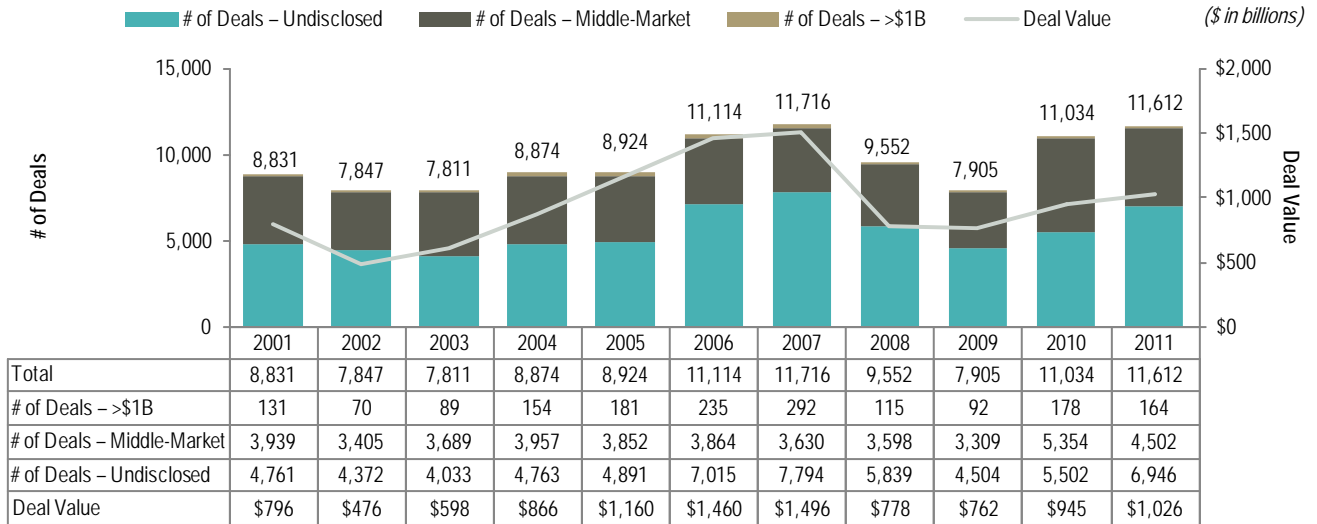
U.S. M&A Dollar Volume as a Percent of Equity Market Capitalization



Source: Robert W. Baird & Co. Incorporated M&A Market Analysis, Dealogic, Thomson Financial, and the World Federation of Exchanges.
 Note: Equity Market Capitalization includes companies listed on NYSE and NASDAQ.

U.S. M&A Activity

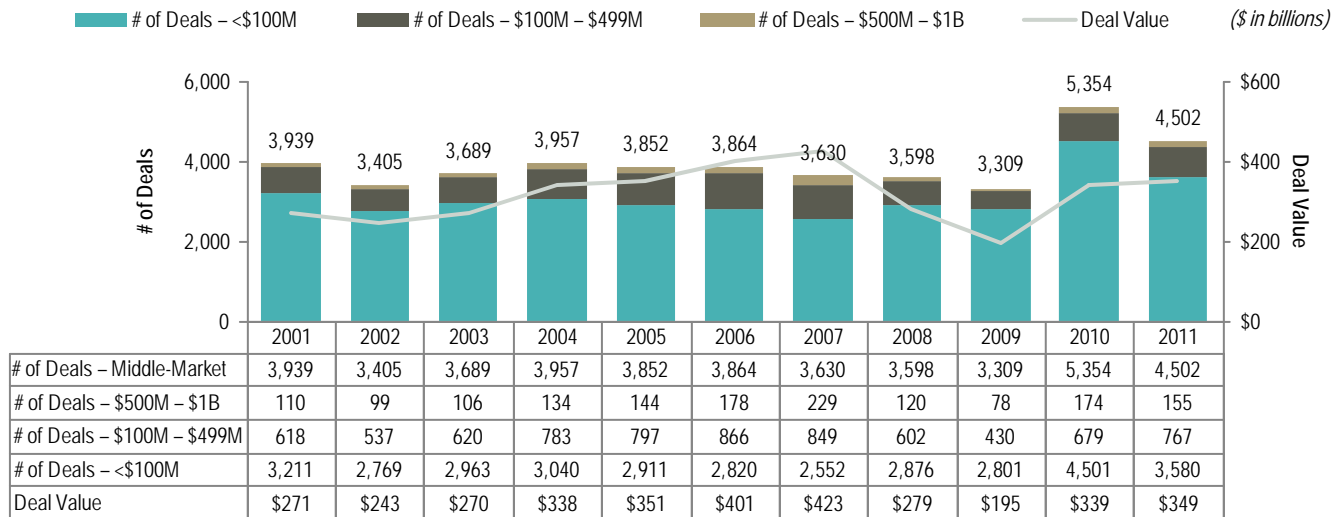
U.S. M&A Activity



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			
	2010	2011	% Change
December			
<\$100M	195	234	20.0%
\$100M-\$499M	78	64	(17.9%)
\$500M-\$1B	26	15	(42.3%)
Total Middle-Market	299	313	4.7%
>\$1B	22	11	(50.0%)
Undisclosed	437	599	37.1%
Total	758	923	21.8%
2011			
<\$100M	4,501	3,580	(20.5%)
\$100M-\$499M	679	767	13.0%
\$500M-\$1B	174	155	(10.9%)
Total Middle-Market	5,354	4,502	(15.9%)
>\$1B	178	164	(7.9%)
Undisclosed	5,502	6,946	26.2%
Total	11,034	11,612	5.2%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Deal Value			
(\$ in millions)	2010	2011	% Change
December			
<\$100M	\$5,058	\$5,543	9.6%
\$100M-\$499M	\$16,969	\$13,957	(17.7%)
\$500M-\$1B	\$17,334	\$10,622	(38.7%)
Total Middle-Market	\$39,361	\$30,122	(23.5%)
>\$1B	\$51,447	\$65,594	27.5%
Undisclosed	**	**	**
Total	\$90,808	\$95,716	5.4%
2011			
<\$100M	\$67,445	\$67,683	0.4%
\$100M-\$499M	\$151,444	\$174,755	15.4%
\$500M-\$1B	\$120,037	\$106,159	(11.6%)
Total Middle-Market	\$338,926	\$348,597	2.9%
>\$1B	\$605,726	\$677,571	11.9%
Undisclosed	**	**	**
Total	\$944,652	\$1,026,168	8.6%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

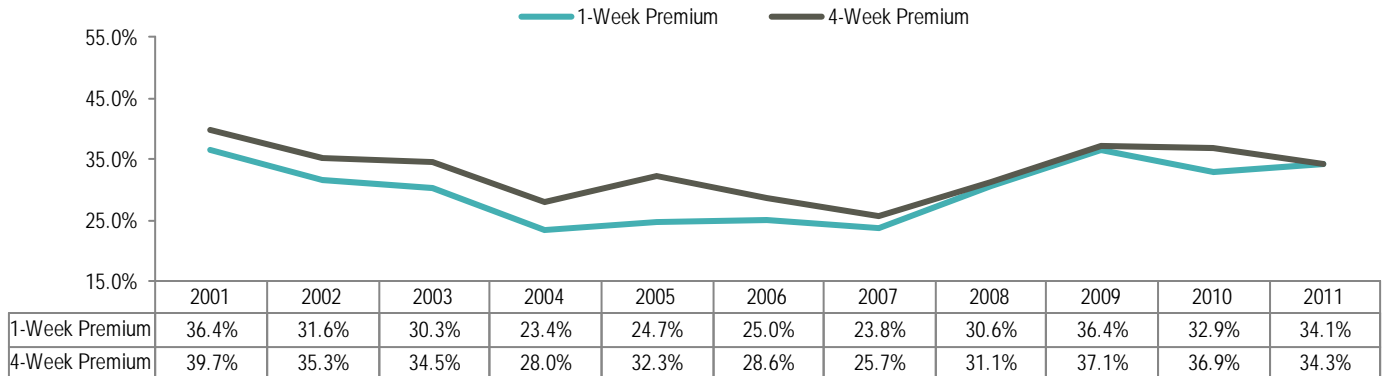
U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

Transaction Size	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EV/EBITDA											
<\$100M	5.9x	7.0x	6.8x	7.6x	9.2x	8.1x	8.5x	7.8x	7.0x	7.0x	8.3x
\$100M-\$499M	8.3x	7.7x	8.2x	9.0x	9.9x	9.2x	11.2x	11.1x	8.1x	10.1x	9.3x
\$500M-\$1B	8.4x	8.4x	9.6x	10.3x	10.1x	12.0x	10.8x	10.6x	7.8x	9.0x	9.9x
Middle-Market	7.2x	7.3x	7.5x	8.6x	9.7x	9.2x	9.9x	9.5x	7.6x	8.6x	9.2x
EV/EBIT											
<\$100M	7.3x	9.5x	8.9x	9.6x	10.8x	10.0x	10.8x	10.1x	7.8x	10.3x	11.3x
\$100M-\$499M	11.7x	11.2x	11.0x	11.7x	13.5x	13.3x	14.5x	13.7x	11.0x	12.2x	12.8x
\$500M-\$1B	10.6x	12.2x	12.9x	14.0x	13.8x	17.0x	16.1x	13.7x	13.6x	13.4x	12.9x
Middle-Market	9.2x	10.7x	10.8x	11.2x	12.4x	12.5x	12.8x	11.6x	9.7x	11.3x	12.1x
EV/Revenue											
<\$100M	0.75x	0.69x	0.76x	0.95x	0.95x	0.96x	0.92x	0.91x	0.80x	0.94x	1.00x
\$100M-\$499M	1.19x	1.09x	1.06x	1.34x	1.31x	1.24x	1.27x	1.30x	1.22x	1.24x	1.39x
\$500M-\$1B	1.41x	1.27x	1.42x	1.33x	1.55x	1.69x	1.51x	1.42x	1.46x	1.56x	1.04x
Middle-Market	0.89x	0.80x	0.88x	1.11x	1.10x	1.08x	1.01x	1.00x	0.90x	1.07x	1.14x

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

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

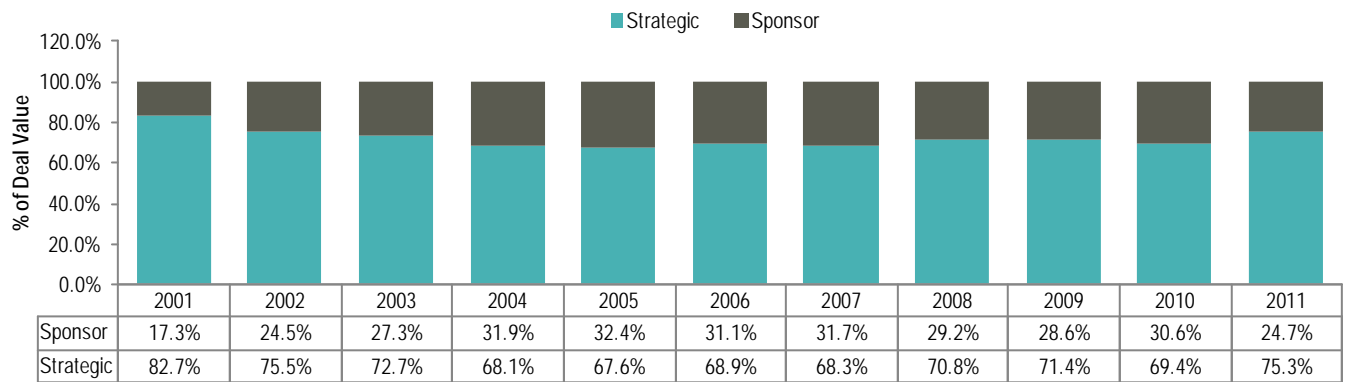
U.S. Middle-Market Median Acquisition Premiums



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

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

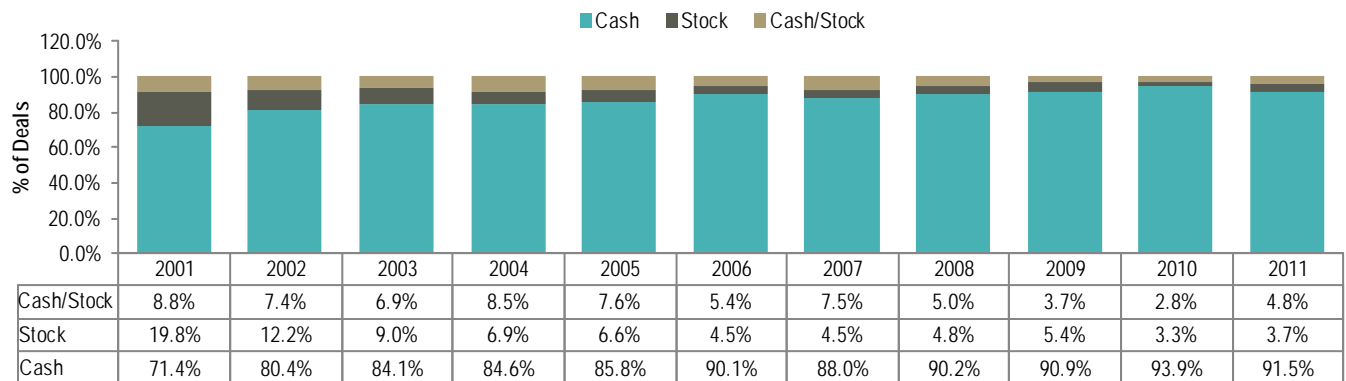
U.S. Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



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

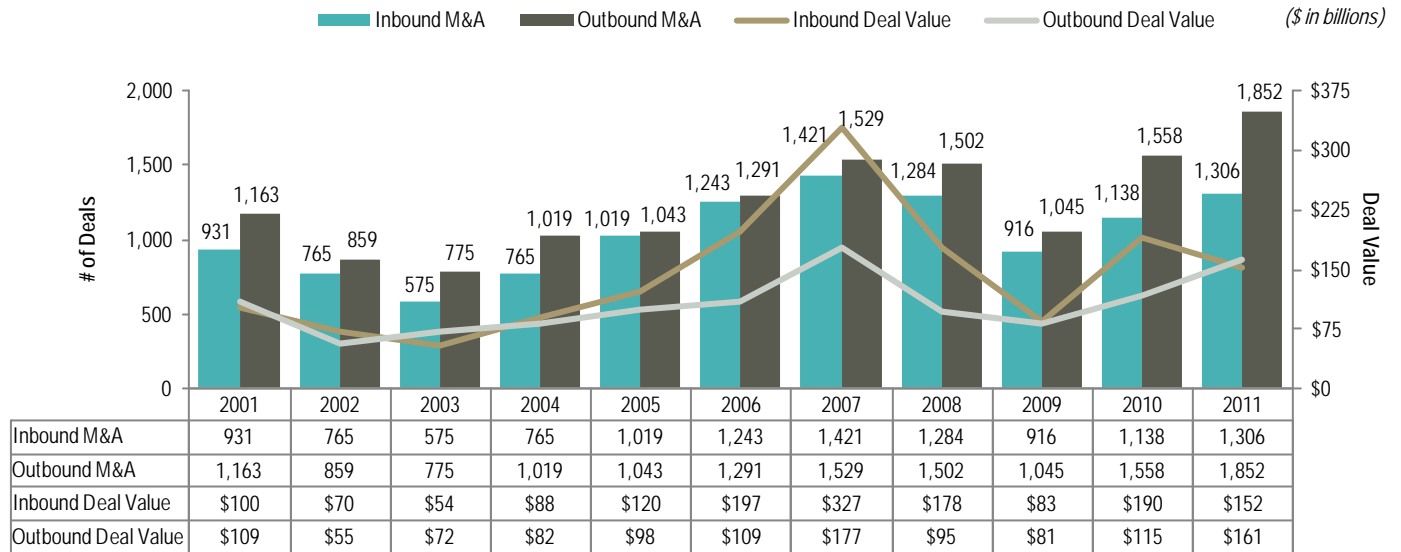


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Top 10 U.S. Target Industries Acquired by Non-U.S. Companies – 2011

Industry	# of Deals
1. Technology	247
2. Professional Services	158
3. Mining	127
4. Healthcare	123
5. Oil & Gas	92
6. Real Estate/Property	72
7. Utility & Energy	43
8. Consumer Products	37
9. Food & Beverage	36
10. Machinery	36

Top 10 Non-U.S. Acquirors of U.S. Targets – 2011

Country	# of Deals
1. Canada	442
2. United Kingdom	172
3. Japan	103
4. Germany	73
5. Australia	57
6. France	55
7. China	46
8. Switzerland	41
9. India	31
10. Sweden	26

Top 10 Non-U.S. Target Industries Acquired by U.S. Companies – 2011

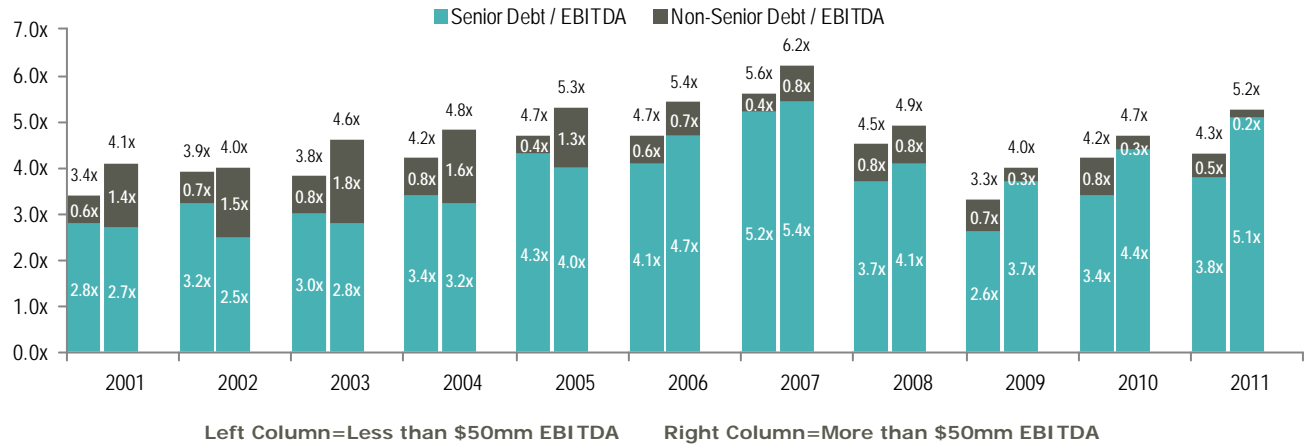
Industry	# of Deals
1. Technology	431
2. Professional Services	265
3. Healthcare	134
4. Mining	103
5. Finance	96
6. Machinery	73
7. Construction/Building	71
8. Real Estate/Property	65
9. Chemicals	62
10. Consumer Products	58

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. Financing Environment Statistics

Average Debt Multiples of Middle Market LBO Loans



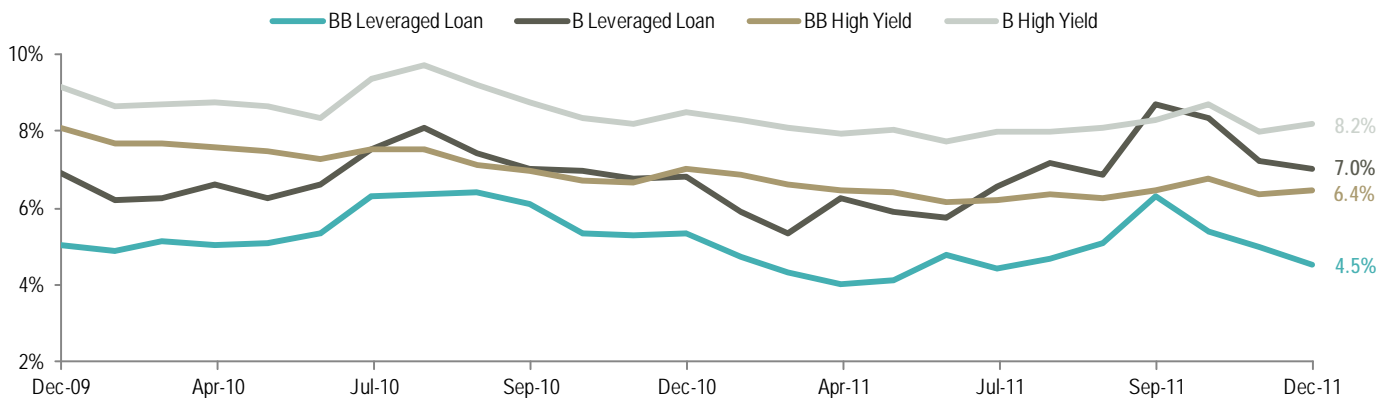
Source: Standard & Poor's Leveraged Commentary & Data.

Average Equity Contribution to LBOs



Source: Standard & Poor's Leveraged Commentary & Data.

Leveraged Loan and High Yield Bond Yields



Source: Standard & Poor's Leveraged Commentary & Data and Bloomberg.

Europe M&A Commentary

The second-half slide in Europe's M&A performance continued in December. The number of transactions dipped 2.5% to 820, the lowest total in more than a year. Reported dollar volume declined for the sixth consecutive month, dropping 25.4% to \$60.1 billion. In the middle market, the deal count fell 5.6% and dollar volume decreased 7.2%.

For the full year, the transaction total increased 11.8%. However, dollar volume declined 9.9% in 2011 due to weakness after mid-year. The second-half deal total was 6.1% below the first-half level, and dollar volume contracted 24.0% in the second half relative to the first six months of 2011. In Europe's middle market, the number of transactions increased 9.2% in 2011, and dollar value climbed 16.8%.

Weakness in Europe's M&A market throughout the second half of 2011 reflected its economic downturn and chronic sovereign debt woes. On the economic front, the composite PMI for euro zone activity indicated contraction for each month of Q4, ending a nine quarter stretch of growth. In December, the Economic Sentiment Indicator of the European Union dropped for the seventh straight month, descending to its lowest level in two years. Recent updates were consistent with expectations of recessionary conditions in Europe into mid-2012 amid widening austerity measures and restrained bank lending. To reduce fears of a credit crunch, the European Central Bank began offering banks low-interest three-year loans in December, with demand exceeding forecasts. Crucial open issues related to government debt include determining sources of bailout funding and creating fiscal guidelines to force budgetary discipline. Establishing a lasting fix to the troubled financial system in the first part of 2012 would serve as a catalyst for Europe's economy and M&A market.

European middle-market valuation levels recovered in 2011. The median EBITDA transaction multiple of 8.0x increased from the median figure of 7.5x in 2010 and 7.4x in 2009.

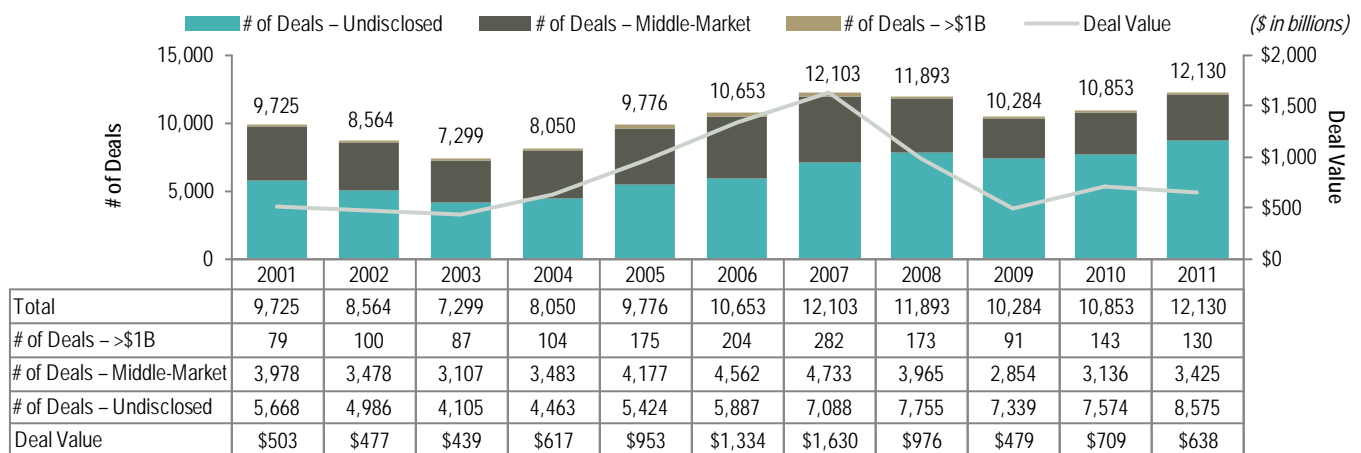
In 2011, the U.K. deal count rose 7.6% to 2,926, above 2009 and 2010 levels but well below the 2005-2007 average of 3,494. Dollar volume fell 10.8% to \$179.7 billion. Domestic and outbound volume contracted substantially, while inbound volume jumped 27.0%.

M&A activity in the U.K. middle market was strong in 2011. The number of announced transactions was up 4.3% to 1,151, while dollar volume increased 17.4% to \$94.5 billion. Both figures were at their highest levels since 2008.

A total of 1,755 German M&A transactions were announced in 2011, rising 37.4% from last year and marking the second-highest level on record. Domestic and cross-border deal count both expanded more than 30%. Dollar volume was down 3.9% to \$67.8 billion, as an increase in domestic volume was offset by declines in cross-border volume.

Germany's middle market was robust in 2011. The number of announced deals grew 23.8% to 302, and dollar volume gained 15.2% to \$31.7 billion. Both metrics were at their highest levels since 2008.

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's M&A Deal Statistics

Number of Deals			
	2010	2011	% Change
December			
<\$100M	241	220	(8.7%)
\$100M-\$499M	54	66	22.2%
\$500M-\$1B	24	15	(37.5%)
Total Middle-Market	319	301	(5.6%)
>\$1B	18	12	(33.3%)
Undisclosed	504	507	0.6%
Total	841	820	(2.5%)
2011			
<\$100M	2,466	2,660	7.9%
\$100M-\$499M	560	624	11.4%
\$500M-\$1B	110	141	28.2%
Total Middle-Market	3,136	3,425	9.2%
>\$1B	143	130	(9.1%)
Undisclosed	7,574	8,575	13.2%
Total	10,853	12,130	11.8%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Deal Value			
(\$ in millions)	2010	2011	% Change
December			
<\$100M	\$5,765	\$5,844	1.4%
\$100M-\$499M	\$11,878	\$15,901	33.9%
\$500M-\$1B	\$16,953	\$10,365	(38.9%)
Total Middle-Market	\$34,596	\$32,110	(7.2%)
>\$1B	\$45,971	\$27,959	(39.2%)
Undisclosed	**	**	**
Total	\$80,567	\$60,069	(25.4%)
2011			
<\$100M	\$50,926	\$55,024	8.0%
\$100M-\$499M	\$126,305	\$141,855	12.3%
\$500M-\$1B	\$76,304	\$99,243	30.1%
Total Middle-Market	\$253,534	\$296,121	16.8%
>\$1B	\$454,966	\$342,000	(24.8%)
Undisclosed	**	**	**
Total	\$708,501	\$638,121	(9.9%)

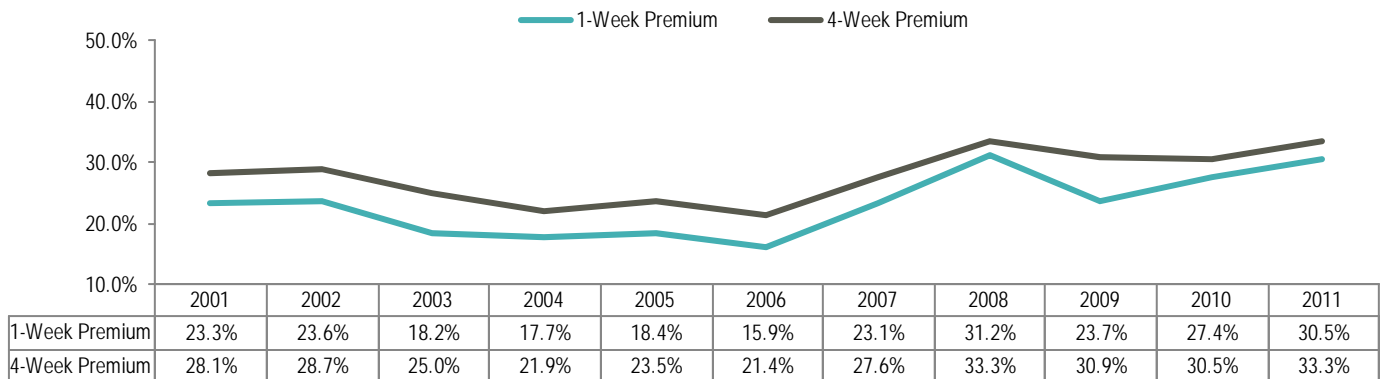
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples											
Transaction Size	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EV/EBITDA											
<\$100M	6.5x	5.7x	5.5x	7.0x	7.4x	7.4x	8.2x	6.8x	6.2x	6.6x	7.3x
\$100M-\$499M	7.7x	7.2x	6.3x	7.7x	10.0x	10.0x	11.0x	9.6x	7.7x	8.1x	8.7x
\$500M-\$1B	8.5x	7.9x	8.7x	9.7x	10.2x	10.2x	10.8x	9.6x	11.2x	8.9x	9.5x
Middle-Market	7.9x	6.8x	6.3x	7.6x	8.5x	8.8x	9.5x	7.8x	7.4x	7.5x	8.0x
EV/EBIT											
<\$100M	7.8x	9.1x	8.3x	9.4x	9.2x	8.5x	9.2x	8.1x	7.6x	7.4x	9.0x
\$100M-\$499M	11.1x	10.8x	9.7x	11.2x	13.4x	13.8x	13.5x	11.1x	10.2x	10.6x	11.5x
\$500M-\$1B	10.6x	13.0x	11.4x	12.2x	15.6x	15.1x	12.4x	12.4x	15.7x	12.8x	13.3x
Middle-Market	9.1x	10.3x	9.2x	10.4x	11.6x	10.7x	10.9x	9.3x	9.1x	8.6x	10.8x
EV/Revenue											
<\$100M	0.69x	0.59x	0.63x	0.84x	0.74x	0.81x	0.78x	0.78x	0.63x	0.71x	0.74x
\$100M-\$499M	1.14x	1.04x	0.95x	1.11x	1.18x	1.29x	1.32x	1.12x	0.92x	1.09x	1.21x
\$500M-\$1B	0.94x	0.57x	1.43x	1.44x	1.29x	1.74x	1.37x	1.63x	1.68x	1.43x	1.44x
Middle-Market	0.82x	0.66x	0.71x	0.89x	0.89x	0.92x	0.87x	0.86x	0.69x	0.82x	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.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Europe's M&A Deal Statistics

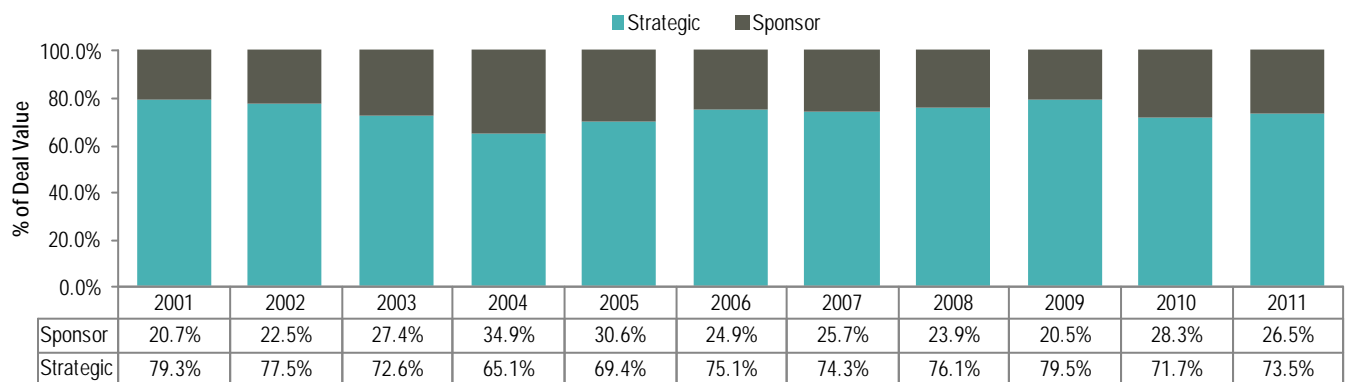
Europe Middle-Market Median Acquisition Premiums



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

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

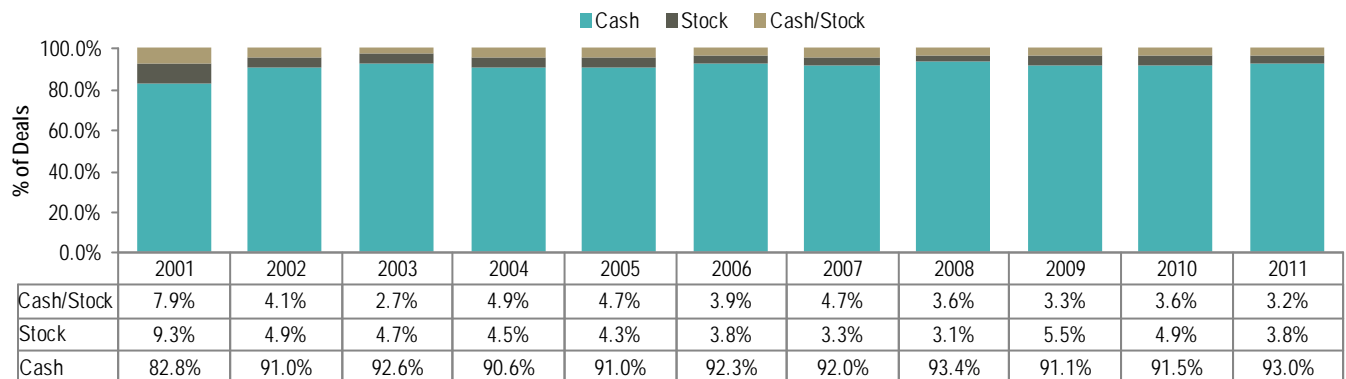
Europe Middle-Market Transaction Composition – Strategic vs. Sponsor Deal Value



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

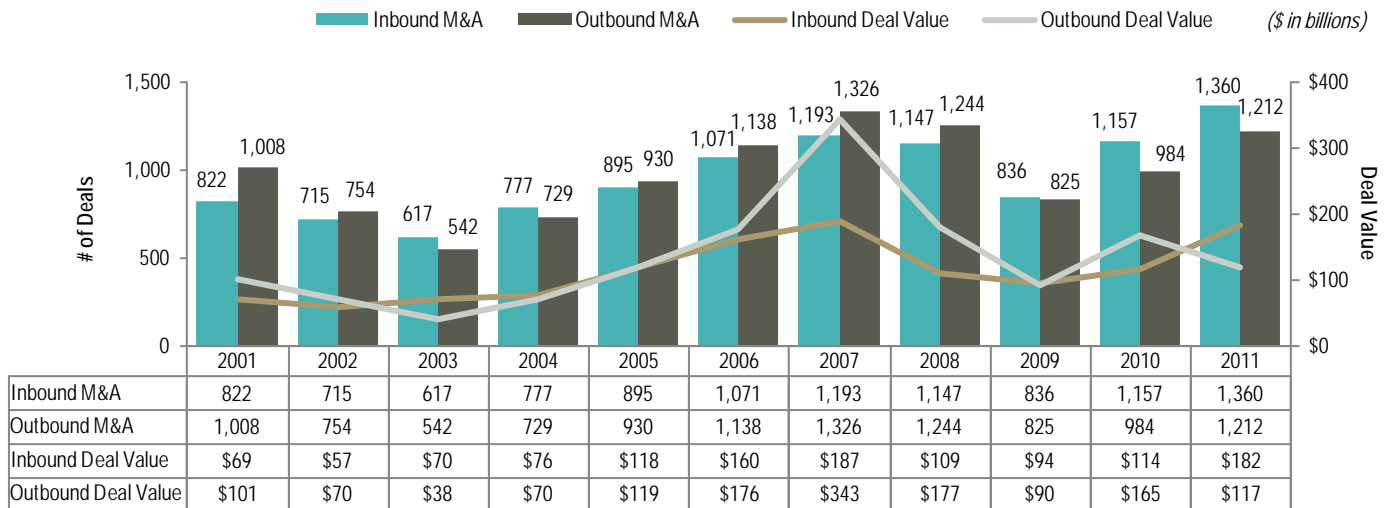


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Europe Cross-Border M&A Activity

Europe – Inbound and Outbound M&A Activity



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

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

Top 10 European Target Countries Acquired by Non-European Companies – 2011

Country	# of Deals
1. United Kingdom	404
2. Germany	215
3. France	109
4. Italy	67
5. Netherlands	67
6. Spain	60
7. Sweden	58
8. Switzerland	43
9. Ireland	37
10. Turkey	33

Top 10 European Target Industries Acquired by Non-European Companies – 2011

Country	# of Deals
1. Technology	268
2. Professional Services	157
3. Healthcare	88
4. Machinery	76
5. Finance	70
6. Real Estate/Property	68
7. Consumer Products	61
8. Chemicals	58
9. Mining	47
10. Oil & Gas	47

Top 10 Non-European Target Countries Acquired by European Companies – 2011

Country	# of Deals
1. United States	484
2. Canada	91
3. Brazil	84
4. Australia	81
5. China	61
6. India	56
7. South Africa	32
8. Singapore	30
9. Japan	19
10. Colombia	15

Top 10 Non-European Target Industries Acquired by European Companies – 2011

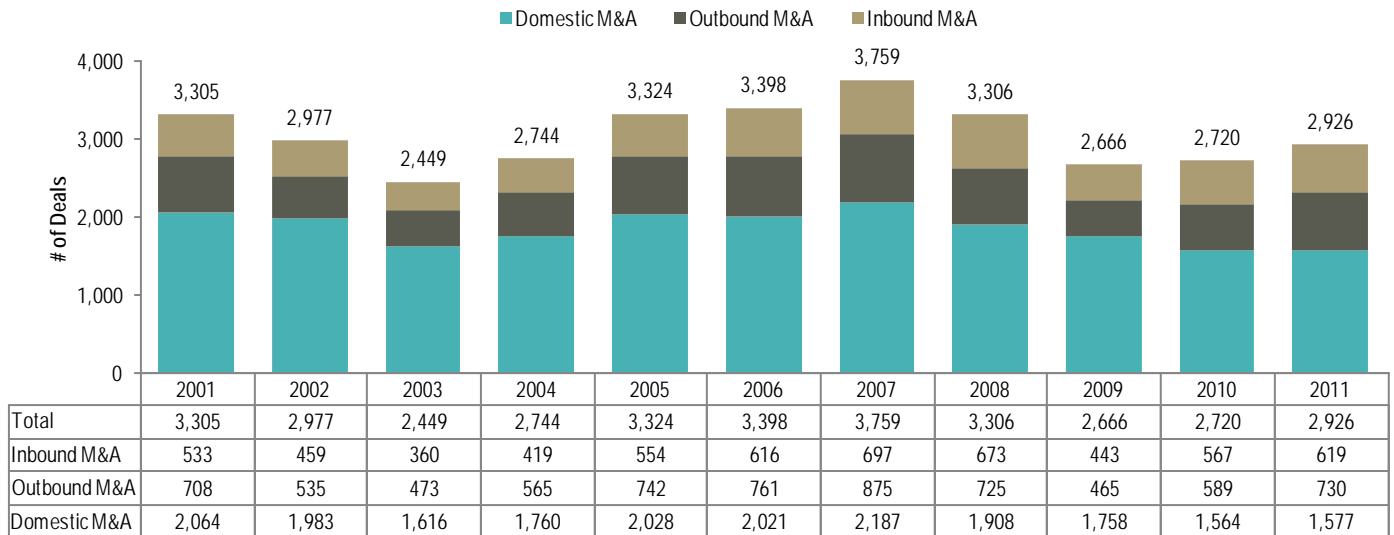
Country	# of Deals
1. Professional Services	203
2. Technology	179
3. Healthcare	92
4. Oil & Gas	79
5. Mining	66
6. Consumer Products	55
7. Machinery	53
8. Construction/Building	47
9. Utility & Energy	42
10. Finance	40

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.K. Cross-Border M&A Activity

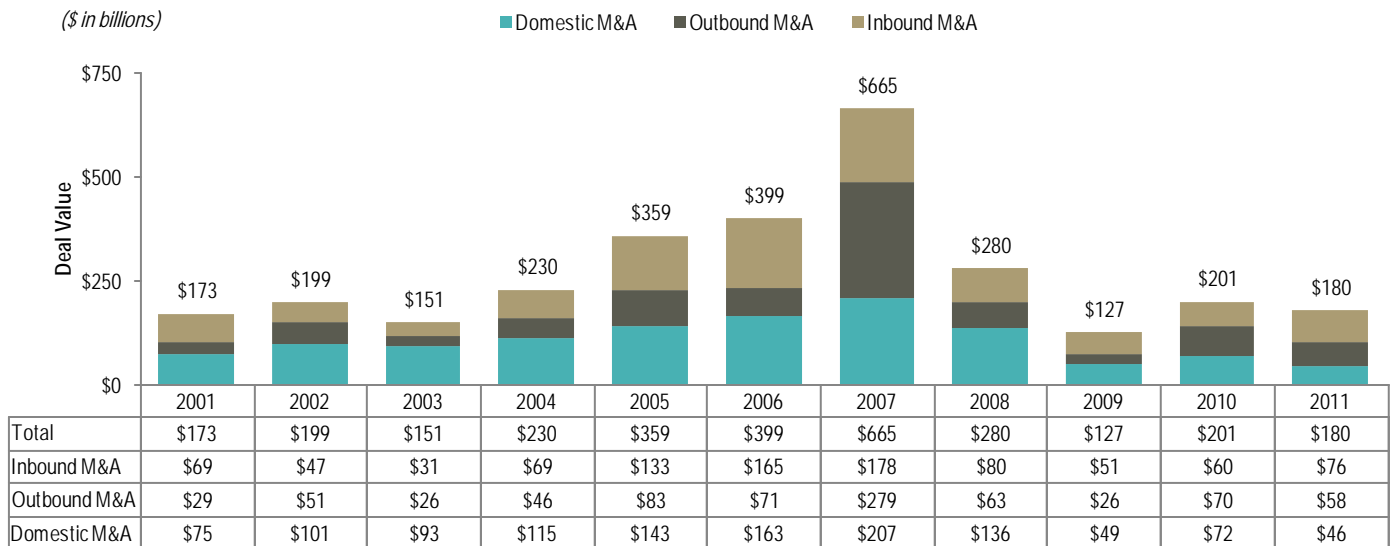
U.K. Number of Deals (Domestic/Outbound/Inbound)



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)

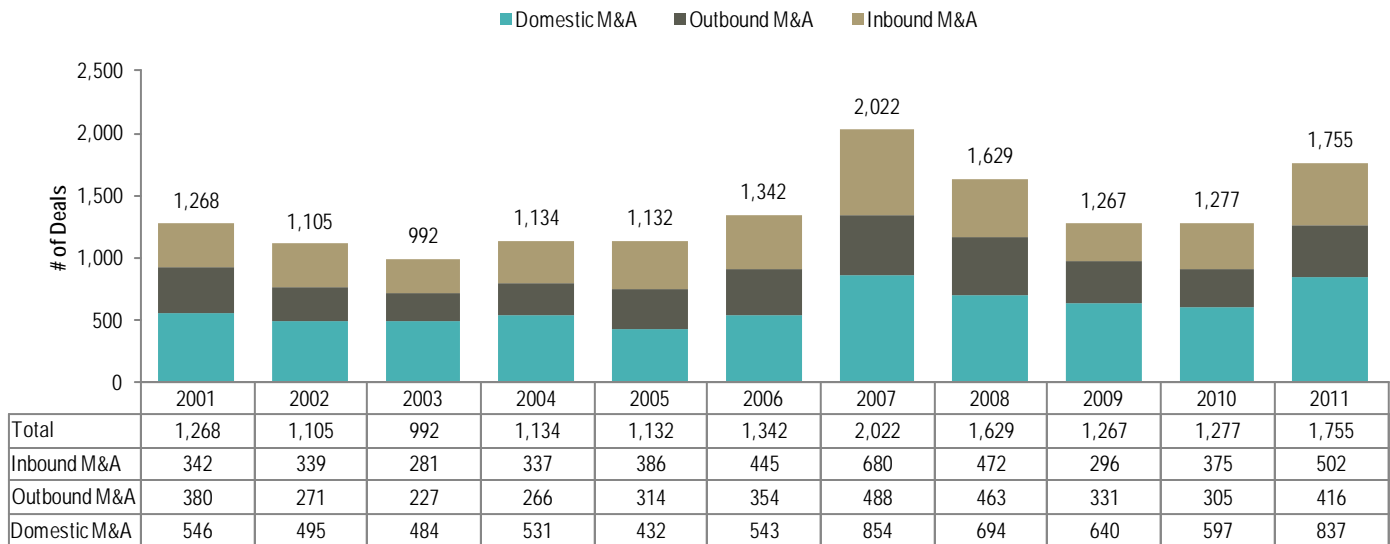


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

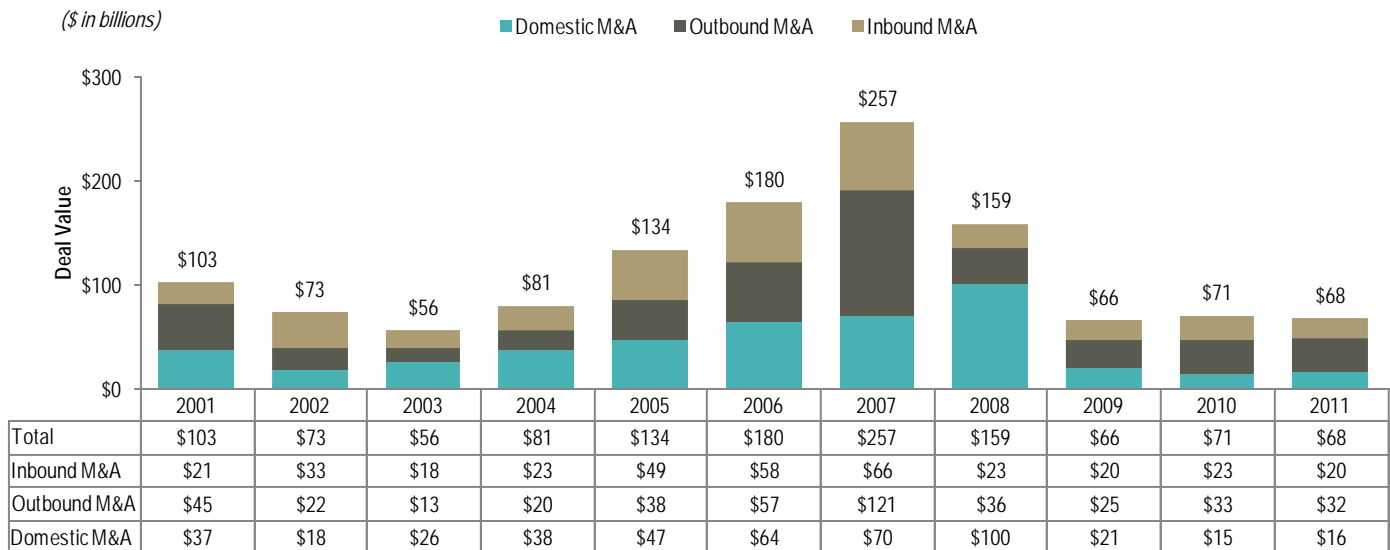
Germany Number of Deals (Domestic/Outbound/Inbound)



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

The M&A market in Asia (ex. Japan) ended the year on an uptick after experiencing declines in the prior few months. The transaction count increased 0.2% to 571, marking the most active month in two years. Announced dollar volume rose 3.4% to \$30.8 billion, the second-highest figure of 2011. While the middle market posted declines in the number of transactions (-1.2%) and dollar value (down 8.7%), both metrics reached the highest levels of the year.

In 2011, the deal total in Asia (ex. Japan) increased 9.6%, whereas dollar volume decreased 9.9%. The second-half transaction count and dollar volume were slightly above the first-half figures. In Asia's middle market, the deal count grew 10.0% in 2011, and dollar value was up 7.7%.

Steady economic deceleration in China during 2011 may have dampened M&A metrics in Asia (ex. Japan), with indications in late 2011 that China's economy is tracking toward the targeted soft landing. China reported Q4 GDP growth of 8.9%, down from 9.1% in Q3 and 9.6% in the first half. China's official manufacturing PMI for December showed slight growth after November's reading indicated the first contraction in nearly three years. Minimal manufacturing expansion has reflected a slowdown in export growth through December due to economic weakness among trading partners. On an encouraging note, retail sales growth of 17% in 2011 suggested further progress on efforts to promote domestic consumption. With inflation dropping to a 2011 low of 4.1% in December, the government appears ready to unwind the recent tightening cycle for monetary policy in an effort to support GDP growth in 2012. Signs of sustaining rapid growth would enhance M&A activity in the region.

China witnessed 287 M&A transactions in December, down 5.9%. The figure was above the 2011 average of 243 and was the second-highest count in two years. Dollar volume fell 18.4% to \$15.7 billion but was above the 2011 average of \$13.1 billion.

The deal count and dollar volume for China reached all-time highs in 2011. The number of announced transactions increased 6.5% to 2,914, and dollar volume was up 5.4% to \$157.2 billion. Outbound activity also set records, as deal count jumped 31.7% and dollar volume gained 36.1%.

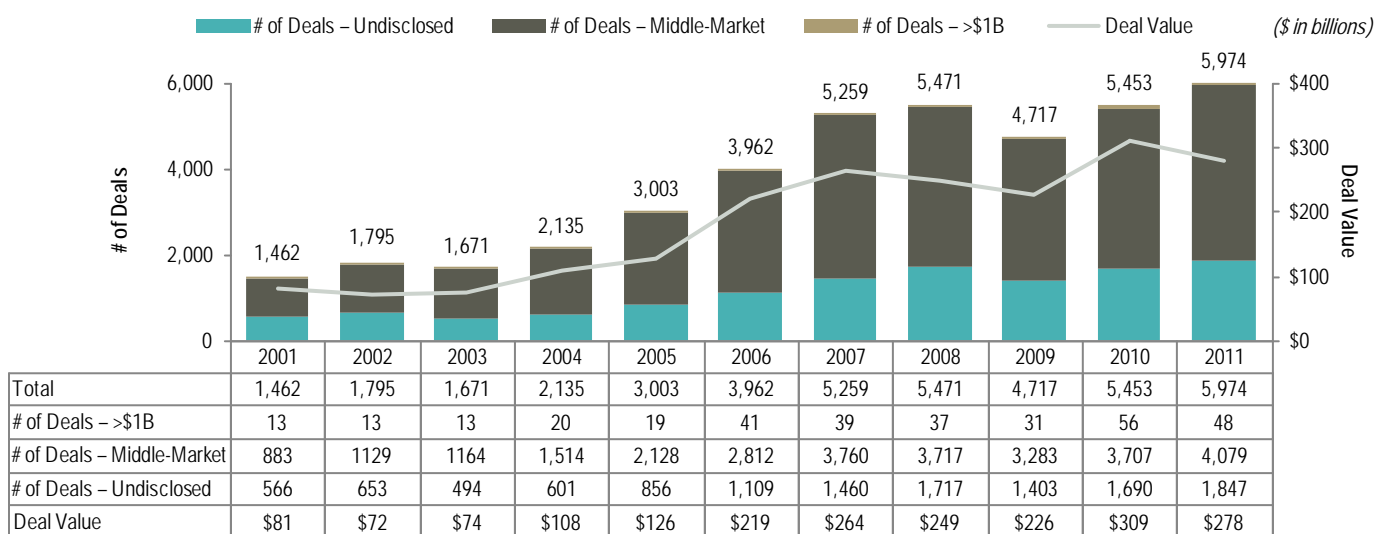
China's middle-market M&A metrics were positive in 2011, as both deal count and dollar volume marked all-time highs. The deal count rose 8.2% to 2,342, and dollar volume climbed 8.5% to \$104.3 billion, exceeding \$100 billion for the first time.

In 2011, the number of announced transactions in India grew 3.6% to 911, the highest count since 2007 and the second-highest on record. Dollar volume plunged 60.4% to \$22.6 billion as the number of billion-dollar-plus transactions shrank from 13 in 2010 to 4 in 2011.

India's middle-market activity was mixed for 2011. The deal count rose 12.3% to 474, marking an all-time high. Dollar volume contracted 29.2% to \$16.9 billion.

In 2011, the number of announced M&A deals in Japan increased 11.2% to 2,264, as outbound growth of 35.8% drove the overall increase. Dollar volume soared 69.7% to \$137.4 billion, the highest level since 2006 and the third-highest on record. Outbound volume posted the strongest increase, more than doubling to \$59.1 billion.

Asia (ex. Japan) M&A Activity

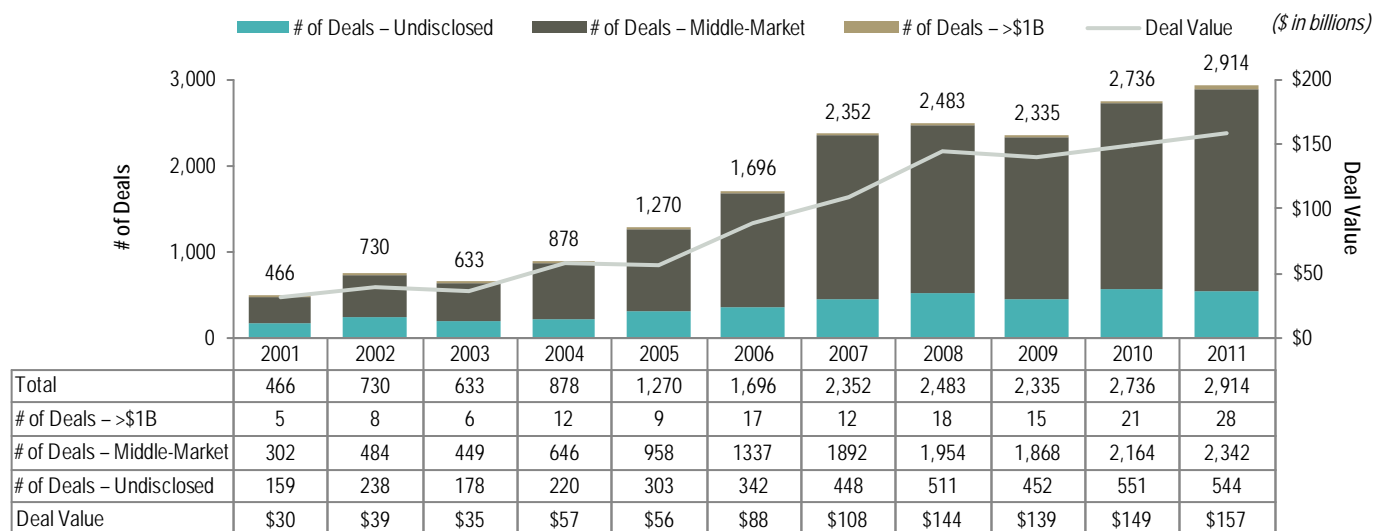


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

China M&A Activity

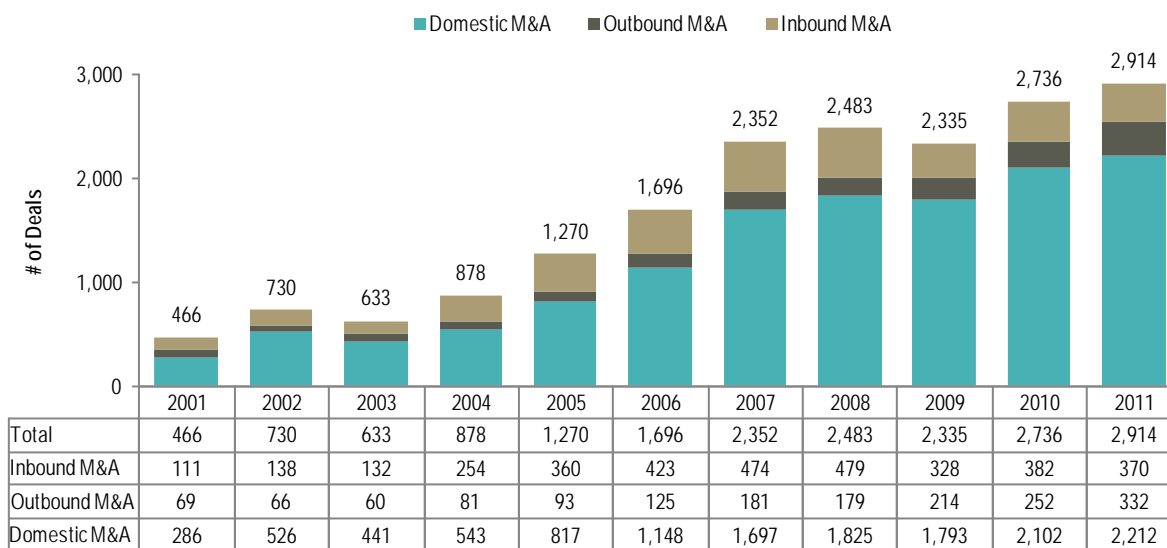
China M&A Activity



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	
	2010	2011	2010	2011	2010	2011	2010	2011
<u>December</u>								
Middle-Market	220	209	16	20	20	11	256	240
>\$1B	1	1	3	1	0	0	4	2
Undisclosed	28	21	4	4	13	20	45	45
Total	249	231	23	25	33	31	305	287
<u>2011</u>								
Middle-Market	1,795	1,923	155	218	214	201	2,164	2,342
>\$1B	11	11	8	13	2	4	21	28
Undisclosed	296	278	89	101	166	165	551	544
Total	2,102	2,212	252	332	382	370	2,736	2,914

Source: Thomson Financial 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.

China Deal Value

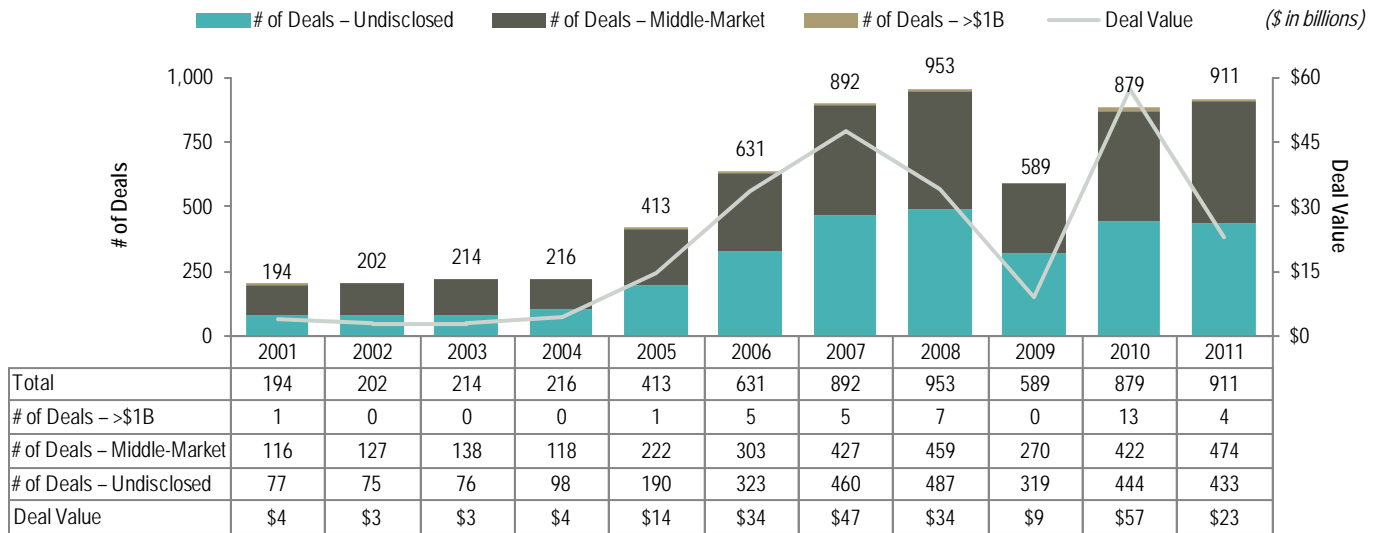
(\$ in millions)	Domestic		Outbound		Inbound		Total	
	2010	2011	2010	2011	2010	2011	2010	2011
<u>December</u>								
Middle-Market	\$8,465	\$8,624	\$2,858	\$1,253	\$1,177	\$274	\$12,500	\$10,150
>\$1B	\$1,543	\$3,428	\$5,154	\$2,088	\$0	\$0	\$6,697	\$5,516
Total	\$10,008	\$12,051	\$8,012	\$3,341	\$1,177	\$274	\$19,197	\$15,666
<u>2011</u>								
Middle-Market	\$74,150	\$78,918	\$11,116	\$16,049	\$10,880	\$9,347	\$96,146	\$104,314
>\$1B	\$20,971	\$18,547	\$20,086	\$26,418	\$11,951	\$7,909	\$53,008	\$52,874
Total	\$95,121	\$97,466	\$31,202	\$42,467	\$22,831	\$17,255	\$149,153	\$157,188

Source: Thomson Financial 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.

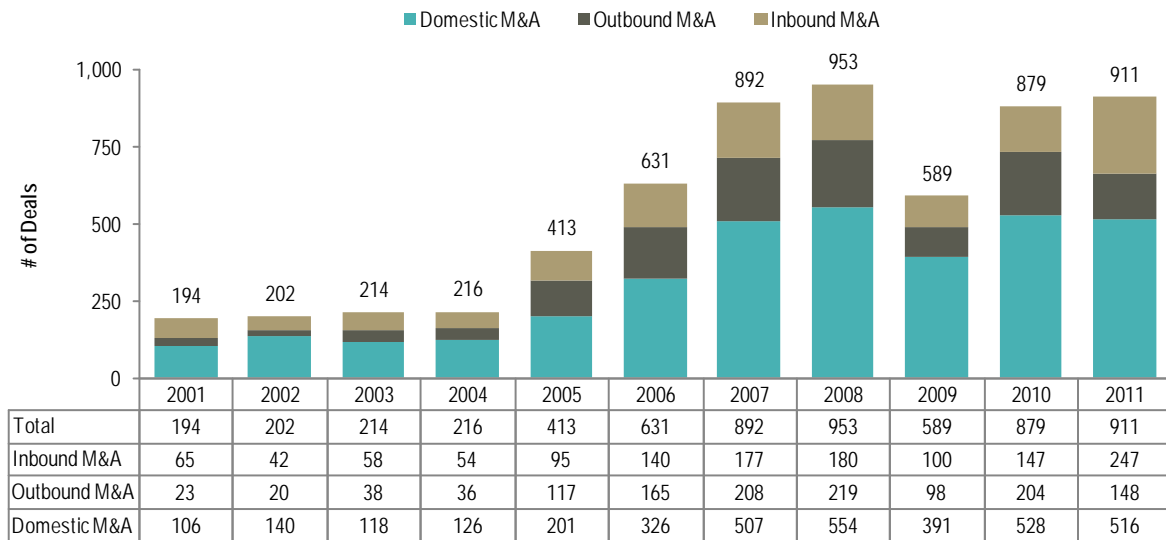
India M&A Activity

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	
	2010	2011	2010	2011	2010	2011	2010	2011
December								
Middle-Market	21	17	11	3	10	13	42	33
>\$1B	0	0	0	0	0	0	0	0
Undisclosed	31	24	7	6	2	8	40	38
Total	52	41	18	9	12	21	82	71
2011								
Middle-Market	252	265	87	51	83	158	422	474
>\$1B	9	0	2	3	2	1	13	4
Undisclosed	267	251	115	94	62	88	444	433
Total	528	516	204	148	147	247	879	911

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 Deal Value

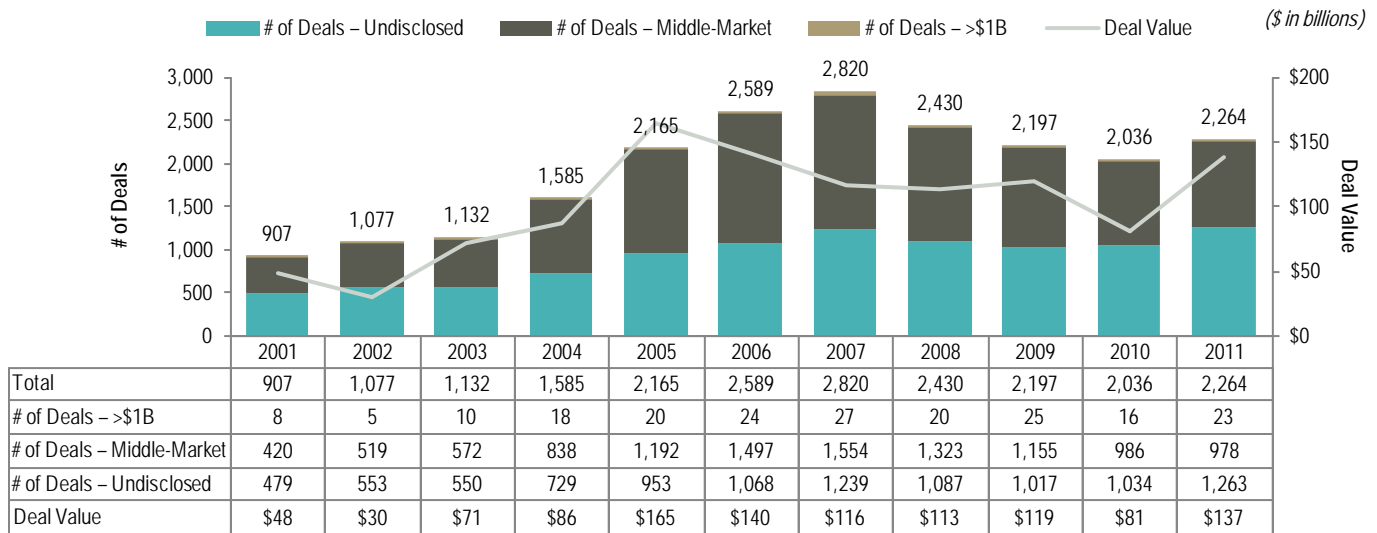
(\$ in millions)	Domestic		Outbound		Inbound		Total	
	2010	2011	2010	2011	2010	2011	2010	2011
December								
Middle-Market	\$1,205	\$204	\$1,940	\$54	\$818	\$516	\$3,963	\$773
>\$1B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$1,205	\$204	\$1,940	\$54	\$818	\$516	\$3,963	\$773
2011								
Middle-Market	\$11,037	\$5,314	\$9,451	\$4,315	\$3,353	\$7,251	\$23,841	\$16,879
>\$1B	\$16,631	\$0	\$11,769	\$4,498	\$4,847	\$1,208	\$33,247	\$5,706
Total	\$27,669	\$5,314	\$21,220	\$8,813	\$8,200	\$8,459	\$57,088	\$22,586

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.

Japan M&A Activity

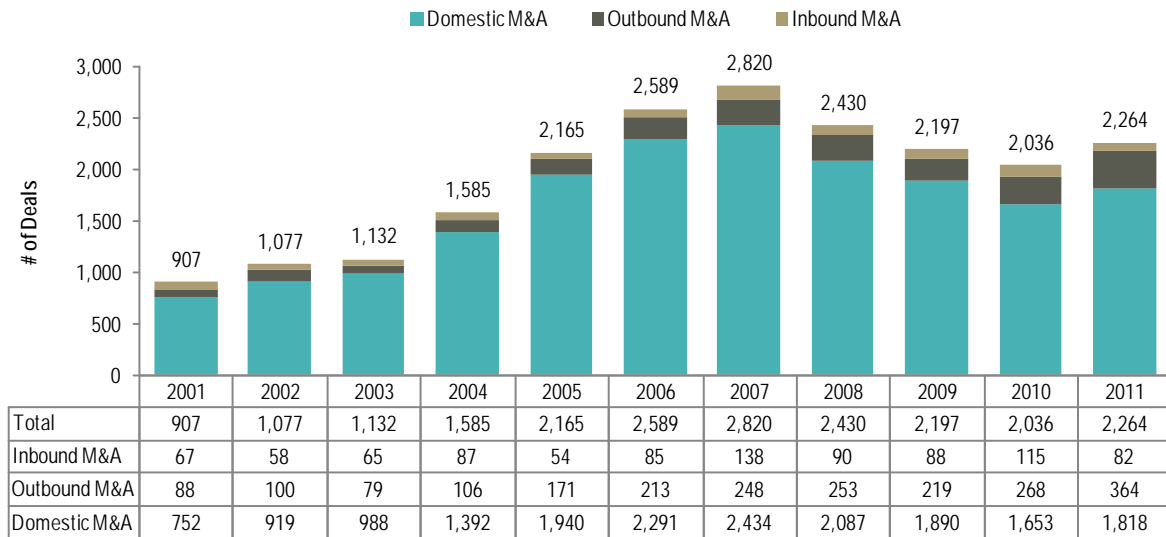
Japan M&A Activity



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.

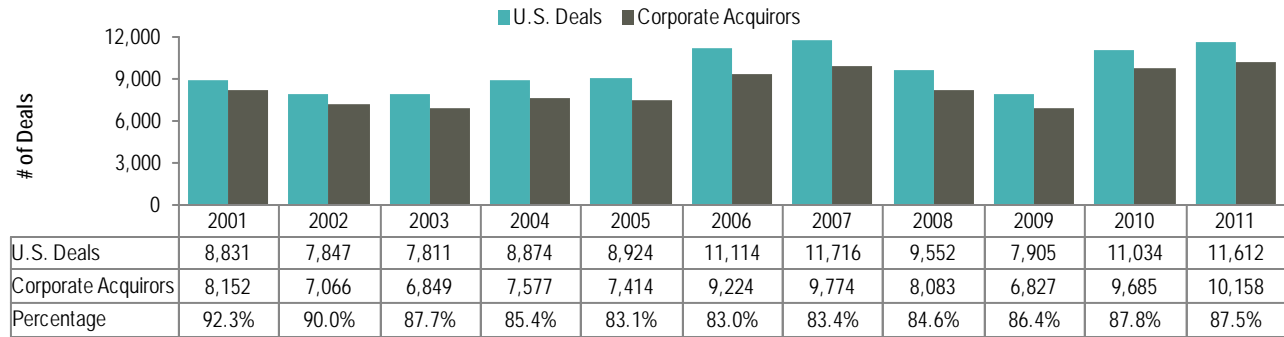
Note: Domestic M&A represents Japan target/Japan acquiror; Outbound M&A represents non-Japan target/Japan acquiror; Inbound M&A represents Japan target/non-Japan acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Additional U.S. M&A Analyses

- **Corporate Activity** – The number of U.S. M&A transactions involving corporate acquirors of corporate targets increased 4.9% to 10,158 in 2011. Of these deals, 43.0% were made by a public-company acquiror, above 39.1% in 2010 but below the historical range of 50-60% (through 2008). The decrease in the proportion of deals by public companies in 2009-2011 possibly reflected lower equity market multiples relative to long-term averages. Historical figures indicate that U.S. M&A activity, particularly for corporates, generally mirrors the performance of the equity markets. The equity markets influence M&A activity due to: (i) the ability of public-company acquirors to use stock as consideration, (ii) the ability of public-company acquirors to raise capital (i.e., cash) through stock offerings, (iii) the use of equity market valuation parameters as benchmarks in M&A valuations, and (iv) the view that the equity markets provide a forward-looking indicator of the economy as well as a reflection of the strength of individual sectors. As such, the rebound in global equity markets during Q4 suggests more confidence among investors in the direction of the economy while also boding well for M&A in 2012.
- **Private Equity Activity** – Among U.S. deals involving financial sponsors as acquirors, the deal count was up 7.8% in 2011. Increased activity reflected access to large amounts of committed capital as well as the availability of leverage for most deal sizes. Healthy access to credit was evident in the 20.5% growth in the dollar value of acquisitions made by U.S. private equity firms. Relative to strategic buyers, credit market conditions have had a bigger impact on financial sponsors, which on average use leverage as over half of deal consideration. Technology, Professional Services, Industrial, and Healthcare were the leading target sectors for private equity M&A in terms of deal count. Dollar volume for financial sponsor buyers was above \$10 billion during 2011 for the Utilities, Technology, Healthcare, Industrial, Real Estate, and Oil & Gas sectors.
- **Valuations** – As indicated on page 37, the average EBITDA multiple for LBOs expanded in 2011, consistent with the trend for median middle-market multiples presented on page 12. Data provided by S&P suggests multiples for strategic acquisitions in 2011 were roughly in line with recent LBO multiples, with valuations for both groups remaining below peak levels.
- **Activity by Sector** – M&A activity varied widely by sector in 2011. Of the 10 sectors for which U.S. M&A data is provided on pages 40-44, three experienced a decline in deal count, while five posted double-digit percentage increases. Dollar volume by sector showed even more variability, as three categories posted volume declines of more than 30% (partly due to difficult comparisons), while five realized 30%+ volume gains. Technology, which remained the largest sector at 21% of total activity, experienced a dollar volume increase of 33%. In percentage terms, the Real Estate, Materials, Consumer, and Services sectors generated the largest increases in the number of deals, while Materials, Industrial, and Real Estate registered the highest growth in volume.

Corporate U.S. M&A Activity

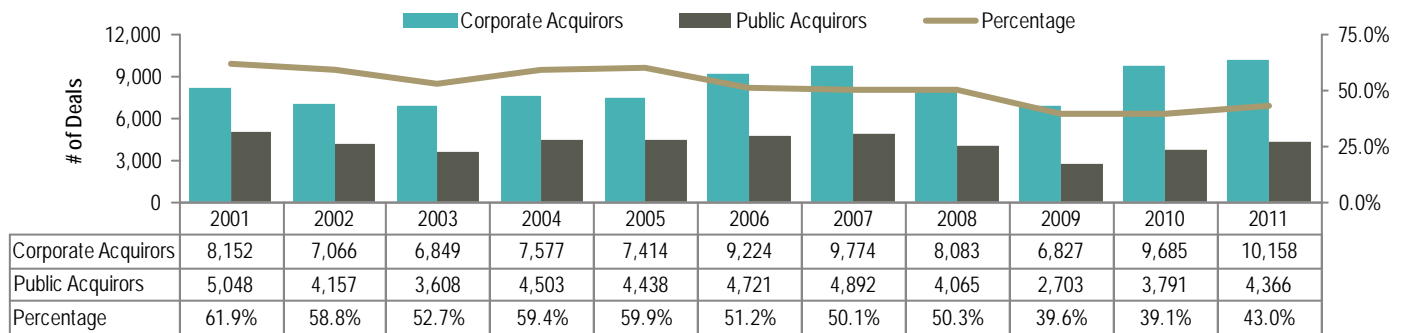
Corporate M&A Activity



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

Note: Figures for Corporate Acquirors include transactions involving corporate acquirors and corporate targets. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Public Company M&A Activity

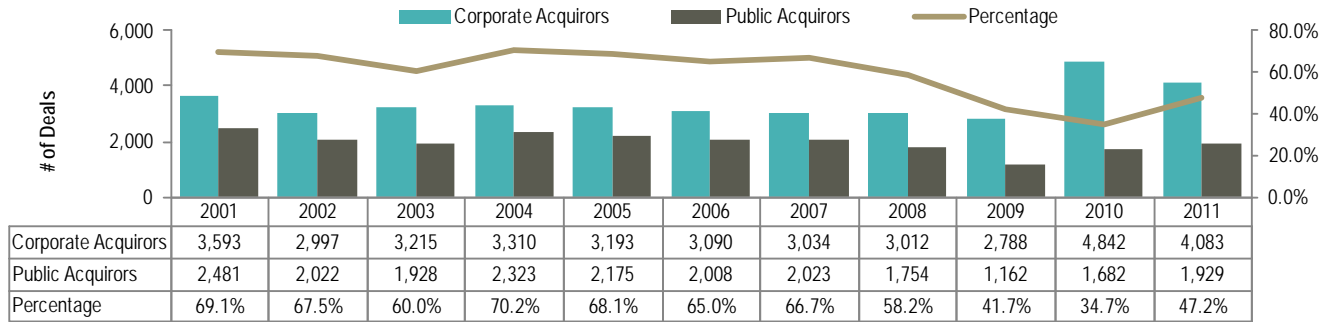


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Corporate U.S. M&A Activity

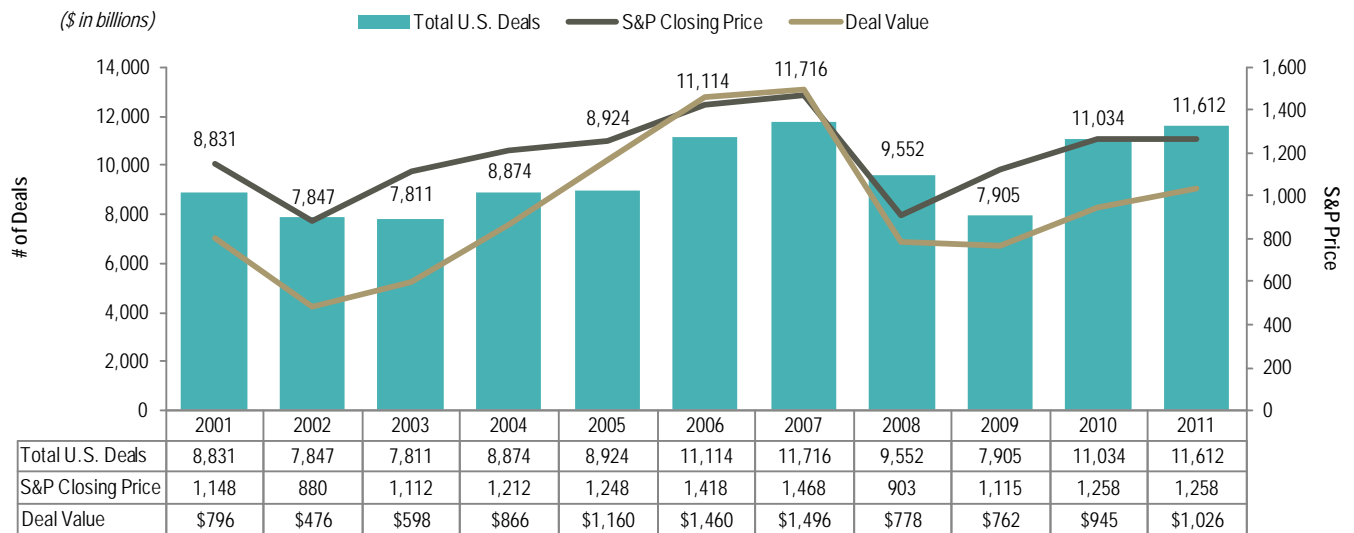
Middle-Market Public Company M&A Activity



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 include transactions involving corporate acquirors and corporate targets. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

S&P 500 Index vs. M&A Activity

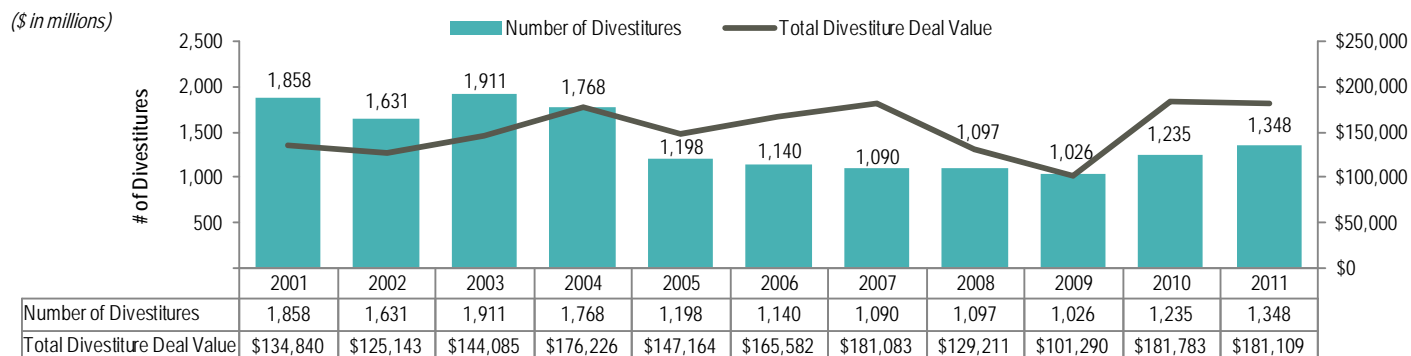


Source: Dealogic, Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Corporate U.S. M&A Activity

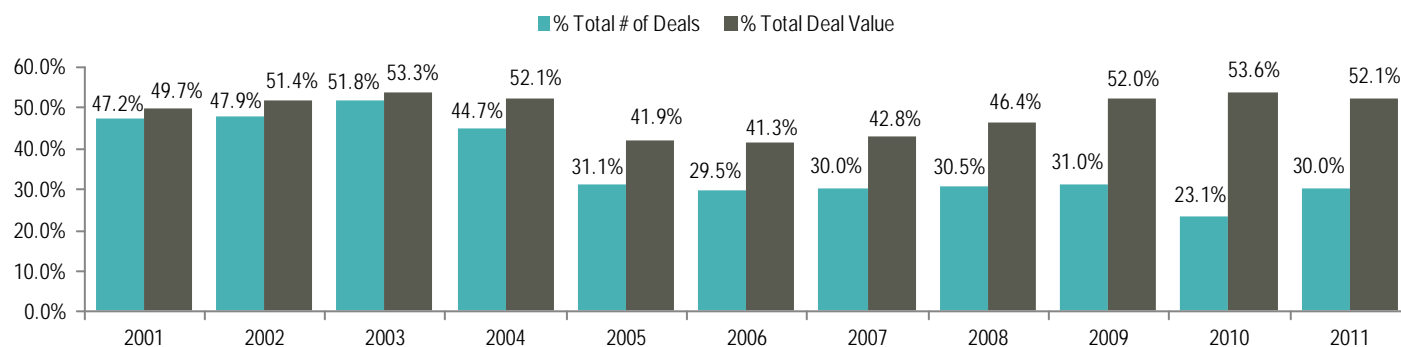
U.S. Middle-Market Divestitures



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.

Divestiture Contribution to U.S. Middle-Market Transactions



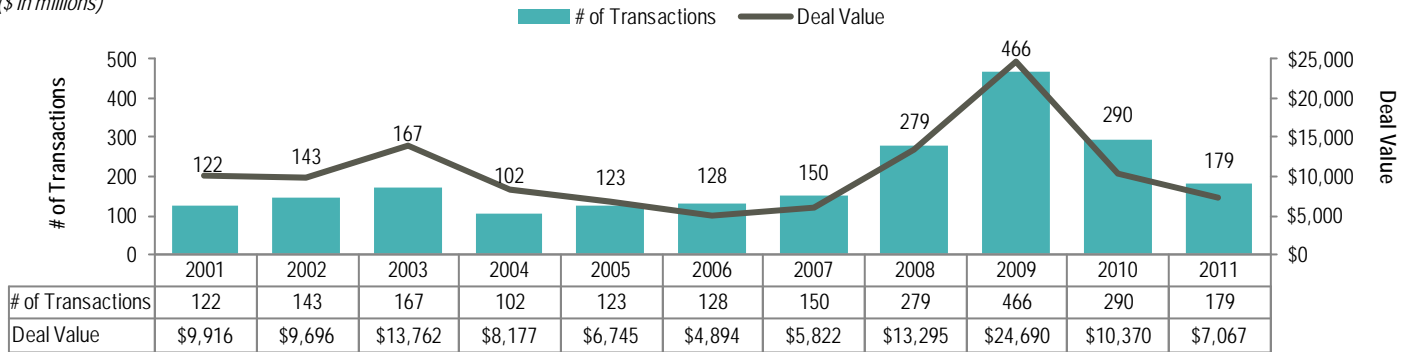
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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.

Corporate U.S. M&A Activity

U.S. Middle-Market Bankruptcy Related Transactions

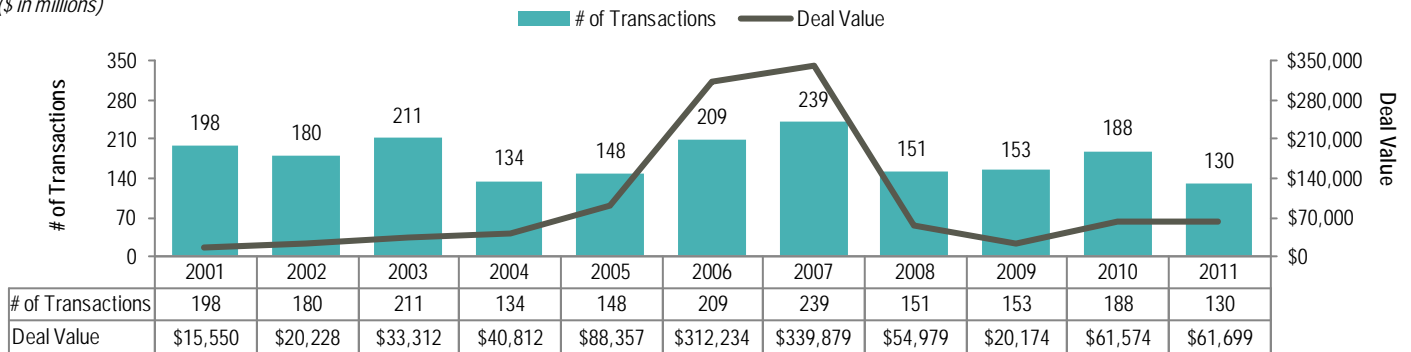
(\$ in millions)



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

U.S. Take-Private Transactions

(\$ in millions)

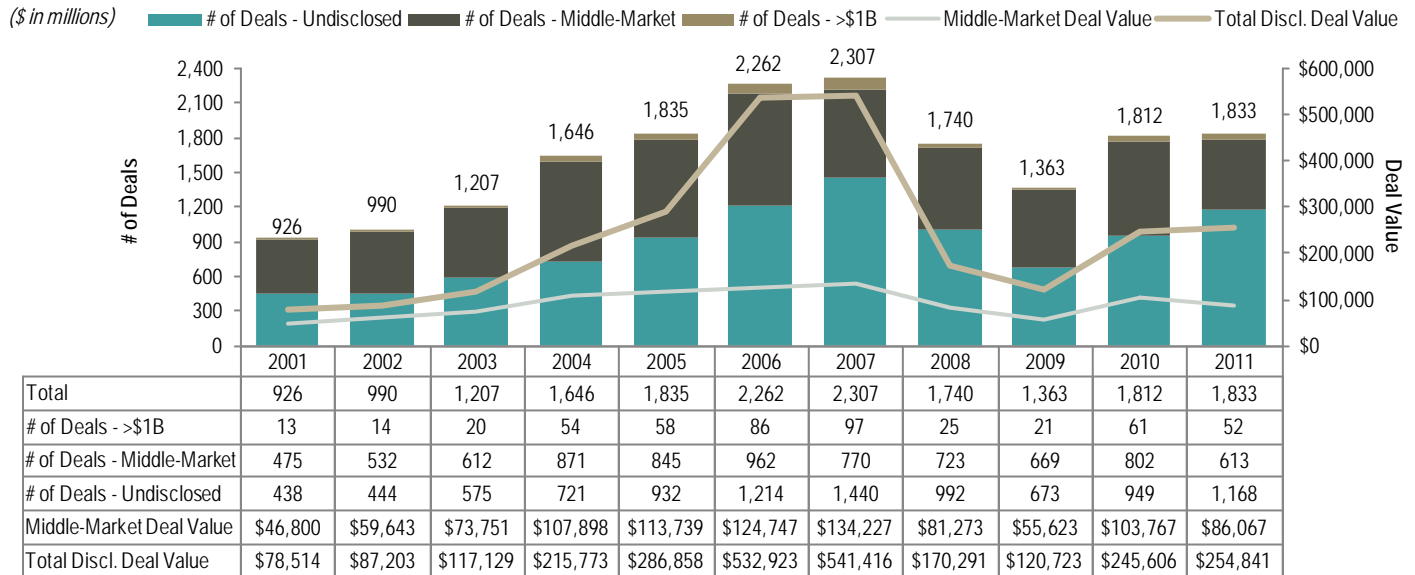


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Private Equity U.S. M&A Activity

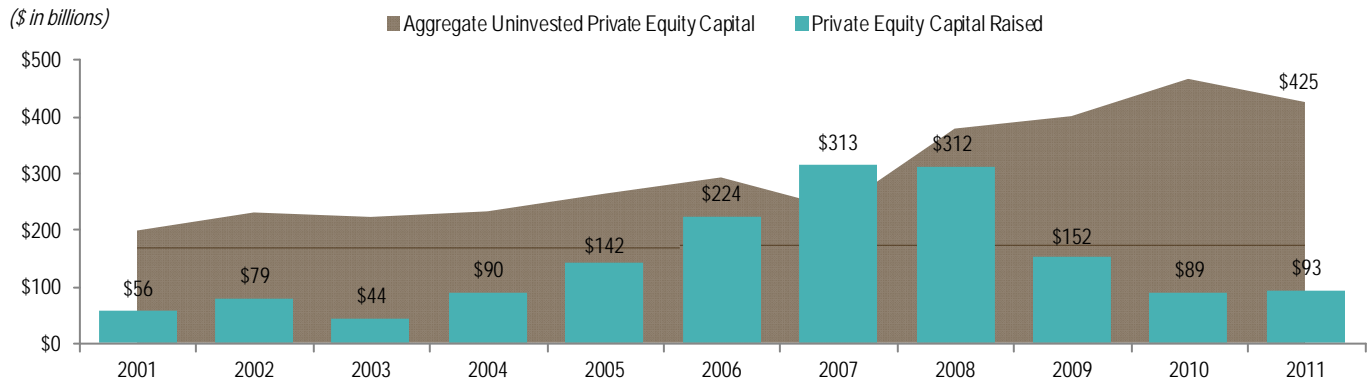
U.S. Private Equity Transactions



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

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

Private Equity Capital Raised

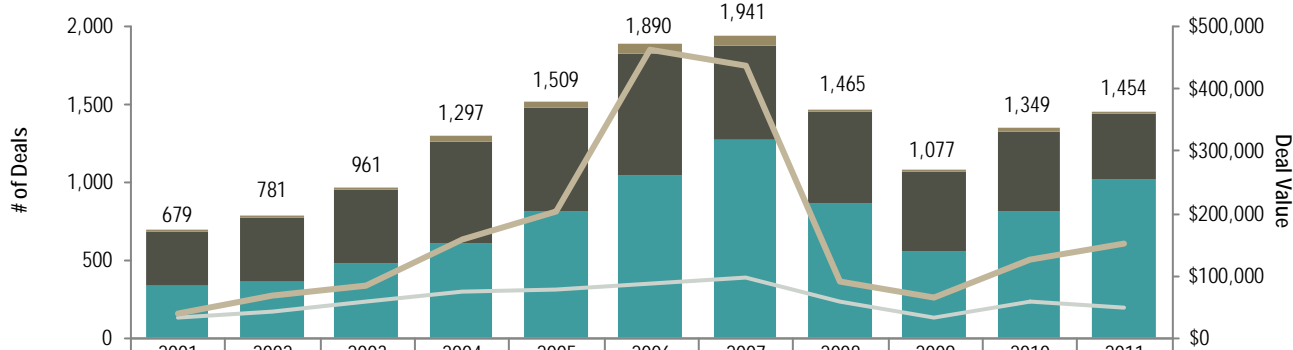


Source: PitchBook Data, Inc.

Private Equity U.S. M&A Activity

U.S. Private Equity Buy-Side Activity

(\$ in millions) ■ # of Deals - Undisclosed ■ # of Deals - Middle-Market ■ # of Deals - >\$1B — Middle-Market Deal Value — Total Discl. Deal Value



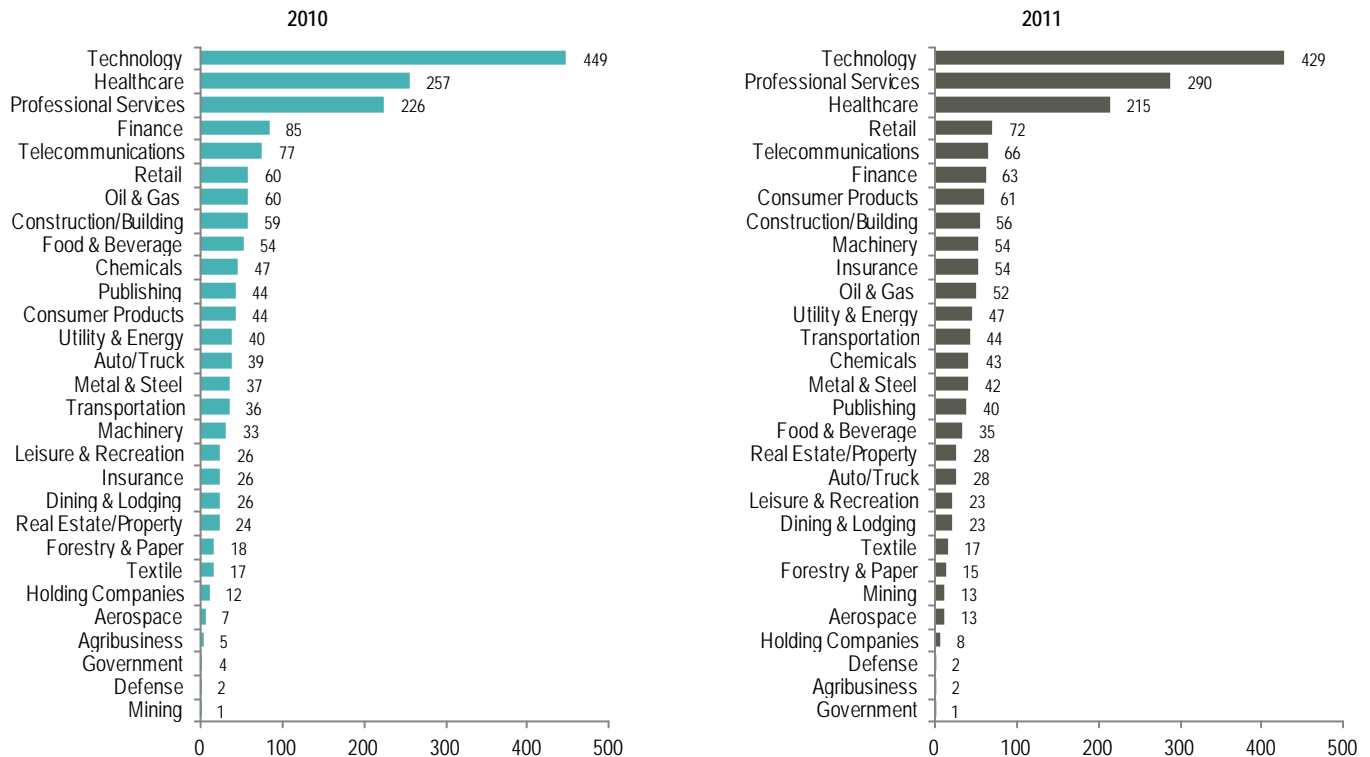
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	679	781	961	1,297	1,509	1,890	1,941	1,465	1,077	1,349	1,454
# of Deals - >\$1B	3	12	15	43	40	73	71	16	12	31	25
# of Deals - Middle-Market	346	408	474	647	659	774	596	585	520	511	412
# of Deals - Undisclosed	330	361	472	607	810	1,043	1,274	864	545	807	1,017
Middle-Market Deal Value	\$31,963	\$40,975	\$56,791	\$74,474	\$76,200	\$87,615	\$96,329	\$56,384	\$33,185	\$57,559	\$47,326
Total Discl. Deal Value	\$36,848	\$66,162	\$83,466	\$157,043	\$202,282	\$461,171	\$434,207	\$87,993	\$62,548	\$125,887	\$151,693

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

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

Private Equity U.S. M&A Activity

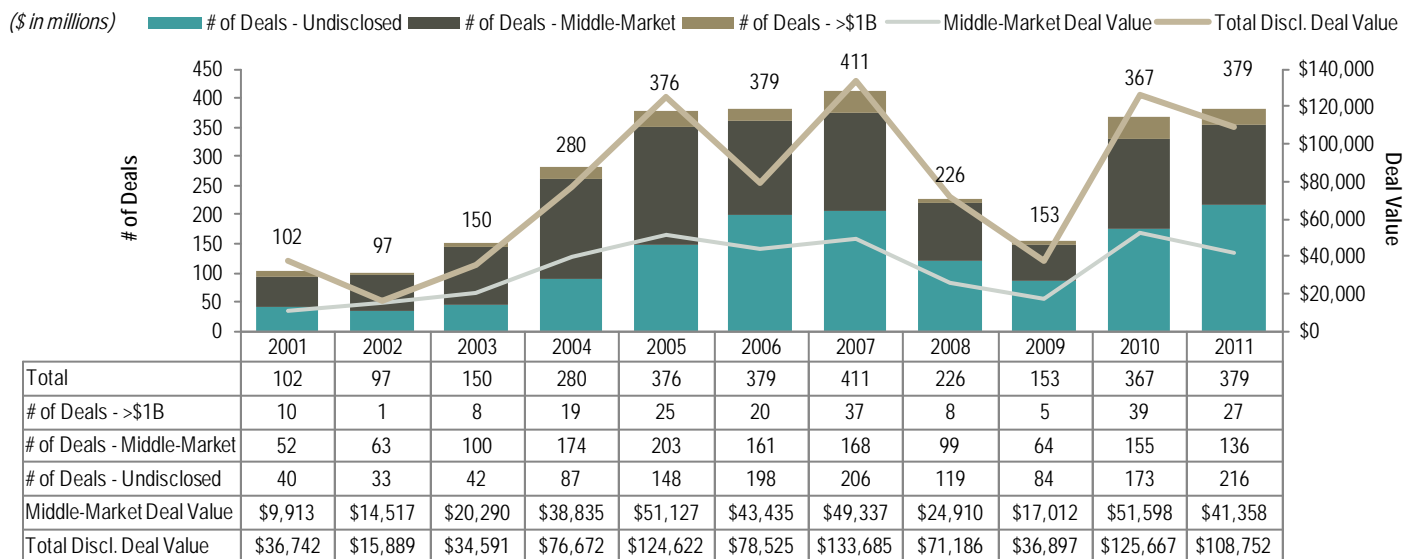
Private Equity Activity by Target Industry (Number of Deals)



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. Private Equity Exits



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

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

Private Equity Loan Volume

Sponsored Middle-Market Volume

(\$ in billions)



Source: S&P M&A Stats. Middle-market defined as issuers with EBITDA of \$50 million or less.

Leveraged Buyout Middle-Market Volume

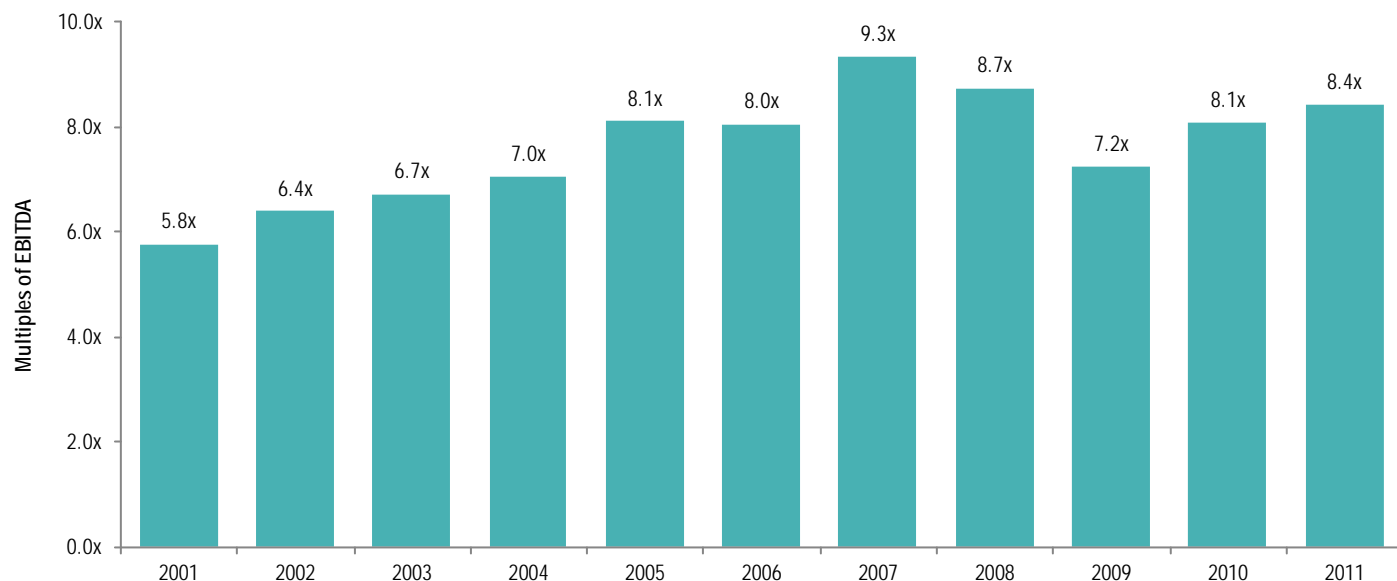
(\$ in billions)



Source: S&P M&A Stats. Middle-market defined as issuers with EBITDA of \$50 million or less.

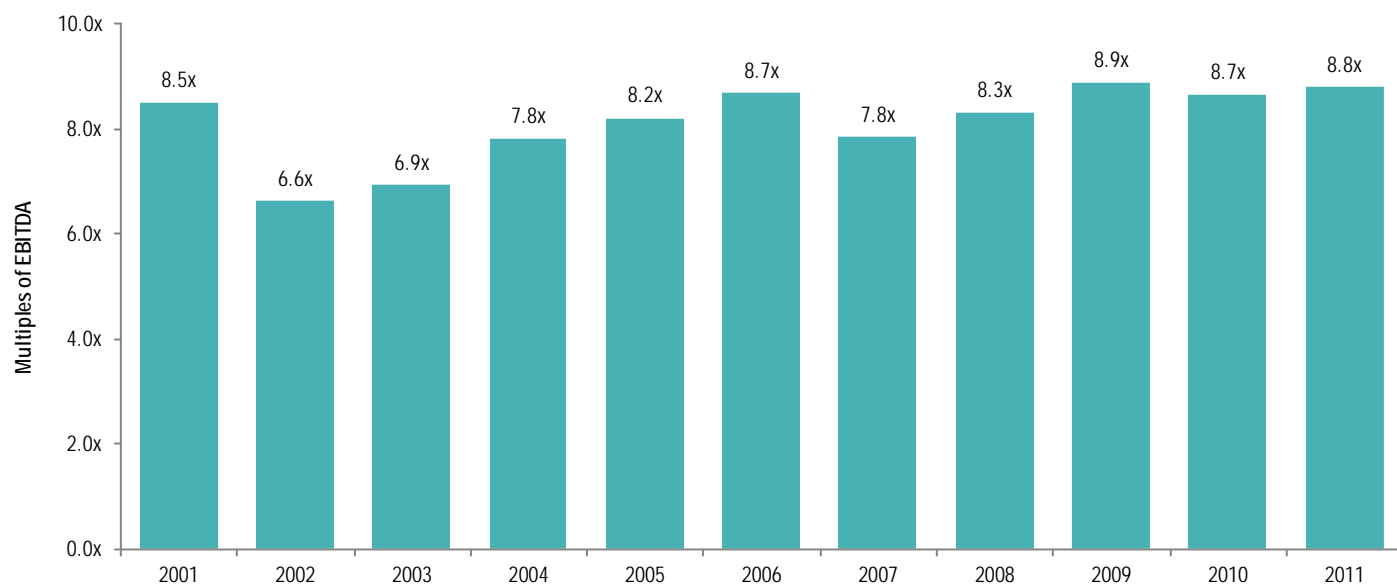
Valuations

Average Acquisition Price Multiples of LBOs



Source: S&P M&A Stats.

Average Acquisition Price Multiples of Strategic Acquisitions

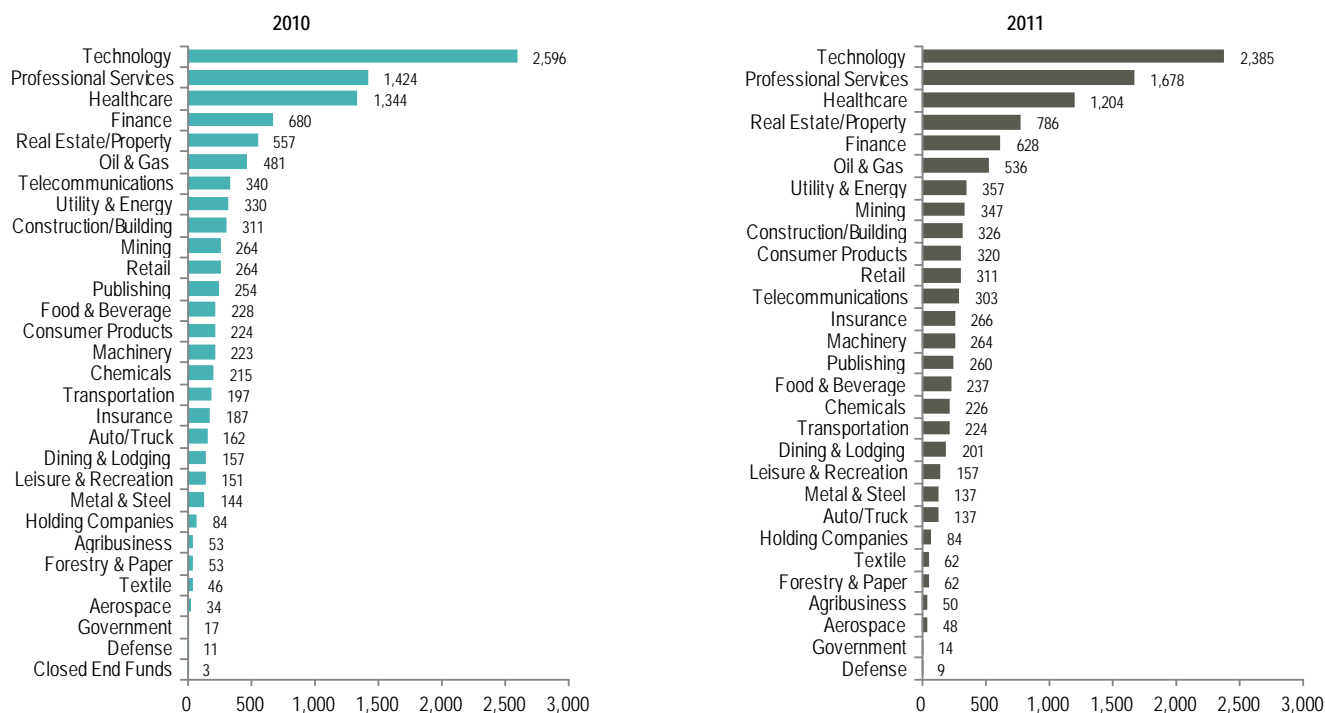


Source: S&P M&A Stats.

U.S. M&A Activity by Industry

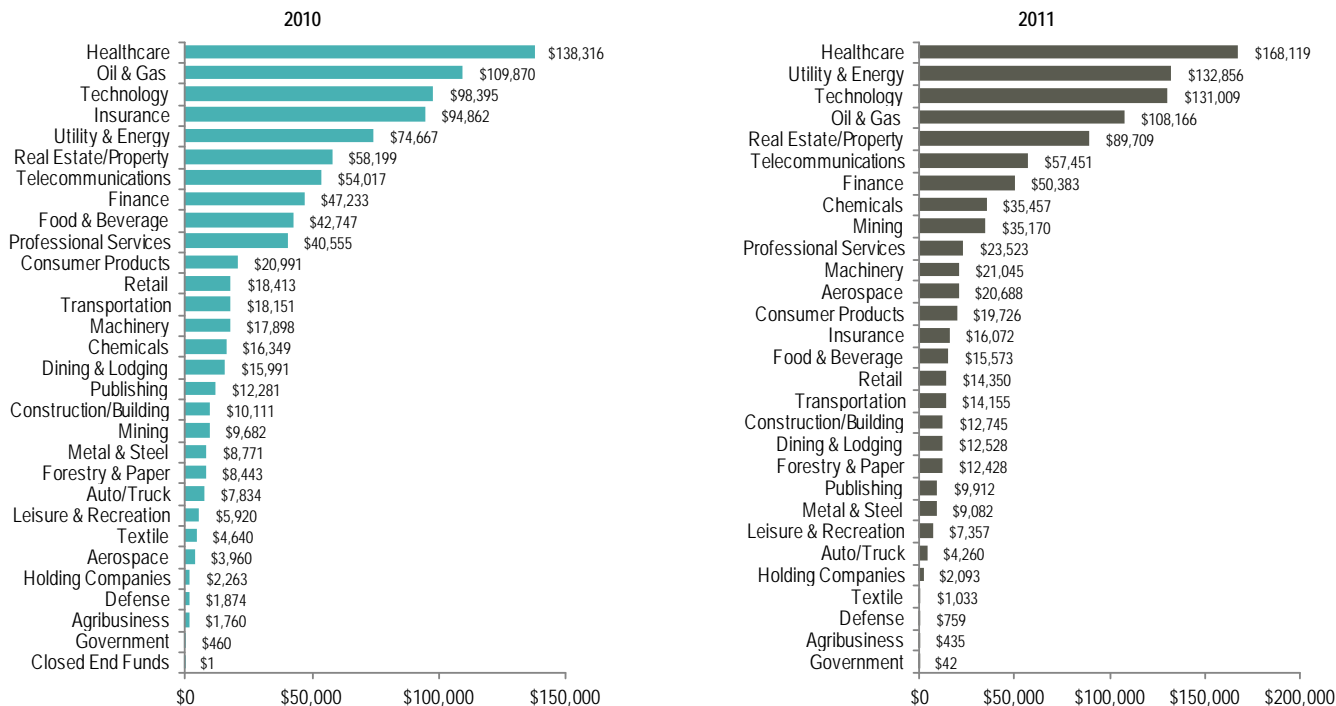
Total U.S. M&A Activity by Industry

Number of Deals



Dollar Volume

(\$ in millions)



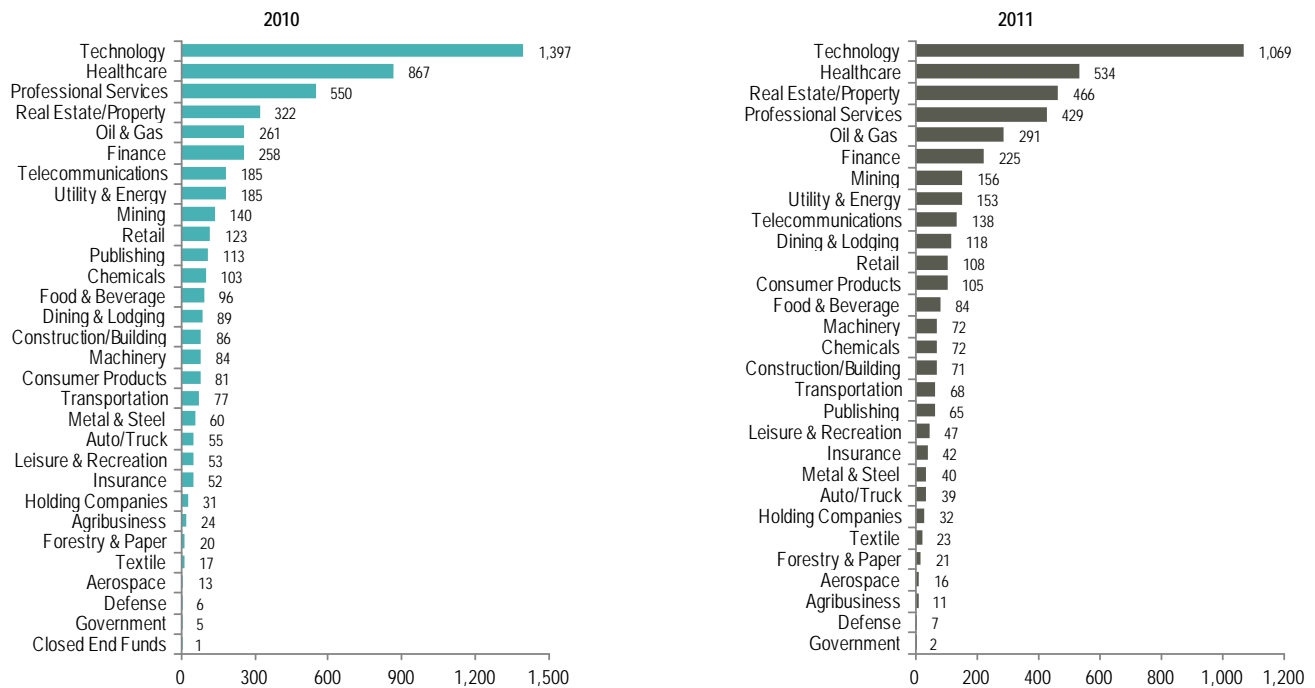
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

U.S. M&A Activity by Industry

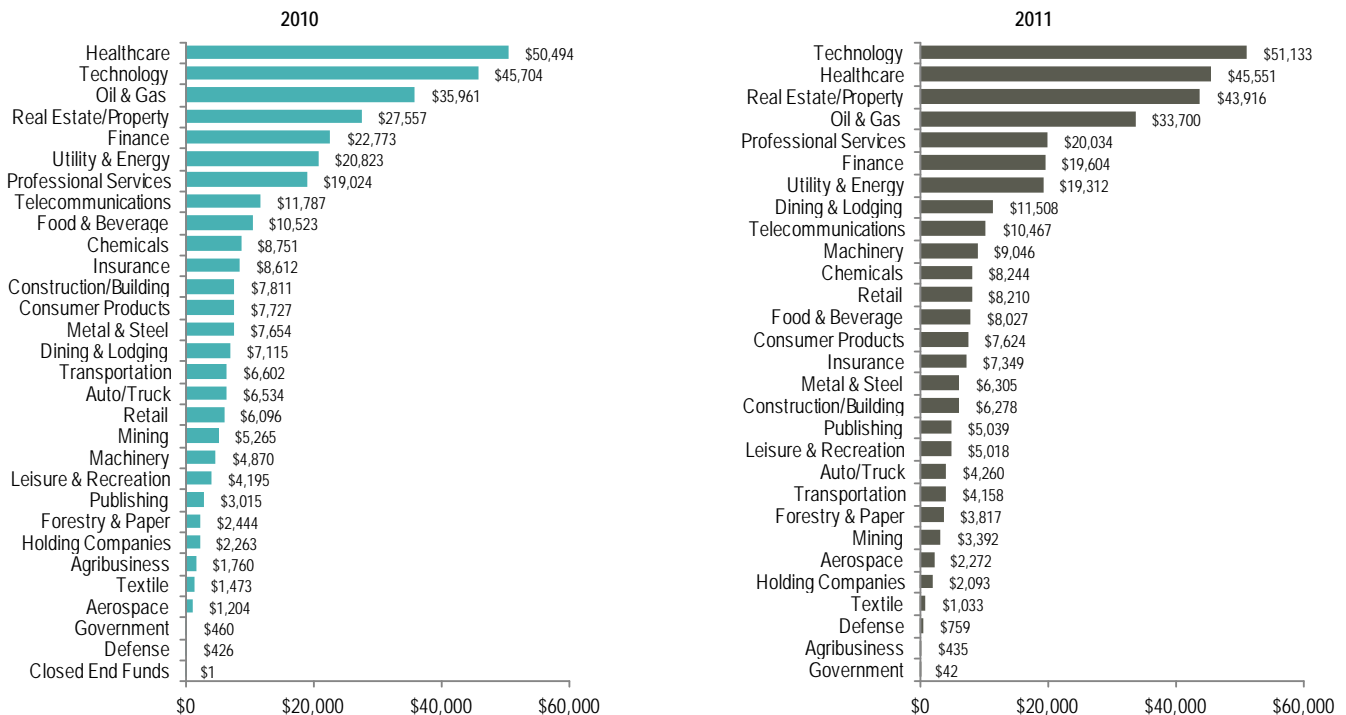
Middle-Market U.S. M&A Activity by Industry

Number of Deals



Dollar Volume

(\$ in millions)



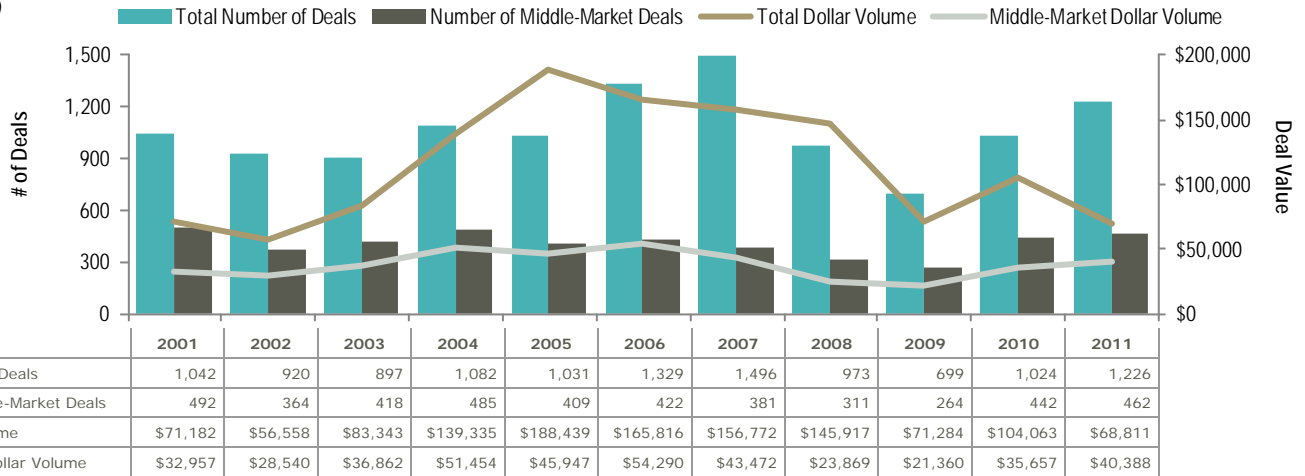
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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. M&A Activity by Industry

U.S. Consumer Sector M&A Activity

(\$ in millions)



Multiples (All Deals)

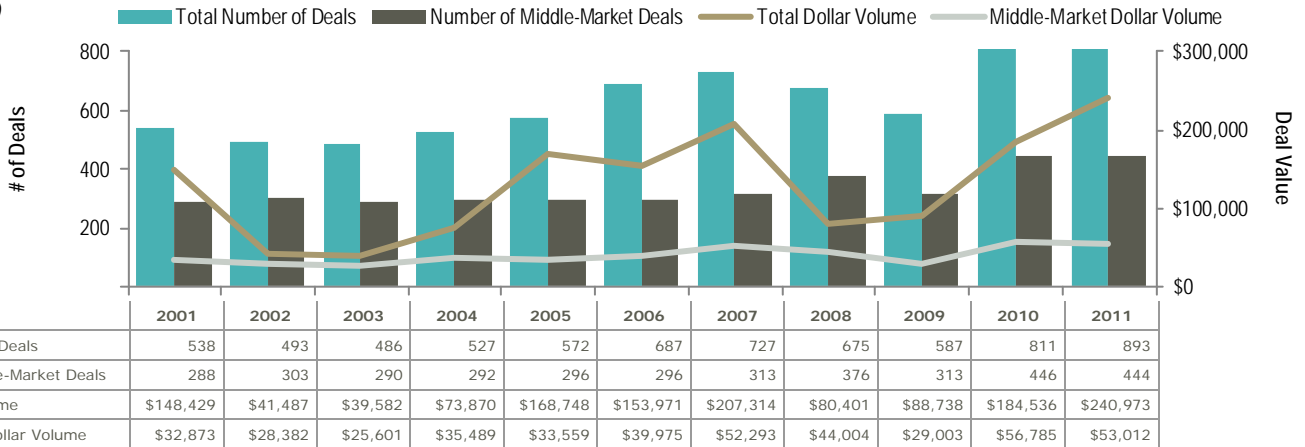
EV / EBITDA	8.4x	6.5x	7.4x	8.8x	9.3x	10.2x	9.9x	9.7x	8.4x	8.5x	8.1x
EV / EBIT	11.8x	10.5x	10.3x	11.3x	12.7x	14.3x	13.2x	12.7x	9.5x	10.8x	11.3x
EV / Revenue	0.56x	0.57x	0.70x	0.91x	0.72x	0.90x	0.75x	0.68x	0.67x	0.97x	0.93x

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. Energy & Power Sector M&A Activity

(\$ in millions)



Multiples (All Deals)

EV / EBITDA	4.6x	6.9x	8.5x	8.8x	8.6x	8.4x	9.5x	6.6x	6.5x	10.5x	10.4x
EV / EBIT	6.2x	10.7x	11.9x	13.3x	10.6x	13.2x	14.3x	10.6x	10.7x	14.3x	12.1x
EV / Revenue	1.62x	1.40x	1.58x	1.85x	1.87x	1.66x	1.82x	1.23x	1.31x	1.90x	1.45x

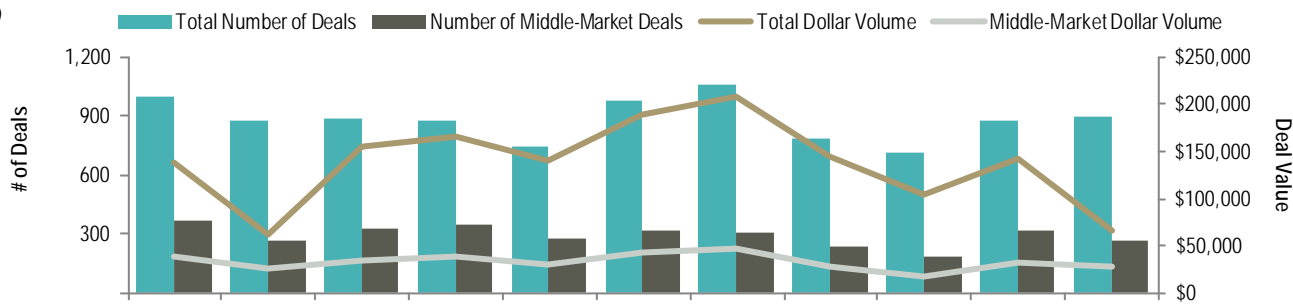
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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. M&A Activity by Industry

U.S. Financial Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	994	874	879	868	740	973	1,057	779	710	870	893
Number of Middle-Market Deals	362	262	328	340	278	310	299	237	187	311	267
Total Dollar Volume	\$137,113	\$60,869	\$154,319	\$164,755	\$139,421	\$187,433	\$206,512	\$142,996	\$104,029	\$142,096	\$66,455
Middle-Market Dollar Volume	\$37,332	\$24,375	\$33,859	\$38,612	\$30,512	\$41,954	\$45,499	\$27,546	\$17,785	\$31,386	\$26,952

Multiples (All Deals)

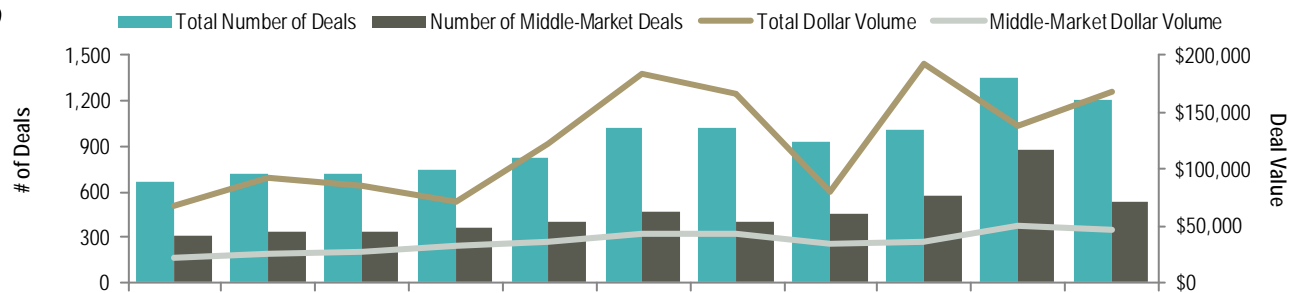
EV / EBITDA	9.6x	7.3x	10.8x	10.6x	13.6x	14.1x	11.6x	12.4x	8.0x	8.3x	9.5x
EV / EBIT	11.5x	11.7x	12.2x	12.1x	NM	NM	16.0x	13.6x	9.3x	9.7x	12.6x
EV / Revenue	1.03x	0.87x	1.63x	1.01x	1.14x	1.26x	1.34x	1.21x	1.52x	1.19x	1.23x

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. Healthcare Services Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	661	713	716	740	821	1,016	1,018	921	1,003	1,344	1,201
Number of Middle-Market Deals	313	339	335	365	399	460	397	454	570	867	534
Total Dollar Volume	\$68,019	\$91,449	\$84,457	\$70,494	\$121,495	\$183,472	\$165,927	\$80,172	\$191,515	\$138,316	\$168,119
Middle-Market Dollar Volume	\$21,336	\$24,513	\$27,555	\$32,184	\$35,477	\$41,844	\$42,636	\$33,113	\$34,886	\$50,494	\$45,551

Multiples (All Deals)

EV / EBITDA	8.6x	8.0x	11.3x	9.6x	11.2x	13.0x	12.9x	13.1x	8.3x	10.0x	9.6x
EV / EBIT	12.3x	9.9x	13.8x	12.7x	12.7x	15.6x	16.4x	14.9x	11.0x	13.0x	11.9x
EV / Revenue	1.22x	1.06x	1.56x	1.53x	1.43x	1.31x	1.48x	1.42x	1.21x	1.27x	1.48x

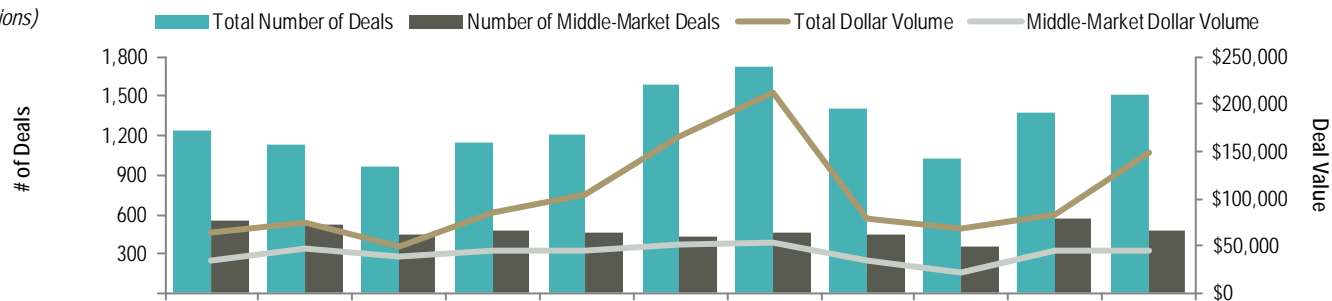
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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. M&A Activity by Industry

U.S. Industrial Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	1,239	1,119	955	1,133	1,198	1,588	1,717	1,406	1,021	1,370	1,502
Number of Middle-Market Deals	544	518	439	477	454	427	459	448	351	567	478
Total Dollar Volume	\$64,136	\$73,782	\$49,557	\$83,536	\$104,358	\$164,034	\$211,529	\$77,332	\$68,022	\$81,470	\$147,872
Middle-Market Dollar Volume	\$32,981	\$46,774	\$37,633	\$43,905	\$43,912	\$50,167	\$52,372	\$34,612	\$20,848	\$45,257	\$43,290

Multiples (All Deals)

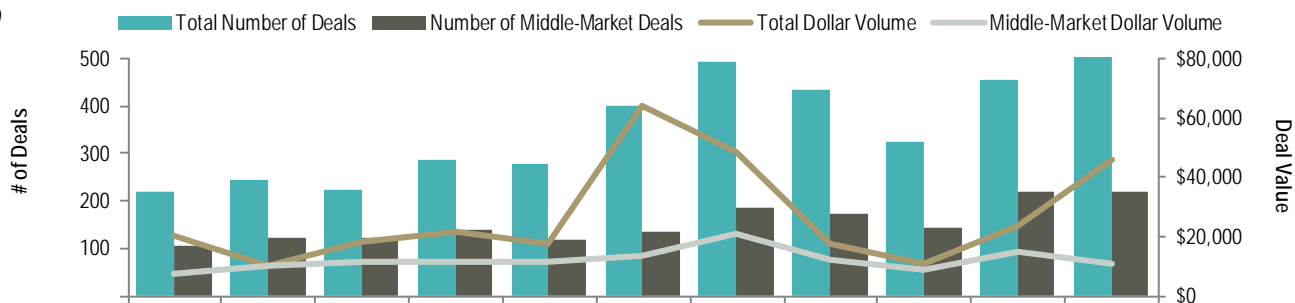
EV / EBITDA	7.7x	7.6x	7.0x	9.1x	8.9x	7.7x	8.9x	9.0x	6.2x	8.6x	9.4x
EV / EBIT	9.4x	10.9x	10.9x	11.7x	11.5x	10.8x	11.8x	12.3x	6.7x	10.5x	12.5x
EV / Revenue	0.77x	0.80x	0.82x	0.96x	0.94x	0.98x	0.92x	0.89x	0.75x	1.00x	1.00x

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. Materials Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	219	243	222	286	278	398	493	434	322	454	546
Number of Middle-Market Deals	104	120	120	136	117	133	183	173	142	217	219
Total Dollar Volume	\$20,070	\$9,691	\$18,105	\$21,077	\$16,993	\$64,144	\$48,532	\$16,990	\$10,355	\$23,092	\$45,284
Middle-Market Dollar Volume	\$6,826	\$9,691	\$11,355	\$11,167	\$10,901	\$13,168	\$20,479	\$11,664	\$8,197	\$14,392	\$10,730

Multiples (All Deals)

EV / EBITDA	8.2x	7.8x	7.0x	9.5x	8.4x	7.4x	8.5x	7.8x	6.9x	8.6x	9.8x
EV / EBIT	NM	11.3x	9.0x	10.2x	10.8x	9.4x	11.6x	12.1x	NM	11.5x	13.4x
EV / Revenue	0.94x	0.88x	0.82x	1.04x	0.76x	0.87x	0.84x	1.02x	0.80x	1.09x	0.97x

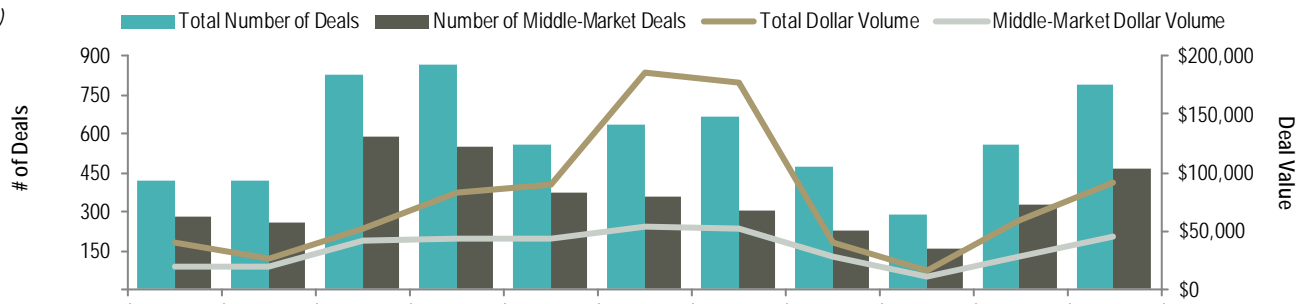
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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. M&A Activity by Industry

U.S. Real Estate Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	419	416	823	862	555	632	662	472	285	557	784
Number of Middle-Market Deals	281	254	587	548	371	352	304	223	152	322	464
Total Dollar Volume	\$40,263	\$26,370	\$51,162	\$83,118	\$88,951	\$185,037	\$175,648	\$39,831	\$15,684	\$58,199	\$90,523
Middle-Market Dollar Volume	\$18,083	\$19,464	\$40,805	\$42,691	\$43,233	\$53,887	\$50,815	\$27,735	\$10,759	\$27,557	\$43,887

Multiples (All Deals)

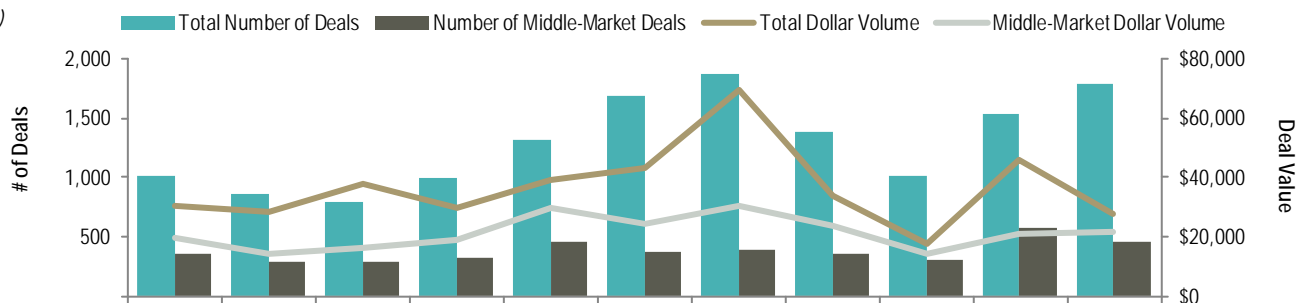
EV / EBITDA	10.1x	9.6x	11.2x	11.1x	NM	15.4x	15.1x	NM	NM	NM	NM
EV / EBIT	12.7x	14.9x	16.0x	13.8x	NM	20.4x	18.7x	15.7x	NM	13.2x	13.4x
EV / Revenue	2.05x	1.44x	NM	0.56x	NM	1.91x	1.11x	1.78x	NM	NM	0.89x

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. Services Sector M&A Activity

(\$ in millions)



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Number of Deals	1,012	861	796	990	1,306	1,678	1,856	1,373	1,003	1,524	1,780
Number of Middle-Market Deals	355	291	288	323	446	361	387	350	296	574	456
Total Dollar Volume	\$29,960	\$27,927	\$37,567	\$29,656	\$38,946	\$42,777	\$69,376	\$33,361	\$17,132	\$45,766	\$27,721
Middle-Market Dollar Volume	\$19,711	\$14,315	\$16,157	\$18,464	\$29,385	\$24,332	\$30,375	\$23,397	\$13,820	\$20,486	\$21,552

Multiples (All Deals)

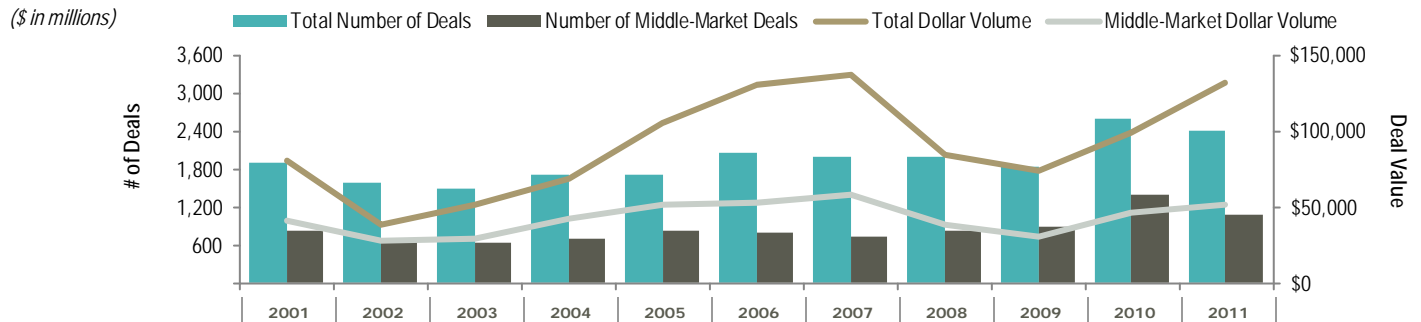
EV / EBITDA	7.6x	6.9x	7.3x	8.8x	10.0x	8.5x	11.3x	9.2x	7.7x	9.7x	12.7x
EV / EBIT	11.4x	9.5x	10.9x	11.5x	12.4x	12.4x	14.4x	13.3x	7.8x	11.3x	14.6x
EV / Revenue	0.90x	0.70x	0.77x	0.96x	1.17x	1.08x	1.02x	0.87x	0.71x	1.00x	0.74x

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. M&A Activity by Industry

U.S. Technology Sector M&A Activity



Total Number of Deals	1,893	1,591	1,469	1,712	1,708	2,036	1,982	1,991	1,838	2,596	2,385
Number of Middle-Market Deals	836	694	641	713	809	806	730	834	885	1,397	1,069
Total Dollar Volume	\$79,505	\$37,674	\$51,437	\$68,402	\$104,468	\$130,510	\$136,312	\$83,614	\$73,157	\$98,395	\$131,009
Middle-Market Dollar Volume	\$41,329	\$28,119	\$29,663	\$42,497	\$50,722	\$52,542	\$57,750	\$38,326	\$29,824	\$45,704	\$51,133

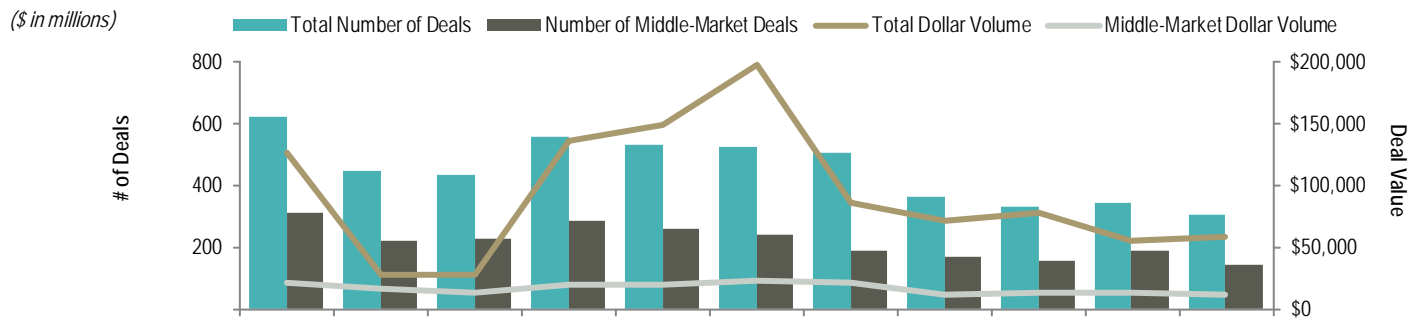
Multiples (All Deals)

EV / EBITDA	9.9x	9.7x	7.6x	8.2x	10.7x	10.5x	12.2x	10.0x	9.0x	9.6x	10.6x
EV / EBIT	13.3x	13.6x	11.2x	12.5x	15.1x	15.2x	15.5x	12.9x	13.6x	12.2x	12.7x
EV / Revenue	1.19x	0.99x	1.04x	1.34x	1.53x	1.47x	1.33x	1.29	1.08x	1.25x	1.62x

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. Telecom Sector M&A Activity



Total Number of Deals	620	443	430	553	531	524	504	361	325	340	303
Number of Middle-Market Deals	310	218	224	280	258	236	183	168	151	185	138
Total Dollar Volume	\$126,216	\$26,682	\$27,326	\$135,571	\$147,930	\$197,512	\$84,819	\$71,127	\$77,462	\$54,017	\$57,451
Middle-Market Dollar Volume	\$21,134	\$15,216	\$12,874	\$19,400	\$18,912	\$21,768	\$21,067	\$10,198	\$11,888	\$11,787	\$10,467

Multiples (All Deals)

EV / EBITDA	9.1x	8.2x	9.2x	8.1x	10.0x	10.4x	12.5x	7.7x	8.1x	6.8x	7.2x
EV / EBIT	15.3x	NM	NM	12.5x	14.2x	13.4x	16.4x	13.6x	12.0x	13.5x	17.3x
EV / Revenue	1.27x	0.88x	1.15x	1.11x	1.18x	1.37x	1.31x	1.20x	1.14x	1.09x	1.24x

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.

Economic Commentary

Originally published in Baird's 2012 Economic and Stock Market Outlook.

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

ECONOMY:

Growth in Europe has stalled, and a continent-wide recession may be emerging. Emerging economies remain vulnerable to the cumulative effects of interest rate hikes and weakness in their end markets. The United States economy is beset by weak aggregate demand, persistent unemployment, and a weak housing market (to say nothing of the lack of fiscal clarity/leadership out of Washington, D.C.).

The ongoing source of consternation is elevated debt and deficit levels. While we are hopeful that increased awareness will bring about real change (the first step to solving a problem is admitting that you have one), the path forward is not easy. Academic studies have shown that historically there are four main avenues for governments to reduce high debt/GDP ratios: robust nominal growth, higher taxes, default, and/or inflation. The key, in our view, is robust nominal growth, and from a policy perspective that should be the focus in both the United States and Europe. Absent an expanding economy, higher taxes and/or budget cuts (the austerity measures that are being pursued aggressively throughout Europe and more hesitantly in the United States) are unlikely to achieve success. They are contractionary in nature, and it is much more difficult to reduce the overall debt to GDP ratio when the denominator (GDP) is declining. Better would be an effort to limit the growth in the numerator (particularly over the longer term) while stimulating growth in the denominator (particularly in the near term). Importantly, growth in GDP must outpace growth in debt if the overall ratio is to decline. This is a process, not an event, and takes time to evolve. The policy improvements that we described at the outset would be important steps in the process of supporting nominal growth in the economy and limiting the growth of debt. For now, the growth outlook remains uneven, with risks skewed to the downside.

While the European Commission's forecast for growth in the euro area is for +0.5% in 2012, the data being seen at the end of 2011 increasingly suggest that the area is slipping into recession (almost certainly outside of Germany, and probably even when Germany is included). This has brought to the surface design flaws within the structure of the EU. While monetary policy is coordinated, fiscal policy remains discrete. With both strong and weak alike using the same currency, there is cajoling and resurgent nationalism. Investors in the U.S. have learned more about the local politics of Slovakia, Greece, and Italy (to name a few) than many would have cared to. While no system of government is perfect, the strains in Europe have exposed one of the weaknesses of a parliamentary government. The lack of an independent executive makes politically unpopular decisions harder to sustain.

STOCK MARKET:

Valuations are neutral. Overall economic growth remains uneven, but corporate earnings have remained strong, generally meeting or exceeding elevated expectations. Over the long run, earnings growth is going to match overall economic growth, although in the short term divergences can emerge and persist for a time. This strength in the E of the P/E ratio has allowed our most preferred valuations to remain near or slightly below their long-term medians. While not arguing that a secular low has been made, valuations do not currently present a headwind to stocks. In a continuing positive, expectations for future earnings growth are moderating. Stocks tend to fare best when not saddled with high expectations for earnings growth. This is not a reflection on analysts' abilities to forecast earnings growth, but rather a recognition that elevated expectations leave little margin for error and less ability to surprise on the upside.

The divergence between overall growth and corporate earnings can be explained by expanding profit margins. That is, earnings growth at the bottom line has not been driven by gains in revenue at the top line. With profit margins now at record levels, it seems unlikely that this engine of growth will remain as robust as in recent years. This would increase the need to expand the revenue line to fuel earnings growth. We believe that it is in the corporate sector that the seeming disconnect between higher commodity prices and moderate inflation gets resolved. Lackluster final demand and weak income growth could make it difficult to pass higher costs on to consumers, leaving corporations to absorb the higher commodity costs that have been seen and could continue to be seen as central banks ease monetary policy. Therefore, not only does continued expansion in profit margins seem unlikely, but they could actually contract somewhat moving forward. Corporations have been buying back their stock in recent quarters, pushing the net issuance of corporate equities in to negative territory. Even without any improvement in its aggregate financial situation, reducing the number of shares of a company will improve per share metrics, including earnings per share and price. This trend reflects general cautiousness on the part of companies – choosing to return cash to investors rather than putting it to work. We will be watching for an expansion in the net issuance of corporate equities, as this could cause excessive supply, which would be a headwind for stocks. Not only would it reveal renewed (perhaps excessive) optimism in the corporate sector, but would put more pressure on earnings and valuations.

Economic Commentary

INTEREST RATES:

While we have already reviewed our perspective on what the Fed should be doing, we need to consider what it is doing and what we expect it will do. The acronym-intensive intervention in the markets that the Federal Reserve pursued in 2008/2009 has been replaced by more direct intervention, the buying of Treasury and mortgage securities. The second round of quantitative easing (QE2) was wrapped up by mid-2011, but was soon followed by a program to lengthen the maturity of the Fed's Treasury holdings (Operation TWIST), with the Fed also declaring its expectation that short-term interest rates will remain low into 2013. Late 2011 has seen a coordinated effort by the Federal Reserve and other global central banks to ease the liquidity strains that have emerged in Europe. This effort, while ensuring sufficient dollar-funding as the European banks come under pressure, is a short-term liquidity mechanism that is designed to prevent a seizing up of the financial markets. Indicators of financial stress improved following this joint intervention. The reaction in the commodity markets to this news suggests that this may be the first of several coordinated efforts that, we expect, will culminate in a third round of quantitative easing domestically and more active intervention by the ECB. Even before the November announcement on swap rates, the Federal Reserve was floating trial balloons for QE3, with the most overt being the dissenting vote at the November FOMC meeting calling for more easing by the Fed.

The Fed's strategy appears to be an effort to buy the economy as much time as possible to right itself and begin to move back toward trend growth. The problem is that the economy and the markets are increasingly dependent on Fed-supplied liquidity. The Fed continues to discuss exit strategies, the first of which would be to allow natural contraction of its balance sheet as its fixed income holdings come to maturity. For now, however, this is a theoretical discussion, and the next step is likely to be more intervention rather than less.

While the Fed has its hands on the money supply levers, its crystal ball is far from omniscient. The Fed has consistently overestimated the strength of the U.S. economy in recent quarters. The Fed's January 2011 estimates for growth were for better than 3.5% growth in 2011 and nearly 4% growth in 2012. By November, those estimates had been revised down to 1.7% growth for 2011 and 2.7% growth in 2012. The Fed's expectation for the unemployment rate in 2012 rose from a January 2011 estimate of 7.8% to a November estimate of 8.6%. The point here is not to bash the Fed's ability to forecast economic variables. Precise forecasting tends to be a futile exercise, and one in which we do not engage. Rather, the Fed has consistently overestimated its ability to back away from active intervention in the market and support of the economy.

We do not believe that another round of bond-buying by the Fed (or ECB) represents a long-term path to prosperity, but it may be necessary (particularly in Europe) to prevent further destabilizing. It is much more likely that flooding the system with dollars and euros will allow a commodity and/or stock bubble to build rather than the emergence of sustainable growth. Ultimately, the world economies will have to stand on their own, unsupported by central banks. Getting to that point will require time, but getting there will be important. For now, though, we see little evidence that the Federal Reserve will be able to back away from its active role. Further easing is likely, and this is bullish (at least near-term) for stocks and gold.

Bruce A. Bittles

Director of Investment Strategy
615.341.7114

William A. Delwiche, CFA

Associate – Investment Strategy
414.298.7802

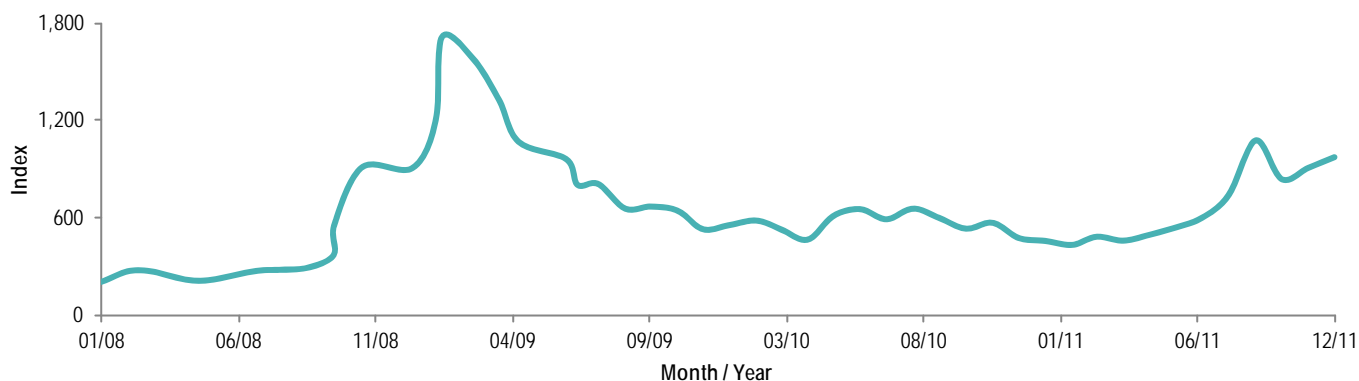
Restructuring News

The Baird CDS Index

The graph below shows the Baird CDS Index for the four-year period ended December 31, 2011. 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 rose this past month, increasing 64.9 points or 7.2% to 966.0 on December 31 from 901.2 on November 30. On a year-over-year basis, the CDS Index jumped 496.6 points or 106% from 469.5 on December 31, 2010, highlighting the strong volatility experienced in the equity markets during the latter half of the year. The December gain also placed the Index 305.4 points (46.2%) above the 2011 monthly average of 660.6. This indicates that the cost to insure against credit default by non-investment grade companies outside the financial sector became much more expensive over the past several months and is now well above the levels of a year ago.

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

Kyle Borkowski
Financial Analyst
Robert W. Baird & Co., Inc.
kborkowski@rwbaird.com

Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$ in millions)	Industry
01/12/12	D+ Scc	Multi-channel customer care services	Sale to CMP Capital Management-Partners GmbH	**	Services
01/09/12	WorkforceLogic, LLC	Workforce management services	Sale to APC Workforce Solutions, LLC	**	Services
01/05/12	BlueStar Energy Services, Inc.	Electricity retail company	Sale to American Electric Power Co., Inc.	***	Services
01/04/12	Hoffmaster Group, Inc.	Premium disposable tableware	Sale to Metalmark Capital, LLC	**	Industrial
01/04/12	Sandy Spring Bancorp, Inc.	Bank holding company	Acquisition of CommercialFirst Bancorp, Inc.	\$24.5*	Financial
01/03/12	Brooks Instruments, LLC	Flow measurement and control devices	Sale to an undisclosed strategic acquiror	**	Industrial
01/03/12	Badger Meter, Inc.	Liquid flow measurement products	Acquisition of Racine Federated, Inc.	\$57.0*	Industrial
01/03/12	Vectren Source	Natural gas supplier	Sale to Direct Energy, LP	\$39.0	Services
12/20/11	Spheros Management Holding GmbH	Air conditioning systems for buses	Sale to Deutsche Beteiligungs AG	***	Industrial
12/06/11	Underwriters Laboratories, Inc.	Commercial safety inspection	Acquisition of PureWorks, Inc.	**	Services
12/05/11	Document Technologies, Inc.	Outsourced litigation support services	Sale to Harvest Partners, LLC	**	Services
11/29/11	The Glover Park Group	Research and consulting services	Sale to WPP plc	**	Services
11/14/11	Landauer, Inc.	Technical and analytical radiation exposure services	Acquisition of IZI Medical Products, LLC	**	Healthcare
11/08/11	edif Group	Industrial testing and inspection services	Acquisition of NDE Global Technical Services GmbH	**	Services
11/03/11	BarrierSafe Solutions International, Inc.	Disposable gloves and related products	Sale to Odyssey Investment Partners, LLC	**	Industrial
11/03/11	adidas Group	Athletic footwear and apparel	Acquisition of Stone Age Equipment, Inc.	\$25.0*	Consumer
11/01/11	Lewis-Goetz & Company, Inc.	Distributor of rubber-related products	Sale to ERIKS NV	**	Industrial Distribution
10/29/11	OneSource Distributors, LLC	Distributor of electrical, automation, and utility equipment	Sale to Sonepar S.A.	**	Industrial Distribution
10/25/11	EM Test Group	Conducted electromagnetic compatibility testing equipment	Sale to AMETEK, Inc.	\$93.0	Industrial
10/21/11	Implus Footcare, LLC	Footwear and outdoor accessories	Sale to Trilantic Capital Management, LLC	**	Consumer
10/20/11	Avison Young	Commercial real estate services	Sale of minority stake to Tricor Pacific Capital, Inc.	\$40.0	Services
10/17/11	SunSource	Fluid power and motion control technologies distributor	Sale to Littlejohn & Co., LLC	**	Industrial Distribution
10/11/11	Robuschi S.p.A.	Manufacturer of blowers, pumps, and associated products	Sale to Gardner Denver, Inc.	\$207.4	Industrial
10/10/11	The RightThing, LLC	Recruitment process outsourcing services	Sale to Automatic Data Processing, Inc.	**	Services
10/07/11	Clairvia, Inc.	Healthcare workforce management software	Sale to Cerner Corporation	**	Healthcare
10/06/11	WorldStrides, LLC	Educational student travel programs	Sale to The Carlyle Group	**	Services
10/03/11	Euro Car Parts Limited	Aftermarket distributor of car and light commercial vehicle parts	Sale to LKQ Corporation	\$347.1	Industrial
10/03/11	ColorMatrix Group, Inc.	Liquid colorants, additives, and fluoropolymers	Sale to PolyOne Corporation	\$486.0	Industrial
09/28/11	Impulse Monitoring	Outsourced intraoperative neuromonitoring solutions	Sale to NuVasive, Inc.	\$80.0	Healthcare
09/07/11	Access Information Management	Information technology consultancy services	Sale to Summit Partners	**	Services
08/31/11	Fox Creek Coal Leases (Alter NRG Corp.)	Granted coal leases	Sale to Natasa Mining Limited	\$5.0	Technology
08/31/11	Drives, LLC	Highly engineered drive trains, roller-chains, and conveyor augers	Sale to The Timken Company	\$92.0	Industrial
08/31/11	Remedi SeniorCare	Institutional pharmacy services	Sale to Centerbridge Partners, L.P.	\$300.0	Healthcare
08/25/11	CamelBak Products, LLC	Personal hydration gear	Sale to Compass Diversified Holdings	\$257.5	Consumer

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.

Recent Baird M&A Transactions

Date Announced	Baird Client	Client Description	Transaction Description	Deal Value (\$ in millions)	Industry
08/25/11	Telmar Network Technologies, LLC	Wireless and wireline communication services	Sale to Jabil Circuit, Inc.	**	Services
08/24/11	Medical Education Technologies	Medical emergency scenarios simulator	Sale to CAE, Inc.	**	Healthcare
08/22/11	Zenta, LLC	Residential mortgage fulfillment and loan services	Sale to Accenture plc	**	Services
08/22/11	European distribution business of Barnes Group	Distributor of industrial parts	Sale to Berner GmbH	**	Industrial Distribution
08/17/11	Woods Equipment Company	Agricultural equipment attachments and replacement parts	Sale to Blount International Inc.	\$185.0	Industrial
08/16/11	Emerson Heating Products (Emerson Electric Co.)	Heating products for the appliance manufacturing industries	Sale to NIBE Industrier AB	**	Industrial
08/02/11	Boyd Corporation	Custom fabricated sealing and energy management products	Sale to LTI Flexible Products (Sentinel Capital Partners)	**	Industrial
07/28/11	U.S. Security Associates Holdings, Inc.	Contract security guard services	Sale to Goldman Sachs Capital Partners	**	Services
07/25/11	VAG Holding GmbH	Valves for water applications	Sale to Rexnord Holdings, Inc.	\$251.7	Industrial
07/18/11	Stromag AG	Mechanical drive components and industrial machinery	Sale to GKN plc	\$281.0	Industrial
07/12/11	Tag Equity Co Limited	Media design and production agency	Sale to Williams Lee Limited	**	Services
07/12/11	ACTA B.V.	Inspection and testing services	Sale to NPM Capital N.V.	**	Services
07/01/11	BernzOmatic (Newell Rubbermaid)	Hand-held torches, solder, and accessories	Sale to Worthington Industries, Inc.	**	Industrial/Consumer
06/28/11	Medical Present Value, Inc.	Financial tools for physician groups	Sale to Experian plc	\$185.0	Healthcare
06/24/11	MarketLab, Inc.	Direct mail catalog supplier of healthcare products	Sale to Water Street Healthcare Partners	**	Healthcare
06/16/11	MW Industries, Inc.	Custom engineered mechanical components	Sale to Genstar Capital	**	Industrial
06/09/11	Rubicon Partners	Industrial holding company	Acquisition of ABL Technic, Metallwarenfabrik Gemmingen, and Swisshaus	**	Industrial
06/06/11	RMT, Inc. (Alliant Energy Corporation)	Environmental and engineering services firm	Sale to TRC Companies, Inc.	\$13.3	Services
05/27/11	Associated Hygienic Products LLC	Brand baby diapers and training pants	Acquisition of Arquest, Inc.	**	Consumer
05/20/11	Weasler Engineering, Inc.	Engineered drive train components for agricultural equipment	Sale to Actuant Corporation	\$155.0	Industrial
05/19/11	Protocol Global Solutions, Inc.	Single source provider of contact center services	Sale to NCO Group, Inc.	**	Services
05/11/11	Equitrac Corporation	Print management and cost recovery software	Sale to Nuance Communications, Inc.	\$157.0	Technology
05/10/11	Idaho Pacific Holdings, Inc.	Dehydrated potato products	Sale to Novacap Investments, Inc.	\$87.0	Services
04/29/11	Rolled Products Division of Luvata Oy	Rolled products and brass copper	Sale to Aurubis AG	**	Industrial
04/27/11	TruGreen LandCare, L.L.C. (The ServiceMaster Company)	Landscape maintenance services	Sale to Aurora Resurgence	**	Services
04/26/11	Williams Partners L.P.	Natural gas transportation	Acquisition of 24.5% interest in Gulfstream Natural Gas System L.L.C.	\$596.0	Energy
04/18/11	Crosman Corporation	Airguns and airsoft guns	Sale to Wellspring Capital Management	**	Consumer
04/07/11	Ryan Herco Flow Solutions	Filtration and fluid handling products distributor	Sale to Greenbriar Equity Group	**	Industrial Distribution
04/01/11	Kentland Corporation	Housing communities developer	Sale to Sun Communities, Inc.	\$139.3	Real Estate
03/31/11	Speculative Design Products, Inc.	Consumer electronic accessories	Sale to VMG Partners, L.P.	**	Consumer
03/24/11	Summit Energy Services, Inc.	Energy management services	Sale to Schneider Electric SA	\$268.0	Services
03/23/11	Southern Pharmacy Services	Long-term care pharmacies operator	Sale to Guardian Pharmacy, LLC	**	Healthcare

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 December 2011, Baird added 25 companies to coverage, bringing the total coverage to 671 companies. Covered companies have a median and average market capitalization of \$2 billion and \$8 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 40%.

In December 2011, there were 44 upward and 39 downward adjustments to current-year earnings estimates (generally calendar-year 2011). There were 56 upward and 67 downward revisions to forward-year (generally calendar-year 2012) earnings estimates.

MONTHLY REPORTS

Sector: Active/Outdoor

<http://www.rwbaird.com/docs/yourreports/ActiveOutdoor1211.pdf>

Sector: Biotechnology

<http://www.rwbaird.com/docs/yourreports/BioTech1211.pdf>

Sector: Consumer Products

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Facility, Industrial & Rental Services

Contact Danny Fox at drfox@rwbaird.com

Sector: Healthcare Distribution & Services

<http://www.rwbaird.com/docs/yourreports/HDS1211.pdf>

Sector: Machinery & Diversified Manufacturing

<http://www.rwbaird.com/docs/yourreports/MDM1111.pdf>

Sector: Retail, Restaurants, Apparel & Footwear

Contact Kyle Borkowski at kborkowski@rwbaird.com

Sector: Transportation & Logistics Services

Contact Robert Mlnarik at rmlnarik@rwbaird.com

Baird U.S. Equity Research Coverage

Business Services	
Business Process Outsourcing	
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
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
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
Huron Consulting Group, Inc.	HURN
IHS Inc.	IHS
Journal Communications, Inc.	JRN
Navigant Consulting, Inc.	NCI
Quad/Graphics, Inc.	QUAD
RPX Corporation	RPXC
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	
Adminstaff, 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
On Assignment, Inc.	ASGN
Paychex Inc.	PAYX
Resources Connection, Inc.	RECN
SuccessFactors, Inc.	SFSF
Robert Half International	RHI
Taleo Corporation	TLEO
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

Industrial Services (cont'd)	
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
Swisher Hygiene Inc.	SWSH
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
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
Communications Services – Software & Services	
Amdocs Limited	DOX
Apple, Inc.	AAPL
HTC Corp	2498.TW
Motorola Mobility Holdings, Inc.	MMI
Motricity, Inc.	MOTR
NeuStar, Inc.	NSR
Neutral Tandem Inc.	TNDM
Nokia Corporation	NOK
Research in Motion Limited	RIMM
Synchronoss Technologies, Inc.	SNCR
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
Brunswick Corporation	BC
Callaway Golf Company	ELY
Harley-Davidson, Inc.	HOG
O'Reilly Automotive, Inc.	ORLY
Polaris Industries, Inc.	PII
Thor Industries	THO
Winnebago 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.	2QK
Under Armour Inc.	UA
VF Corporation	VFC
Wolverine World Wide	WWW
Restaurant	
BJ's Restaurant, Inc.	BJRI
Buffalo Wild Wings, Inc.	BWLD
Caribou Coffee Company, Inc.	CBOU
The Cheesecake Factory Inc.	CAKE
Chipotle Mexican Grill, Inc.	CMG
Dunkin' Brands Group, Inc.	DNKN
Jack in the Box Inc.	JACK
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
Bed Bath & Beyond, Inc.	BBBY
Body Central Corp.	BODY
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
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
Vera Bradley, Inc.	VRA
Wal-Mart Stores, Inc.	WMT
Williams-Sonoma, Inc.	WSM
Zumiez, Inc.	ZUMZ

Energy	
Exploration & Production	
Abraxas Petroleum Corporation	AXAS
Anadarko Petroleum Corporation	APC
Apache Corporation	APA
Cabot Oil & Gas Corporation	COG
Carrizo Oil & Gas Inc.	CRZO
Chesapeake Energy Corporation	CHK
Comstock Resources, Inc.	CRK
Continental Resources, Inc.	CLR
Callon Petroleum Company	CPE
Devon Energy Corporation	DVN
EOG Resources, Inc.	EOG
EQT Corporation	EQT
EXCO Resources Inc.	XCO
Forest Oil Corporation	FST
GeoResources, Inc.	GEOI
Goodrich Petroleum Corporation	GDP
Kodiak Oil & Gas Corp.	KOG
Magnum Hunter Resources Corporation	MHR
Noble Energy, Inc.	NBL
Oasis Petroleum Inc.	OAS
Pioneer Natural Resources	PXD
OEP Resources, Inc.	OEP
Range Resources Corporation	RRC
Rosetta Resources Inc.	ROSE
Sandridge Energy, Inc.	SD
SM Energy Co.	SM
Southwestern Energy Company	SWN
Swift Energy Company	SFY
Whiting Petroleum Corporation	WLL

Master Limited Partnerships	
Breitbart Energy Partners, LP	BBEP
ECA Marcellus Trust I	ECT
Enduro Royalty Trust	NDRO
EV Energy Partners LP	EVEP
Genesis Energy, LP	GEL
Inergy, LP	NRGY
Linn Energy, LLC	LINE
Legacy Reserves, LP	LGCY
LRR Energy L.P.	LRE
Martin Midstream Partners, LP	MMLP
NGL Energy Partners, LP	NGL
OR Energy, LP	ORE
Regency Energy Partners	RGNC
SandRidge Mississippi Trust I	SDT
SandRidge Permian Trust	PER
VOC Energy Trust	VOC

Baird U.S. Equity Research Coverage

Utilities	
ALLETE	ALE
Alliant Energy Corporation	LNT
American States Water Company	AWR
American Water Works Company, Inc.	AWK
Aqua America, Inc.	WTR
Artesian Resources Corp.	ARTNA
California Water Service Group	CWT
Chesapeake Utilities Corp.	CPK
Connecticut Water Service Inc.	CTWS
Hawaiian Electric Industries	HE
Integrus Energy Group	TEG
MDU Resources Group Inc.	MDU
Middlesex Water Company Inc.	MSEX
NextEra Energy, Inc.	NEE
NorthWestern Corporation	NWE
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
The York Water Company	YORW

Clean Technology	
ADA-ES, Inc.	ADES
American Superconductor Corp.	AMSC
Amryis Inc.	AMRS
Calgon Carbon Corp.	CCC
Codexis Inc.	CDXS
Comverge, Inc.	COMV
Covanta Holding Corp.	CVA
Echelon Corporation	ELON
Elster Group SA	ELT
Energy Recovery, Inc.	ERII
EnerNOC, Inc.	ENOC
First Solar, Inc.	FSLR
Gevo Inc.	GEVO
Itron, Inc.	ITRI
KIOR Inc. CI A	KIOR
Maxwell Technologies	MXWL
Ormat Technologies, Inc.	ORA
SunPower Corporation	SPWRA
Suntech Power Holdings Co. Ltd.	STP
Solazyme Inc.	SZYM
Tesla Motors Inc.	TSLA

Industrial	
Automotive and Truck Supplies	
AB Volvo	VOLV.B
ArvinMeritor, Inc.	ARM
Autoliv, Inc.	ALV
BorgWarner, Inc.	BWA
Commercial Vehicle Group	CVGI
Delphi Automotive PLC	DLPH
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
STRATTEC SECURITY CORP.	STRT
Tower International, Inc.	TOWR
WABCO Holdings Inc.	WBC

Consumer Building Products	
Acuity Brands, Inc.	AYI
American Woodmark Corporation	AMWD
Fortune Brands Home & Security, Inc.	FBHS
HNI Corporation	HNI
Simpson Manufacturing	SSD
Quanex Building Products Corp.	NX

Containers & Packaging	
AptarGroup, Inc.	ATR
Avery Dennison Corporation	AVY
Ball Corporation	BL
Bemis Company	BMS
Crown Holdings, Inc.	CKK
Graphic Packaging Holding Co.	GPK
Greif, Inc.	GEF
MeadWestvaco Corporation	MWV
Owens-Illinois, Inc.	OI
Rexam PLC	REX.L

Containers & Packaging (cont'd)	
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
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
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
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
Praxair, Inc.	PX
Watco, Inc.	WSO
Wesco Aircraft Holdings, Inc.	WAIR
WESCO International, Inc.	WCC

Process Controls	
ABB Ltd.	ABB
Altra Holdings, Inc.	AIMC
A.O. Smith Corporation	AOS
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
Xylem Inc.	XYL

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

Transportation/Logistics (cont'd)	
Old Dominion Freight Line	ODFL
UTi Worldwide, Inc.	UTIW
Werner Enterprises	WERN
Pacer International, Inc.	PACR
Roadrunner Transportation Systems	RRTS
Ryder System, Inc.	R
Swift Transportation Co. Inc.	SWFT
UPS	UPS
Union Pacific Corporation	UNP

Technology	
Computer Hardware & Storage	
Brocade Communications	BRCD
Dell Inc.	DELL
EMC Corporation	EMC
Emulex Corporation	ELX
Hewlett-Packard Company	HPQ
NetApp Inc.	NTAP
QLogic Corporation	QLGC
Seagate Technology	STX
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
Informatica Corporation	INFA
Olik Technologies, Inc.	OLIK
Red Hat, Inc.	RHT
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

Internet / Interactive Entertainment	
Activision Blizzard, Inc.	ATVI
Amazon.com	AMZN
Digital River, Inc.	DRIV
eBay Inc.	EBAY
Electronic Arts, Inc.	ERTS
Gamestop Corp.	GME
Google, Inc.	GOOG
Liquidity Services, Inc.	LQDT
Shutterstock, Inc.	SFLY
Take-Two Interactive Software, Inc.	TTWO
TechTarget, Inc.	TTGT
ValueClick, Inc.	VCLK

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
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
National Instruments Corp.	NATI
Pall Corporation	PLL
Polypore International, Inc.	PPO
Rockwell Automation Inc.	ROK
Tetra Tech, Inc.	TTK

Semiconductor Components	
Altera Corp.	ALTR
Analog Devices, Inc.	ADI
BCD Semiconductor Manufacturing Ltd.	BCDS

Robert W. Baird & Co.

Baird U.S. Equity Research Coverage

Semiconductor Components (cont'd)	
Broadcom Corp.	BRCM
Diodes Incorporated	DIOD
Fairchild Semiconductor Int'l, Inc.	FCS
GSI Technology	GSIT
Intel Corporation	INTC
InvenSense Inc.	INVN
Lattice Semiconductor Corp.	LSCC
Micron Technology, Inc.	MU
NetLogic Microsystems, Inc.	NETL
OmniVision Technologies, Inc.	OVTI
ON Semiconductor	ONNN
SanDisk Corporation	SNDK
Sequans Communications S.A.	SQNS
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

Healthcare/Life Sciences	
Biotechnology	
Affymax, Inc.	AFFY
Alexion Pharmaceuticals, Inc.	ALXN
Allscripts Healthcare Solutions, Inc.	MDRX
AMAG Pharmaceuticals, Inc.	AMAG
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
Dendreon Corporation	DNDN
Endocyte, Inc.	ECYT
Gilead Sciences, Inc.	GILD
Human Genome Sciences, Inc.	HGSI
Incyte Corporation	INCY
Inhibitex Inc.	INHX
InterMune, Inc.	ITMN
MannKind Corporation	MNKD
NewLink Genetics Corporation	NLNK
Onyx Pharmaceuticals, Inc.	ONXX
Optimer Pharmaceuticals, Inc.	OPTR
Pharmasset, Inc.	VRUS
Regeneron Pharmaceuticals	REGN
Theravance, Inc.	THRX
Trius Therapeutics, Inc.	TSRX
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
McKesson Corporation	MCK
MedAssets, Inc.	MDAS
Merge Healthcare Inc.	MRGE
Owens & Minor, Inc.	OMI
PAREXEL International Corp.	PRXL
PSS World Medical, Inc.	PSSI
Quality Systems, Inc.	QSI

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
DaVita, Inc.	DVA
Gentiva Health Services, Inc.	GTIV
HCA Holdings, Inc.	HCA
Health Management Associates, Inc.	HMA
HealthSouth Corporation	HLS

Facilities & Services (cont'd)	
LHC Group, Inc.	LHCG
LifePoint Hospitals, Inc.	LPNT
Select Medical Holdings Corporation	SEM
StoneMor Partners LP	STON
Tenet Healthcare Corp.	THC
Triangle Capital Corp.	TCAP
Universal Health Services, Inc.	UHS
Vanguard Health Systems, Inc.	VHS

Life Sciences & Diagnostics	
Affymetrix, Inc.	AFFX
BG Medicine, Inc.	BGMD
Cepheid	CPHD
Clariant, Inc.	CLRT
Exact Sciences Corp.	EXAS
Gen-Probe Incorporated	GPRO
Illumina, Inc.	ILMN
Life Technologies Corp.	LIFE
Meridian Bioscience, Inc.	VIVO
PerkinElmer, Inc.	PKI
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
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
Varian Medical Systems, Inc.	VAR
Wright Medical Group, Inc.	WMGI
Young Innovations Inc.	YDNT
Zimmer Holdings, Inc.	ZMH

Specialty Pharmaceuticals	
Acorda Therapeutics	ACOR
Alkermes Inc.	ALKS
Achillion Pharmaceuticals Inc.	ACHN
Forest Laboratories Inc.	FRX
Shire plc	SHPGY

Financials	
Community Banks	
Associated Banc-Corp	ASBC
Bank of Hawaii Corporation	BOH
Bank of Kentucky Financial Corporation	BKYF
Cardinal Financial Corp.	CFNL
Fidus Investment Corp.	FDUS
First Financial Bancorp	FFBC
FirstMerit Corporation	FMER
First Midwest Bancorp., Inc.	FMBI
First PacTrust Bancorp, Inc.	FPTB
IBERIABANK Corporation	IBKC
Independent Bank Corp.	INDB
Main Street Capital Corporation	MAIN
MB Financial, Inc.	MBFI
New Mountain Finance Corporation	NMFC
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
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
PNC Financial Services	PNC
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	LRV
Marcus Corporation	MCS
Marriott International, Inc.	MAR
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
Sovran Self Storage, Inc.	SSS
Summit Hotel Properties, Inc.	INN
U-Store-It Trust	YSI
UDR, Inc.	UDR
Urstadt Biddle Properties Inc.	UBA
Washington Real Estate Invst. Trust	WRE
Weingarten Realty Investors	WRI

Note: Coverage list is as of December 31, 2011.

Investment Banking Contact List

Steven G. Booth

Head of Investment Banking
414.298.7661
sbooth@rwbaired.com

Rodney L. Tyson

Managing Director
Chief Operating Officer
312.609.4984
rtyson@rwbaired.com

Richard F. Waid

Vice Chairman
404.264.2210
rwaid@rwbaired.com

C.H. Randolph Lyon

Vice Chairman
312.609.4931
rlyon@rwbaired.com

Services	Industrial and Consumer	Industrial and Consumer (continued)	Healthcare	Equity Capital Markets (continued)
Brian S. Doyal Managing Director 312.609.4916 bdoyal@rwbaired.com	Paul T. Rogalski Managing Director 312.609.4912 progalski@rwbaired.com	Christopher R. Cooper Director 312.609.5490 crcooper@rwbaired.com	Brian S. Doyal Managing Director 312.609.4916 bdoyal@rwbaired.com	Greg Ingram Managing Director 415.627.3279 gingram@rwbaired.com
Christopher W. Hildreth Managing Director 312.609.4937 childreth@rwbaired.com	Christopher C. McMahon Managing Director Head of Global M&A 312.609.4983 cmmahon@rwbaired.com	Adam W. Czaia Director 414.298.7358 aczaia@rwbaired.com	Benjamin A. Brown Director 414.298.7013 bbrown@rwbaired.com	Rick Conklin Managing Director 312.609.5480 rconklin@rwbaired.com
Howard P. Lanser Managing Director 312.609.5478 hlanser@rwbaired.com	Brian P. McDonagh Managing Director Co-Head of M&A 704.553.6611 bmcdonagh@rwbaired.com	Jason P. Klierer Director 813.273.8242 jklierer@rwbaired.com	Ryan Mausehund Director 650.858.3817 rmausehund@rwbaired.com	Gary R. Placek Managing Director 414.765.3611 gplacek@rwbaired.com
John R. Lanza Managing Director 414.298.7669 jlanza@rwbaired.com	Joel A. Cohen Managing Director 312.609.4924 jcohen@rwbaired.com	Kurt Roth Director 312.609.4689 kroth@rwbaired.com	Chad W. Moore, CPA, CFA Director 312.609.5475 cmoore@rwbaired.com	Lance R. Lange Managing Director 414.765.7079 llange@rwbaired.com
Breton A. Schoch Managing Director 312.609.4965 bschoch@rwbaired.com	Stephen B. Guy Managing Director 414.765.7247 sguy@rwbaired.com	Technology	Financial Sponsors	Europe
Andrew K. Snow Managing Director 312.609.4972 asnow@rwbaired.com	Trisha K. Hansen Managing Director 414.765.3521 tkhansen@rwbaired.com			
Daniel M. Alfe Director 312.609.4922 dalfe@rwbaired.com	Christopher Harned Managing Director 414.765.3908 charned@rwbaired.com	Greg Ingram Managing Director 415.627.3279 gingram@rwbaired.com	C. Christopher Coetzee Managing Director 312.609.4913 ccoetzee@rwbaired.com	London†
Kiran Paruchuru Director 414.298.7642 kparuchuru@rwbaired.com	Thomas W. Lacy Managing Director 414.298.7648 tlacy@rwbaired.com	John Moriarty Managing Director 650.424.3811 jmoriarty@rwbaired.com	Leslie Cheek IV Managing Director 617.426.5789 lcheek@rwbaired.com	John A. Fordham Chairman of Baird International 011.44.207.667.8438 jfordham@rwbaired.com
Ross W. Williams Director 414.298.6235 rwilliams@rwbaired.com	Thomas E. Lange Managing Director 813.273.8248 tlange@rwbaired.com	Gary D. Vollen Managing Director 415.627.3273 gvollen@rwbaired.com	Thomas W. Lacy Managing Director 414.298.7648 tlacy@rwbaired.com	David M. Silver Managing Director Head of European Investment Banking 011.44.207.667.8216 dsilver@rwbaired.com
Real Estate	Financial Institutions	Energy	Mergers & Acquisitions	Frankfurt
Steven Goldberg Managing Director 703.918.7808 sgoldberg@rwbaired.com	Nicholas Pavlidis Managing Director 312.609.4977 npavlidis@rwbaired.com	Richard F. Waid Vice Chairman 404.264.2210 rwaid@rwbaired.com	Christopher C. McMahon Managing Director Head of Global M&A 312.609.4983 cmmahon@rwbaired.com	Joachim Beickler Managing Director 011.49.69.13.01.49.51 jbeickler@rwbaired.com
Rick Conklin Managing Director 312.609.5480 rconklin@rwbaired.com	Joe Pellegrini Managing Director 704.553.6612 jpellegrini@rwbaired.com	Curtis Goot Managing Director 314.445.6540 cgoot@rwbaired.com	Brian P. McDonagh Managing Director Co-Head of M&A 704.553.6611 bmcdonagh@rwbaired.com	Michael Wolff Managing Director 011.49.69.13.01.49.49 mwolff@rwbaired.com
Jeff Rogatz Managing Director 703.918.7823 jrogatz@rwbaired.com	Andrew Martin Managing Director 704.553.6615 amartin@rwbaired.com	Frank Murphy Managing Director 314.445.6532 fmurphy@rwbaired.com	Christopher Harned Managing Director 414.765.3908 charned@rwbaired.com	Ralf Abele Director 011.49.69.13.01.49.40 rabele@rwbaired.com
James O'Brien Managing Director 703.918.7814 jobrien@rwbaired.com	Joseph T. Packee Managing Director 414.298.7644 jpackee@rwbaired.com	Jim Penilla Director 314.445.6536 jpenilla@rwbaired.com	Howard P. Lanser Managing Director 312.609.5478 hlanser@rwbaired.com	Asia
Justin Glasgow Director 703.821.5763 jglasgow@rwbaired.com	Christopher J. Sciortino Managing Director 312.609.4923 csciortino@rwbaired.com	Corporate Restructuring	J. David Cumberland, CFA Director, M&A Research 312.609.5429 dcumberland@rwbaired.com	Shanghai
Lindsey Houser Director 704.553.6610 lhouser@rwbaired.com	Justin T. Albert Director 312.609.4995 jalbert@rwbaired.com		Peter S. Kies Managing Director 414.765.7262 pkies@rwbaired.com	Anthony Siu Managing Director Head of Asia Investment Banking 011.86.21.6182.0980 asiu@bairdasia.com.cn
	Christian Colucci Director 312.609.4475 ccolucci@rwbaired.com	William G. Welnhofner Managing Director 312.609.5476 bwelnhofner@rwbaired.com		

† Robert W. Baird Limited is authorized and regulated by the Financial Services Authority.

Appendix – Disclaimers and Other Disclosures

DISCLAIMERS

This is not a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy.

ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available.

Baird is exempt from the requirement to hold an Australian financial services license. Baird is regulated by the United States Securities and Exchange Commission, FINRA, and various other self-regulatory organizations and those laws and regulations may differ from Australian laws. This report has been prepared in accordance with the laws and regulations governing United States broker-dealers and not Australian laws.

Copyright 2012 Robert W. Baird & Co. Incorporated. No part of this publication may be reproduced or distributed in any form or by any means without our prior written approval. However, you may download one copy of the information for your personal, non-commercial viewing only, provided that you do not remove or alter any trade mark, copyright or other proprietary notice.

OTHER DISCLOSURES

UK disclosure requirements for the purpose of distributing this report into the UK and other countries for which Robert W Baird Limited holds an ISD passport.

This report is for distribution into the United Kingdom only to persons who fall within Article 19 or Article 49(2) of the Financial Services and Markets Act 2000 (financial promotion) order 2001 being persons who are investment professionals and may not be distributed to private clients. Issued in the United Kingdom by Robert W Baird Limited, which has offices at Mint House 77 Mansell Street, London, E1 8AF, and is a company authorized and regulated by the Financial Services Authority.

Robert W Baird Limited ("RWBL") is exempt from the requirement to hold an Australian financial services license. RWBL is regulated by the Financial Services Authority ("FSA") under UK laws and those laws may differ from Australian laws. This document has been prepared in accordance with FSA requirements and not Australian laws.

Robert W. Baird & Co.
www.rwbaird.com

800.RW.BAIRD

Equity Capital Markets and Private Equity Office Locations

U.S. Offices

Atlanta

One Buckhead Plaza
3060 Peachtree Road
Suite 1815
Atlanta, GA 30305
888.792.9478

Boston

One Post Office Square
Suite 3617
Boston, MA 02109
888.661.5431

Charlotte

4725 Piedmont Row Drive
Piedmont Town Center Two
Suite 750
Charlotte, NC 28210
704.553.6600

Chicago

227 West Monroe Street
Suite 2100
Chicago, IL 60606
800.799.5770

Milwaukee

777 East Wisconsin Avenue
Milwaukee, WI 53202
888.224.7326

Nashville

2525 West End Avenue
Suite 1000
Nashville, TN 37203
888.454.4981

Palo Alto

1661 Page Mill Road
Suite A
Palo Alto, CA 94304
650.858.3800

San Francisco

101 California Street
Suite 1350
San Francisco, CA 94111
866.715.4024

555 California Street
Suite 4900
San Francisco, CA 94104
415.627.3270

St. Louis

8000 Maryland Avenue
Suite 500
St. Louis, MO 63105
888.792.7634

Stamford

100 First Stamford Place
3rd Floor
Stamford, CT 06902
800.380.3247

Tampa

401 East Jackson Street
Suite 2900
Tampa, FL 33602
888.238.2672

Washington, D.C.

Pinnacle Tower North
1751 Pinnacle Drive
Suite 1100
McLean, VA 22102
888.853.2753

International Locations*

Frankfurt

Neue Mainzer Strasse 28
60311 Frankfurt
Germany
011.49.69.13.01.49.0

Hong Kong

Suite 3304, 33/F
Bank of America Tower
No.12 Harcourt Road
Central, Hong Kong
011.852.2827.8822

London

Mint House
77 Mansell Street
London E1 8AF
UK
011.44.207.488.1212

Shanghai

Rm 42-022, 42/F, Hang Seng Bank
Tower
No.1000 Lujiazui Ring Road
Pudong Shanghai 200120, China
011.86.21.6182.0980

*Baird and its operating affiliates have offices in the United States, Europe and Asia.

Robert W. Baird & Co. Incorporated. Member SIPC.

Robert W. Baird Ltd. and Baird Capital Partners Europe are authorized and regulated in the UK by the Financial Services Authority.

©2012 Robert W. Baird & Co. Incorporated.