

## M&A Market Analysis

August 2010

# Global M&A Monthly

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



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- **Global M&A Commentary and Deal Statistics**..... 1  
Global M&A activity in July was fairly consistent with the performance experienced during the first half of the year. The deal count increased 3.3% to 2,385 transactions, modestly below the first-half pace. Announced dollar volume was up 108% (against a low year-ago comparison) to \$170.6 billion, which was slightly above the monthly average for January-June.
- **U.S. M&A Commentary and Deal Statistics** ..... 5  
Although U.S. M&A metrics again posted high year-over-year growth in July, the deal count and reported dollar volume were the second-lowest monthly figures of the year. The number of transactions increased 22.8% versus July 2009 but was 9.8% under the average for the first half of 2010.
- **Europe M&A Commentary and Deal Statistics**..... 10  
Even though M&A activity has not experienced a sustained pick-up in Europe, the shift toward larger transactions continued to fuel high growth in reported dollar volume. The number of M&A deals declined 4.4% in July, whereas dollar volume jumped 155% to \$76.3 billion, the largest monthly figure in nearly two years.
- **U.K. Cross-Border M&A Activity**..... 14  
A total of 1,636 U.K. M&A transactions were reported during the first seven months of the year, an increase of 3.8% over the prior-year period. Dollar volume climbed 130% to \$135.2 billion.
- **Germany Cross-Border M&A Activity** ..... 15  
In Germany, year-over-year M&A activity was flat, as the number of announced transactions from January through July decreased 0.4% to 755. Despite stagnation in deal count, dollar volume experienced significant growth, rising 41.0% to \$47.7 billion.
- **Asia Commentary and Deal Statistics** ..... 16  
The M&A market in Asia (ex. Japan) again registered good numbers in July. The number of deals increased 15.7% versus July 2009 and was 10.2% above the monthly average for the first half of the year. Announced dollar volume (+201%) tripled to \$39.0 billion.
- **China M&A Activity and Deal Statistics**..... 17  
China registered 232 M&A transactions in July, a rise of 12.6% over the prior-year period. Reported dollar volume for the month was \$19.6 billion, an increase of 109%.
- **India M&A Activity and Deal Statistics** ..... 19  
Year to date, India has seen significant growth in M&A activity. The number of announced transactions increased 55.0% to 527 from the prior-year level. Dollar volume soared almost 1,200% to \$55.6 billion, as 15 billion-dollar-plus transactions were announced from January through July (versus none in 2009).
- **Japan M&A Activity** ..... 21  
From January through July, M&A activity in Japan lagged significantly. Deal count decreased 14.2% to 1,108. Reported dollar volume was \$32.5 billion, a decline of 38.6%.
- **Economic Commentary**..... 22  
Economic fundamentals have been downgraded from bullish to neutral. We do not fall into the double-dip camp of those looking for another recession in the near term. We have, though, maintained the view that as the effects of government's intervention in the economy faded in the second half of 2010, economic growth would slow.
- **Restructuring News**..... 24  
After shunning risk in May and June – and driving the Baird CDS Index appreciably higher in those consecutive months – investors' appetites for risk increased in July, causing the Baird CDS Index to ease 62.1 points to 584.2 on July 31.
- **Transaction Spotlight – Sale of SterilMed, Inc. to Great Hill Partners and Primus Capital Funds** ..... 25  
SterilMed, Inc. recently completed its sale to Great Hill Partners and Primus Capital Funds. SterilMed was backed by a group of private equity investors including Ascension Health Ventures, First Analysis, Prism Capital, and Sterling Partners.
- **Recent Baird M&A Transactions** ..... 26  
A summary of Baird's announced M&A Transactions over the past 12 months.
- **Baird U.S. Equity Research Coverage** ..... 27  
In July, Baird added five companies to coverage and now covers 624 companies. These companies have a median and average market capitalization of \$1.9 billion and \$8.9 billion, respectively.
- **Investment Banking Contact List** ..... 31

# Global M&A Commentary

Global M&A activity in July was fairly consistent with performance during the first half of the year. The deal count increased 3.3% to 2,385 transactions, modestly below the average first-half monthly total. Announced dollar volume was up 108% (against a low year-ago comparison) to \$170.6 billion, which was slightly above the monthly average for January-June. In the global middle market, the number of transactions rose 20.1%, while reported dollar value grew 48.8%.

Year-to-date metrics included higher growth for dollar volume (+37.3%) than for deal count (+19.1%) due mainly to a large increase in the number of billion-dollar-plus deals (166 versus 104 in January-July 2009). In the global middle market, the first seven months of 2010 registered a 33.2% rise in the number of transactions and 49.1% growth in dollar value.

M&A activity over most of the past year has been helped by positive economic trends, but recent news has pointed to a slowing recovery. The global purchasing managers index (PMI) for manufacturing and services declined for the third consecutive month in July, reflecting reduced expansion in the U.S., U.K., and China plus contraction in Japan. PMI readings on global activity correspond to annualized GDP growth in the 2-3% range, down from 3-4% earlier in the year. The latest composite leading indicator of the Organisation for Economic Co-operation and Development (OECD) also suggests the global economic recovery has peaked. Further deceleration is possible based on pending fiscal tightening in many developed economies. However, despite these negative reports, economic forecasts overall continue to call for a sustained period of lower-single-digit expansion – a scenario that likely would prove conducive to M&A.

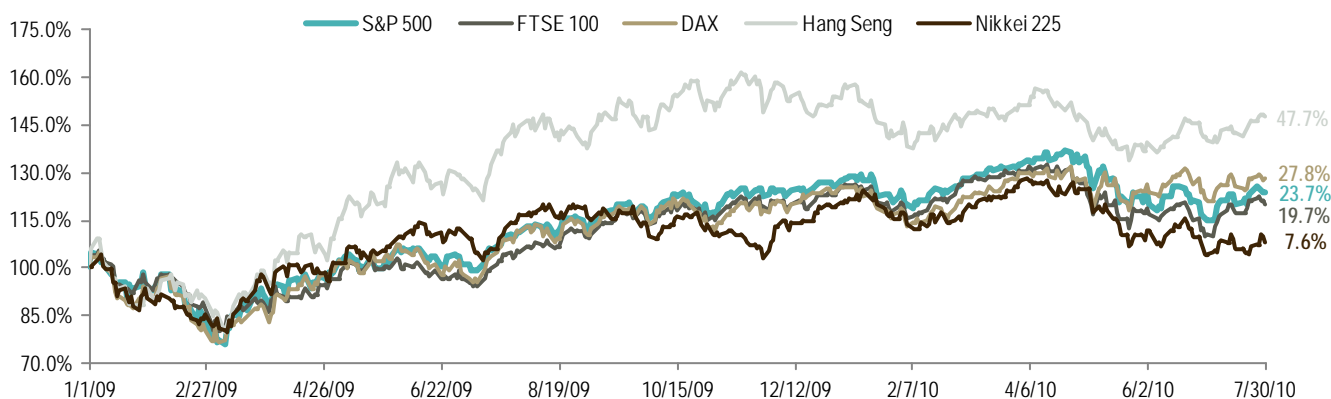
Progress in the global credit markets in July improved the outlook for M&A financing. Although the stress tests conducted on leading European banks in July were generally viewed as easy to pass, the related increase in transparency appeared to alleviate most fears regarding sovereign debt exposure. After stalling recently, corporate bond issuance benefited from the return of strong inflows to high yield funds. A renewed appetite for risk was also evident in lower costs for credit default insurance in the U.S. and Europe. In addition, LIBOR dipped almost 10 basis points in July after rising nearly 30 basis points in the previous four months. Furthermore, both Moody's and S&P reported global default rates at about half of 2009's peak levels, with further declines projected by year-end. Continued healthy signs in the leverage markets would bode well for M&A activity over the balance of the year.

Global equity markets recovered in July, when the five major indices shown below gained 4.6% on average, lowering the year-to-date decline to 3.2%. The pullback in equities during the first half of the year has dampened recent equity offering activity, resulting in a reduction in proceeds that can be allocated toward M&A.

Regarding M&A trends over the balance of the year, concerns have increased regarding the impact of a potential double-dip recession and volatile capital markets. However, the combination of normalizing credit conditions, robust private equity activity (boosted by looming tax increases and the need to allocate committed capital), and economic expansion stabilizing at modest rates (as is projected) likely would support continued robust levels of M&A activity.

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

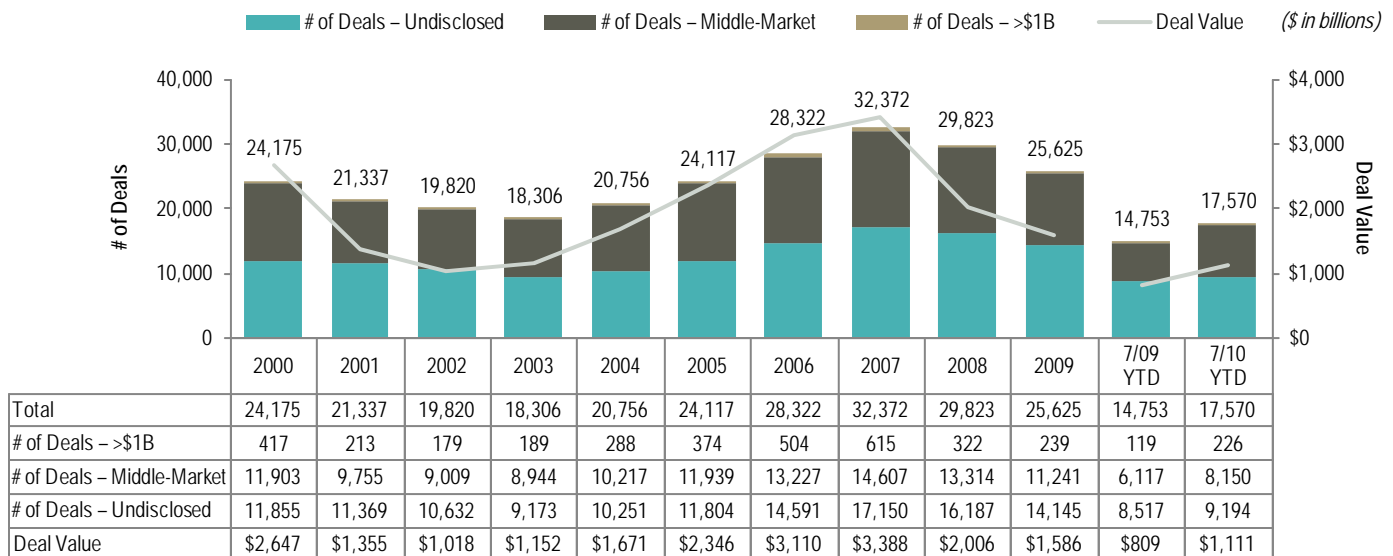
## Relative Performance of Global Market Indices



Source: Capital IQ.

# Global M&A Activity

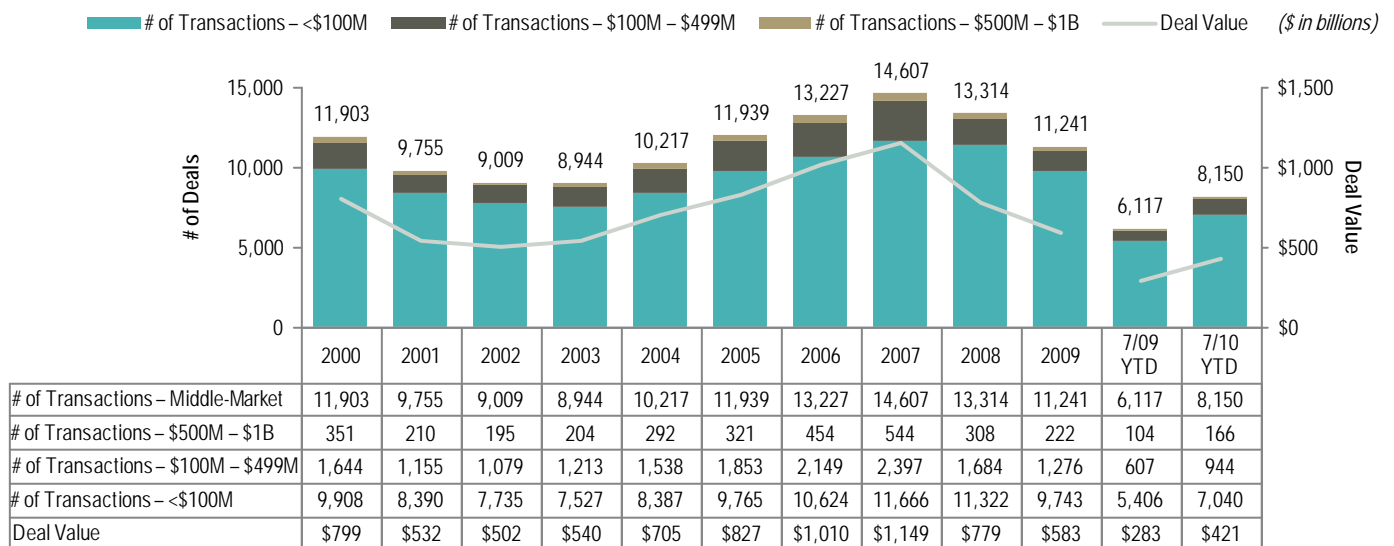
## Global M&A Activity



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

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

## Global Middle-Market M&A Activity



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

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

# Global M&A Deal Statistics

(\$ in millions)

	Number of Deals – July			Deal Value – July		
	2009	2010	% Change	2009	2010	% Change
North America	833	998	19.8%	\$35,208	\$70,504	100.2%
– U.S.	719	883	22.8%	\$29,025	\$62,203	114.3%
Central / South America	67	75	11.9%	\$2,038	\$4,418	116.8%
Europe	926	885	(4.4%)	\$29,975	\$76,336	154.7%
– U.K.	250	221	(11.6%)	\$9,477	\$32,554	243.5%
– Germany	88	122	38.6%	\$4,708	\$2,717	(42.3%)
Africa / Middle East	74	41	(44.6%)	\$2,257	\$4,383	94.2%
Asia-Pacific (ex. Japan)	408	472	15.7%	\$12,960	\$39,011	201.0%
– China	206	232	12.6%	\$9,399	\$19,600	108.5%
– India	58	71	22.4%	\$860	\$1,860	116.3%
Japan	176	128	(27.3%)	\$8,898	\$5,463	(38.6%)
Global Total	2,309	2,385	3.3%	\$82,132	\$170,597	107.7%

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.

(\$ in millions)

	Number of Deals – YTD			Deal Value – YTD		
	2009	2010	% Change	2009	2010	% Change
North America	5,208	7,758	49.0%	\$463,426	\$552,765	19.3%
– U.S.	4,564	6,754	48.0%	\$415,095	\$515,688	24.2%
Central / South America	326	563	72.7%	\$30,584	\$80,907	164.5%
Europe	6,158	6,188	0.5%	\$246,970	\$398,794	61.5%
– U.K.	1,576	1,636	3.8%	\$58,859	\$135,207	129.7%
– Germany	758	755	(0.4%)	\$33,824	\$47,708	41.0%
Africa / Middle East	336	381	13.4%	\$20,709	\$42,386	104.7%
Asia-Pacific (ex. Japan)	2,403	3,042	26.6%	\$93,107	\$191,842	106.0%
– China	1,127	1,546	37.2%	\$60,096	\$81,342	35.4%
– India	340	527	55.0%	\$4,319	\$55,563	1186.6%
Japan	1,291	1,108	(14.2%)	\$52,882	\$32,483	(38.6%)
Global Total	14,753	17,570	19.1%	\$808,719	\$1,110,705	37.3%

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

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

# Global Middle-Market M&A Deal Statistics

(\$ in millions)

	Number of Deals – July			Deal Value – July		
	2009	2010	% Change	2009	2010	% Change
North America	359	517	44.0%	\$18,801	\$32,830	74.6%
– U.S.	301	457	51.8%	\$17,159	\$30,368	77.0%
Central / South America	29	33	13.8%	\$2,038	\$1,380	(32.3%)
Europe	249	274	10.0%	\$16,653	\$25,944	55.8%
– U.K.	86	96	11.6%	\$4,341	\$7,755	78.7%
– Germany	23	22	(4.3%)	\$3,310	\$2,717	(17.9%)
Africa / Middle East	45	21	(53.3%)	\$2,257	\$1,280	(43.3%)
Asia-Pacific (ex. Japan)	276	334	21.0%	\$10,443	\$16,444	57.5%
– China	168	188	11.9%	\$6,883	\$9,228	34.1%
– India	22	39	77.3%	\$860	\$1,860	116.3%
Japan	93	64	(31.2%)	\$2,943	\$2,361	(19.8%)
Global Total	963	1,157	20.1%	\$47,017	\$69,953	48.8%

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

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

(\$ in millions)

	Number of Deals – YTD			Deal Value – YTD		
	2009	2010	% Change	2009	2010	% Change
North America	2,247	3,919	74.4%	\$108,009	\$194,097	79.7%
– U.S.	1,870	3,314	77.2%	\$96,711	\$170,040	75.8%
Central / South America	154	242	57.1%	\$14,268	\$17,036	19.4%
Europe	1,618	1,715	6.0%	\$99,812	\$138,611	38.9%
– U.K.	529	642	21.4%	\$31,709	\$47,844	50.9%
– Germany	135	136	0.7%	\$13,490	\$13,698	1.5%
Africa / Middle East	168	190	13.1%	\$11,433	\$13,710	19.9%
Asia-Pacific (ex. Japan)	1,602	2,031	26.8%	\$58,379	\$92,024	57.6%
– China	891	1,217	36.6%	\$36,071	\$53,793	49.1%
– India	129	218	69.0%	\$4,319	\$11,766	172.4%
Japan	688	565	(17.9%)	\$25,511	\$20,745	(18.7%)
Global Total	6,117	8,150	33.2%	\$282,516	\$421,351	49.1%

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

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

# U.S. M&A Commentary

## JULY M&A BELOW SOLID FIRST-HALF PACE

Although U.S. M&A metrics again posted high year-over-year growth in July, the deal count and reported dollar volume were the second-lowest monthly figures of the year. The number of transactions increased 22.8% versus July 2009 but was 9.8% under the average for the first half of 2010. The 114% gain in reported dollar volume reflected comparison to the second-weakest month of 2009, as volume dropped 17.7% from the first-half average. In the middle market, the transaction count was up 51.8% to 457 (the lowest monthly total since February), while deal value expanded 77.0%.

Modest slowing in the M&A market in July was consistent with recent evidence of a muted economic rebound. Q2 GDP growth of 2.4% was below the Q1 figure of 3.7% and is expected to be revised downward. The Institute for Supply Management's index of national factory activity dipped to the lowest reading of the year in July, suggesting a moderating pace of expansion. The U.S. has seen minimal progress in the labor market, with July's private-sector hiring remaining low and weekly jobless claims at a six-month high. Elevated unemployment has translated to tepid consumer spending, thereby depressing growth for a large portion of the U.S. economy. The Federal Reserve's latest beige book (issued eight times per year) noted pockets of economic weakness, contrasting with the widespread improvement highlighted previously. The combination of discouraging economic updates has caused economists to reduce projections for second-half GDP growth, which could hinder M&A activity.

As the global debt crisis has receded, credit markets again seem to be a positive force for M&A. New high yield debt issuance in July nearly matched the combined figure for May and June. The pickup was powered by resurgence for inflows to high yield funds, as July featured the largest monthly inflows in more than a year. High yield debt may remain popular among yield hungry investors unsatisfied with low rates on U.S. government debt and poor recent returns on equities. The leveraged loan market has been relatively steady in terms of issuance and inflows, with healthy deal flow placing key lenders in position to be selective. In July, a new Federal Reserve survey of senior credit officers at financial institutions revealed generally loosened credit terms (relative to three months earlier) offered to private pools of capital such as private equity firms, providing additional evidence of a largely favorable environment for M&A financing.

The U.S. equity market rebounded in July after a significant sell-off in the prior two months. The S&P 500 increased 6.9%, the index's strongest single-month return in a year. In 2010 through July, the S&P 500 dipped 1.2%. Recent market fluctuations have hindered the demand for stock offerings, limiting the proceeds available to fund prospective M&A activity.

### U.S. M&A Activity

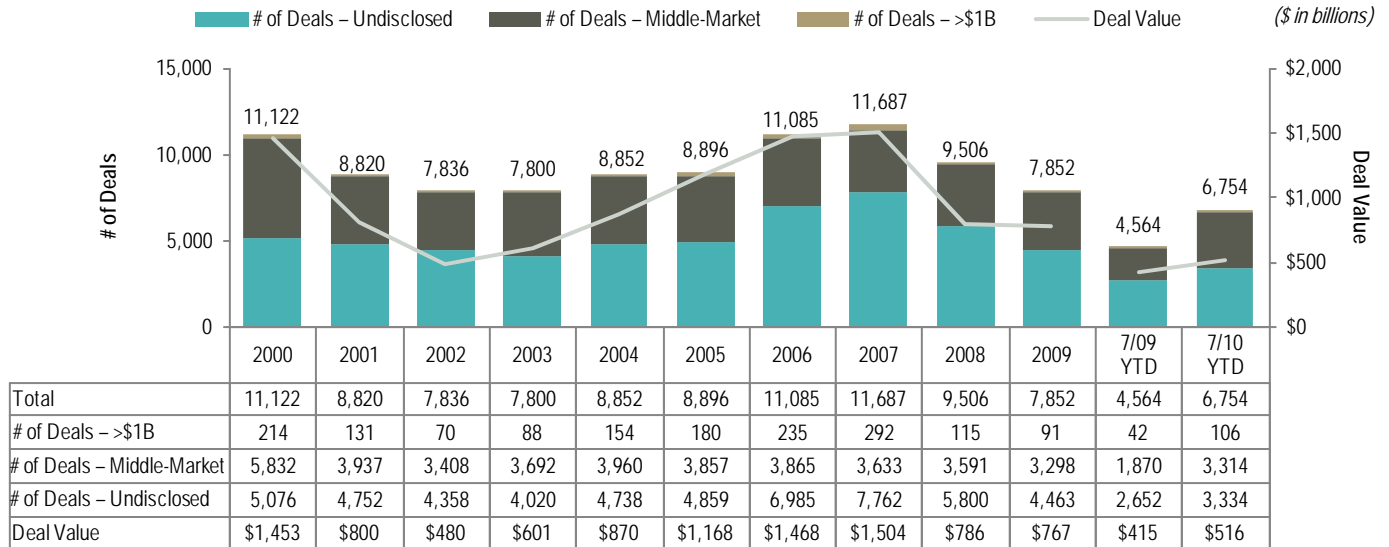
- The total of 883 deals announced in July increased 22.8% from the year-ago level and was slightly above the last 12 month (LTM) average of 820. Dollar volume rose 114% to \$62.2 billion but was below the LTM average of \$72.3 billion. Monthly dollar volume was at its lowest level since January, while deal count was the smallest figure since February.
- The year-to-date deal count was 6,754, up 48.0% from the prior-year period. The number of transactions is on pace for the second-highest total on record, trailing only 2007. Dollar volume grew 24.2% to \$515.7 billion but remained significantly below the run rate of 2005-2007.
- The deal count for the LTM period grew 21.0% to 10,042, while dollar volume totaled \$867.2 billion, an increase of 44.8%.

### U.S. Middle-Market Activity

- A total of 457 middle-market transactions were announced during July, an increase of 51.8% over the prior-year period. Middle-market dollar volume rose 77.0% to \$30.4 billion. Activity in the upper-middle market (deals valued in the \$500-\$1,000 million range) displayed particularly strong growth, as the number of deals doubled to 18 (the highest total since November 2007).
- For January through July, middle-market transactions totaled 3,314, a 77.2% gain from the prior-year period and the highest year-to-date figure (through July) since 2000. Middle-market deal value increased 75.8% to \$170.0 billion.
- Middle-market valuations have risen from the lows of 2009, as the median Enterprise Value/EBITDA multiple moved from 7.5x in 2009 to 8.0x for the LTM period. Valuations have improved within the LTM period. The median multiple for the past six months through July increased to 8.2x from the 7.9x figure for August 2009 through January 2010.

# U.S. M&A Activity

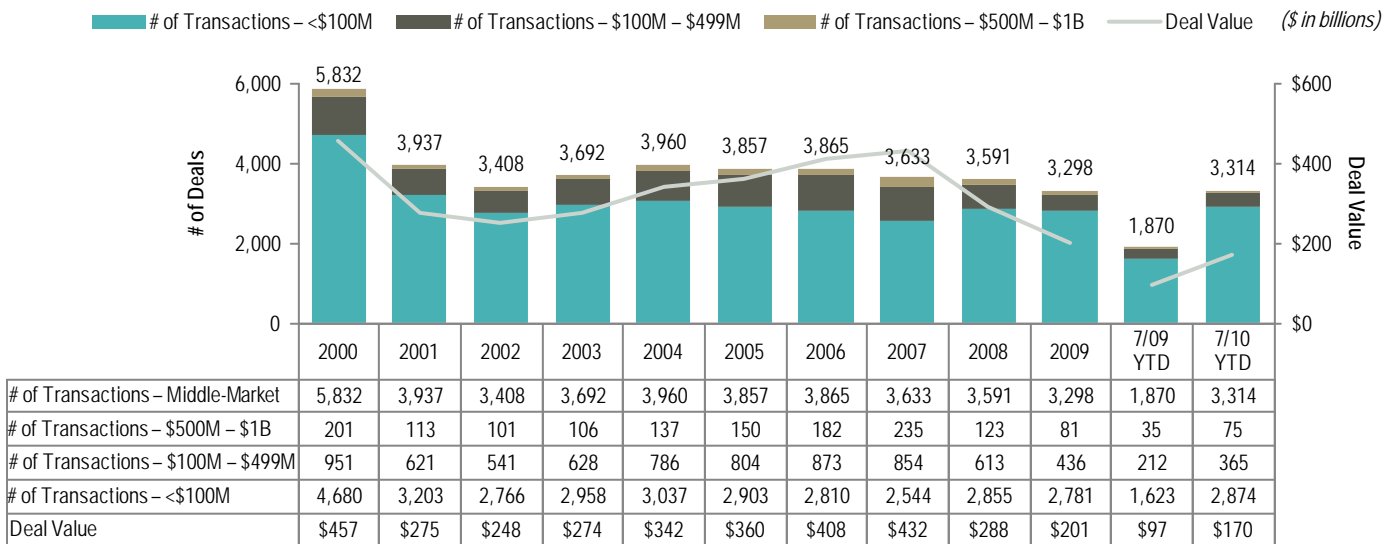
## U.S. M&A Activity



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

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

## U.S. Middle-Market M&A Activity



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

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.



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

Number of Deals			
	2009	2010	% Change
<b>July</b>			
<\$100M	261	383	46.7%
\$100M-\$499M	31	56	80.6%
\$500M-\$1B	9	18	100.0%
<b>Total Middle-Market</b>	<b>301</b>	<b>457</b>	<b>51.8%</b>
<b>LTM Monthly Average</b>	<b>276</b>	<b>395</b>	<b>43.3%</b>
>\$1B	8	13	62.5%
Undisclosed	410	413	0.7%
<b>Total</b>	<b>719</b>	<b>883</b>	<b>22.8%</b>
<b>LTM Monthly Average</b>	<b>705</b>	<b>820</b>	<b>16.3%</b>
<b>YTD</b>			
<\$100M	1,623	2,874	77.1%
\$100M-\$499M	212	365	72.2%
\$500M-\$1B	35	75	114.3%
<b>Total Middle-Market</b>	<b>1,870</b>	<b>3,314</b>	<b>77.2%</b>
>\$1B	42	106	152.4%
Undisclosed	2,652	3,334	25.7%
<b>Total</b>	<b>4,564</b>	<b>6,754</b>	<b>48.0%</b>
<b>LTM</b>			
<\$100M	2,844	4,032	41.8%
\$100M-\$499M	400	589	47.3%
\$500M-\$1B	64	121	89.1%
<b>Total Middle-Market</b>	<b>3,308</b>	<b>4,742</b>	<b>43.3%</b>
>\$1B	64	155	142.2%
Undisclosed	4,930	5,145	4.4%
<b>Total</b>	<b>8,302</b>	<b>10,042</b>	<b>21.0%</b>

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of July 31.  
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

Deal Value			
(\$ in millions)	2009	2010	% Change
<b>July</b>			
<\$100M	\$3,894	\$5,459	40.2%
\$100M-\$499M	\$7,763	\$13,383	72.4%
\$500M-\$1B	\$5,502	\$11,526	109.5%
<b>Total Middle-Market</b>	<b>\$17,159</b>	<b>\$30,368</b>	<b>77.0%</b>
<b>LTM Monthly Average</b>	<b>\$15,240</b>	<b>\$22,885</b>	<b>50.2%</b>
>\$1B	\$11,866	\$31,835	168.3%
Undisclosed	**	**	**
<b>Total</b>	<b>\$29,025</b>	<b>\$62,203</b>	<b>114.3%</b>
<b>LTM Monthly Average</b>	<b>\$49,899</b>	<b>\$72,264</b>	<b>44.8%</b>
<b>YTD</b>			
<\$100M	\$25,855	\$39,057	51.1%
\$100M-\$499M	\$47,165	\$80,819	71.4%
\$500M-\$1B	\$23,691	\$50,164	111.7%
<b>Total Middle-Market</b>	<b>\$96,711</b>	<b>\$170,040</b>	<b>75.8%</b>
>\$1B	\$318,384	\$345,648	8.6%
Undisclosed	**	**	**
<b>Total</b>	<b>\$415,095</b>	<b>\$515,688</b>	<b>24.2%</b>
<b>LTM</b>			
<\$100M	\$51,238	\$62,062	21.1%
\$100M-\$499M	\$87,673	\$130,650	49.0%
\$500M-\$1B	\$43,966	\$81,907	86.3%
<b>Total Middle-Market</b>	<b>\$182,877</b>	<b>\$274,620</b>	<b>50.2%</b>
>\$1B	\$415,905	\$592,553	42.5%
Undisclosed	**	**	**
<b>Total</b>	<b>\$598,782</b>	<b>\$867,173</b>	<b>44.8%</b>

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD and LTM as of July 31.  
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

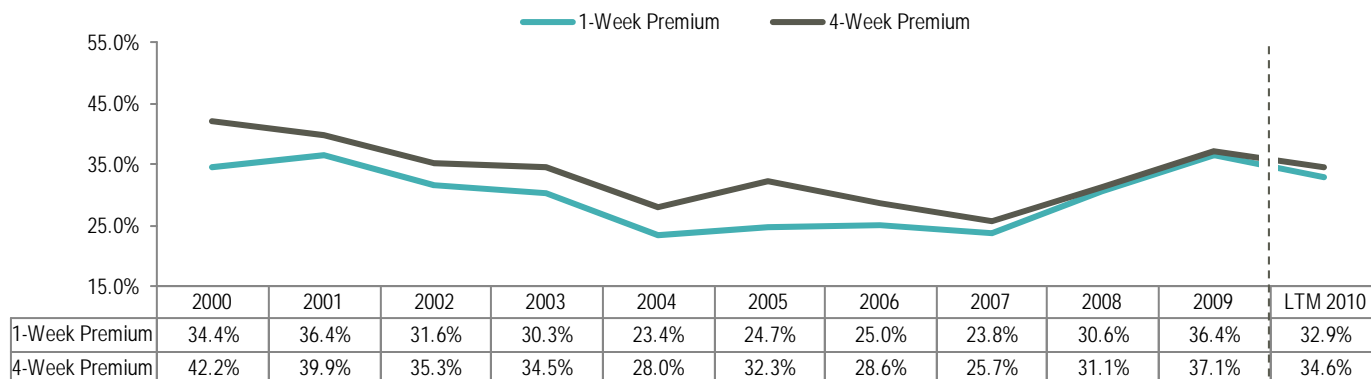
## U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
<b>EV/EBITDA</b>											
<\$100M	7.4x	5.9x	7.0x	6.8x	7.6x	9.2x	8.1x	8.5x	7.8x	7.0x	7.0x
\$100M-\$499M	8.5x	8.3x	7.7x	8.2x	9.0x	9.9x	9.2x	11.2x	11.1x	7.4x	8.9x
\$500M-\$1B	8.7x	8.4x	8.4x	9.6x	10.3x	10.1x	12.0x	10.8x	10.6x	7.8x	8.4x
<b>Middle-Market</b>	<b>8.2x</b>	<b>7.2x</b>	<b>7.3x</b>	<b>7.5x</b>	<b>8.6x</b>	<b>9.7x</b>	<b>9.2x</b>	<b>9.9x</b>	<b>9.5x</b>	<b>7.5x</b>	<b>8.0x</b>
<b>EV/EBIT</b>											
<\$100M	9.0x	7.3x	9.5x	8.9x	9.6x	10.8x	10.0x	10.8x	10.1x	7.8x	9.0x
\$100M-\$499M	11.8x	11.7x	11.2x	11.0x	11.7x	13.5x	13.3x	14.5x	13.7x	11.0x	11.8x
\$500M-\$1B	11.4x	10.6x	12.2x	12.9x	14.0x	13.8x	17.0x	16.1x	13.7x	13.6x	13.4x
<b>Middle-Market</b>	<b>10.7x</b>	<b>9.2x</b>	<b>10.7x</b>	<b>10.8x</b>	<b>11.2x</b>	<b>12.4x</b>	<b>12.5x</b>	<b>12.8x</b>	<b>11.6x</b>	<b>9.7x</b>	<b>10.3x</b>
<b>EV/Revenue</b>											
<\$100M	0.92x	0.75x	0.69x	0.76x	0.95x	0.95x	0.96x	0.92x	0.91x	0.80x	0.89x
\$100M-\$499M	1.15x	1.19x	1.09x	1.06x	1.34x	1.31x	1.24x	1.27x	1.30x	1.22x	1.37x
\$500M-\$1B	1.45x	1.41x	1.27x	1.42x	1.33x	1.55x	1.69x	1.51x	1.42x	1.46x	1.50x
<b>Middle-Market</b>	<b>1.00x</b>	<b>0.89x</b>	<b>0.80x</b>	<b>0.88x</b>	<b>1.11x</b>	<b>1.10x</b>	<b>1.08x</b>	<b>1.01x</b>	<b>1.00x</b>	<b>0.90x</b>	<b>1.06x</b>

Source: Capital IQ and Robert W. Baird & Co. Incorporated M&A Market Analysis. Median multiples are calculated using deals for which meaningful data is available. LTM as of July 31.  
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

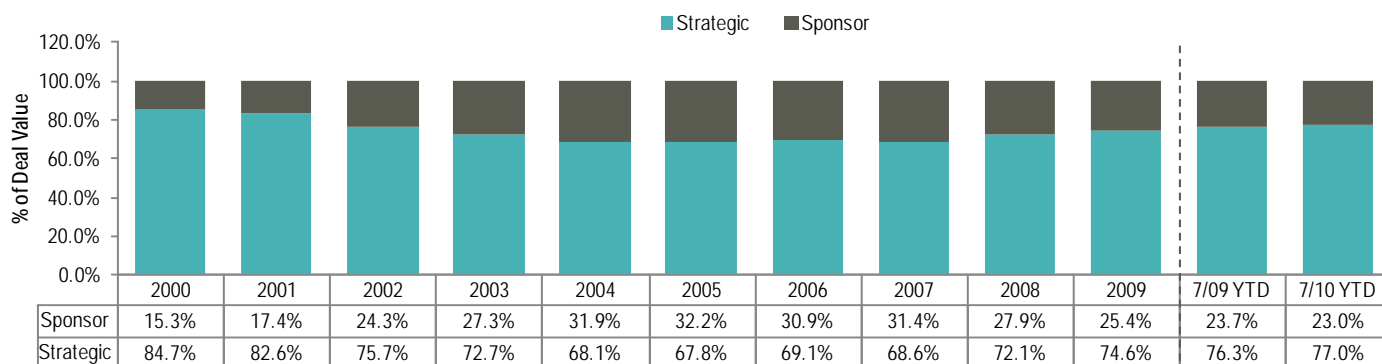
# U.S. Middle-Market M&A Deal Statistics

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



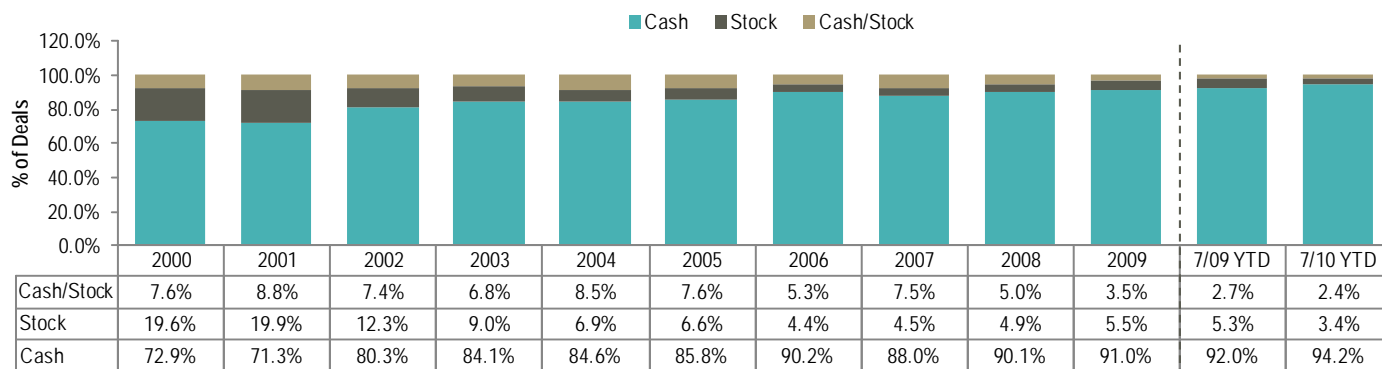
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of July 31.  
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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



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

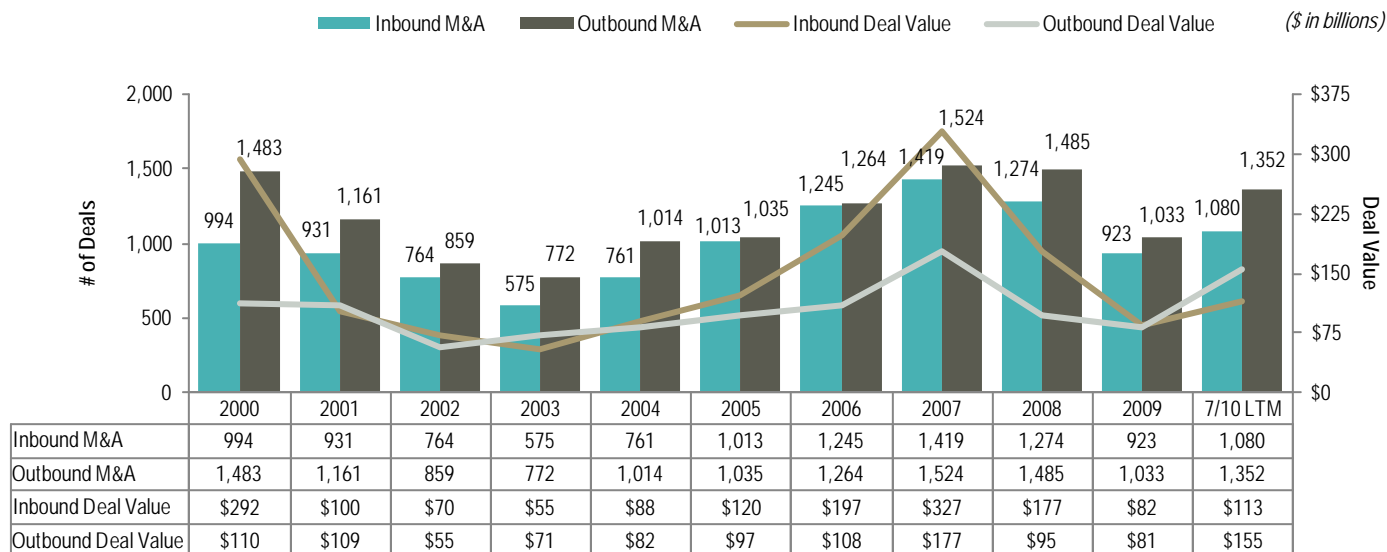
## U.S. Middle-Market M&A Payment Method by Number of Deals



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

# U.S. Cross-Border M&A Activity

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



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

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

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

Industry	# of Deals
1. Computers & Electronics	142
2. Healthcare	83
3. Professional Services	74
4. Mining	54
5. Oil & Gas	44
6. Finance	27
7. Construction/Building	23
8. Real Estate/Property	20
9. Utility & Energy	20
10. Food & Beverage	15

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

Country	# of Deals
1. Canada	209
2. United Kingdom	80
3. Japan	51
4. Australia	38
5. France	33
6. India	27
7. Germany	24
8. Switzerland	24
9. China	16
10. Sweden	15

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

Industry	# of Deals
1. Computers & Electronics	202
2. Professional Services	124
3. Healthcare	85
4. Finance	56
5. Mining	43
6. Consumer Products	38
7. Construction/Building	34
8. Machinery	30
9. Chemicals	29
10. Oil & Gas	27

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

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

# Europe M&A Commentary

Even though M&A activity has not experienced a sustained pick-up in Europe, the shift toward larger transactions continued to fuel high dollar volume growth. The number of M&A deals declined 4.4% in July, whereas dollar volume jumped 155% to \$76.3 billion, the largest monthly figure in nearly two years. In the middle market, the number of deals was up 10.0%, and dollar value rose 55.8%.

Year to date through July, the deal count increased 0.5%. However, Europe witnessed substantial dollar volume growth throughout the past six months, driving year-to-date volume up 61.5%. In the middle market, the transaction count grew 6.0% during January-July, and dollar value expanded 38.9%.

While M&A has been hurt by extended uncertainty regarding fiscal conditions, recent economic indicators and subsiding concerns about Europe's financial health suggest a better backdrop for M&A. Euro zone GDP increased 1.0% in Q2 (compared to Q1), marking the highest growth rate in more than three years. In the current quarter, July's composite PMI for euro zone activity indicated acceleration from the previous two months. The European Central Bank (ECB) cited improving money markets and further economic recovery in the euro region during Q3 as support for phasing out liquidity measures. ECB comments followed the late-July announcement of stress test results for Europe's largest banks. The announcement appeared to ease worries about the region's financial system, as credit default insurance costs subsequently declined to two-month lows. A stabilizing banking environment, coupled with signs of a firming economy, could provide a needed boost of confidence for European companies contemplating M&A activity.

For European middle-market transactions, the median Enterprise Value/EBITDA multiple for the LTM period was 7.5x. This value represents a slight increase over the 2009 median multiple of 7.4x.

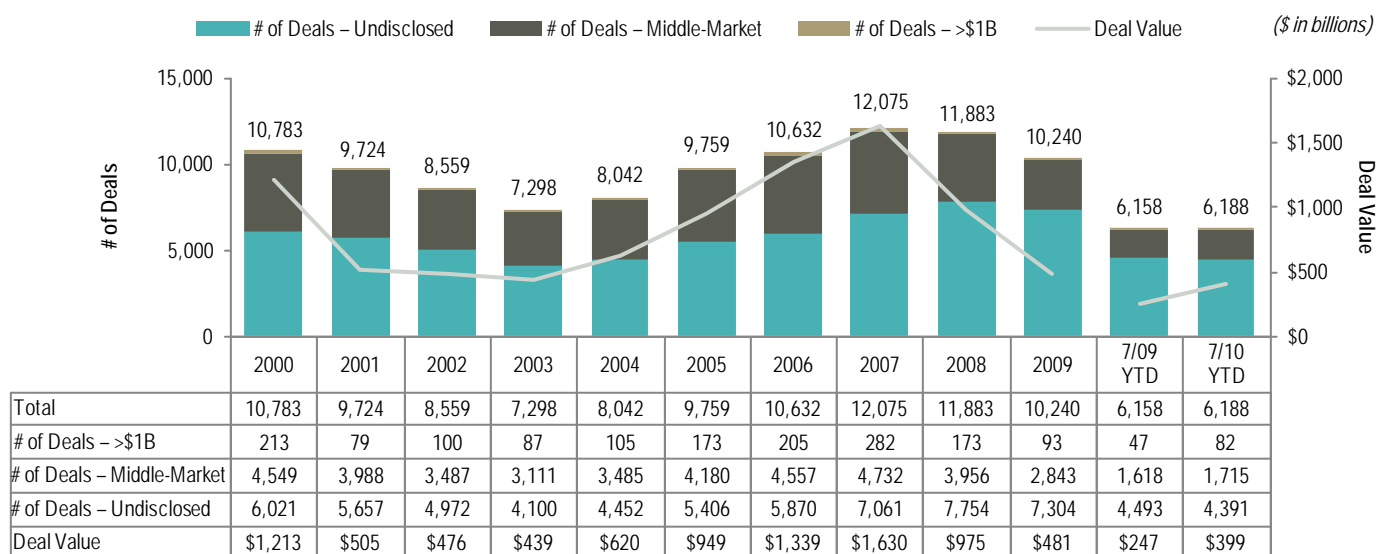
A total of 1,636 U.K. M&A transactions were reported during the first seven months of the year, a marginal increase of 3.8% over the prior-year period. Dollar volume climbed 130% to \$135.2 billion. On a year-to-date-basis, the number of domestic U.K. transactions declined 10.5%, while the cross-border M&A deal total grew 34.7%.

Year to date, the number of U.K. middle-market transactions grew 21.4% over the prior-year period to 642. Dollar volume in the first seven months of 2010 increased 50.9% to \$47.8 billion.

In Germany, year-over-year M&A activity was flat, as the number of announced transactions from January through July decreased 0.4% to 755. Despite stagnation in deal count, dollar volume experienced significant growth, rising 41.0% to \$47.7 billion. For the year-to-date period, inbound M&A activity was robust, with deal count increasing 49.4% and dollar volume climbing almost 225%.

Middle-market M&A metrics were essentially unchanged for Germany during the year-to-date period. The number of announced transactions increased 0.7%, while dollar volume was up 1.5% to \$13.7 billion.

## Europe M&A Activity



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

Note: Middle-market transactions defined as those with a disclosed transaction value of less than \$1 billion. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

# Europe Middle-Market M&A Deal Statistics

Number of Deals			
	2009	2010	% Change
<b>July</b>			
<\$100M	205	198	(3.4%)
\$100M-\$499M	37	64	73.0%
\$500M-\$1B	7	12	71.4%
<b>Total Middle-Market</b>	<b>249</b>	<b>274</b>	<b>10.0%</b>
<b>LTM Monthly Average</b>	<b>247</b>	<b>245</b>	<b>(0.8%)</b>
>\$1B	7	16	128.6%
Undisclosed	670	595	(11.2%)
<b>Total</b>	<b>926</b>	<b>885</b>	<b>(4.4%)</b>
<b>LTM Monthly Average</b>	<b>867</b>	<b>856</b>	<b>(1.3%)</b>
<b>YTD</b>			
<\$100M	1,372	1,338	(2.5%)
\$100M-\$499M	201	319	58.7%
\$500M-\$1B	45	58	28.9%
<b>Total Middle-Market</b>	<b>1,618</b>	<b>1,715</b>	<b>6.0%</b>
>\$1B	47	82	74.5%
Undisclosed	4,493	4,391	(2.3%)
<b>Total</b>	<b>6,158</b>	<b>6,188</b>	<b>0.5%</b>
<b>LTM</b>			
<\$100M	2,480	2,333	(5.9%)
\$100M-\$499M	399	518	29.8%
\$500M-\$1B	85	89	4.7%
<b>Total Middle-Market</b>	<b>2,964</b>	<b>2,940</b>	<b>(0.8%)</b>
>\$1B	107	128	19.6%
Undisclosed	7,335	7,202	(1.8%)
<b>Total</b>	<b>10,406</b>	<b>10,270</b>	<b>(1.3%)</b>

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

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

Deal Value			
(\$ in millions)	2009	2010	% Change
<b>July</b>			
<\$100M	\$4,039	\$4,081	1.0%
\$100M-\$499M	\$8,400	\$14,605	73.9%
\$500M-\$1B	\$4,214	\$7,258	72.2%
<b>Total Middle-Market</b>	<b>\$16,653</b>	<b>\$25,944</b>	<b>55.8%</b>
<b>LTM Monthly Average</b>	<b>\$16,061</b>	<b>\$18,623</b>	<b>16.0%</b>
>\$1B	\$13,322	\$50,392	278.3%
Undisclosed	**	**	**
<b>Total</b>	<b>\$29,975</b>	<b>\$76,336</b>	<b>154.7%</b>
<b>LTM Monthly Average</b>	<b>\$50,329</b>	<b>\$52,763</b>	<b>4.8%</b>
<b>YTD</b>			
<\$100M	\$23,920	\$27,199	13.7%
\$100M-\$499M	\$45,679	\$71,677	56.9%
\$500M-\$1B	\$30,213	\$39,735	31.5%
<b>Total Middle-Market</b>	<b>\$99,812</b>	<b>\$138,611</b>	<b>38.9%</b>
>\$1B	\$147,158	\$260,183	76.8%
Undisclosed	**	**	**
<b>Total</b>	<b>\$246,970</b>	<b>\$398,794</b>	<b>61.5%</b>
<b>LTM</b>			
<\$100M	\$45,556	\$46,357	1.8%
\$100M-\$499M	\$88,100	\$117,086	32.9%
\$500M-\$1B	\$59,080	\$60,037	1.6%
<b>Total Middle-Market</b>	<b>\$192,736</b>	<b>\$223,481</b>	<b>16.0%</b>
>\$1B	\$411,214	\$409,679	(0.4%)
Undisclosed	**	**	**
<b>Total</b>	<b>\$603,950</b>	<b>\$633,160</b>	<b>4.8%</b>

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

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

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

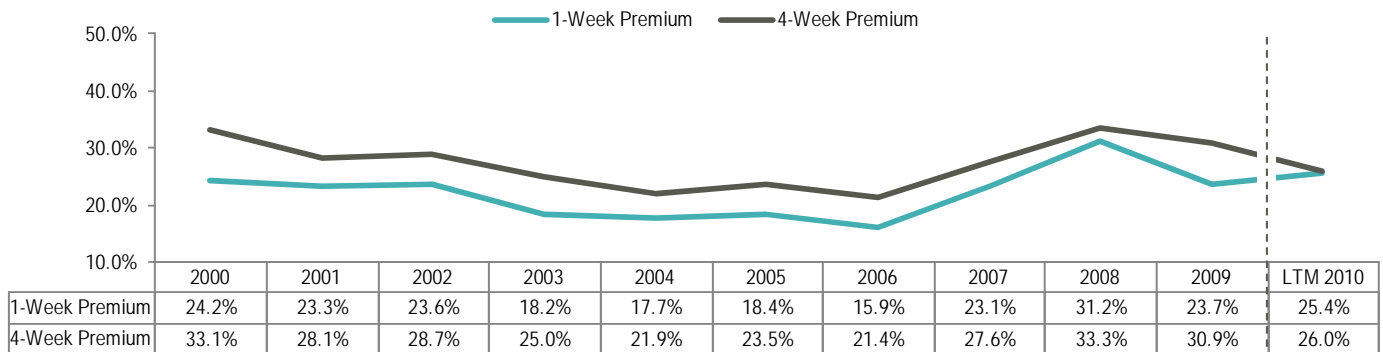
Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
<b>EV/EBITDA</b>											
<\$100M	7.0x	6.5x	5.7x	5.5x	7.0x	7.4x	7.4x	8.2x	6.8x	6.2x	6.8x
\$100M-\$499M	10.2x	7.7x	7.2x	6.3x	7.7x	10.0x	10.0x	11.0x	9.6x	7.7x	8.1x
\$500M-\$1B	8.7x	8.5x	7.9x	8.7x	9.7x	10.2x	10.2x	10.8x	9.6x	11.2x	9.4x
<b>Middle-Market</b>	<b>8.7x</b>	<b>7.9x</b>	<b>6.8x</b>	<b>6.3x</b>	<b>7.6x</b>	<b>8.5x</b>	<b>8.8x</b>	<b>9.5x</b>	<b>7.8x</b>	<b>7.4x</b>	<b>7.5x</b>
<b>EV/EBIT</b>											
<\$100M	10.6x	7.8x	9.1x	8.3x	9.4x	9.2x	8.5x	9.2x	8.1x	7.6x	7.2x
\$100M-\$499M	12.3x	11.1x	10.8x	9.7x	11.2x	13.4x	13.8x	13.5x	11.1x	10.2x	10.8x
\$500M-\$1B	10.2x	10.6x	13.0x	11.4x	12.2x	15.6x	15.1x	12.4x	12.4x	15.7x	12.1x
<b>Middle-Market</b>	<b>11.3x</b>	<b>9.1x</b>	<b>10.3x</b>	<b>9.2x</b>	<b>10.4x</b>	<b>11.6x</b>	<b>10.7x</b>	<b>10.9x</b>	<b>9.3x</b>	<b>9.1x</b>	<b>8.2x</b>
<b>EV/Revenue</b>											
<\$100M	0.95x	0.69x	0.59x	0.63x	0.84x	0.74x	0.81x	0.78x	0.78x	0.63x	0.71x
\$100M-\$499M	1.29x	1.14x	1.04x	0.95x	1.11x	1.18x	1.29x	1.32x	1.12x	0.92x	1.13x
\$500M-\$1B	1.01x	0.94x	0.57x	1.43x	1.44x	1.29x	1.74x	1.37x	1.63x	1.68x	1.03x
<b>Middle-Market</b>	<b>1.03x</b>	<b>0.82x</b>	<b>0.66x</b>	<b>0.71x</b>	<b>0.89x</b>	<b>0.89x</b>	<b>0.92x</b>	<b>0.87x</b>	<b>0.86x</b>	<b>0.69x</b>	<b>0.84x</b>

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

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

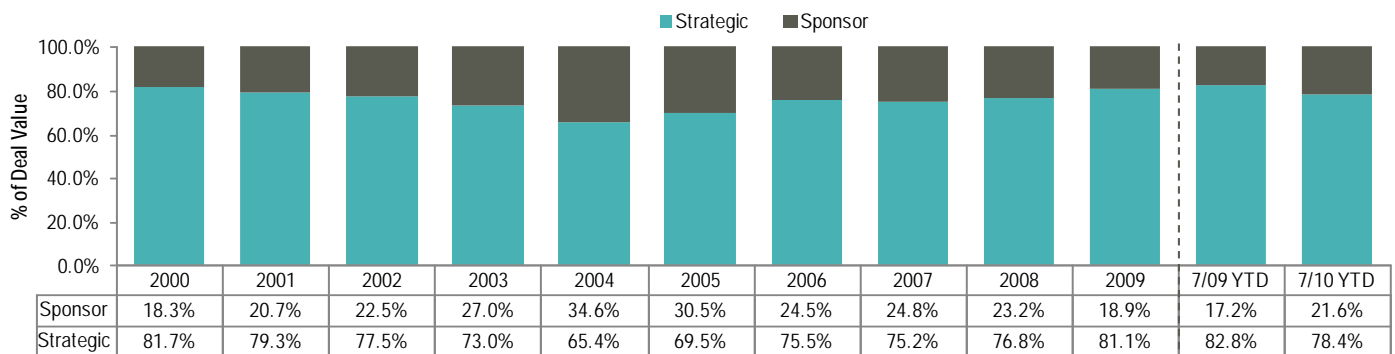
# Europe Middle-Market M&A Deal Statistics

## Europe Middle-Market Median Acquisition Premiums



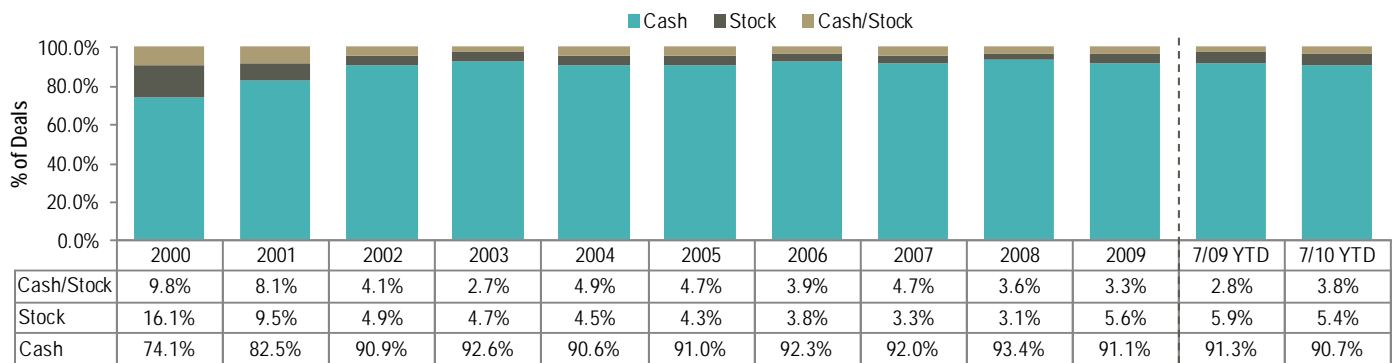
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of July 31.  
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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



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

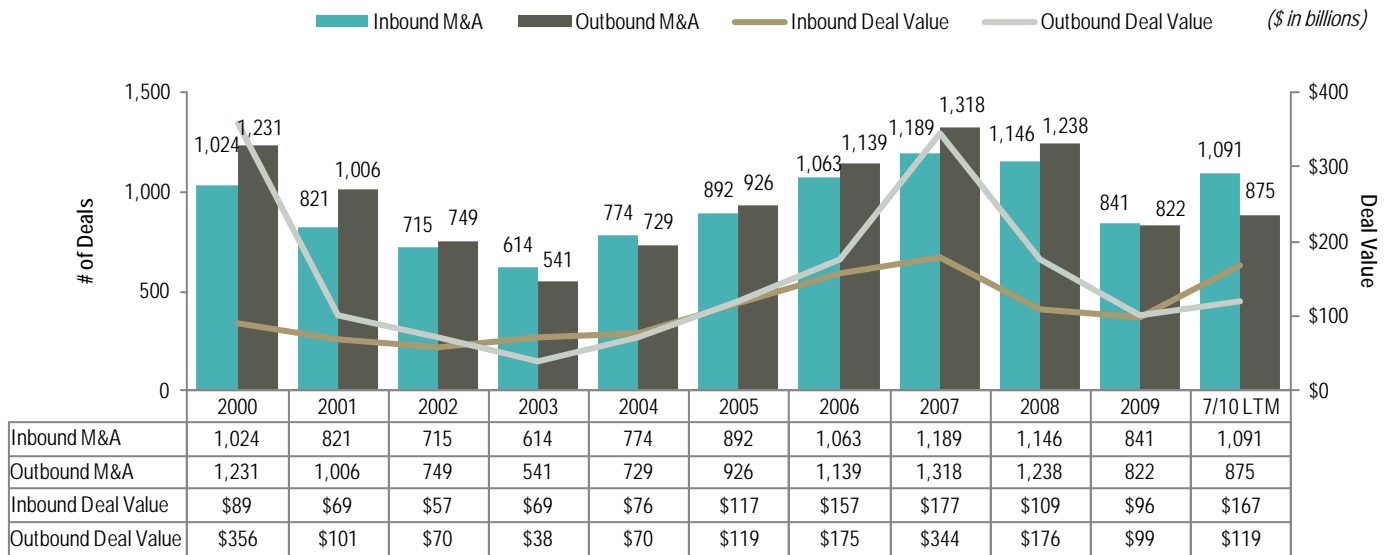
## Europe Middle-Market M&A Payment Method by Number of Deals



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

# Europe Cross-Border M&A Activity

## Europe – Inbound and Outbound M&A



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

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

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

Country	# of Deals
1. United Kingdom	241
2. Germany	93
3. France	66
4. Italy	29
5. Netherlands	27
6. Spain	26
7. Switzerland	24
8. Sweden	22
9. Denmark	20
10. Belgium	17

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

Industry	# of Deals
1. Computers & Electronics	146
2. Professional Services	81
3. Healthcare	63
4. Finance	34
5. Construction/Building	31
6. Machinery	29
7. Consumer Products	28
8. Oil & Gas	26
9. Transportation	24
10. Real Estate/Property	22

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

Country	# of Deals
1. United States of America	243
2. Australia	40
3. Canada	36
4. Brazil	27
5. China	25
6. India	18
7. South Africa	12
8. Japan	11
9. Mexico	9
10. Singapore	8

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

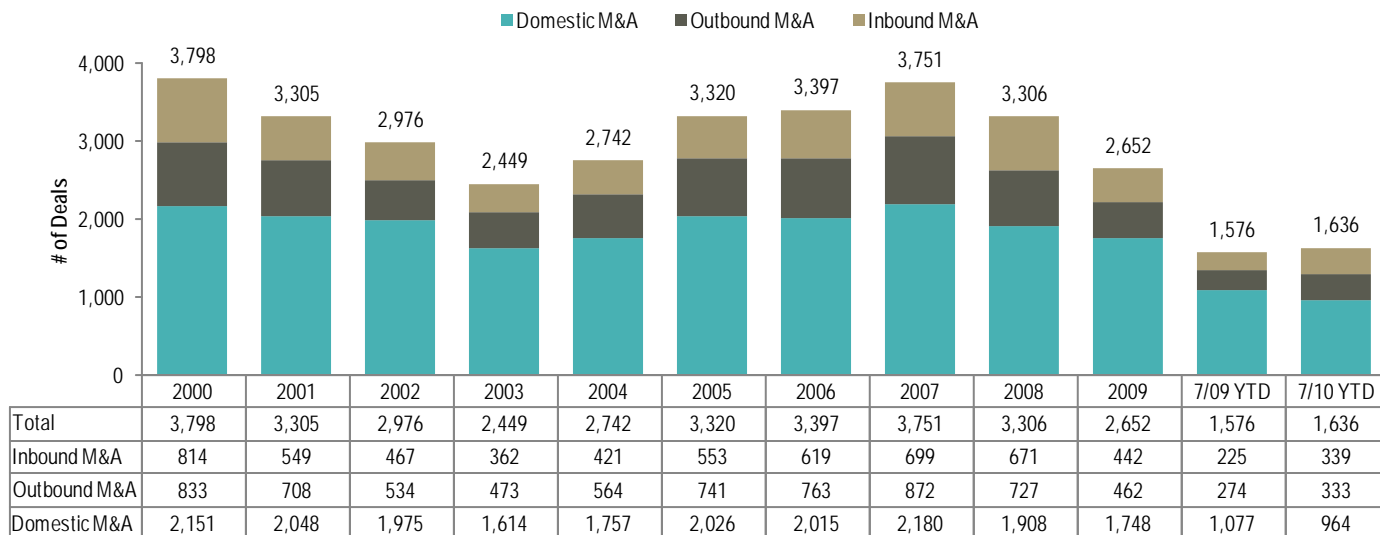
Industry	# of Deals
1. Computers & Electronics	98
2. Professional Services	84
3. Healthcare	67
4. Construction/Building	28
5. Mining	23
6. Finance	23
7. Oil & Gas	20
8. Utility & Energy	19
9. Food & Beverage	16
10. Chemicals	16

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

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

# U.K. Cross-Border M&A Activity

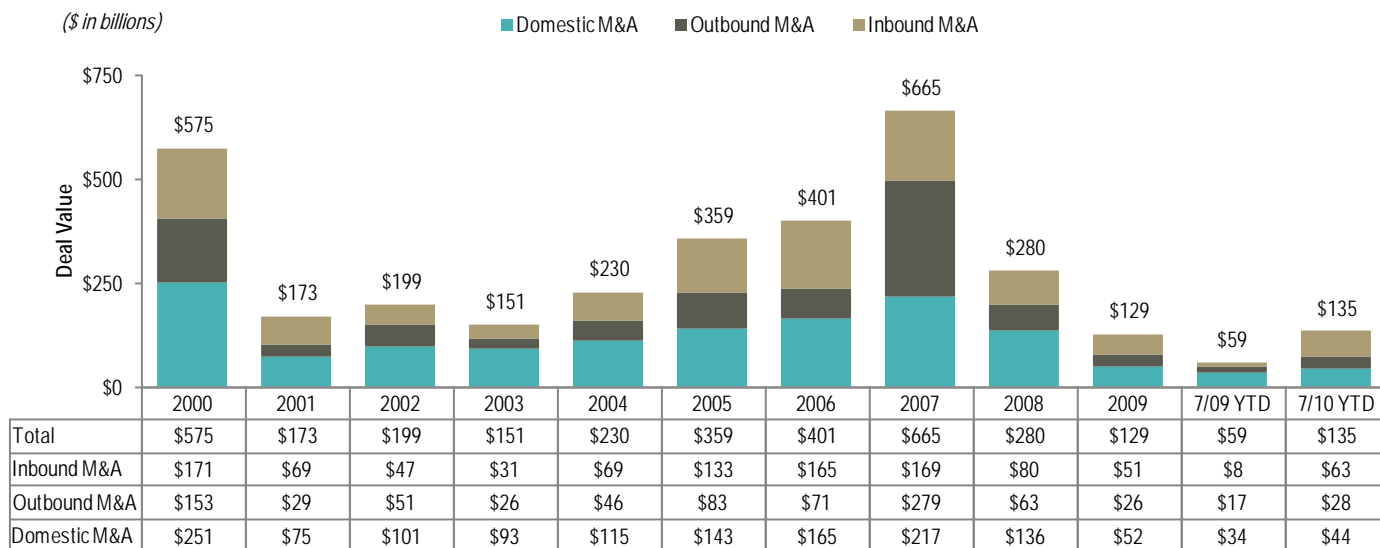
## U.K. Number of Deals (Domestic/Outbound/Inbound)



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

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

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



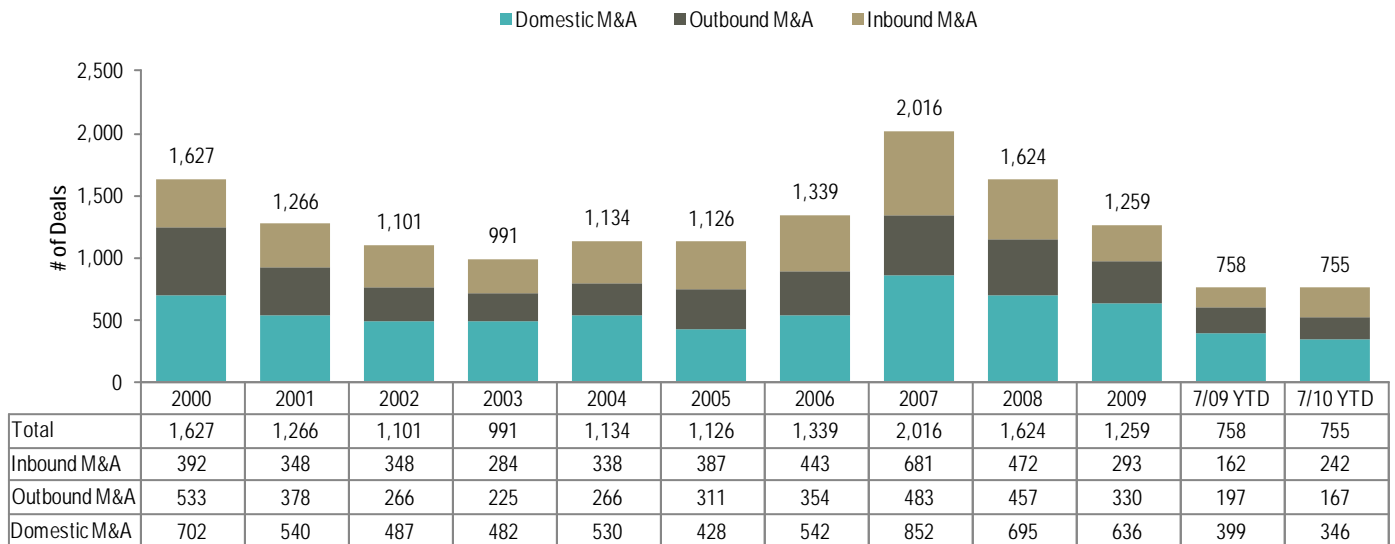
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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



# Germany Cross-Border M&A Activity

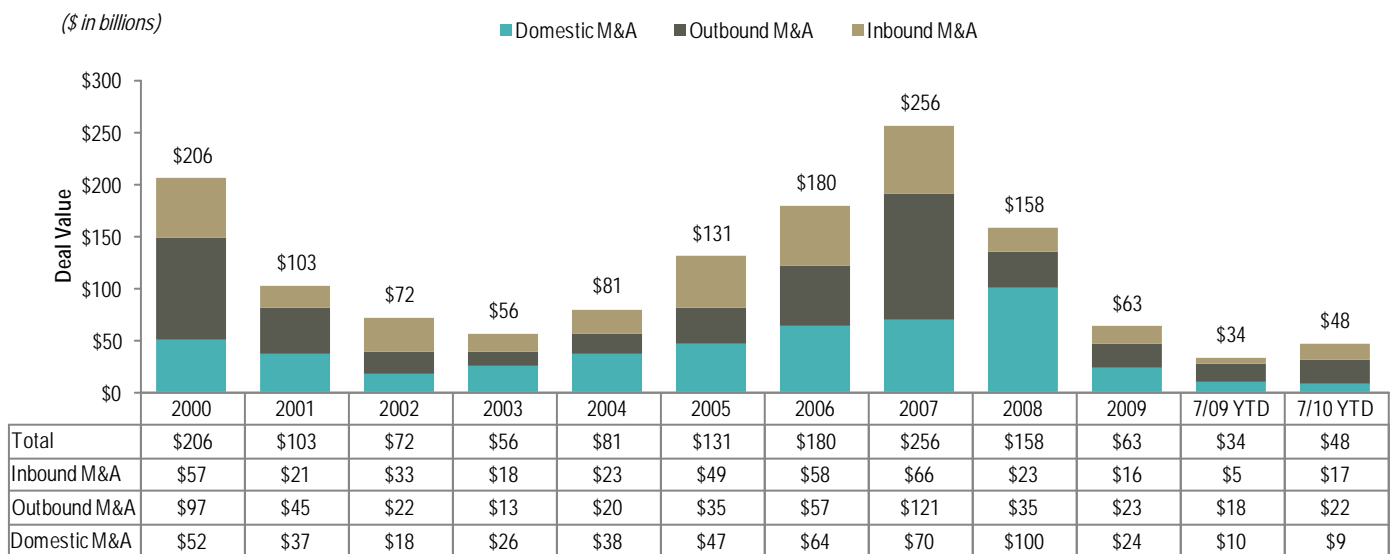
## Germany Number of Deals (Domestic/Outbound/Inbound)



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

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

## Germany Deal Value (Domestic/Outbound/Inbound)



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

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

# Asia M&A Commentary

The M&A market in Asia (ex. Japan) again registered good numbers in July. The number of deals increased 15.7% versus July 2009 and was 10.2% above the monthly average for the first half of the year. Announced dollar volume (+201%) tripled to \$39.0 billion, the second-highest monthly total on record. In Asia's middle market, the transaction count rose 21.0%, while dollar value grew 57.5%.

In the first seven months of 2010, the deal count in Asia (ex. Japan) advanced 26.6%, and dollar volume (+106%) more than doubled. Asia's middle market has experienced healthy year-to-date growth, with increases of 26.8% for the transaction total and 57.6% for dollar value.

Robust M&A activity in Asia has been supported by positive (albeit slowing) economic fundamentals in China, which represented slightly over half of deal announcements in Asia (ex. Japan) to date in 2010. Government measures designed to temper GDP growth from the first-half rate of 11.1% include bank loan quotas, tighter lending standards, and restrictions on real estate speculation. The official PMI for the manufacturing sector showed minimal expansion in declining to the lowest level since early 2009. Other economic indicators signaling modest deceleration in July included fixed asset investment and retail sales. Exports remain a critical driving force in China's economy, with the 38.1% growth rate reported for July slightly above the year-to-date increase. Sustained strength for exports should enable further appreciation for the yuan as China strives to boost domestic demand and contain inflation.

China registered 232 M&A transactions in July, a rise of 12.6% over the prior-year period. Reported dollar volume for the month was \$19.6 billion, an increase of 109%.

For the year-to-date period, China witnessed 1,546 deals, a rise of 37.2% over the prior-year level. Dollar volume from January through July increased 35.4% to \$81.3 billion. Inbound M&A metrics experienced strong growth, as total deal count climbed 35.4%, while dollar volume jumped almost 250% to \$9.4 billion.

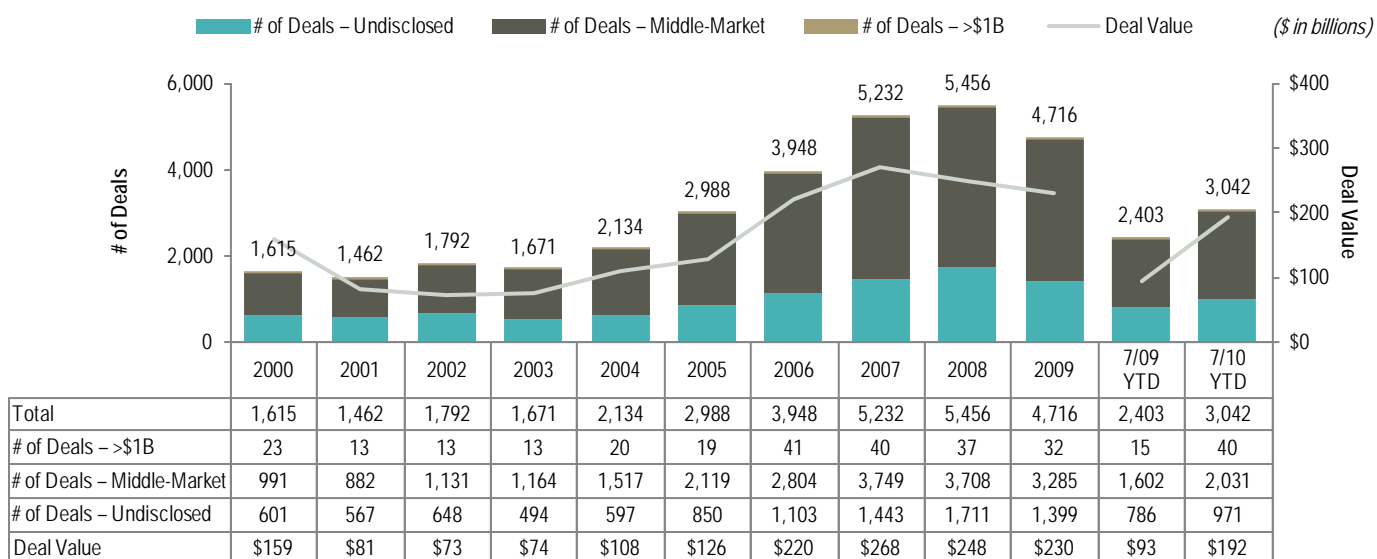
From January through July, China announced 1,217 middle-market transactions, an increase of 36.6%. Reported middle-market dollar volume grew 49.1% to \$53.8 billion.

Year to date, India has seen massive growth in M&A activity. The number of announced transactions increased 55.0% to 527 from the prior-year level. Dollar volume soared almost 1,200% to \$55.6 billion, as 15 billion-dollar-plus deals were announced through July (versus none in 2009).

India middle-market M&A activity also displayed impressive growth. Year to date, the transaction total was 218, an increase of 69.0% over the prior-year period. Dollar volume grew 172% to \$11.8 billion.

From January through July, M&A activity in Japan lagged significantly. Deal count decreased 14.2% to 1,108. Reported dollar volume was \$32.5 billion, a decline of 38.6%.

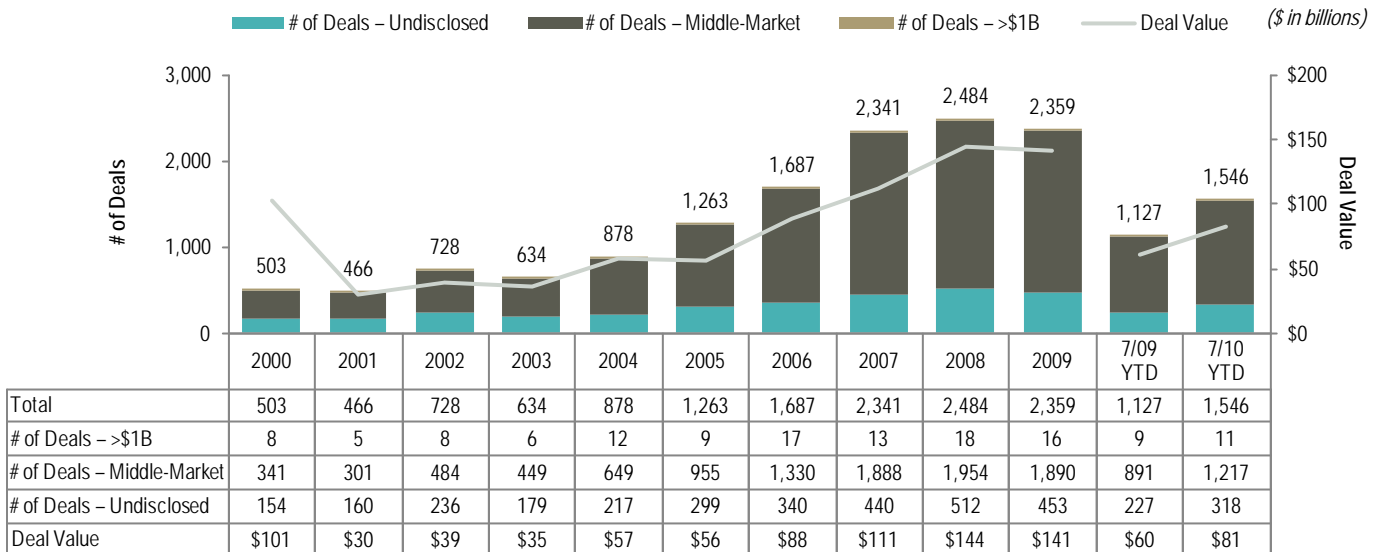
## Asia (ex. Japan) M&A Activity



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

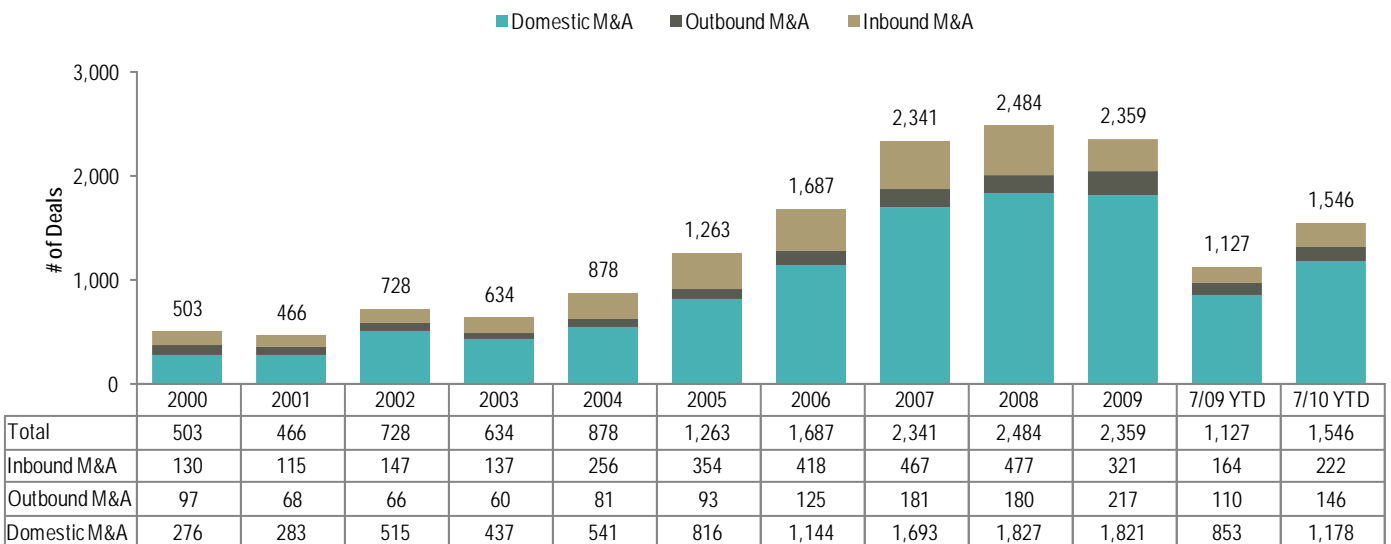
# China M&A Activity

## China M&A Activity



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

## China Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.  
 Note: Domestic M&A represents China target/China acquiror; Outbound M&A represents non-China target/China acquiror; Inbound M&A represents China target/non-China acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

# China M&A Deal Statistics

## China Number of Deals

	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
<b>July</b>								
Middle-Market	141	151	15	13	12	24	168	188
>\$1B	1	1	0	1	0	0	1	2
Undisclosed	15	19	7	8	15	15	37	42
<b>Total</b>	<b>157</b>	<b>171</b>	<b>22</b>	<b>22</b>	<b>27</b>	<b>39</b>	<b>206</b>	<b>232</b>
<b>YTD</b>								
Middle-Market	734	992	72	92	85	133	891	1,217
>\$1B	6	6	3	4	0	1	9	11
Undisclosed	113	180	35	50	79	88	227	318
<b>Total</b>	<b>853</b>	<b>1,178</b>	<b>110</b>	<b>146</b>	<b>164</b>	<b>222</b>	<b>1,127</b>	<b>1,546</b>
<b>LTM</b>								
Middle-Market	1,364	1,828	107	163	194	225	1,665	2,216
>\$1B	10	11	4	6	1	1	15	18
Undisclosed	225	307	58	84	152	153	435	544
<b>Total</b>	<b>1,599</b>	<b>2,146</b>	<b>169</b>	<b>253</b>	<b>347</b>	<b>379</b>	<b>2,115</b>	<b>2,778</b>

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

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

## China Deal Value

(\$ in millions)

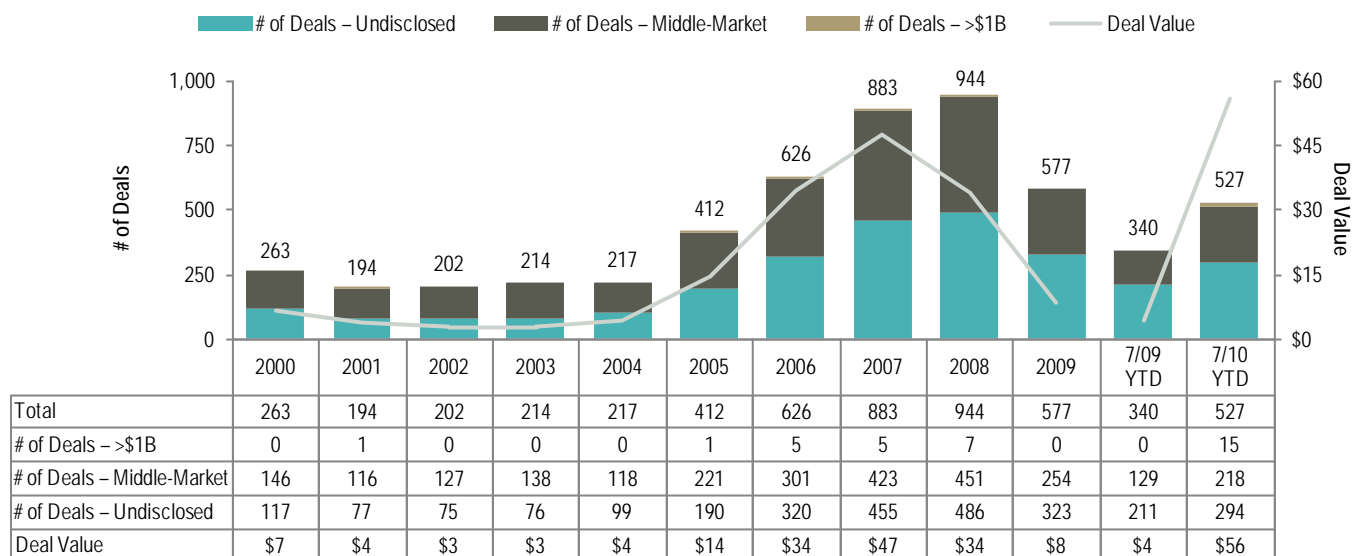
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
<b>July</b>								
Middle-Market	\$5,615	\$7,411	\$1,005	\$845	\$262	\$972	\$6,883	\$9,228
>\$1B	\$2,517	\$1,350	\$0	\$9,021	\$0	\$0	\$2,517	\$10,372
<b>Total</b>	<b>\$8,132</b>	<b>\$8,761</b>	<b>\$1,005</b>	<b>\$9,867</b>	<b>\$262</b>	<b>\$972</b>	<b>\$9,399</b>	<b>\$19,600</b>
<b>YTD</b>								
Middle-Market	\$29,341	\$41,613	\$3,979	\$4,956	\$2,751	\$7,224	\$36,071	\$53,793
>\$1B	\$11,261	\$12,551	\$12,763	\$12,799	\$0	\$2,200	\$24,025	\$27,549
<b>Total</b>	<b>\$40,603</b>	<b>\$54,164</b>	<b>\$16,742</b>	<b>\$17,755</b>	<b>\$2,751</b>	<b>\$9,424</b>	<b>\$60,096</b>	<b>\$81,342</b>
<b>LTM</b>								
Middle-Market	\$47,325	\$86,553	\$6,648	\$12,787	\$6,856	\$12,474	\$60,830	\$111,815
>\$1B	\$27,955	\$31,233	\$14,752	\$17,294	\$1,300	\$2,200	\$44,006	\$50,727
<b>Total</b>	<b>\$75,280</b>	<b>\$117,786</b>	<b>\$21,400</b>	<b>\$30,081</b>	<b>\$8,156</b>	<b>\$14,674</b>	<b>\$104,836</b>	<b>\$162,542</b>

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

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

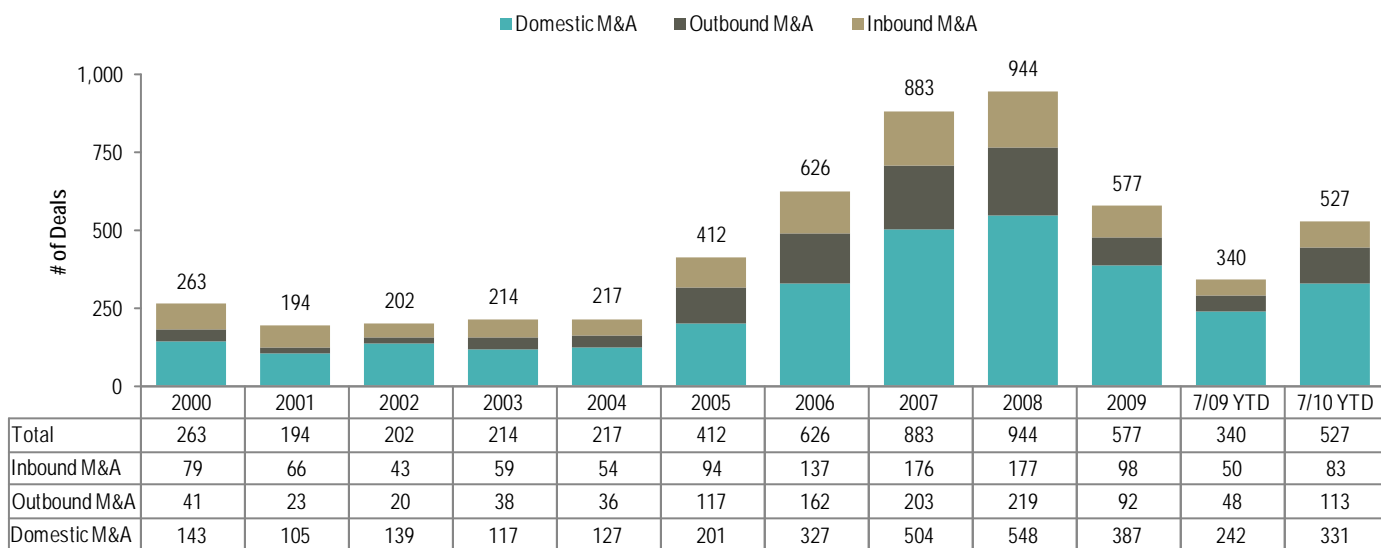
# India M&A Activity

## India M&A Activity



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

## India Number of Deals (Domestic, Outbound, Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.  
 Note: Domestic M&A represents India target/India acquirer; Outbound M&A represents non-India target/India acquirer; Inbound M&A represents India target/non-India acquirer.  
 Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

# India M&A Deal Statistics

## India Number of Deals

	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
<b>July</b>								
Middle-Market	12	20	5	7	5	12	22	39
>\$1B	0	0	0	0	0	0	0	0
Undisclosed	25	19	7	6	4	7	36	32
<b>Total</b>	<b>37</b>	<b>39</b>	<b>12</b>	<b>13</b>	<b>9</b>	<b>19</b>	<b>58</b>	<b>71</b>
<b>YTD</b>								
Middle-Market	83	132	23	41	23	45	129	218
>\$1B	0	10	0	3	0	2	0	15
Undisclosed	159	189	25	69	27	36	211	294
<b>Total</b>	<b>242</b>	<b>331</b>	<b>48</b>	<b>113</b>	<b>50</b>	<b>83</b>	<b>340</b>	<b>527</b>
<b>LTM</b>								
Middle-Market	153	204	51	62	56	77	260	343
>\$1B	0	10	1	3	0	2	1	15
Undisclosed	268	262	63	92	57	52	388	406
<b>Total</b>	<b>421</b>	<b>476</b>	<b>115</b>	<b>157</b>	<b>113</b>	<b>131</b>	<b>649</b>	<b>764</b>

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

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

## India Deal Value

(\$ in millions)

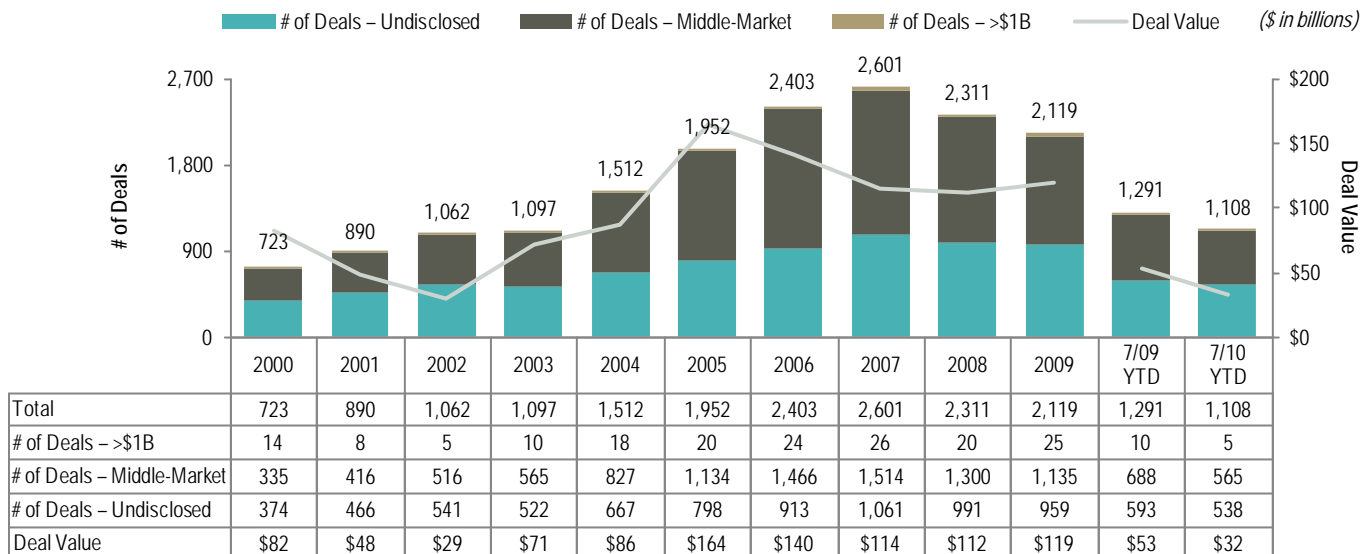
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
<b>July</b>								
Middle-Market	\$89	\$1,429	\$84	\$139	\$687	\$292	\$860	\$1,860
>\$1B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$89</b>	<b>\$1,429</b>	<b>\$84</b>	<b>\$139</b>	<b>\$687</b>	<b>\$292</b>	<b>\$860</b>	<b>\$1,860</b>
<b>YTD</b>								
Middle-Market	\$2,702	\$6,279	\$461	\$3,789	\$1,156	\$1,698	\$4,319	\$11,766
>\$1B	\$0	\$25,588	\$0	\$13,442	\$0	\$4,767	\$0	\$43,797
<b>Total</b>	<b>\$2,702</b>	<b>\$31,867</b>	<b>\$461</b>	<b>\$17,231</b>	<b>\$1,156</b>	<b>\$6,465</b>	<b>\$4,319</b>	<b>\$55,563</b>
<b>LTM</b>								
Middle-Market	\$4,550	\$8,194	\$3,044	\$4,608	\$2,089	\$3,113	\$9,682	\$15,915
>\$1B	\$0	\$25,588	\$2,624	\$13,442	\$0	\$4,767	\$2,624	\$43,797
<b>Total</b>	<b>\$4,550</b>	<b>\$33,782</b>	<b>\$5,668</b>	<b>\$18,050</b>	<b>\$2,089</b>	<b>\$7,880</b>	<b>\$12,306</b>	<b>\$59,712</b>

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

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

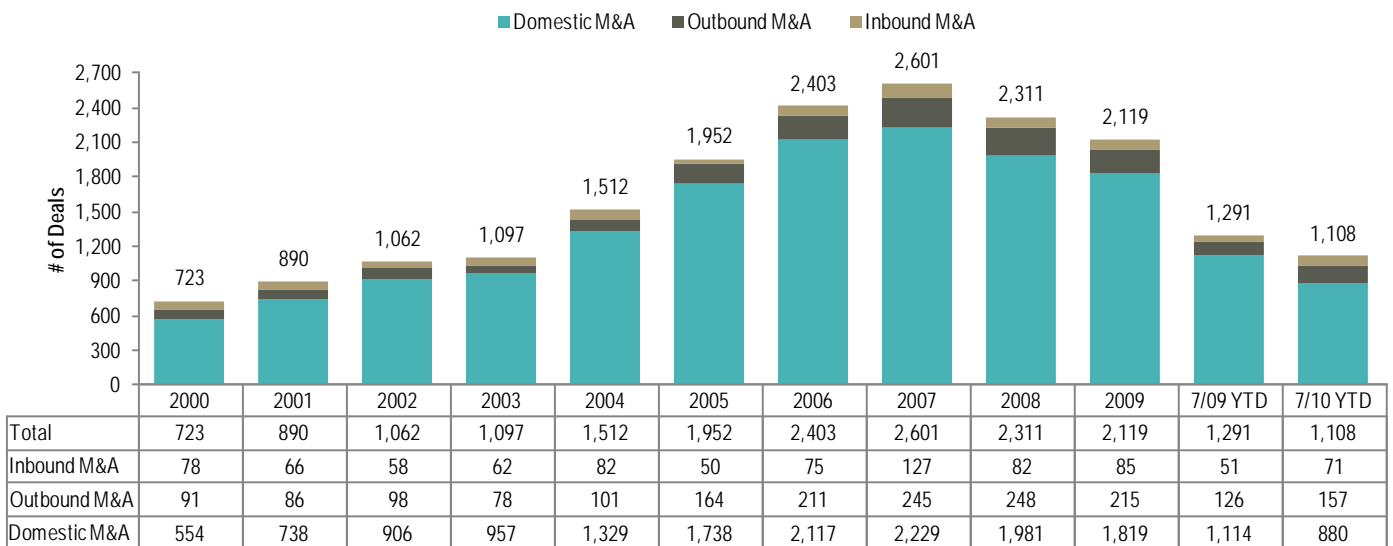
# Japan M&A Activity

## Japan M&A Activity



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

## Japan Number of Deals (Domestic/Outbound/Inbound)



Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.  
 Note: Domestic M&A represents Japan target/Japan acquiror; Outbound M&A represents non-Japan target/Japan acquiror; Inbound M&A represents Japan target/non-Japan acquiror. Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

# Economic Commentary

## ECONOMY:

Economic fundamentals have been downgraded from bullish to neutral. We do not fall into the double-dip camp of those looking for another recession in the near term. We have, though, maintained the view that as the effects of government's intervention in the economy faded in the second half of 2010, economic growth would slow. That scenario looks to be playing out. There is some growing concern over the pace at which the slowdown is occurring and indeed the pace of growth prior to the slowdown, but a double-dip remains unlikely at this point. The originally reported GDP growth of 2.4% for the second quarter is likely to be revised substantially lower. Recently received June data on inventories and trade (which were not available when the initial Q2 GDP estimate was released) shows growth tracking closer to 1.0%.

Overhanging the economic outlook is persistent fragility in the labor market and renewed weakness in the housing market. After a return to payroll growth earlier this year, recent labor market trends have become more suspect. Household employment has declined in each of the last three months, and the recent drop in the unemployment rate is due to frustrated workers giving up and dropping out of the labor force. Leading indicators for the labor market have also weakened. The temporary staffing sector in July saw its first monthly decline in payrolls in 10 months, and the trend in initial jobless claims has climbed to its highest level since February.

The government's efforts to spur home sales in the second half of 2009 (which was then extended to cover the first part of 2010) appear to have come at the expense of home sales in the second half of this year. The August data from the NAHB (National Association of Home Builders) shows that the housing market index has fallen in three consecutive months and is now at its lowest level since early 2009. Mortgage applications for new home purchases have dropped by 40% since the end of April even as long-term mortgage rates have fallen by nearly half a percent. While households have made progress in reducing their debt levels, more work remains. Further weakness in the housing market could unleash another round of foreclosures and defaults, adding to deflationary pressures. While debt needs to be destroyed, a more orderly process (i.e., the paying down of debt) poses less risk to the economy.

## STOCK MARKET:

Valuations are still bearish. We look skeptically at valuation models that compare expected P/E ratios to bond yields (these models suggest that as bonds rally on economic concerns, stocks are becoming more attractive). We prefer to track reported earnings on a trailing basis (removing the two assumptions of what earnings will be next year and what charges can be excluded from the calculation), looking at the price/earnings ratio for the median company in the S&P 500. This measure shows that stocks are near fair value from a historical perspective. Earnings growth over the past year, however, has been driven more by government-sponsorship and/or cost-cutting rather than self-sustaining top-line expansion. This would suggest a below-average valuation may be warranted at this time. Moreover, when compared to other measures (i.e., the overall economy, dividends, sales, etc.), prices look high. Finally, when looked at from a risk management perspective, valuations at or above their long-term averages in the face of secular headwinds are not consistent with a low-risk opportunity for stocks.

Sentiment is bullish, although rising optimism could soon push this indicator to neutral. A surge in bearish sentiment in July helped fuel last month's rally, but early-August readings from the Investors Intelligence (advisory services) and AAI (individual investors) surveys show the most bulls and fewest bears since May. While optimism in these sentiment surveys is hardly extreme, the favorable conditions of a month ago have begun to reverse. In the AAI survey, the past four weeks have seen the number of bulls double and the number of bears cut in half.

Broad market indicators are neutral. Breadth measures continue to move in tandem with the stock market, and the divergences typically seen at the tail-end of a cyclical rally have yet to emerge. A bearish signal could be sent by new lows in the breadth indicators that are not accompanied by new lows in the indexes, or new highs in the indexes that are not endorsed by highs in the breadth indicators. We have seen new highs on the NYSE advance/decline line, but this was driven by gains in the bond-related issues that trade on the NYSE, which have benefited from falling yields. Either broadening the universe (aggregating data from both the NYSE and NASDAQ) or narrowing it (looking at breadth from an index-level perspective) is more relevant. The A/D lines for the S&P indexes actually show more strength at the large-cap level than the small-cap level, which may be a first move towards an overall contraction of breadth. Our industry group trend indicator has yet to meaningfully diverge from the price indexes, but its level is consistent with a neutral breadth score.



# Economic Commentary

## INTEREST RATES:

Federal Reserve policy remains neutral. At its latest FOMC meeting, the Federal Reserve downgraded its outlook for the economy and decided to maintain the current size of its balance sheet by buying Treasury debt with the principal received from maturing mortgage-backed debt. This may well be the first step towards another round of balance sheet expansion geared towards pulling interest rates down across the yield curve in an attempt to support economic growth and stave off a deflationary outcome. Ben Bernanke is well versed in economic history and knows that deflationary episodes are best nipped in the bud, and he has not been shy about talking about (and using) any available methods to prevent a Japanese-style deflation from setting in here in the United States.

The effectiveness of these efforts may ultimately lie beyond the Federal Reserve – while funds are being made available to banks, they in turn are not lending it out. This can be seen in the anemic recovery in the rate of turnover of money (known as the velocity of money) and the slowdown in growth of the money supply. Absent a re-acceleration in money supply growth, nominal economic growth is likely to be constrained. The Federal Reserve's resumption of Treasury purchases could push yields in the middle part of the yield curve lower, leading to an overall flattening of the curve. It could also push the dollar lower, as the Fed will have to print more dollars to purchase this debt.

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# Restructuring News

## The Baird CDS Index

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

After shunning risk in May and June – and driving the Baird CDS Index appreciably higher in those consecutive months – investors' appetites for risk increased somewhat in July, causing the Baird CDS Index to ease 62.1 points to 584.2 on July 31, a decline of 9.6% from 646.3 on June 30. Thus, it became slightly less costly to insure against a credit default by non-investment grade borrowers outside of the financial sector last month, reflecting greater optimism that a double dip recession is probably unlikely.

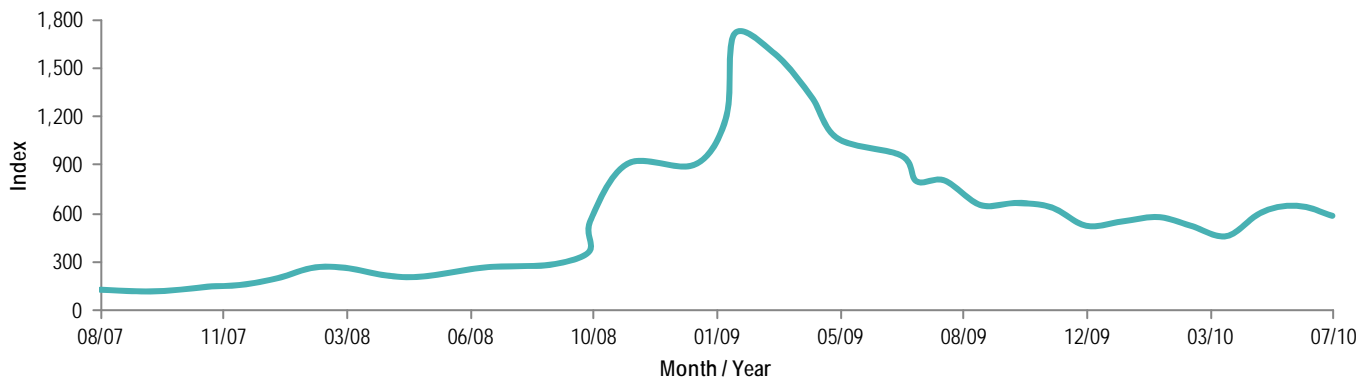
Our CDS Index has been choppy in 2010, rising in January, February, May and June and falling in March, April and July. This is consistent with the pattern generally in place for the past year in which the CDS Index has moved inconsistently around its midpoint of 630.1, not far from the 584.2 at July 31.

This lack of strong conviction in the direction of the CDS Index suggests that while the risk of widespread credit defaults has dissipated substantially since early 2009, credit risk for non-investment grade companies outside the financial sector continues to be priced at levels reflecting an elevated concern over the prospect of future defaults.

In present tense, credit defaults spawning bankruptcy filings by public companies continue to trend down from this time last year. According to Bankruptcy.com, 12 public companies filed for bankruptcy in July, compared to 21 in July 2009. In addition, only 64 public companies filed for bankruptcy between January and July 2010, compared to 143 in the same period of 2009. While this data clearly reflect the cyclical decline in bankruptcy filings, many businesses facing more secular issues – retailers and distributors of books, movies and music, for instance – are likely to undergo restructurings regardless of the strength of the economic recovery.

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

## 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. Weinhofer

Managing Director, Head of Financial Restructuring Group

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# Transaction Spotlight – Sale of SterilMed, Inc. to Great Hill Partners and Primus Capital Funds

<b>Target Company</b> <i>Headquarters</i>	SterilMed, Inc. <i>Maple Grove, MN</i>	
<b>Acquiring Company</b> <i>Headquarters</i>	Great Hill Partners <i>Boston, MA</i>	
<b>Acquiring Company</b> <i>Headquarters</i>	Primus Capital Funds <i>Cleveland, OH</i>	
<b>Industry Sector</b>	Healthcare	
<b>Transaction Overview</b>	SterilMed, Inc. recently completed its sale to Great Hill Partners and Primus Capital Funds. SterilMed was backed by a group of private equity investors including Ascension Health Ventures, First Analysis, Prism Capital, and Sterling Partners.	
<b>Target Company Description</b>	SterilMed, Inc. offers services designed to help healthcare providers lower their medical device and equipment costs by maximizing the life of “single-use” medical devices, surgical instruments, power tools, endoscopes, and video equipment. This allows healthcare facilities to free up critical financial resources through better device and equipment utilization while maintaining the highest levels of patient safety. The Company takes a uniquely integrated approach to medical device reprocessing that ensures the most streamlined logistics and the most rigorous quality approach, enabling hospitals and medical facilities to reduce device cost and to decrease medical waste. SterilMed has saved healthcare providers hundreds of millions of dollars and thousands of tons of medical waste from landfills over the past few years.	
<b>Acquiring Company Description</b>	Great Hill Partners is a private equity firm that manages over \$2.5 billion in capital to finance the expansion, recapitalization or acquisition of growth companies in a wide range of sectors within the business and consumer services, healthcare, media, communications, and software industries.  Primus Capital Funds is a private equity firm that invests in high-growth companies within the healthcare, business services, and for-profit education industry sectors. Transaction types include management-led buyouts, recapitalizations, and primary investments of growth capital.	
<b>Advisory Role</b>	Baird served as the exclusive financial advisor to SterilMed, Inc. on this transaction. For additional information about this transaction, please contact:	
	<p><b>Bill Suddath</b> Managing Director 404.264.2222 bsuddath@rwbaird.com</p> <p><b>Travis Lacey</b> Vice President 312.609.4935 tlacey@rwbaird.com</p>	<p><b>Chris Coetzee</b> Managing Director 312.609.4913 ccoetzee@rwbaird.com</p>
		<p><b>Howard Lanser</b> Director 312.609.5478 hlanser@rwbaird.com</p>

# Recent Baird M&A Transactions

<u>Date Announced</u>	<u>Baird Client</u>	<u>Client Description</u>	<u>Transaction Description</u>	<u>Deal Value (\$ in millions)</u>	<u>Industry</u>
8/9/10	Inergy, LP	Propane and natural gas storage	Acquisition of Inergy Holdings, LP	\$1,921.5	Energy
8/5/10	RHIAG Group Ltd	Automotive aftermarket components	Acquisition of AUTO KELLY	**	Consumer
8/3/10	PRC, LLC	Contact management solutions	Sale to Alorica, Inc.	**	Services
7/26/10	Renaissance Lighting, Inc.	Lighting fixtures	Sale to Acuity Brands, Inc.	**	Industrial
7/20/10	Global Employment Solutions	Human resource management	Sale to Madison Capital Partners	**	Services
7/19/10	ATC Technology Corp.	Supply chain logistics	Sale to GENCO Distribution Systems, Inc.	\$512.6	Industrial
7/19/10	Ames True Temper, Inc.	Non-powered landscaping products	Sale to Griffon Corp.	\$542.0	Consumer
7/15/10	SterilMed, Inc.	Medical device reprocessing	Sale to Great Hill Partners and Primus Venture Partners	**	Healthcare
7/8/10	Star Trac	Fitness Equipment	Sale to private investment group	**	Consumer
7/1/10	Olympus NDT Corporation (Olympus Corporation)	Manufacturer of testing instruments	Acquisition of Innov-X Systems, Inc.	**	Industrial
7/1/10	Insight Global, Inc. (H.I.G. Capital, LLC)	Technical staffing services	Sale to Harvest Partners, LLC	**	Technology
5/21/10	R.G.RAY Corporation	Industrial clamps	Sale to NORMA Group	**	Industrial
4/20/10	Secure EDI	Healthcare IT	Recapitalization with Abingworth	**	Healthcare
3/31/10	Liberty Safe & Security Products	Commercial safes	Sale to Compass Diversified Holdings	\$70.0	Consumer Products
3/23/10	Provo Craft and Novelty	Creative technology	Sale to BAML Capital Partners	**	Consumer Products
3/9/10	Interactive Response Technologies	Provider of contact center and business process outsourcing services	Sale to CCT Group Limited	**	BPO Services
3/2/10	The Advisory Board Company	Provider of support services to the healthcare industry	Acquisition of Concuity, a division of Trintech Group	\$34.5	Services
2/22/10	Halcore Group, Inc.	Manufacturer of ambulances	Sale to American Industrial Partners	**	Industrial
2/1/10	COMSYS IT Partners	Provider of employment services to IT professionals	Sale to Manpower Inc.	*	Services
2/1/10	Tatum LLC	Provider of executive search and consulting services	Sale to Spherion Corp.	\$46.0	Services
12/29/09	Nautilus, Inc.	Fitness equipment	Sale of select assets to Xiamen World Gear Sports Co.	\$12.3	Consumer
11/24/09	Kowa Pharmaceuticals	Developer of pharmaceutical products	Sale of select assets to Nautilus Neurosciences	**	Healthcare
11/15/09	Syntegra Capital	Private equity firm	Acquisition of Schülerhilfe	**	Education
11/9/09	Landauer, Inc.	Radiation dosimetry services	Acquisition of Global Physics Solutions, Inc.	\$22.0	Healthcare Services/ Test and Measurement
11/9/09	ATI Enterprises, Inc.	Operator of career training centers	Sale to BC Partners	**	Education
10/20/09	Sole Motors	Manufacturer of electric motors for household appliances	Sale to Nidec Techno Motor Holdings Corporation	**	Industrial
10/15/09	Primaeva Medical, Inc.	Medical devices	Sale to Syneron Medical Ltd.	\$30.0	Healthcare
10/2/09	SPX Filtran LLC	Manufacturer of automobile filters	Sale to Madison Capital Partners	**	Industrial
9/11/09	Transmark Fcx Group B.V.	Distributor of valves and flow control products	Sale to McJunkin Red Man Corporation, a portfolio company of Goldman Sachs Capital Partners	**	Industrial Distribution
6/08/09	PREMIUMcommunications Group (Barclays Private Equity)	Customer relationship management (CRM) services	Acquisition of adm Group	**	CRM Services
4/20/09	Chesapeake Utilities Corporation	Diversified utility company	Acquisition of Florida Public Utilities Company	\$133.1	Utilities
3/26/09	Orion Corporation	Manufacturer of hydrodynamic bearings	Sale to John Crane (Smiths Group plc)	**	Industrial
2/12/09	North American Scientific	Manufacturer of radioisotopic products for the treatment of cancer	Sale to Best Theratronics, Ltd.	**	Healthcare
1/29/09	Meade Europe (Meade Instruments)	Manufacturer of optical products	Sale to a management-led buyout group (Bresser GmbH)	\$12.4	Consumer
1/28/09	Appliances Components Companies Spain S.A.	Manufacturer of commercial refrigeration compressors	Sale to Compressor Acquisition Company Limited	**	Industrial
12/31/08	GSE Scale Systems (SPX Corporation)	Manufacturer of test and measurement products	Sale to Illinois Tool Works, Inc.	**	Industrial

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 July, Baird added five companies to coverage and now covers 624 companies. These companies have a median and average market capitalization of \$1.9 billion and \$8.9 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

In July, there were 193 upward and 109 downward adjustments to current-year earnings estimates (generally calendar-year 2010). There were 152 upward and 145 downward revisions to forward-year (generally calendar-year 2011) earnings estimates.

## MONTHLY REPORTS

Sector: Automotive

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

Sector: Consumer Products

Contact Kyle Borkowski at [kborkowski@rwbaird.com](mailto:kborkowski@rwbaird.com)

Sector: Diversified Industrial and Machinery

<https://baird.bluematrix.com/docs/pdf/4a32c53d-c4fb-4d3d-9a2d-8902e8bd51a0.pdf>

Sector: Education Services

<http://www.rwbaird.com/docs/CN8-10.pdf>

Sector: Human Capital Services

Contact Kyle Borkowski at [kborkowski@rwbaird.com](mailto:kborkowski@rwbaird.com)

Sector: Radio Frequency Identification (RFID)

Contact Kyle Borkowski at [kborkowski@rwbaird.com](mailto:kborkowski@rwbaird.com)

Sector: Retail, Restaurants, Apparel & Footwear

Contact Kyle Borkowski at [kborkowski@rwbaird.com](mailto:kborkowski@rwbaird.com)

Sector: Utilities

<http://www.rwbaird.com/docs/UtilityMonthlyJuly2010.pdf>

# Baird U.S. Equity Research Coverage

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

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

Footwear, Apparel & Accessories (cont'd)	
Quicksilver Inc.	2QK
Timberland Co.	TBL
Under Armour Inc.	UA
VF Corporation	VFC
Volcom Inc.	VLCM
Wolverine World Wide	WWW
Restaurants	
BJ's Restaurant, Inc.	BJRI
Burger King Holdings, Inc.	BKC
Buffalo Wild Wings, Inc.	BWLD
California Pizza Kitchen, Inc.	CPKI
Caribou Coffee Company, Inc.	CBOU
The Cheesecake Factory Inc.	CAKE
Chipotle Mexican Grill, Inc.	CMG
Darden Restaurants, Inc.	DRI
McDonald's Corporation	MCD
P.F. Chang's China Bistro, Inc.	PFCB
Panera Bread Company	PNRA
Peet's Coffee & Tea, Inc.	PEET
Starbucks Corporation	SBUX
Texas Roadhouse, Inc.	TXRH
YUM! Brands, Inc.	YUM
Retail	
Abercrombie & Fitch	ANF
BJ's Wholesale Club, Inc.	BJ
Coach, Inc.	COH
Costco Wholesale Corp.	COST
Dick's Sporting Goods, Inc.	DKS
The Gap Inc.	GPS
Hibbett Sports, Inc.	HIBB
The Home Depot, Inc.	HD
J.C. Penney Company, Inc.	JCP
J. Crew Group, Inc.	JCG
Kohl's Corporation	KSS
Limited Brands, Inc.	LTD
Lowe's Companies, Inc	LOW
Lululemon athletic inc.	LULU
Nordstrom, Inc.	JWN
Pacific Sunwear of California Inc.	PSUN
PetSmart, Inc.	PETM
Regis Corporation	RGS
Sally Beauty Holdings, Inc.	SBH
Target Corporation	TGT
Tractor Supply Company	TSCO
Vitamin Shoppe, Inc.	VSI
Ulta Salon, Cosmetics & Fragrance, Inc.	ULTA
Urban Outfitters, Inc.	URBN
Wal-Mart Stores, Inc.	WMT
Zumiez, Inc.	ZUMZ
Select Growth	
HNI Corporation	HNI
Schawk, Inc.	SGK
Energy Utilities	
Alliant Energy Corporation	LNT
Aqua America, Inc.	WTR
California Water Service Group	CWT
Chesapeake Utilities Corp.	CPK
DPL Inc.	DPL
Hawaiian Electric Industries	HE
Integrus Energy Group	TEG
MDU Resources Group Inc.	MDU
NextEra Energy, Inc.	NEE
Nicor Inc.	GAS
Otter Tail Corporation	OTTR
Piedmont Natural Gas Company, Inc.	PNY
PNM Resources, Inc.	PNM
Progress Energy, Inc.	PGN
TECO Energy, Inc.	TE
UIL Holdings Corporation	UIL
Vectren Corporation	VVC
Wisconsin Energy Corporation	WEC
Xcel Energy Inc.	XEL
Clean Technology	
American Superconductor Corp.	AMSC
Calgon Carbon Corp.	CCC

# Baird U.S. Equity Research Coverage

Clean Technology (cont'd)		General Industrial (cont'd)		Computer Hardware & Storage (cont'd)	
Comverge, Inc.	COMV	Thomas & Betts Corporation	TNB	VMware	VMW
Covanta Holding Corp.	CVA	Twin Disc, Inc.	TWIN	Western Digital Corporation	WDC
Energy Recovery, Inc.	ERII	Woodward Governor Company	WGOV	<b>Software &amp; Services</b>	
EnerNOC, Inc.	ENOC	<b>Industrial Distribution</b>		Adobe Systems Inc.	ADB
First Solar, Inc.	FSLR	Air Products and Chemicals, Inc.	APD	ANSYS, Inc.	ANSS
Itron, Inc.	ITRI	Airgas, Inc.	ARG	Autodesk, Inc.	ADSK
Maxwell Technologies	MXWL	Anixter International, Inc.	AXE	Citrix Systems, Inc.	CTXS
Ormat Technologies, Inc.	ORA	Beacon Roofing Supply, Inc.	BECN	Concur Technologies, Inc.	CNQR
SunPower Corporation	SPWRA	Builders FirstSource, Inc.	BLDR	Constant Contact, Inc.	CTCT
Suntech Power Holdings Co. Ltd.	STP	Fastenal Company	FAST	McAfee, Inc.	MFE
Telvent GIT, S.A.	TLVT	Grainger, W.W., Inc.	GWV	Red Hat, Inc.	RHT
<b>Industrial</b>		Houston Wire & Cable Company	HWCC	RightNow Technologies, Inc.	RNOW
<b>Automotive and Truck Supplies</b>		Interline Brands, Inc.	IBI	Salesforce.com, Inc.	CRM
ArvinMeritor, Inc.	ARM	MSC Industrial Direct Co.	MSM	Solar Winds, Inc.	SWI
Autoliv, Inc.	ALV	Pool Corporation	POOL	Symantec Corp.	SYMC
BorgWarner, Inc.	BWA	Praxair, Inc.	PX	VeriSign Inc.	VRSN
Commercial Vehicle Group	CVGI	Watsco, Inc.	WSO	Vocus, Inc.	VRSN
Genex Corporation	GNTX	WESCO International, Inc.	WCC	<b>EMS &amp; Electronics</b>	
Harman International Industries, Inc.	HAR	<b>Process Controls</b>		Littelfuse Inc.	LFUS
Johnson Controls, Inc.	JCI	ABB Ltd.	ABB	Plexus Corp.	PLXS
Methode Electronics Inc.	MEI	Altra Holdings, Inc.	AIMC	<b>IT Services</b>	
Modine Manufacturing Co.	MODI	A.O. Smith Corporation	AOS	Accenture	ACN
Navistar International Corporation	NAV	Baldor Electric Company	BEZ	CIBER, Inc.	CBR
PACCAR, Inc.	PCAR	Colfax Corporation	CFX	Cognizant Technology Solutions	CTSH
Stoneridge, Inc.	SRI	Emerson Electric Co.	EMR	Infosys Technology Ltd.	INFY
STRATTEC SECURITY CORP.	STRT	Flowserve Corporation	FLS	Syntel Inc.	SYNT
AB Volvo	VOLV.B	Franklin Electric Co., Inc.	FELE	<b>Process Technology</b>	
WABCO Holdings Inc.	WBC	Gardner Denver, Inc.	GDI	Agilent Technologies, Inc.	A
<b>Consumer Building Products</b>		Generac Holdings Inc.	GNRC	AMETEK, Inc.	AME
Acuity Brands, Inc.	AYI	Graco Inc.	GGG	Badger Meter, Inc.	BMI
American Woodmark Corporation	AMWD	IDEX Corporation	IEX	CLARCOR, Inc.	CLC
Fortune Brands, Inc.	FO	ITT Industries, Inc.	ITT	Cognex Corporation	CGNX
Simpson Manufacturing	SSD	ITT Mueller Water Products, Inc.	MWA	Danaher Corporation	DHR
Quanex Building Products Corp.	NX	Pentair, Inc.	PNR	Dionex Corporation	DNEX
<b>Containers &amp; Packaging</b>		Regal-Beloit Corporation	RBC	Donaldson Company, Inc.	DCI
AptarGroup, Inc.	ATR	Robbins & Myers, Inc.	RBN	ESCO Technologies Inc.	ESE
Avery Dennison Corporation	AVY	Roper Industries, Inc.	ROP	FARO Technologies, Inc.	FARO
Ball Corporation	BLL	Watts Water Technologies, Inc.	WTS	Landauer, Inc.	LDR
Bemis Company	BMS	<b>Transportation/Logistics</b>		Mettler-Toledo Int'l, Inc.	MTD
Cellu Tissue Holdings, Inc.	CLU	Arkansas Best Corp.	ABFS	Mine Safety Appliances Company	MSA
Crown Holdings, Inc.	CCK	CSX Corporation	CSX	Mistras Group, Inc.	MG
Graham Packaging Company Inc.	GRM	C.H. Robinson Worldwide Inc.	CHRW	Nalco Holding Company	NLC
Owens-Illinois, Inc.	OI	Con-way, Inc.	CNW	National Instruments Corp.	NATI
Pactiv Corporation	PTV	Expeditors International of Washington	EXPD	Pall Corporation	PLL
Rexam PLC	REX.L	FedEx Corporation	FDX	Polypore International, Inc.	PPO
Sealed Air Corporation	SEE	Forward Air Corporation	FWRD	Rockwell Automation Inc.	ROK
Silgan Holdings Inc.	SLGN	Heartland Express, Inc.	HTLD	Tetra Tech, Inc.	TTEK
Sonoco Products Co.	SON	Hub Group, Inc.	HUBG	<b>Semiconductor Components</b>	
<b>Diversified Industrial &amp; Machinery</b>		JB Hunt Transport Services Inc.	JBHT	Altera Corp.	ALTR
Actuant Corporation	ATU	Knight Transportation, Inc.	KNX	Analog Devices, Inc.	ADI
Astec Industries, Inc.	ASTE	Landstar Systems Inc.	LSTR	Broadcom Corp.	BRCM
Brady Corporation	BRC	Norfolk Southern Corporation	NSC	Diodes Incorporated	DIOD
Bucyrus International, Inc.	BUCY	Old Dominion Freight Line	ODFL	Fairchild Semiconductor Int'l, Inc.	FCS
Caterpillar Inc.	CAT	Pacer International, Inc.	PACR	GSI Technology	GSIT
Deere & Company	DE	Roadrunner Transportation Systems	RRTS	Intel Corporation	INTC
Dover Corporation	DOV	Ryder System, Inc.	R	Lattice Semiconductor Corp.	LSCC
Eaton Corporation	ETN	TAL International Group	TAL	Micron Technology, Inc.	MU
Illinois Tool Works Inc.	ITW	UPS	UPS	Monolithic Power Systems, Inc.	MPWR
Ingersoll-Rand Company	IR	Union Pacific Corporation	UNP	NetLogic Microsystems, Inc.	NETL
Joy Global Inc.	JOYG	UTi Worldwide, Inc.	UTIW	OmniVision Technologies, Inc.	OVTI
Manitowoc Company Inc.	MTW	Werner Enterprises	WERN	ON Semiconductor	ONNN
Oshkosh Corporation	OSK	YRC Worldwide	YRCW	SanDisk Corporation	SNDK
Parker Hannifin Corporation	PH	<b>Technology</b>		Sigma Designs, Inc.	SIGM
Snap-on Incorporated	SNA	<b>Computer Hardware &amp; Storage</b>		STMicroelectronics NV	STM
Sun Hydraulics Corporation	SNHY	3PAR Inc.	PAR	Texas Instruments, Inc.	TXN
Terex Corporation	TEX	Brocade Communications	BRCD	Xilinx Inc.	XLNX
Titan Machinery Inc.	TITN	Compellent Technologies Inc.	CML	<b>Supply Chain Technology</b>	
<b>General Industrial</b>		Dell Inc.	DELL	Checkpoint Systems, Inc.	CKP
Barnes Group, Inc.	B	EMC Corporation	EMC	Diebold, Inc.	DBD
Carlisle Companies, Inc.	CLS	Emulex Corporation	ELX	Garmin Ltd.	GRMN
Gibraltar Industries, Inc.	ROCK	Hewlett-Packard Company	HPQ	Intermec, Inc.	IN
Douglas Dynamics, Inc.	PLOW	NetApp Inc.	NTAP	NCR Corporation	NCR
Kaydon Corporation	KDN	Netezza Corporation	NZ	Plantronics, Inc.	PLT
Masco Corporation	MAS	QLogic Corporation	QLGC	ScanSource, Inc.	SCSC
Middleby Corporation	MIDD	Seagate Technology	STX	Zebra Technologies Corporation	ZBRA
RBC Bearings Incorporated	ROLL				
The Stanley Works	SWK				

# Baird U.S. Equity Research Coverage

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

Life Sciences & Diagnostics (cont'd)	
QIAGEN N.V.	QGENF
Sigma-Aldrich Corporation	SIAL
TECHNE Corp.	TECH
Thermo Fisher Scientific	TMO
Waters Corporation	WAT
Medical Technology	
American Dental Partners, Inc.	ADPI
Animal Health International	AHII
The Cooper Companies	COO
DENTSPLY International Inc.	XRAY
Exactech, Inc.	EXAC
Henry Schein, Inc.	HSIC
Patterson Companies, Inc.	PDCO
Sirona Dental Systems, Inc.	SIRO
Stryker Corporation	SYK
TomoTherapy Incorporated	TOMO
Varian Medical Systems, Inc.	VAR
Wright Medical Group, Inc.	WMGI
Young Innovations Inc.	YDNT
Zimmer Holdings, Inc.	ZMH
Specialty Pharmaceuticals	
Acorda Therapeutics	ACOR
AGA Medical Holdings, Inc.	AGAM
Alkermes Inc.	ALKS
Boston Scientific Corp.	BSX
Cardiovascular Systems, Inc.	CSII
Cephalon Inc.	CEPH
C.R. Bard, Inc.	BCR
Cyberonics, Inc.	CYBX
Edwards Lifesciences Corp.	EW
Forest Laboratories Inc.	FRX
HeartWare, Inc.	HTWR
Medtronic, Inc.	MDT
Micrus Endovascular Corp.	MEND
Obagi Medical Products, Inc.	OMPI
Shire plc	SHPGY
St. Jude Medical, Inc.	STJ
Thoratec Corp.	THOR
Volcano Corporation	VOLC
Financials	
Community Banks	
Associated Banc-Corp	ASBC
Bank of Kentucky Financial Corporation	BKYF
Cardinal Financial Corp.	CFNL
First Financial Bancorp	FFBC
FirstMerit Corporation	FMER
First Midwest Bancorp, Inc.	FMBI
IBERIABANK Corporation	IBKC
Independent Bank Corp.	INDB
MB Financial, Inc.	MBFI
Metrocorp Bancshares, Inc.	MCBI
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
StellarOne Corporation	STEL
Sterling Bancshares, Inc.	SBIB
S.Y. Bancorp, Inc.	SYBT
Union First Market Bankshares	UBSH
Virginia Commerce Bancorp, Inc.	VCBI
Wintrust Financial Corporation	WTFC
Regional Banks	
Bank of America	BAC
BB&T Corp.	BBT
Comerica, Inc.	CMA
Fifth Third Bancorp	FITB
JP Morgan Chase & Co.	JPM
KeyCorp	KEY
M&T Bank Corp.	MTB
Marshall & Ilsley Corporation	MI
PNC Financial Services	PNC

Regional Banks (cont'd)	
SunTrust Banks Inc.	STI
Synovus Financial Corp.	SNV
U.S. Bancorp	USB
Wells Fargo & Company	WFC
Zions Bancorporation	ZION
Real Estate	
Real Estate	
Alexandria Real Estate	ARE
Ashford Hospitality Trust Inc.	AHT
BioMed Realty Trust, Inc.	BMR
Chesapeake Lodging Trust	CHSP
Choice Hotels International, Inc.	CHH
Cousins Properties, Inc.	CUZ
DiamondRock Hospitality Co.	DRH
Digital Realty Trust, Inc.	DLR
Douglass Emmett	DEI
Duke Realty Corp.	DRE
FelCor Lodging Trust, Inc.	FCH
Franklin Street Properties Corp.	FSP
HCP, Inc.	HCP
Health Care REIT Inc.	HCN
Healthcare Realty Trust Inc.	HR
Hersha Hospitality Trust	HT
Host Hotels & Resorts	HST
Hyatt Hotels Corporation	H
Intercontinental Hotels Group PLC	IHG
Kilroy Realty Corporation	KRC
LaSalle Hotel Properties	LHO
Liberty Property Trust	LRY
MPG Office Trust, Inc.	MPG
Marcus Corporation	MCS
Marriott International, Inc.	MAR
Nationwide Health Properties, Inc.	NHP
Parkway Properties, Inc.	PKY
Red Lion Hotels Corporation	RLH
Senior Housing Properties Trust	SNH
Starwood Hotels & Resorts Worldwide	HOT
Strategic Hotels & Resorts, Inc.	BEE
Sunstone Hotel Investors, Inc.	SHO
Supertel Hospitality, Inc.	SPPR
Terreno Realty Corporation	TRNO
Thomas Properties Group, Inc.	TPGI
Ventas, Inc.	VTR
REITs	
American Campus Communities, Inc.	ACC
Associated Estates Realty Corp.	AEC
AvalonBay Communities, Inc.	AVB
Camden Property Trust	CPT
Corporate Office Properties Trust	OFC
DuPont Fabros Technology, Inc.	DFT
EastGroup Properties, Inc.	EGP
Education Realty Trust, Inc.	EDR
Essex Property Trust, Inc.	ESS
Extra Space Storage Inc.	EXR
Federal Realty Investment Trust	FRT
First Potomac Realty Trust	FPO
Gladstone Commercial Corporation	GOOD
Highwoods Properties, Inc.	HIW
Home Properties, Inc.	HME
Investor Real Estate Trust	IRET
Kimco Realty Corporation	KIM
Mid-America Apartment Communities	MAA
PS Business Parks Inc.	PSB
Public Storage, Inc.	PSA
Realty Income Corporation	O
Regency Centers Corporation	REG
Saul Centers, Inc.	BFS
U-Store-It Trust	YSI
UDR, Inc.	UDR
Urstadt Biddle Properties Inc.	UBA
Washington Real Estate Invst. Trust	WRE
Weingarten Realty Investors	WRI

Note: Coverage list is as of July 31, 2010.



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