

M&A Market Analysis

April 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
 March provided further evidence of a revitalized global M&A market. The M&A deal count increased on a year-over-year basis for the fifth consecutive month, rising 11.2%. Reported dollar volume was up 42.0% to \$203.2 billion, the second-highest figure in the past 20 months.
- **U.S. M&A Commentary and Deal Statistics**5
 The 948 deals announced in March represented a 59.6% increase from the prior-year period. March’s total was well above the last 12 month (LTM) average of 710 deals. Dollar volume totaled \$91.6 billion, a 28.5% gain from the year-ago period.
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 In the first three months of the year, the number of M&A transactions in Europe dropped 13.1%. However, reported dollar value was up 76.3% to \$185.1 billion, the highest quarterly total since Q4 2008.
- **U.K. Cross-Border M&A Activity**..... 14
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- **Germany Cross-Border M&A Activity** 15
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 In the first quarter of 2010, the Asia (ex. Japan) M&A deal total expanded 20.3%. Reported dollar value jumped 341% to a quarterly record of \$108.1 billion.
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 The developed Japan M&A market continued to experience declines through Q1. Year to date, Japan M&A witnessed a 30.0% drop in the number of deals and a 27.6% decrease in dollar volume.
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 The incoming economic data suggest a cyclical upswing in activity. Underneath that façade, however, the secular situation has barely budged. Leadership offered by the private sector in reducing debt loads has been ignored by the government. In fact, deficit spending at the federal level has been so excessive that there is now increased chatter that the long-term solution to balancing the budget will be to raise taxes.
- **Restructuring News**..... 24
 The Baird CDS Index decreased last month, falling 53.1 points to 523.1 on March 31. That is down 9.2% from 576.2 on February 28, almost reaching its post-credit-crisis low of 522.8 on December 31, 2009.
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Global M&A Commentary

March provided further evidence of a revitalized global M&A market. The M&A deal count increased on a year-over-year basis for the fifth consecutive month, rising 11.2%. Reported dollar volume was up 42.0% to \$203.2 billion, the second-highest figure in the past 20 months. Among middle-market deals, the global total increased 35.6%, and announced dollar value grew 64.5%.

Year to date through March, the number of overall M&A transactions increased 8.5%. Dollar volume rose 44.3%, helped by the doubling in the number of billion-dollar-plus deals. In the first three months of 2010, the global middle market registered a 26.2% increase in transaction count and 42.0% growth in dollar value.

A key driver of the growth in M&A metrics has been the continuing improvement in global economies. The global purchasing managers index for manufacturing was the highest figure since 2004 in March, and was the ninth consecutive month of expansion. Improved economic conditions in the first quarter of the year resulted in the International Monetary Fund (IMF) raising its 2010 forecast for global economic growth to 4.1% (up from 3.9% in its January projection). In its recent assessment of world economies, the Organisation for Economic Co-operation and Development (OECD) increased its first-half GDP estimates for some developed countries (including the U.S.); however, the group reiterated its recommendation that major economies take steps to offset the upcoming removal of the stimulus measures inflating near-term growth. Importantly, both the IMF and the OECD expect moderate worldwide expansion through next year – a scenario that would support a sustainable recovery in M&A.

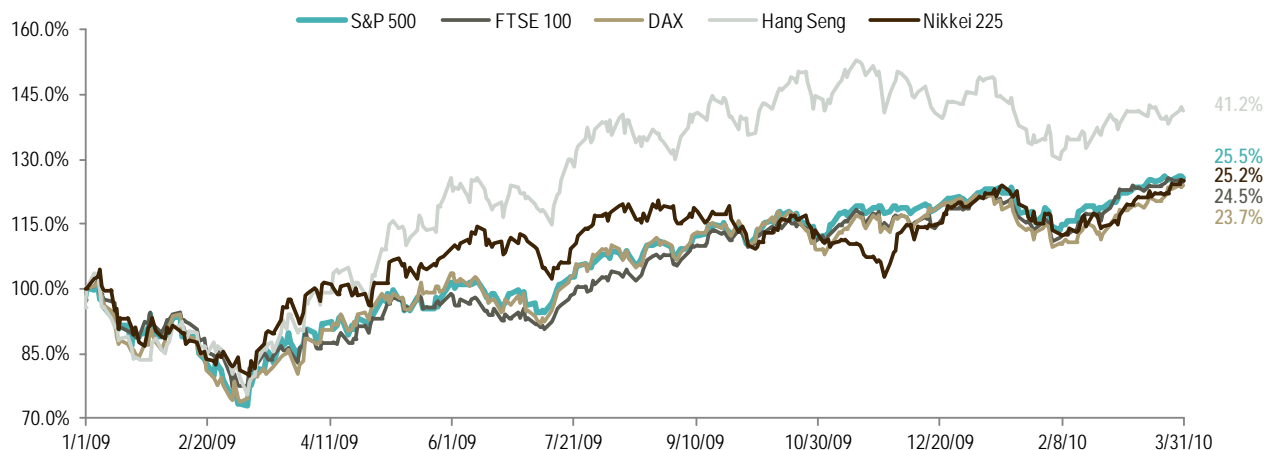
The credit markets have become increasingly open to financing M&A activity. Q1 witnessed a higher run rate for global high yield bond issuance than last year's record pace, fueled by an especially active March. Demand for high yield bonds should remain healthy based on fund inflows as well as an improving risk profile, as Moody's projects default rates on high yield bonds to fall below 5% in 2010, well under the 2009 peak of 14%. In addition, there continued to be robust inflows for leveraged loan funds, increasing leverage capacity for buyouts such as SkillSoft/Berkshire Partners/Bain Capital and RedPrairie/New Mountain Capital. Although broader bank lending continues to be constrained, particularly in the lower end of the middle market, the anticipated reduction in defaults should eventually lead to looser credit standards, expanding access to debt capital for M&A participants.

The global rally in equity markets continued in March, when the five major indices shown in the chart below advanced by an average of 6.9%. From the start of 2009 through March, the mean return for this group was 28.0%. Higher public company valuations have driven major growth in stock offerings, increasing the deal-making capabilities of corporate issuers.

Healthier financial markets supported an uptick in M&A activity among private equity firms in Q1. On a global basis in Q1, the number of announced deals with financial buyers exceeded the average of the prior three quarters by 8%. Reported dollar volume in Q1 was 15% above the average of the previous three quarters, in line with the global shift toward larger deals. Although sponsor activity is likely to remain far below the peak levels of 2006-2007, the combination of increased liquidity and substantial unallocated capital should support further reemergence for private equity activity over the balance of the year.

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

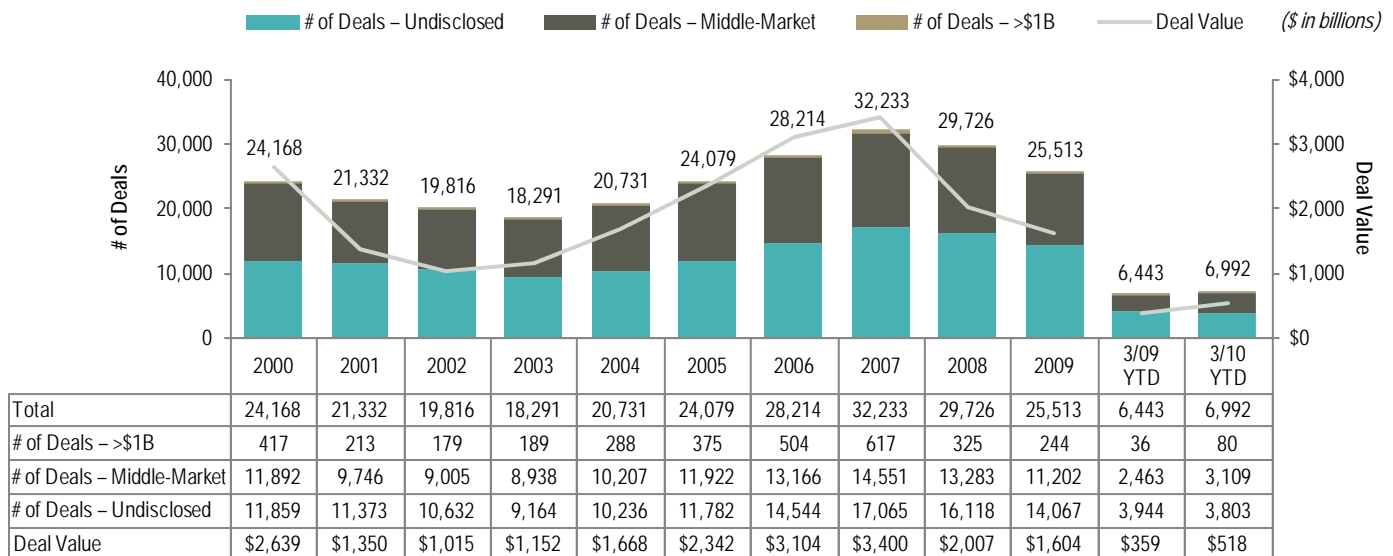
Relative Performance of Global Market Indices



Source: Capital IQ.

Global M&A Activity

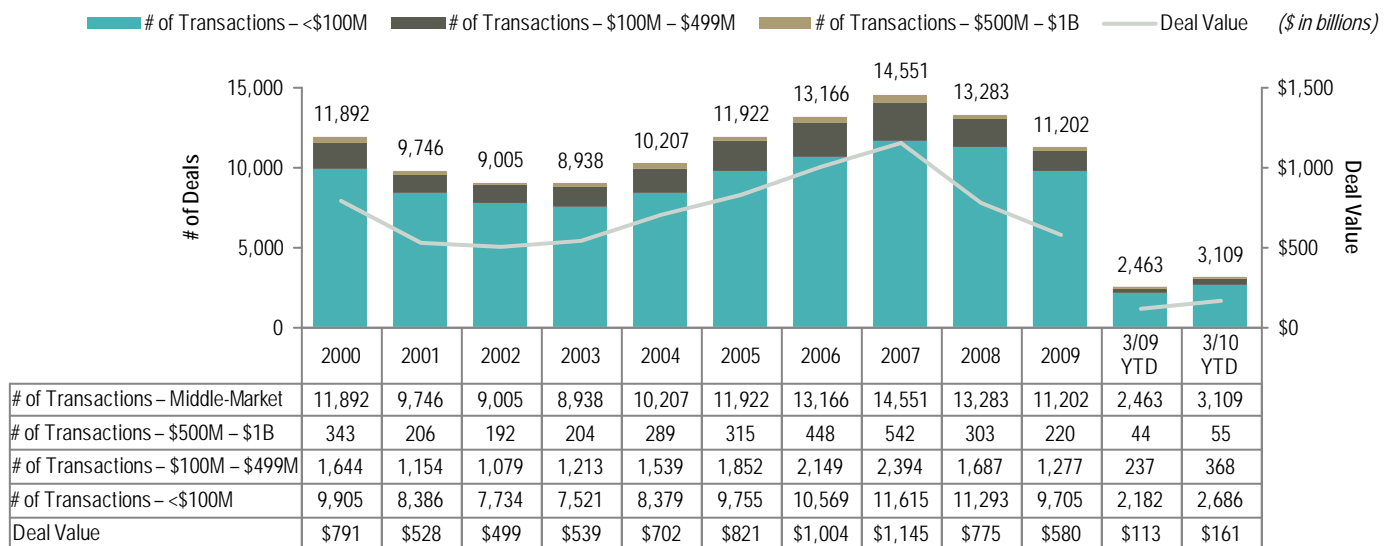
Global M&A Activity



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 – March			Deal Value – March		
	2009	2010	% Change	2009	2010	% Change
North America	687	1,116	62.4%	\$101,612	\$97,706	(3.8%)
– U.S.	594	948	59.6%	\$71,275	\$91,601	28.5%
Central / South America	41	78	90.2%	\$2,121	\$6,461	204.6%
Europe	917	806	(12.1%)	\$16,709	\$90,855	443.8%
– U.K.	243	250	2.9%	\$4,177	\$60,924	1,358.4%
– Germany	101	121	19.8%	\$428	\$10,586	2,372.7%
Africa / Middle East	45	40	(11.1%)	\$5,298	\$9,428	78.0%
Asia-Pacific (ex. Japan)	378	392	3.7%	\$10,049	\$63,014	527.1%
– China	168	210	25.0%	\$6,931	\$49,520	614.5%
– India	68	61	(10.3%)	\$336	\$1,664	394.9%
Japan	258	185	(28.3%)	\$10,941	\$9,184	(16.1%)
Global Total	2,177	2,421	11.2%	\$143,142	\$203,225	42.0%

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

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

(\$ in millions)

	Number of Deals – YTD			Deal Value – YTD		
	2009	2010	% Change	2009	2010	% Change
North America	2,267	3,179	40.2%	\$232,404	\$255,471	9.9%
– U.S.	2,000	2,711	35.6%	\$197,800	\$241,933	22.3%
Central / South America	125	232	85.6%	\$11,684	\$56,961	387.5%
Europe	2,796	2,430	(13.1%)	\$104,991	\$185,107	76.3%
– U.K.	705	657	(6.8%)	\$19,117	\$76,742	301.4%
– Germany	408	313	(23.3%)	\$15,806	\$20,418	29.2%
Africa / Middle East	137	140	2.2%	\$14,155	\$27,948	97.4%
Asia-Pacific (ex. Japan)	951	1,144	20.3%	\$24,531	\$108,072	340.5%
– China	426	584	37.1%	\$13,537	\$69,560	413.8%
– India	155	201	29.7%	\$770	\$17,221	2,137.2%
Japan	641	449	(30.0%)	\$20,105	\$14,555	(27.6%)
Global Total	6,443	6,992	8.5%	\$358,715	\$517,796	44.3%

Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. YTD as of March 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 – March			Deal Value – March		
	2009	2010	% Change	2009	2010	% Change
North America	286	562	96.5%	\$15,632	\$27,944	78.8%
– U.S.	235	454	93.2%	\$12,618	\$23,500	86.2%
Central / South America	24	35	45.8%	\$2,121	\$2,991	41.0%
Europe	235	242	3.0%	\$11,955	\$20,538	71.8%
– U.K.	77	109	41.6%	\$4,177	\$9,424	125.6%
– Germany	12	26	116.7%	\$428	\$3,261	661.8%
Africa / Middle East	17	16	(5.9%)	\$861	\$992	15.2%
Asia-Pacific (ex. Japan)	230	261	13.5%	\$6,920	\$14,536	110.1%
– China	132	153	15.9%	\$3,803	\$8,887	133.7%
– India	23	26	13.0%	\$336	\$1,664	394.9%
Japan	142	115	(19.0%)	\$5,857	\$5,675	(3.1%)
Global Total	868	1,177	35.6%	\$39,758	\$65,401	64.5%

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	904	1,490	64.8%	\$41,886	\$76,010	81.5%
– U.S.	749	1,216	62.3%	\$36,885	\$64,133	73.9%
Central / South America	58	95	63.8%	\$5,843	\$6,515	11.5%
Europe	667	662	(0.7%)	\$39,504	\$51,109	29.4%
– U.K.	205	255	24.4%	\$13,065	\$18,549	42.0%
– Germany	56	59	5.4%	\$4,594	\$6,104	32.9%
Africa / Middle East	55	64	16.4%	\$4,892	\$4,654	(4.9%)
Asia-Pacific (ex. Japan)	593	755	27.3%	\$19,424	\$35,684	83.7%
– China	326	442	35.6%	\$10,409	\$21,140	103.1%
– India	54	76	40.7%	\$770	\$3,526	358.1%
Japan	353	232	(34.3%)	\$15,022	\$9,177	(38.9%)
Global Total	2,463	3,109	26.2%	\$113,030	\$160,549	42.0%

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

MARCH POWERS BEST QUARTER SINCE 2008

M&A activity in the U.S. sustained its momentum in March. The deal total (+59.6%) was the highest monthly figure since January 2008. Reported dollar volume increased 28.5% to \$91.6 billion, as a surge in billion-dollar-plus deals outweighed comparison to last March's announcement of the Merck/Schering-Plough transaction (\$45.9 billion). The middle market also contributed to M&A growth; the number of deals (+93.2%) represented the highest monthly figure since 2000, while dollar volume increased 86.2%.

A revived M&A market has corresponded to encouraging economic updates in the U.S. The Institute for Supply Management (ISM) manufacturing index increased for the eighth consecutive month in March, indicating the fastest manufacturing sector expansion since 2004. Furthermore, the ISM service index has begun to show growth, with March posting the highest reading since 2006. The latest labor market highlights include March reporting the biggest monthly gain in private payrolls since 2007, hiring of temporary workers (a possible leading indicator) rising for each of the past six months, and a Business Roundtable CEO survey indicating a substantial increase in planned hiring over the next six months. A better tone for the economy is also apparent in the recent trend for retail sales, which exceeded expectations again with strong growth in March. Evidence that the economic recovery has taken hold should provide an additional boost of confidence to corporate executives focused on pursuing M&A.

The credit markets have been increasingly conducive to deal-making in recent months. High yield bonds were a major source of U.S. transaction financing in Q1, with \$66.2 billion in proceeds (versus \$10.9 billion in Q1 2009) across 136 deals (versus 25). In addition, Q1 issuance of leveraged loans to finance U.S. buyouts was \$3.2 billion, up more than tenfold from the prior-year quarter. Strong demand from yield-hungry investors has frequently enabled increasing leverage ratios and less restrictive terms. Despite favorable trends for larger firms, bank lending has not yet improved on a broader basis, as the percentage of smaller companies reporting incremental tightening in credit availability increased in the March survey of the National Federation of Independent Business. A decline in delinquency levels amid further economic progress seems necessary for access to debt capital to expand further.

An excellent March for the U.S. equity market brought year-to-date performance into positive territory. The S&P 500 advanced 5.9% in March, resulting in a Q1 return of 4.9%. Supported by a solid start to the year following a dramatic market rebound in 2009, proceeds from equity offerings nearly tripled in the first three months of 2010, benefiting corporate balance sheets and providing capital for prospective M&A activity.

U.S. M&A Activity

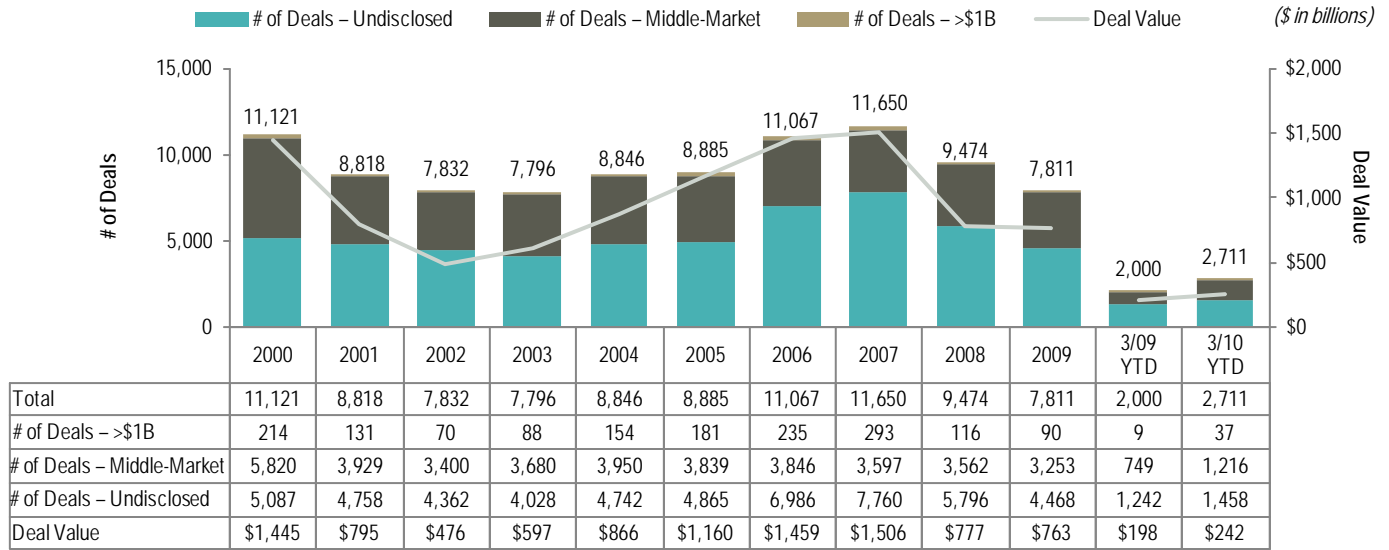
- The 948 deals announced in March represented a 59.6% increase from the prior-year period. March's total was well above the last 12 month (LTM) average of 710 deals. Dollar volume totaled \$91.6 billion, a 28.5% gain from the year-ago period.
- Through Q1 2010, the number of announced U.S. deals was up 35.6% (2,711 deals), while dollar volume posted an increase of 22.3% to \$241.9 billion.
- Billion-dollar-plus transactions totaled 17 in March, compared to just four in March 2009. Notable transactions included Phillips-Van Heusen's \$3.2 billion bid for Tommy Hilfiger and MetLife's \$15.5 billion bid for American Life Insurance.

U.S. Middle-Market Activity

- A total of 454 U.S. middle-market transactions were announced in March, a 93.2% increase versus March 2009. Middle-market dollar volume for March was \$23.5 billion, up 86.2% compared to the year-ago period. Of note, March marked the largest monthly deal count in the U.S. middle market since June 2000.
- In the first quarter of 2010, the middle market registered 1,216 deals, a 62.3% increase from the first three months of 2009. Middle market dollar volume of \$64.1 billion was up 73.9%.
- For U.S. middle-market transactions across all industry sectors over the LTM period, the median Enterprise Value/EBITDA multiple was 7.7x. Q1 2010 marked the second consecutive quarterly increase in valuations; the median multiple in Q1 was 8.7x, up from 8.0x in Q4 2009 and 7.0x in Q3 2009.

U.S. M&A Activity

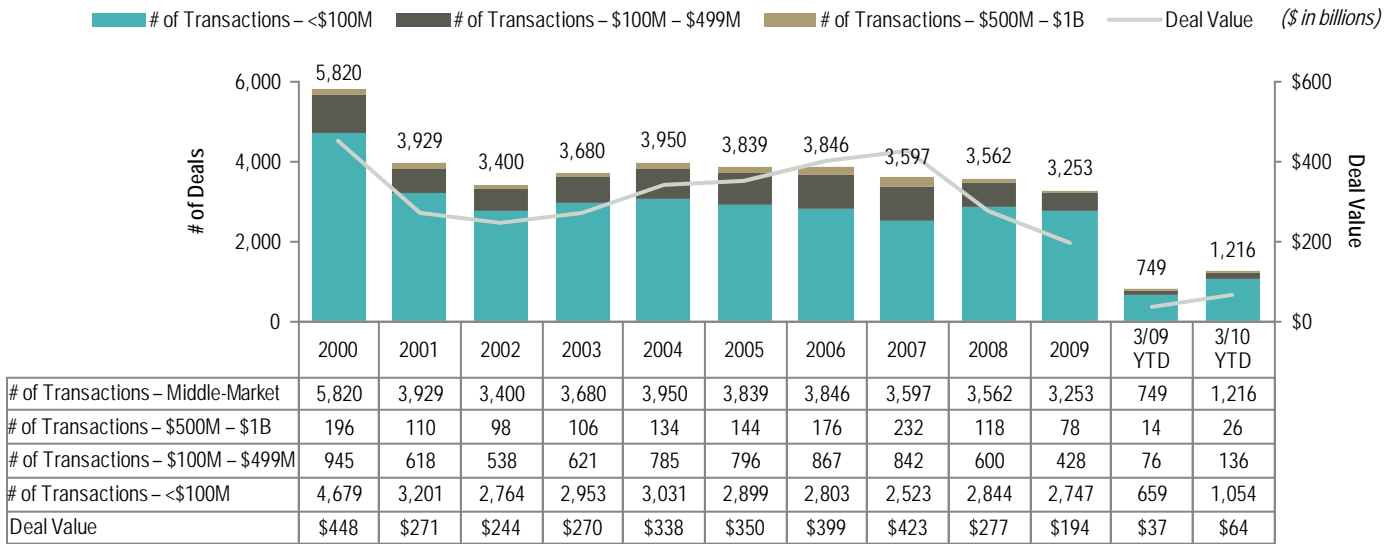
U.S. M&A Activity



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
March			
<\$100M	201	398	98.0%
\$100M-\$499M	30	45	50.0%
\$500M-\$1B	4	11	175.0%
Total Middle-Market	235	454	93.2%
LTM Monthly Average	275	310	12.6%
>\$1B	4	17	325.0%
Undisclosed	355	477	34.4%
Total	594	948	59.6%
LTM Monthly Average	731	710	(2.9%)
YTD			
<\$100M	659	1,054	59.9%
\$100M-\$499M	76	136	78.9%
\$500M-\$1B	14	26	85.7%
Total Middle-Market	749	1,216	62.3%
>\$1B	9	37	311.1%
Undisclosed	1,242	1,458	17.4%
Total	2,000	2,711	35.6%
LTM			
<\$100M	2,714	3,142	15.8%
\$100M-\$499M	489	488	(0.2%)
\$500M-\$1B	101	90	(10.9%)
Total Middle-Market	3,304	3,720	12.6%
>\$1B	90	118	31.1%
Undisclosed	5,380	4,684	(12.9%)
Total	8,774	8,522	(2.9%)

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

Deal Value			
(\$ in millions)	2009	2010	% Change
March			
<\$100M	\$3,580	\$4,504	25.8%
\$100M-\$499M	\$6,523	\$10,904	67.2%
\$500M-\$1B	\$2,515	\$8,091	221.8%
Total Middle-Market	\$12,618	\$23,500	86.2%
LTM Monthly Average	\$19,247	\$18,436	(4.2%)
>\$1B	\$58,657	\$68,101	16.1%
Undisclosed	**	**	**
Total	\$71,275	\$91,601	28.5%
LTM Monthly Average	\$67,339	\$67,245	(0.1%)
YTD			
<\$100M	\$10,488	\$14,695	40.1%
\$100M-\$499M	\$16,153	\$31,444	94.7%
\$500M-\$1B	\$10,245	\$17,994	75.6%
Total Middle-Market	\$36,885	\$64,133	73.9%
>\$1B	\$160,915	\$177,800	10.5%
Undisclosed	**	**	**
Total	\$197,800	\$241,933	22.3%
LTM			
<\$100M	\$57,075	\$52,589	(7.9%)
\$100M-\$499M	\$105,197	\$108,097	2.8%
\$500M-\$1B	\$68,688	\$60,543	(11.9%)
Total Middle-Market	\$230,959	\$221,229	(4.2%)
>\$1B	\$577,112	\$585,711	1.5%
Undisclosed	**	**	**
Total	\$808,071	\$806,939	(0.1%)

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

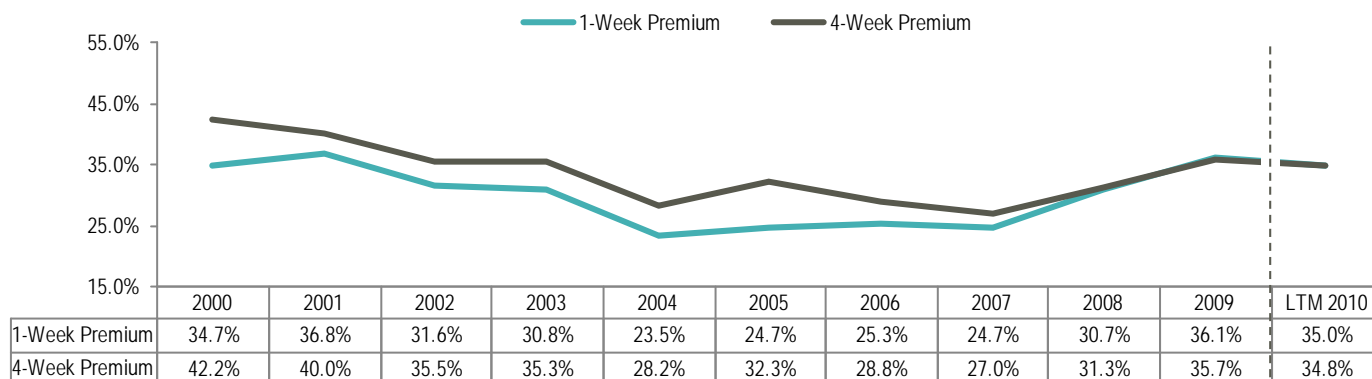
U.S. Middle-Market Enterprise Value to Median EBITDA, EBIT, and Revenue Multiples

Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
EV/EBITDA											
<\$100M	7.4x	5.9x	7.0x	6.8x	7.6x	9.2x	8.1x	8.5x	7.8x	7.0x	6.9x
\$100M-\$499M	8.5x	8.3x	7.7x	8.2x	9.0x	9.9x	9.2x	11.2x	11.1x	7.4x	8.7x
\$500M-\$1B	8.7x	8.4x	8.4x	9.6x	10.3x	10.1x	12.0x	10.8x	10.6x	7.8x	7.8x
Middle-Market	8.2x	7.2x	7.3x	7.5x	8.6x	9.7x	9.2x	9.9x	9.5x	7.5x	7.7x
EV/EBIT											
<\$100M	9.0x	7.3x	9.5x	8.9x	9.6x	10.8x	10.0x	10.8x	10.1x	7.8x	8.2x
\$100M-\$499M	11.8x	11.7x	11.2x	11.0x	11.7x	13.5x	13.3x	14.5x	13.7x	11.0x	11.1x
\$500M-\$1B	11.4x	10.6x	12.2x	12.9x	14.0x	13.8x	17.0x	16.1x	13.7x	13.6x	12.8x
Middle-Market	10.7x	9.2x	10.7x	10.8x	11.2x	12.4x	12.5x	12.8x	11.6x	9.7x	9.9x
EV/Revenue											
<\$100M	0.92x	0.75x	0.69x	0.76x	0.95x	0.95x	0.96x	0.92x	0.91x	0.80x	0.84x
\$100M-\$499M	1.15x	1.19x	1.09x	1.06x	1.34x	1.31x	1.24x	1.27x	1.30x	1.22x	1.26x
\$500M-\$1B	1.45x	1.41x	1.27x	1.42x	1.33x	1.55x	1.69x	1.51x	1.42x	1.46x	1.37x
Middle-Market	1.00x	0.89x	0.80x	0.88x	1.11x	1.10x	1.08x	1.01x	1.00x	0.90x	0.95x

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 March 31.
Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

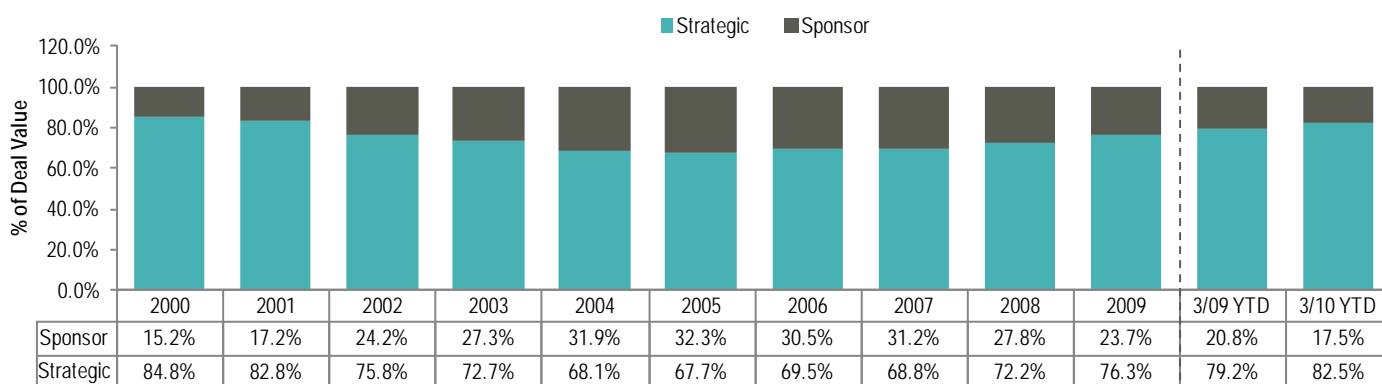
U.S. Middle-Market M&A Deal Statistics

U.S. Middle-Market Median Acquisition Premiums



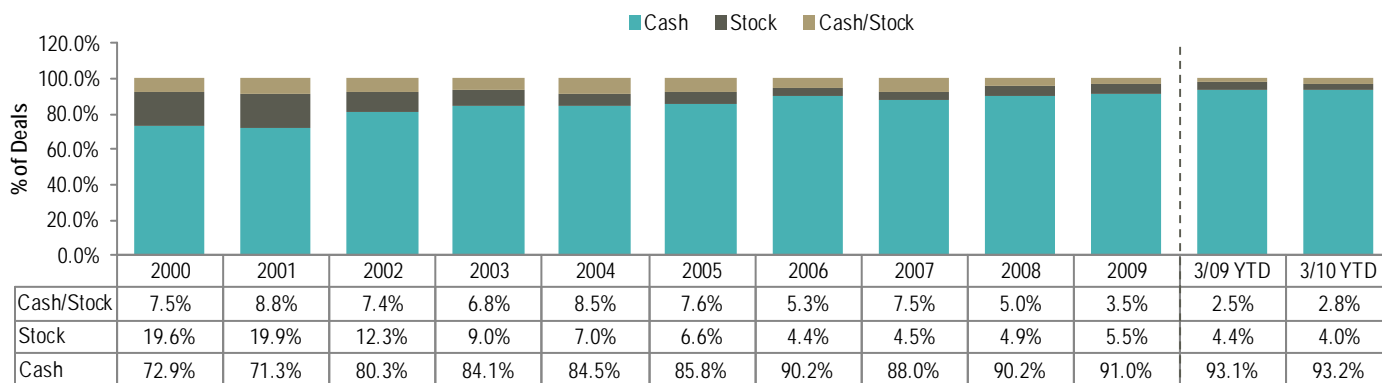
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of March 31.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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.

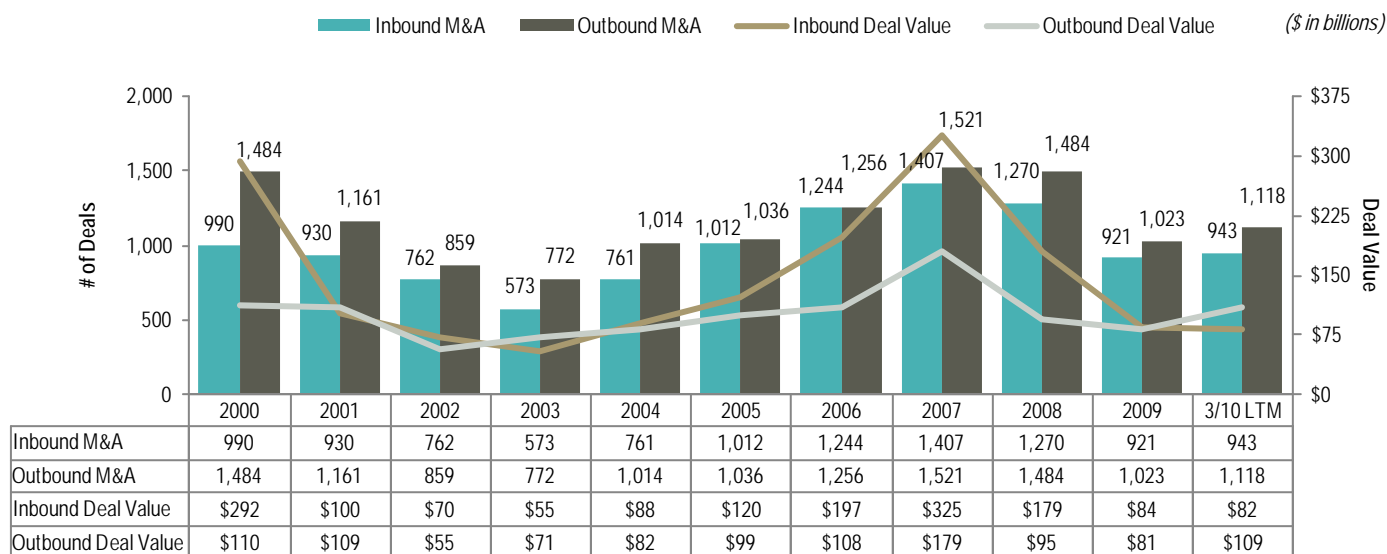
U.S. Middle-Market M&A Payment Method by Number of Deals



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	58
2. Healthcare	39
3. Professional Services	24
4. Mining	23
5. Oil & Gas	17
6. Utility & Energy	10
7. Food & Beverage	7
8. Finance	7
9. Chemicals	7
10. Construction/Building	6

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

Country	# of Deals
1. Canada	75
2. United Kingdom	36
3. Australia	17
4. Japan	15
5. France	14
6. Switzerland	11
7. Germany	10
8. China	9
9. India	9
10. Netherlands	7

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

Industry	# of Deals
1. Computers & Electronics	77
2. Professional Services	49
3. Healthcare	30
4. Mining	21
5. Finance	21
6. Chemicals	16
7. Construction/Building	13
8. Consumer Products	12
9. Telecommunications	11
10. Utility & Energy	11

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

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

Europe M&A Commentary

Although the rate of M&A activity in Europe continued to lag the U.S. in March, reported dollar value was the highest monthly figure since September 2008. The deal count was down 12.1%, in line with double-digit percentage declines in January and February. Despite the decrease, dollar value soared 444% on the strength of 13 billion-dollar-plus transactions (versus two in March 2009). In the middle market, the deal total rose 3.0%, and dollar value increased 71.8%.

In the first three months of the year, the number of M&A transactions in Europe dropped 13.1%. However, reported dollar value was up 76.3% to \$185.1 billion, the highest quarterly total since Q4 2008. Year to date, middle market deal count dipped 0.7%, whereas dollar volume advanced 29.4% due primarily to strength in the \$100 million to \$500 million segment.

Sluggish deal flow in Europe has reflected concerns about the impact of country-specific economic issues on a fragile recovery. The financial crisis in Greece, which has dominated recent headlines, may subside with the creation of an emergency loan program. Although worries persist regarding conditions in several euro zone countries, reduced uncertainty could provide a better backdrop for M&A. Broader economic indicators also suggest an improving environment. The composite purchasing managers index for euro zone activity in March pointed to the fastest expansion since August 2007. The Economic Sentiment Indicator of the European Union increased for the twelfth successive month in March, reaching its highest level in almost two years. Forecasts for Q1 GDP have had a slight upward bias based on signs of a firming economy, which could eventually give more European companies the confidence needed to undertake M&A activity.

The median EV/EBITDA multiple for European middle-market deals was 7.9x for the last 12 month period, slightly above the 7.7x valuation level in the U.S. Of note, European valuation levels have increased within the LTM period: the median EV/EBITDA multiple was 8.3x for deals announced in the past six months, compared to 7.5x from April 2009 through September 2009.

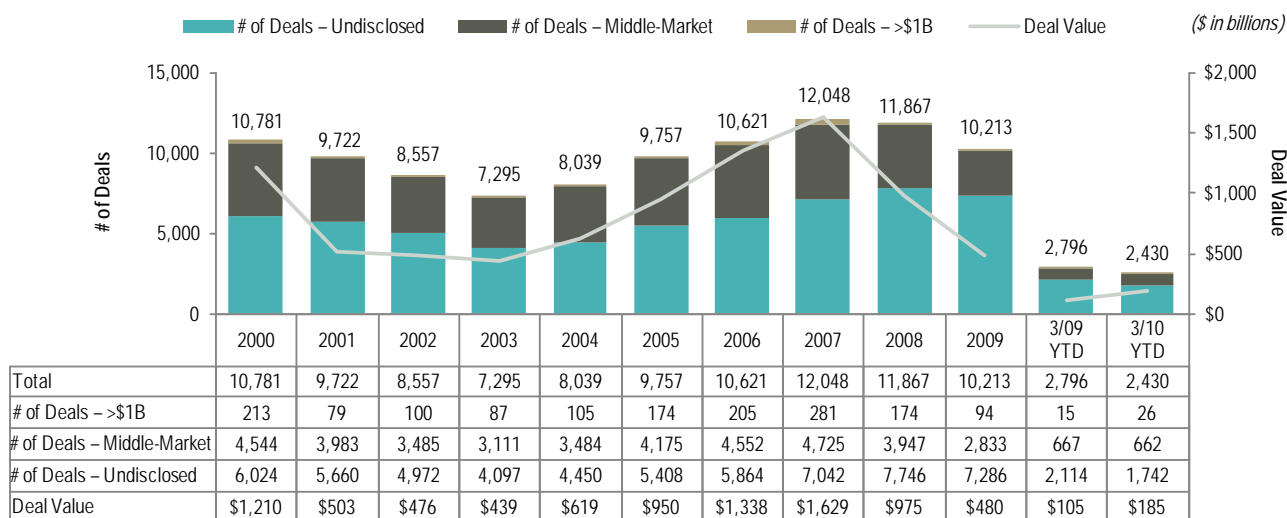
Through Q1, there was a total of 657 announced U.K. M&A transactions, a 6.8% decline from the year-ago period. Dollar volume increased by more than 300%, driven primarily by Prudential's \$35.5 billion bid for AIA Group.

The U.K. middle market experienced a comeback in Q1 after weak performance in 2009. The number of reported deals was up 24.4% (255 deals), while announced dollar volume gained 42.0% to \$18.5 billion.

A total of 313 German M&A transactions were announced in Q1, representing a 23.3% decrease compared to the year-ago figure. Dollar volume totaled \$20.4 billion, a gain of 29.2% from the prior-year level.

Year to date, there was a total of 59 announced German middle-market M&A deals, an increase of 5.4% from Q1 2009. Dollar volume experienced growth of 32.9% to \$6.1 billion.

Europe M&A Activity



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

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

Europe Middle-Market M&A Deal Statistics

Number of Deals			
	2009	2010	% Change
March			
<\$100M	202	188	(6.9%)
\$100M-\$499M	30	45	50.0%
\$500M-\$1B	3	9	200.0%
Total Middle-Market	235	242	3.0%
LTM Monthly Average	291	236	(18.9%)
>\$1B	2	13	550.0%
Undisclosed	680	551	(19.0%)
Total	917	806	(12.1%)
LTM Monthly Average	947	821	(13.3%)
YTD			
<\$100M	568	525	(7.6%)
\$100M-\$499M	81	118	45.7%
\$500M-\$1B	18	19	5.6%
Total Middle-Market	667	662	(0.7%)
>\$1B	15	26	73.3%
Undisclosed	2,114	1,742	(17.6%)
Total	2,796	2,430	(13.1%)
LTM			
<\$100M	2,826	2,316	(18.0%)
\$100M-\$499M	541	436	(19.4%)
\$500M-\$1B	120	76	(36.7%)
Total Middle-Market	3,487	2,828	(18.9%)
>\$1B	138	105	(23.9%)
Undisclosed	7,737	6,914	(10.6%)
Total	11,362	9,847	(13.3%)

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

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

Deal Value			
(\$ in millions)	2009	2010	% Change
March			
<\$100M	\$3,299	\$4,153	25.9%
\$100M-\$499M	\$6,564	\$10,505	60.0%
\$500M-\$1B	\$2,092	\$5,880	181.1%
Total Middle-Market	\$11,955	\$20,538	71.8%
LTM Monthly Average	\$21,600	\$16,258	(24.7%)
>\$1B	\$4,754	\$70,317	1379.1%
Undisclosed	**	**	**
Total	\$16,709	\$90,855	443.8%
LTM Monthly Average	\$72,992	\$46,706	(36.0%)
YTD			
<\$100M	\$8,967	\$10,819	20.7%
\$100M-\$499M	\$18,084	\$27,126	50.0%
\$500M-\$1B	\$12,453	\$13,164	5.7%
Total Middle-Market	\$39,504	\$51,109	29.4%
>\$1B	\$65,487	\$133,998	104.6%
Undisclosed	**	**	**
Total	\$104,991	\$185,107	76.3%
LTM			
<\$100M	\$57,186	\$44,788	(21.7%)
\$100M-\$499M	\$117,674	\$99,716	(15.3%)
\$500M-\$1B	\$84,338	\$50,594	(40.0%)
Total Middle-Market	\$259,198	\$195,098	(24.7%)
>\$1B	\$616,705	\$365,370	(40.8%)
Undisclosed	**	**	**
Total	\$875,903	\$560,468	(36.0%)

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

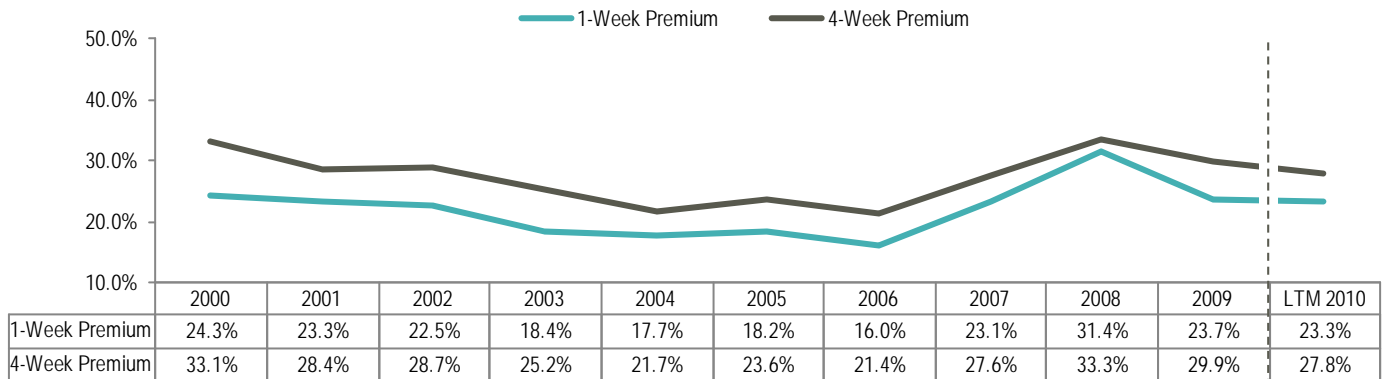
Transaction Size	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	LTM 2010
EV/EBITDA											
<\$100M	7.0x	6.5x	5.7x	5.5x	7.0x	7.4x	7.4x	8.2x	6.8x	6.2x	7.2x
\$100M-\$499M	10.2x	7.7x	7.2x	6.3x	7.7x	10.0x	10.0x	11.0x	9.6x	7.7x	8.0x
\$500M-\$1B	8.7x	8.5x	7.9x	8.7x	9.7x	10.2x	10.2x	10.8x	9.6x	11.2x	11.1x
Middle-Market	8.7x	7.9x	6.8x	6.3x	7.6x	8.5x	8.8x	9.5x	7.8x	7.4x	7.9x
EV/EBIT											
<\$100M	10.6x	7.8x	9.1x	8.3x	9.4x	9.2x	8.5x	9.2x	8.1x	7.6x	6.5x
\$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	14.1x
Middle-Market	11.3x	9.1x	10.3x	9.2x	10.4x	11.6x	10.7x	10.9x	9.3x	9.1x	8.5x
EV/Revenue											
<\$100M	0.95x	0.69x	0.59x	0.63x	0.84x	0.74x	0.81x	0.78x	0.78x	0.63x	0.68x
\$100M-\$499M	1.29x	1.14x	1.04x	0.95x	1.11x	1.18x	1.29x	1.32x	1.12x	0.92x	1.03x
\$500M-\$1B	1.01x	0.94x	0.57x	1.43x	1.44x	1.29x	1.74x	1.37x	1.63x	1.68x	1.41x
Middle-Market	1.03x	0.82x	0.66x	0.71x	0.89x	0.89x	0.92x	0.87x	0.86x	0.69x	0.75x

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 March 31.

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

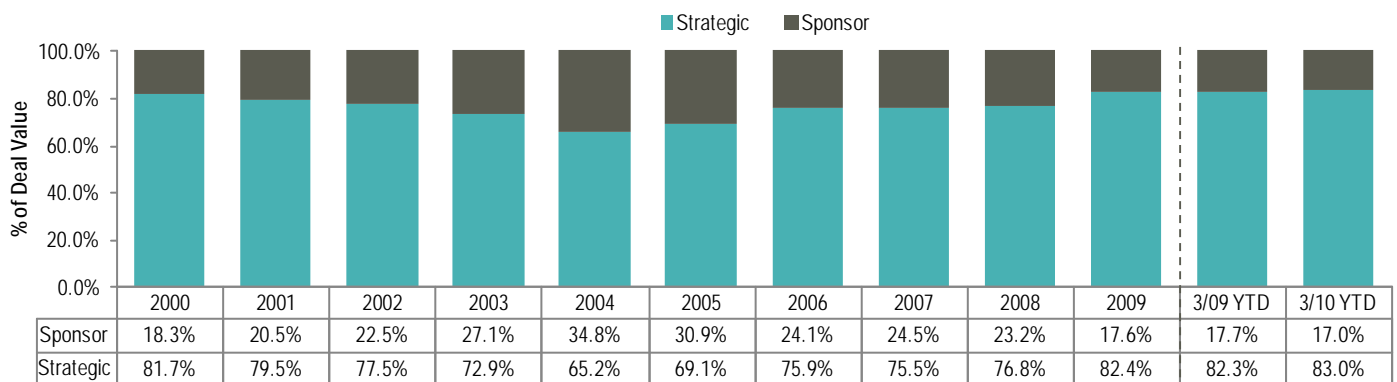
Europe Middle-Market M&A Deal Statistics

Europe Middle-Market Median Acquisition Premiums



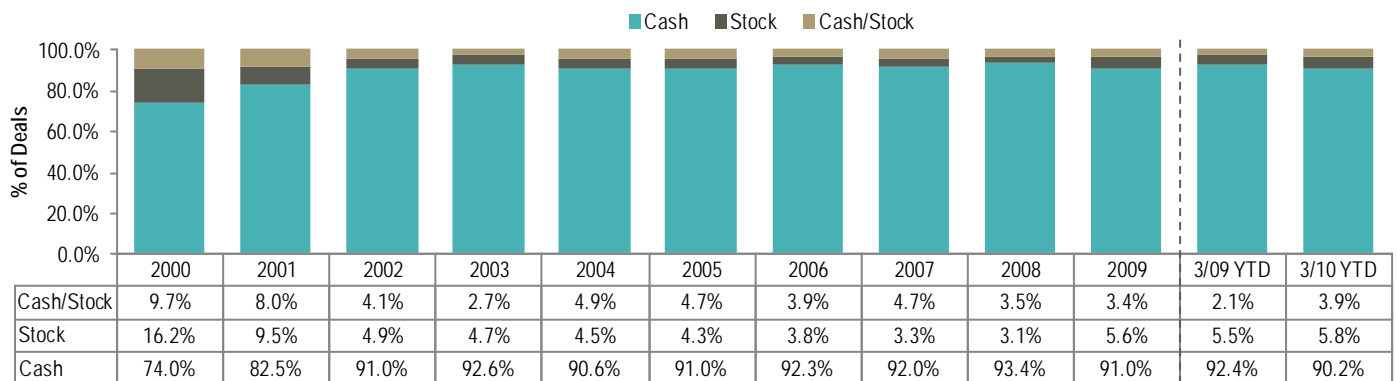
Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis. LTM as of March 31.
 Note: Figures exclude transactions involving minority stakes, stock repurchases, and spin-offs.

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.

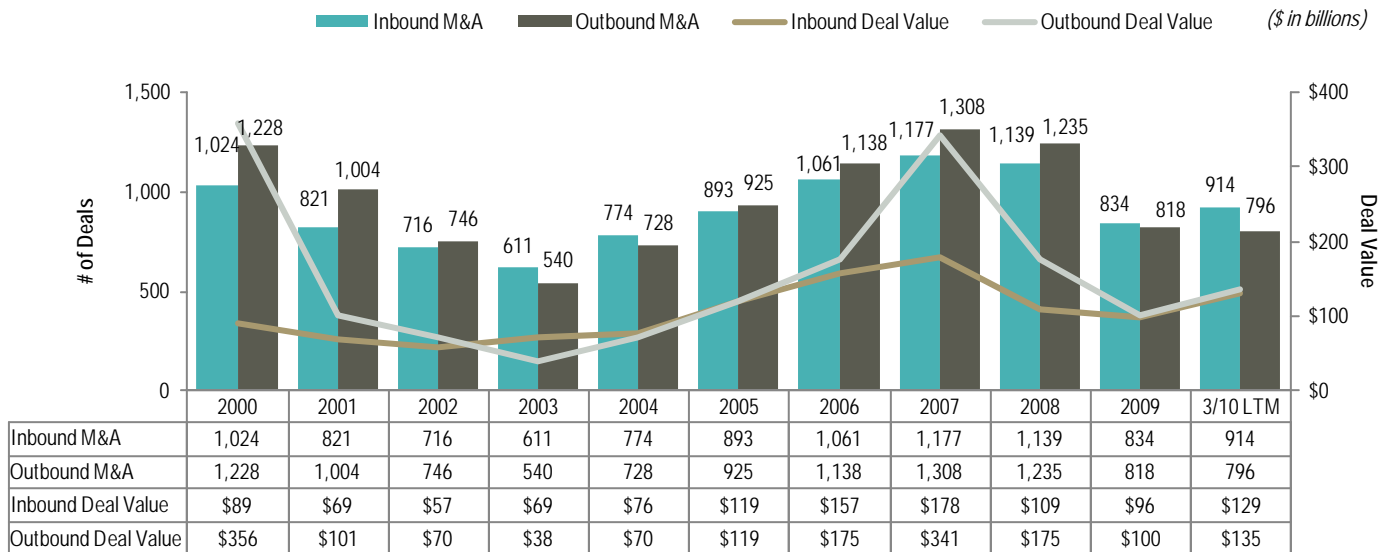
Europe Middle-Market M&A Payment Method by Number of Deals



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	87
2. Germany	39
3. France	26
4. Switzerland	12
5. Denmark	11
6. Italy	9
7. Sweden	9
8. Russian Federation	8
9. Netherlands	8
10. Spain	7

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

Industry	# of Deals
1. Computers & Electronics	56
2. Professional Services	32
3. Healthcare	29
4. Construction/Building	15
5. Mining	15
6. Finance	13
7. Oil & Gas	10
8. Consumer Products	10
9. Chemicals	10
10. Machinery	9

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

Country	# of Deals
1. United States of America	101
2. Australia	15
3. Canada	12
4. China	8
5. India	7
6. Japan	5
7. Singapore	4
8. Hong Kong	4
9. Taiwan	3
10. South Africa	3

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

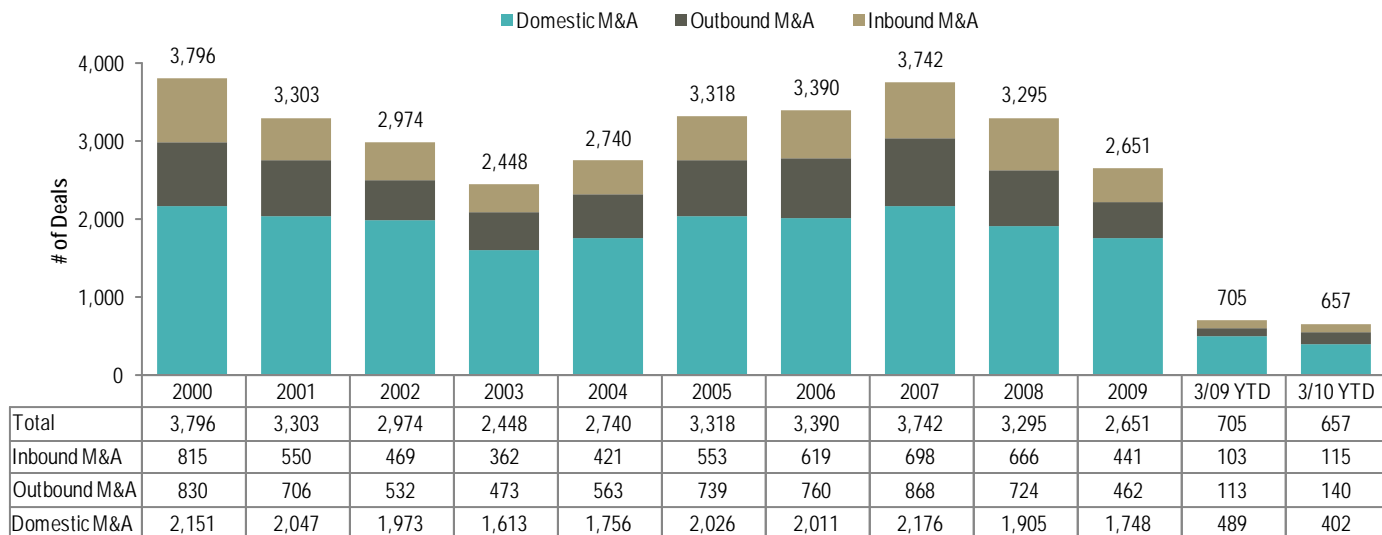
Industry	# of Deals
1. Computers & Electronics	36
2. Healthcare	34
3. Professional Services	28
4. Mining	11
5. Food & Beverage	10
6. Oil & Gas	9
7. Utility & Energy	8
8. Finance	8
9. Leisure & Recreation	7
10. Insurance	7

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

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

U.K. Cross-Border M&A Activity

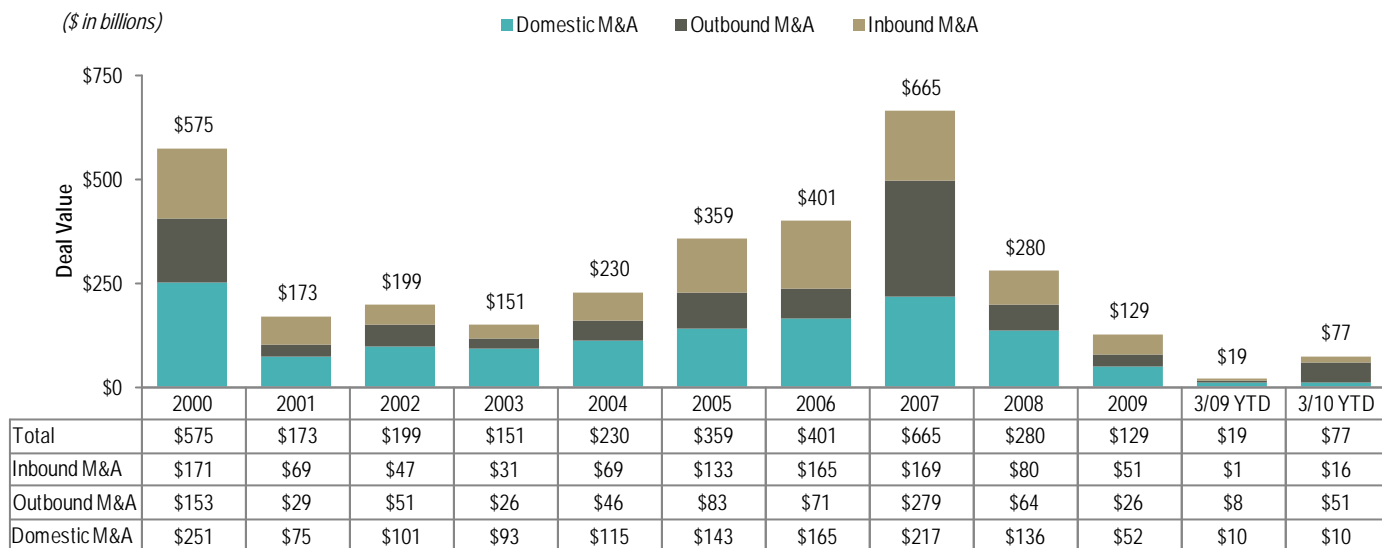
U.K. Number of Deals (Domestic/Outbound/Inbound)



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

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

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

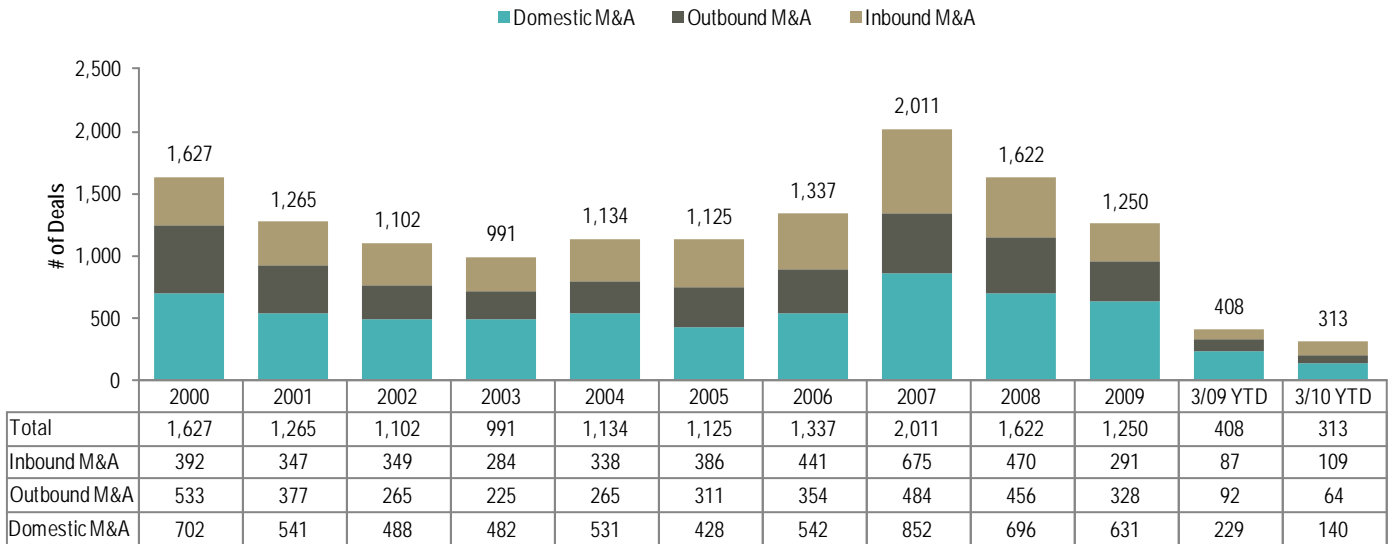


Source: Dealogic and Robert W. Baird & Co. Incorporated M&A Market Analysis.

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

Germany Cross-Border M&A Activity

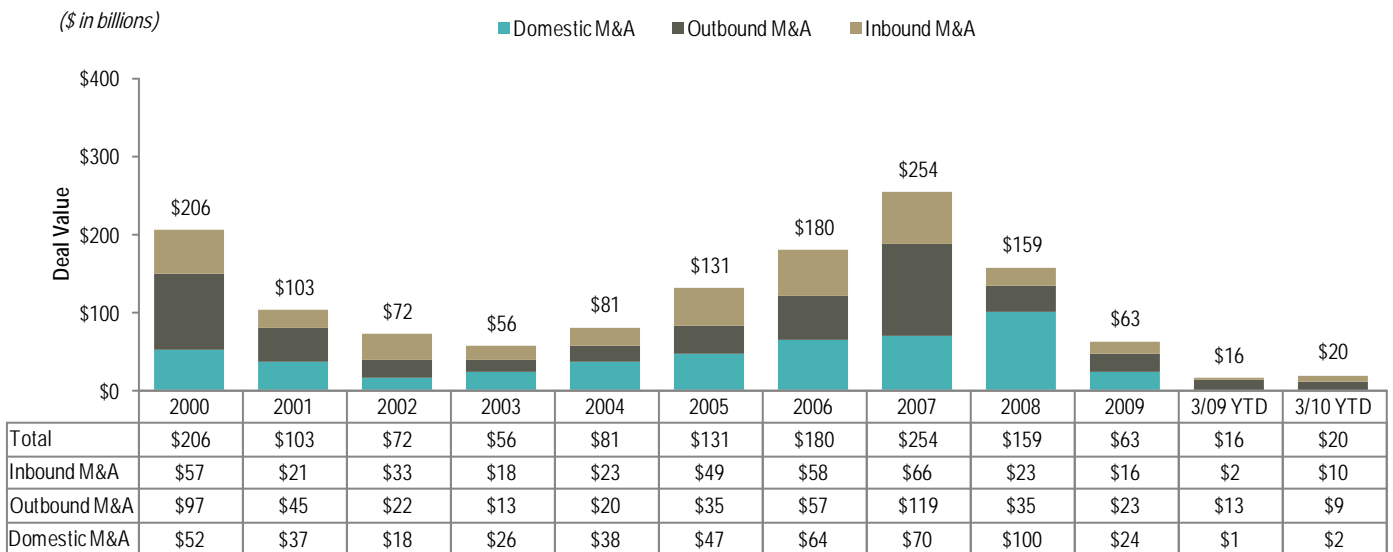
Germany Number of Deals (Domestic/Outbound/Inbound)



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

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

Germany Deal Value (Domestic/Outbound/Inbound)



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

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

Asia M&A Commentary

M&A activity in Asia (ex. Japan) in March featured a monthly record for reported dollar volume. Reflecting the worldwide shift toward larger transactions, dollar volume spiked more than 500% to \$63.0 billion, powered by nine billion-dollar-plus deals. The 3.7% rise in the deal total represented the sixth consecutive month of year-over-year increases. In Asia's middle market, the transaction count was up 13.5%, and dollar volume (+110%) more than doubled.

In the first quarter of 2010, the Asia (ex. Japan) M&A deal total expanded 20.3%. Reported dollar value jumped 341% to a quarterly record of \$108.1 billion. Asia's middle market has performed well year to date, including increases of 27.3% for the number of transactions and 83.7% for dollar volume.

Increased M&A activity in Asia has mirrored upbeat economic news in China, which accounted for just over half of transaction announcements in Asia (ex. Japan) in Q1. The Chinese government's pro-growth measures were again evident in Q1 GDP growth of 11.9%, above consensus expectations of 11.5%. Imports into China increased 66% in March, exceeding exports for the first time since 2004 and illustrating the potency of domestic demand. Export growth of 24% in March capped off a strong quarter for trade with global partners, with the export rebound (following a decline in 2009) contributing to widespread discussion of potential appreciation in China's currency. Based on positive economic reports, the World Bank raised its 2010 GDP growth projection for China to 9.5% (from 9.0% in its January forecast) while also recommending a stronger currency and tighter monetary policies in order to balance growth and dampen inflation.

M&A activity in Asia showed significant gains in most regions through the first quarter. In March, there were 210 announced China M&A deals, up 25.0% from March 2009. Dollar volume of \$49.5 billion experienced a gain of over 600%.

Through the first quarter of 2010, there was a total of 584 announced China M&A deals, a 37.1% increase compared to last year. Dollar volume totaled \$69.6 billion, a 414% gain from Q1 2009.

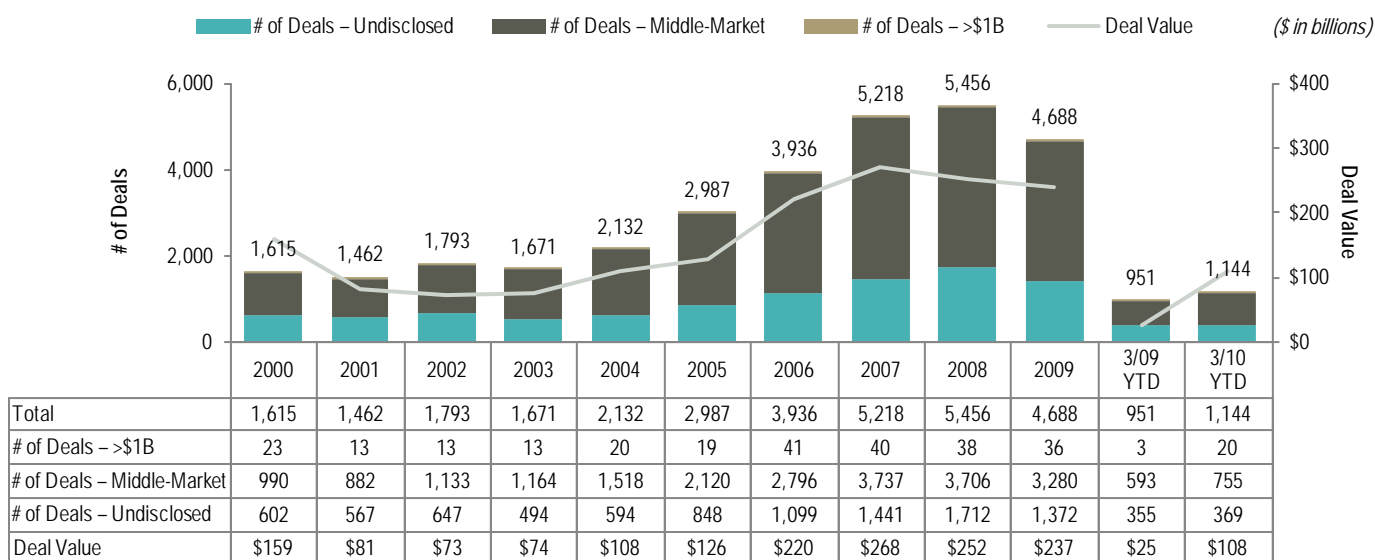
Year to date, the China middle market totaled 442 deals, a 35.6% increase from the first three months of 2009. Middle-market dollar volume of \$21.1 billion was up 103%.

There was a total of 201 announced India M&A transactions in Q1 2010, a 29.7% increase from the prior-year figure. Dollar volume skyrocketed to \$17.2 billion (vs. \$0.8 billion) due primarily to the \$10.7 billion bid for Zain Africa by Bharti Airtel, a telecommunication services provider in India.

Year to date through March, the number of announced India middle-market deals totaled 76, a 40.7% increase from Q1 2009. Dollar volume of \$3.5 billion gained over 350%, with eight transactions valued above \$100 million accounting for 72% of the year-to-date dollar volume.

The developed Japan M&A market continued to experience declines through Q1. Year to date, Japan M&A witnessed a 30.0% drop in the number of deals and a 27.6% decrease in dollar volume.

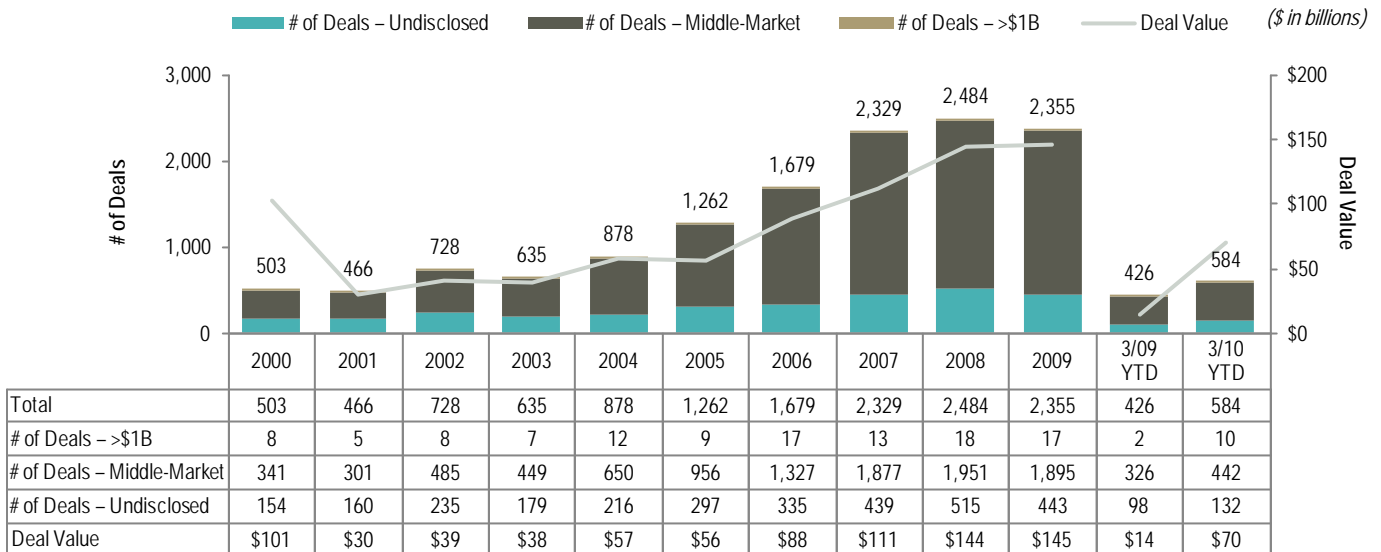
Asia (ex. Japan) M&A Activity



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

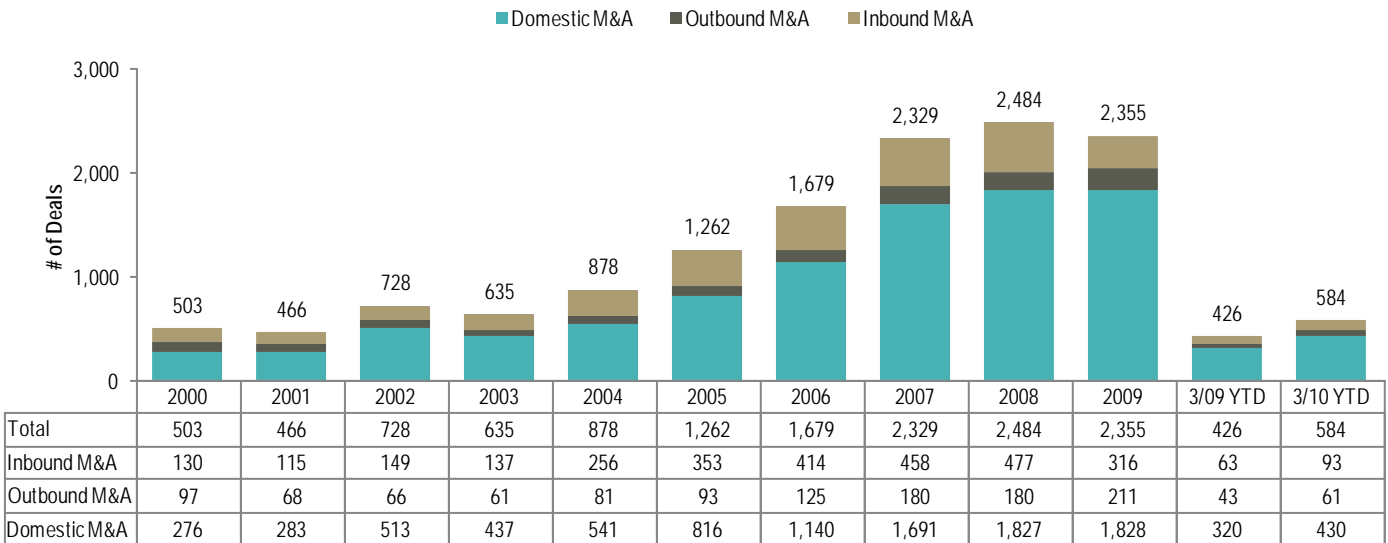
China M&A Activity

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
March								
Middle-Market	107	126	13	9	12	18	132	153
>\$1B	2	1	0	3	0	1	2	5
Undisclosed	22	32	4	7	8	13	34	52
Total	131	159	17	19	20	32	168	210
YTD								
Middle-Market	261	344	29	39	36	59	326	442
>\$1B	2	4	0	4	0	2	2	10
Undisclosed	57	82	14	18	27	32	98	132
Total	320	430	43	61	63	93	426	584
LTM								
Middle-Market	1,465	1,657	110	154	239	200	2,081	1,791
>\$1B	12	14	2	9	2	2	14	16
Undisclosed	242	267	53	66	179	144	474	477
Total	1,719	1,938	165	229	420	346	2,569	2,284

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

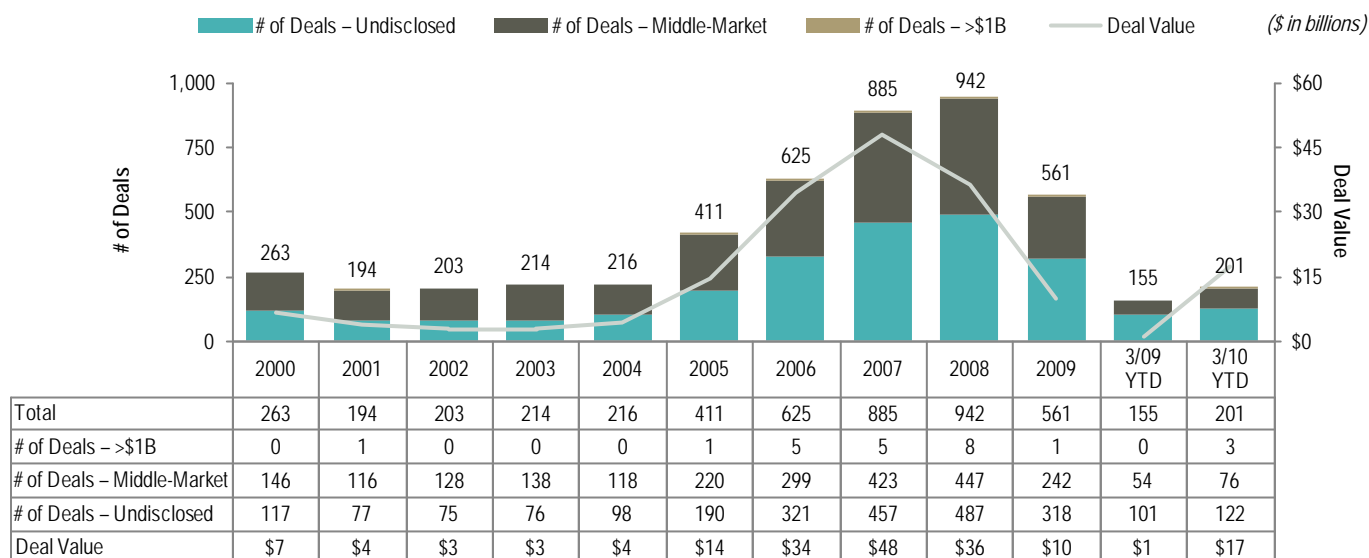
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
March								
Middle-Market	\$3,365	\$5,792	\$245	\$1,696	\$193	\$1,399	\$3,803	\$8,887
>\$1B	\$3,129	\$1,056	\$0	\$4,077	\$0	\$35,500	\$3,129	\$40,633
Total	\$6,493	\$6,848	\$245	\$5,774	\$193	\$36,899	\$6,931	\$49,520
YTD								
Middle-Market	\$8,727	\$14,946	\$706	\$3,068	\$976	\$3,126	\$10,409	\$21,140
>\$1B	\$3,129	\$5,067	\$0	\$5,653	\$0	\$37,700	\$3,129	\$48,420
Total	\$11,856	\$20,014	\$706	\$8,720	\$976	\$40,826	\$13,537	\$69,560
LTM								
Middle-Market	\$47,155	\$82,507	\$7,186	\$14,362	\$9,175	\$9,999	\$63,516	\$106,868
>\$1B	\$56,983	\$33,625	\$6,308	\$22,912	\$3,300	\$37,700	\$66,591	\$94,236
Total	\$104,138	\$116,132	\$13,495	\$37,274	\$12,475	\$47,699	\$130,107	\$201,105

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

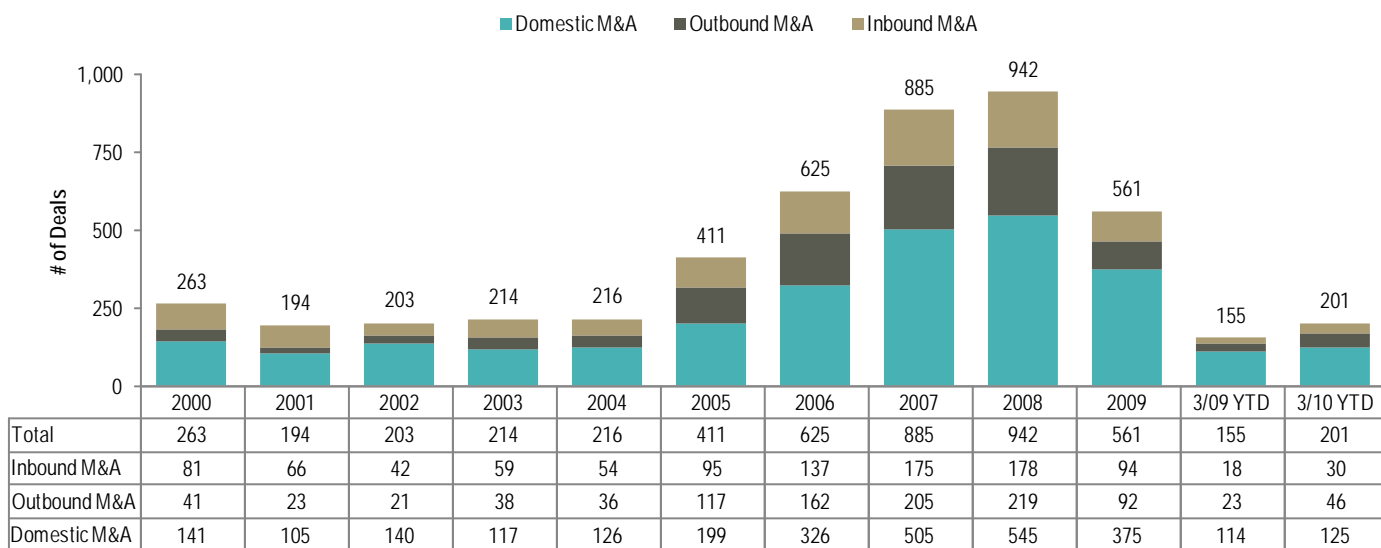
India M&A Activity

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
March								
Middle-Market	15	15	5	7	3	4	23	26
>\$1B	0	0	0	0	0	0	0	0
Undisclosed	36	24	4	8	5	3	45	35
Total	51	39	9	15	8	7	68	61
YTD								
Middle-Market	33	46	12	15	9	15	54	76
>\$1B	0	1	0	2	0	0	0	3
Undisclosed	81	78	11	29	9	15	101	122
Total	114	125	23	46	18	30	155	201
LTM								
Middle-Market	204	160	82	47	77	57	363	264
>\$1B	1	2	3	2	1	0	5	4
Undisclosed	282	224	103	66	67	49	452	339
Total	487	386	188	115	145	106	820	607

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

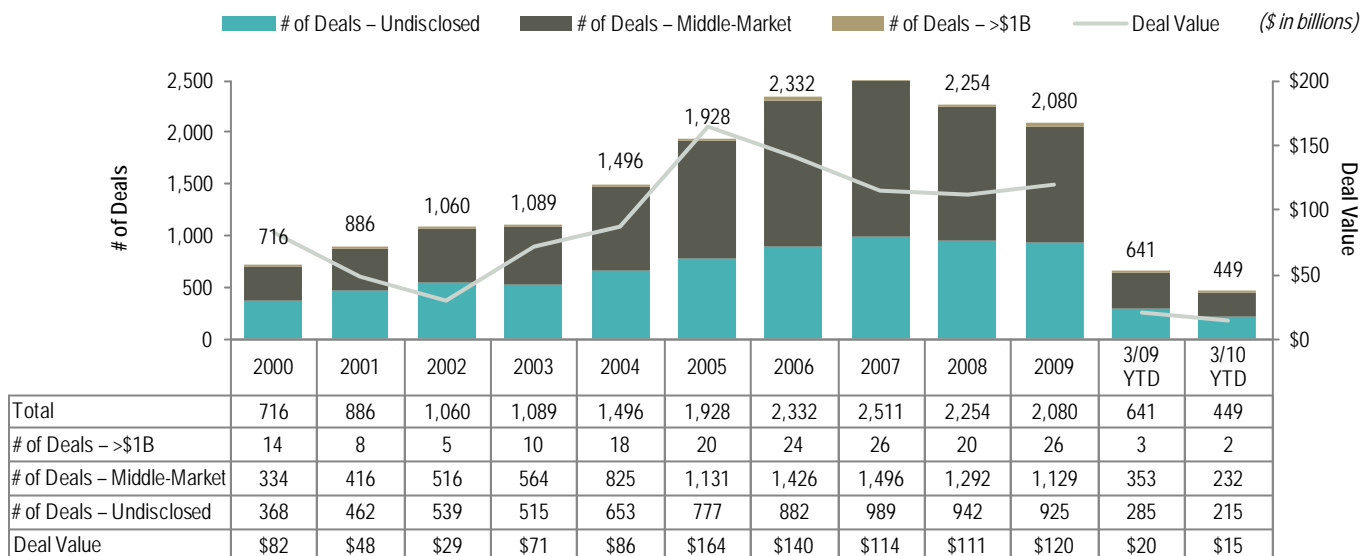
	Domestic		Outbound		Inbound		Total	
	2009	2010	2009	2010	2009	2010	2009	2010
March								
Middle-Market	\$187	\$330	\$7	\$1,303	\$142	\$31	\$336	\$1,664
>\$1B	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$187	\$330	\$7	\$1,303	\$142	\$31	\$336	\$1,664
YTD								
Middle-Market	\$456	\$959	\$77	\$1,931	\$237	\$636	\$770	\$3,526
>\$1B	\$0	\$1,839	\$0	\$11,856	\$0	\$0	\$0	\$13,695
Total	\$456	\$2,798	\$77	\$13,788	\$237	\$636	\$770	\$17,221
LTM								
Middle-Market	\$5,070	\$4,628	\$4,399	\$3,134	\$3,144	\$2,749	\$12,614	\$10,511
>\$1B	\$1,040	\$3,819	\$7,189	\$11,856	\$5,475	\$0	\$13,704	\$15,675
Total	\$6,111	\$8,447	\$11,588	\$14,990	\$8,618	\$2,749	\$26,317	\$26,186

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

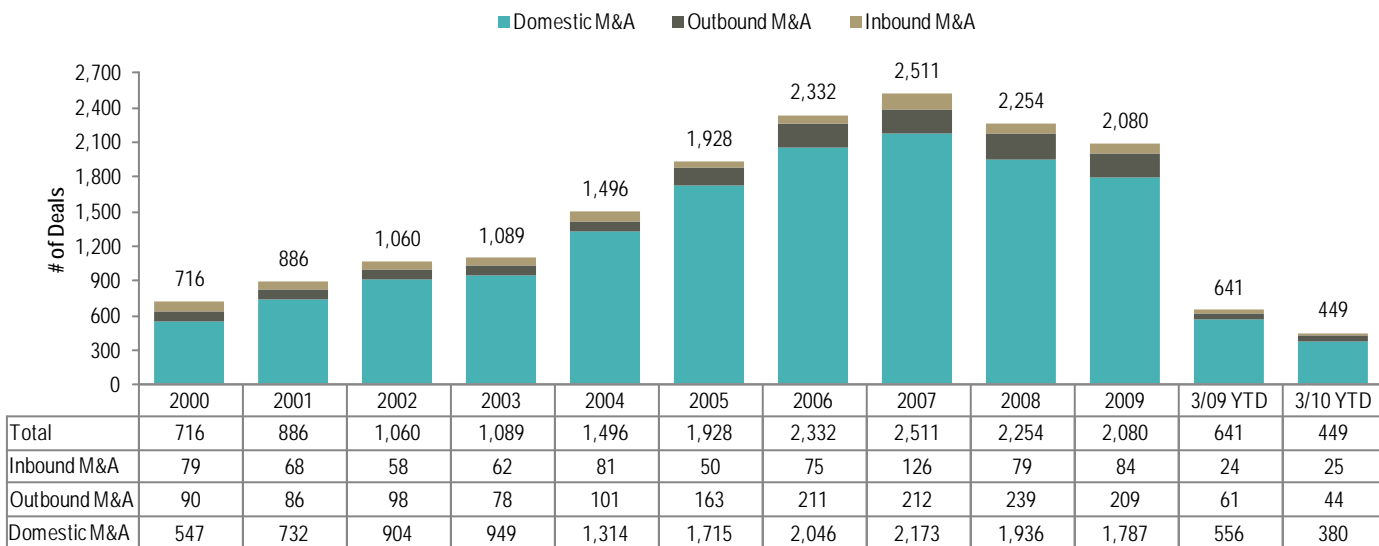
Japan M&A Activity

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

Economic Commentary

ECONOMY:

It is easy to forget at times that not much has really changed over the past year. Sure, the stock market has rallied more than 70% from its March 2009 lows and the widespread feelings of panic and despair have subsided. The incoming economic data suggest a cyclical upswing in activity. Underneath that façade, however, the secular situation has barely budged. Leadership offered by the private sector in reducing debt loads has been ignored by the government. In fact, deficit spending at the federal level has been so excessive that there is now increased chatter that the long-term solution to balancing the budget will be to raise taxes. Former Fed Chairman (and current presidential advisor) Paul Volcker has openly speculated about the need to institute a European-style VAT (value-added tax, essentially a national sales tax).

Even households are seeing a relapse into old spending patterns. Whether out of necessity or desire, the household sector led the initial shift from conspicuous consumption to savings and thrift last year. The latest data suggest that the recent hint of good economic news (industrial activity is expanding, labor market conditions have stopped deteriorating) is leading consumers to lean back towards their old habits. The personal savings rate has dipped in recent months, and spending on luxury goods is up over 25% from a year ago according to MasterCard/SpendingPulse. Progress is likely to be uneven going forward, but we remain in the early stages of a secular shift toward deleveraging and downsizing that could see the household savings rate move above its long-term norm of 8%.

The extent to which conditions appear to be returning to normal is almost exclusively a function of government intervention. To wit, the expansion in personal income over the past year has been entirely due to the double-digit surge in transfer payments from the government. Setting aside the political discussion of the appropriateness of such transfers, the economic reality is that without them real income has actually fallen over the past year. There is little indication that a robust self-sustaining recovery has emerged. Rather, the underlying fragility of the economy means that risks remain elevated. Historically high debt levels remain an anchor for the economy, but also interest rates. The retirement of these debts will help build the foundation from which a strong and sustainable economic recovery can emerge.

There is little evidence that the stock market rally that emerged last year has run its course. We are, however, taking note of historical seasonal patterns as well as tendencies that are common as bull markets age. Pullbacks in the first year of a bull market tend to be limited in degree and duration, as the market does not allow laggards to get onboard cheaply. Conditions

change in the second year of a rally, as the market tests the patience and conviction of those who are participating. Pullbacks tend to be stiffer – in the range of 10%-20%, as opposed to the 5%-10% norm seen in the first year. The composite seasonal pattern (based on the 1-year, 4-year and 10-year cycles) suggests strongly that the best opportunity for gains in the market may soon fade and not re-emerge until late this year.

STOCK MARKET:

Valuations are neutral, but only barely. Our preferred valuation measure, the median P/E ratio for the S&P 500, based on trailing reported earnings, is on the cusp of signaling overvaluation. And that assumes that earnings in the current environment, driven by cost-cutting at the company level and supported by government intervention in the economy, merit the same valuations as in the past. Moreover, forward earnings estimates are pricing in a relatively robust economic recovery – evidence of which remains lacking. We are keeping our scoring of current valuations as neutral for now with the caveat that a lot of good news appears to be priced into the market, and not much bad news appears to be discounted. Further price appreciation without improving sales and earnings growth could push valuations to excessive levels.

Sentiment, too, is neutral although optimism among many market participants is rising towards excessive levels. The key absence at this point is from individual investors. Recent data from the American Association of Individual Investors (AAII) has shown bulls just above 40% and bears near 30%. Typically stocks do not get into trouble until bulls outnumber bears by more than two-to-one. The secular shift away from stocks and towards bonds may be keeping the stock sentiment numbers lower in the current case, and the elevated levels of tension and anxiety being felt across the country right now may be manifesting itself as less optimism about the stock market. Surveys (and actions) of other classes of investors show more optimism:

- The Investors Intelligence data shows that among advisory services bulls outnumber bears by 49% to 19%.
- The Consensus Bullish Index has risen to 70%, the highest level since October of last year.
- The NAAIM Survey of Manager Sentiment shows that active money managers have their most bullish stance since October.

Economic Commentary

- Equity mutual fund cash to asset ratios are now at 3.5%, the lowest level on record.
- Defensive put-buying has ebbed, and the VIX Volatility index has dropped below its January low as complacency among options traders has risen.

Seasonals/trends remain a bullish support for the stock market. The composite cycle we mentioned at the onset suggests that stocks could work higher yet this month before seasonal patterns become a headwind into the fourth quarter. Exogenous macro considerations, like looming tax hikes at the end of this year, and the current strong upside momentum could distort this road map somewhat, perhaps lengthening the current rally opportunity while decreasing the chances of a rally later this year. While the prospective patterns suggest rising headwinds, the reflective patterns are strong. The trends in the major averages are rising. The move off of the February lows has produced some overbought conditions, but within an uptrend these are best viewed as reasons to delay buying, not reasons to sell.

Our breadth indicators remain bullish as this rally continues to generate widespread support. The percentage of domestic industry groups and international indexes in up trends is elevated and our measure of industry group breadth has made a new high. The composite advance/decline line has moved higher in line with the indexes, and advance/decline lines for each of the 10 sectors in the stock market have also made new highs. That virtually all areas of the market have participated in the rally is an important source of strength. Meaningful corrections in the indexes tend not to emerge in the absence of broad market divergences. A narrowing in upside participation would suggest an ebbing of support for the stock market and could leave the indexes vulnerable to a pullback. Thus far that has not been seen.

INTEREST RATES:

Fed controlled interest rates remain unusually low, and the Fed's balance sheet is still expanded. At the margin the Fed is looking to reduce its direct support for the financial markets. It has completed its asset purchases, is winding down its various lending facilities, and has already raised the discount rate (more a normalization of policy than an explicit tightening effort). Money supply growth has stalled and when it is viewed relative to industrial output, it appears that the excess liquidity that was a bullish influence on stocks last year has faded.

Discussion at the Fed is now centered on how long to leave rates at their current, "exceptionally low" levels as the Fed balances promoting growth and guarding against inflation. With excess capacity still present across the economy – the unemployment rate is near 10%, office vacancy rates are near 20%, and the capacity utilization rate trend has only barely budged off of its multi-decade low – inflationary pressures are unlikely to prompt Fed action in the near term. The ongoing deleveraging efforts and recent pullback in housing suggest that deflationary risks are still elevated. We believe the Fed is unlikely to raise interest rates until 2011 at the earliest and upward pressure on the benchmark 10-year T-Note yield (which has broken through a well-tested down-trend) or mortgage rates may lead the Fed to again become a buyer in these markets.

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Restructuring News

The Baird CDS Index

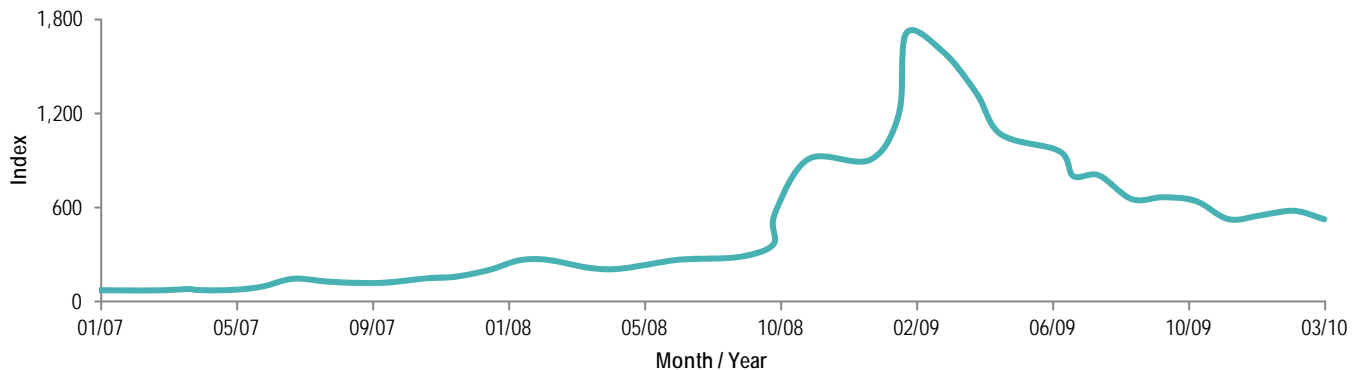
The graph below shows the Baird CDS Index ending March 31, 2010. This proprietary index of 36 credit default swap contracts references non-investment grade debt of non-financial companies using pricing information from Bloomberg.

The Baird CDS Index decreased last month, falling 53.1 points to 523.1 on March 31. That is down 9.2% from 576.2 on February 28, almost reaching its post-credit-crisis low of 522.8 on December 31, 2009. The Index has been tightly range bound since the end of 2009, indicating that the cost to insure against credit default by non-investment grade borrowers outside of the financial sector has been essentially flat during this period. On a year-over-year basis, the Index has fallen by two-thirds from its level of 1580.5 on March 31, 2009 (just after the peak of the credit crisis), but is still more than five times the levels last seen in 2007 during the halcyon days of easy credit. Nevertheless, the recovery in the credit markets over the past year has been nothing short of remarkable.

As access to credit for non-investment grade borrowers depicted in our Index has improved in recent months, the number of large bankruptcy cases filed has fallen. Only nine public companies filed for bankruptcy last month, compared to 32 that filed during March 2009. Year to date thru March, only 26 public companies filed for bankruptcy in 2010, compared to 70 in 2009. Happily for the wider economy, restructuring activity has slowed significantly in 2010.

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. Welnhof

Managing Director, Head of Financial Restructuring Group

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Transaction Spotlight – Sale of Provo Craft & Novelty, Inc. to BAML Capital Partners

Target Company <i>Headquarters</i>	Provo Craft and Novelty, Inc. <i>Spanish Fork, UT</i>		
Financial Sponsor <i>Headquarters</i>	Sorenson Capital <i>Salt Lake City, UT</i>		
Acquiring Company <i>Headquarters</i>	BAML Capital Partners <i>Charlotte, NC</i>		
Industry Sector	Consumer Products		
Transaction Overview	Provo Craft & Novelty, Inc. (“Provo Craft” or the “Company”), a leading creative technology company and portfolio company of Sorenson Capital, sold a majority equity stake to BAML Capital Partners. Sorenson Capital and Provo Craft management will continue to hold significant equity positions in the Company.		
Target Company Description	Provo Craft is a technology company that enables people to be their creative best. For 40 years, Provo Craft has invented new products that bring industrial technology to the masses, including the Cricut® Personal Electronic Cutter, the Cricut DesignStudio™ software, the new Cricut Cake and the Cuttlebug™ Die Cutter and Embosser. These innovative tools help people bring their creative ideas to life in a personalized, professional-looking way at home, in schools and in the workplace. Provo Craft’s products have won dozens of industry awards and are available through leading mass retail, craft, home décor, office, and education outlets nationwide.		
Financial Sponsor Description	Sorenson Capital is a private equity and venture capital firm specializing in small to middle market buyouts and growth capital investments.		
Acquiring Company Description	BAML Capital Partners is the private equity arm of Bank of America Corporation. Bank of America is one of the world's largest financial institutions, serving clients in more than 150 countries. Bank of America Corporation stock (NYSE: BAC) is a component of the Dow Jones Industrial Average and is listed on the New York Stock Exchange.		
Advisory Role	Robert W. Baird & Co. served as financial advisor to Provo Craft and Sorenson Capital on this transaction. For additional information about this transaction, please contact: <table><tr><td>Nick Pavlidis Managing Director 312.609.4977 npavlidis@rwbaird.com</td><td>Tom Lacy Managing Director 414.298.7648 tlacy@rwbaird.com</td></tr></table>	Nick Pavlidis Managing Director 312.609.4977 npavlidis@rwbaird.com	Tom Lacy Managing Director 414.298.7648 tlacy@rwbaird.com
Nick Pavlidis Managing Director 312.609.4977 npavlidis@rwbaird.com	Tom Lacy Managing Director 414.298.7648 tlacy@rwbaird.com		

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>
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
12/31/08	Palombo's Med-Rite Pharmacy (Ricetta Rx)	Pharmaceutical services	Sale to Omnicare, Inc.	**	Healthcare
12/31/08	Revenue Cycle Solutions, Inc.	Revenue cycle management	Acquisition of Cash Retriever Systems, Inc.	**	Healthcare
11/26/08	McKechnie Vehicle Components USA, Inc.	Manufacturer of automotive products	Sale MVC Holdings LLC	**	Industrial
11/21/08	Coachmen Industries, Inc.	Manufacturer of recreational vehicles	Sale to Forest River, Inc.	**	Consumer
11/11/08	Independent Bank Corp.	Bank holding company	Acquisition of Benjamin Franklin Bancorp.	\$84.5	Financial Services
10/21/08	Integrated Device Technology, Inc.	Digital media	Acquisition of assets of Silicon Optix	**	Technology
10/13/08	TRUMPF International Beteiligungs-GmbH	Industrial lasers and laser systems	Acquisition of SPI Lasers plc	**	Industrial
10/7/08	FCX Performance, Inc.	Distributor of flow control products	Sale to Sterling Investment Partners	**	Industrial Distribution
10/1/08	Methode Electronics, Inc.	Manufactures electro-mechanical devices	Acquisition of assets of Hetric Holding, LLC	\$53.6	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 March 2010, Baird added 8 companies to coverage and now covers 613 companies. These companies have a median and average market capitalization of \$2.0 billion and \$8.6 billion, respectively. In the past three years, Baird has increased the number of companies under coverage by more than 28%.

In March 2010, there were 63 upward and 53 downward adjustments to current-year earnings estimates (generally calendar-year 2010). There were 52 upward and 31 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 Thomas Gaul at tgaul@rwbaird.com

Sector: Diversified Industrial and Machinery
<https://baird.bluematrix.com/docs/pdf/73ff0a6a-92c8-4efe-ade2-0665cfafc5ae.pdf>

Sector: Education Services
<http://www.rwbaird.com/docs/CN4-10.pdf>

Sector: Human Capital Services
www.rwbaird.com/docs/yourreports/HCSMAP.pdf

Sector: Radio Frequency Identification (RFID)
<http://www.rwbaird.com/docs/RFIDMonthlyApril2010.pdf>

Sector: Retail, Restaurants, Apparel & Footwear
Contact Thomas Gaul at tgaul@rwbaird.com

Sector: Utilities
<https://baird.bluematrix.com/docs/pdf/d803f82f-858e-40af-890a-eda87258eb50.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
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
RiskMetrics Group, Inc.	RISK
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
COMSYS IT Partners	CITP
Heidrick & Struggles International	HSII
Hewitt Associates, Inc.	HEW
Hudson Highland Group, Inc.	HGHP
Kforce Inc.	KFRC
Korn/Ferry International	KFY
Manpower Inc.	MAN
Monster Worldwide, Inc.	MWW
Paychex Inc.	PAYX
Resources Connection, Inc.	RECN
SFN Group	SFN

Human Capital Services (cont'd)	
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
Jacobs Engineering Group Inc.	JEC
Mobile Mini, Inc.	MINI
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
Verizon Communications, Inc.	VZ
Network Technology	
Cisco Systems, Inc.	CSCO
CommScope, Inc.	CTV
F5 Networks, Inc.	FFIV
Fortinet, Inc.	FTNT
Juniper Networks, Inc.	JNPR
LM Ericsson Telephone Co.	ERIC
PCTEL, Inc.	PCTI
Riverbed Technology, Inc.	RVBD
SonicWALL, Inc.	SNWL
Tellabs	TLAB
Communications Services – Software & Services	
Amdocs Limited	DOX
Comverse Technology, Inc.	CMVT
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
Winnbago Industries, Inc.	WGO
Footwear, Apparel & Accessories	
adidas AG	ADS GR
Columbia Sportswear	COLM

Footwear, Apparel & Accessories (cont'd)	
Crocs, Inc.	CROX
Deckers Outdoors	DECK
Genesco, Inc.	GCO
Nike Inc.	NKE
Rocky Brands, Inc.	RCKY
Quiksilver 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
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
Schawik, Inc.	SGK
Energy Utilities	
Alliant Energy Corporation	LNT
Aqua America, Inc.	WTR
California Water Service Group	CWT
Chesapeake Utilities Corp.	CPK
DPL Inc.	DPL
FPL Group, Inc.	FPL
Hawaiian Electric Industries	HE
Integrus Energy Group	TEG
MDU Resources Group Inc.	MDU
Nicor Inc.	GAS
Otter Tail Corporation	OTTR
Piedmont Natural Gas Company, Inc.	PNY
PNM Resources, Inc.	PNM
Progress Energy, Inc.	PGN
TECO Energy, Inc.	TE
UIL Holdings Corporation	UIL
Vectren Corporation	VVC
Wisconsin Energy Corporation	WEC
Xcel Energy Inc.	XEL

Baird U.S. Equity Research Coverage

Energy (cont'd)	
Clean Technology	
American Superconductor Corp.	AMSC
Calgon Carbon Corp.	CCC
Comverge, Inc.	COMV
Covanta Holding Corp.	CVA
Energy Recovery, Inc.	ERII
EnerNOC, Inc.	ENOC
First Solar, Inc.	FSLR
Itron, Inc.	ITRI
Maxwell Technologies	MXWL
Ormat Technologies, Inc.	ORA
SunPower Corporation	SPWRA
Suntech Power Holdings Co. Ltd.	STP
Telvent GIT, S.A.	TLVT
Industrial	
Automotive and Truck Supplies	
ArvinMeritor, Inc.	ARM
Autoliv, Inc.	ALV
BorgWarner, Inc.	BWA
Commercial Vehicle Group	CVGI
Genex Corporation	GNTX
Harman International Industries, Inc.	HAR
Johnson Controls, Inc.	JCI
Methode Electronics Inc.	MEI
Modine Manufacturing Co.	MODI
Navistar International Corporation	NAV
PACCAR, Inc.	PCAR
Stoneridge, Inc.	SRI
STRATTEC SECURITY CORP.	STRT
Tenneco Inc.	TEN
WABCO Holdings Inc.	WBC
Consumer Building Products	
Acuity Brands, Inc.	AYI
American Woodmark Corporation	AMWD
Fortune Brands, Inc.	FO
Simpson Manufacturing	SSD
Quanex Building Products Corp.	NX
Containers & Packaging	
AptarGroup, Inc.	ATR
Avery Dennison Corporation	AVY
Ball Corporation	BLL
Bemis Company	BMS
BWAY Holding Company	BWY
Cellu Tissue Holdings, Inc.	CLU
Crown Holdings, Inc.	CKK
Graham Packaging Company Inc.	GRM
Owens-Illinois, Inc.	OI
Pactiv Corporation	PTV
Rexam PLC	REXYM
Sealed Air Corporation	SEE
Silgan Holdings Inc.	SLGN
Sonoco Products Co.	SON
Diversified Industrial & Machinery	
Actuant Corporation	ATU
Astec Industries, Inc.	ASTE
Brady Corporation	BRC
Bucyrus International, Inc.	BUCY
Caterpillar Inc.	CAT
Deere & Company	DE
Dover Corporation	DOV
Eaton Corporation	ETN
Illinois Tool Works Inc.	ITW
Ingersoll-Rand Company	IR
Joy Global Inc.	JOYG
Manitowoc Company Inc.	MTW
Oshkosh Corporation	OSK
Parker Hannifin Corporation	PH
Snap-on Incorporated	SNA
Sun Hydraulics Corporation	SNHY
Terex Corporation	TEX
Titan Machinery Inc.	TITN
General Industrial	
Barnes Group, Inc.	B
Carlisle Companies, Inc.	CLS
Gibraltar Industries, Inc.	ROCK
Kaydon Corporation	KDN
Masco Corporation	MAS

General Industrial (cont'd)	
Middleby Corporation	MIDD
RBC Bearings Incorporated	ROLL
The Stanley Works	SWK
Thomas & Betts Corporation	
Twin Disc, Inc.	TWIN
Woodward Governor Company	WGOV
Industrial Distribution	
Air Products and Chemicals, Inc.	APD
Airgas, Inc.	ARG
Anixter International, Inc.	AXE
Beacon Roofing Supply, Inc.	BECN
Builders FirstSource, Inc.	BLDR
Fastenal Company	FAST
Grainger, W.W., Inc.	GWV
Houston Wire & Cable Company	HWCC
Interline Brands, Inc.	IBI
MSC Industrial Direct Co.	MSM
Pool Corporation	POOL
Praxair, Inc.	PX
Watsco, Inc.	WSO
WESCO International, Inc.	WCC
Process Controls	
ABB Ltd.	ABB
Altra Holdings, Inc.	AIMC
A.O. Smith Corporation	AOS
Baldor Electric Company	BEZ
Colfax Corporation	CFX
Emerson Electric Co.	EMR
Flowserve Corporation	FLS
Franklin Electric Co., Inc.	FELE
Gardner Denver, Inc.	GDI
Generac Holdings Inc.	GNRC
Graco Inc.	GGG
IDEX Corporation	IEX
ITT Industries, Inc.	ITT
Mueller Water Products, Inc.	MWA
Pentair, Inc.	PNR
Regal-Beloit Corporation	RBC
Robbins & Myers, Inc.	RBN
Roper Industries, Inc.	ROP
Watts Water Technologies, Inc.	WTS
Transportation/Logistics	
Arkansas Best Corp.	ABFS
CSX Corporation	CSX
C.H. Robinson Worldwide Inc.	CHRW
Con-way, Inc.	CNW
Expeditors International of Washington	EXPD
FedEx Corporation	FDX
Forward Air Corporation	FWRD
Heartland Express, Inc.	HTLD
Hub Group, Inc.	HUBG
JB Hunt Transport Services Inc.	JBHT
Knight Transportation, Inc.	KNX
Landstar Systems Inc.	LSTR
Norfolk Southern Corporation	NSC
Old Dominion Freight Line	ODFL
Pacer International, Inc.	PACR
Ryder System, Inc.	R
TAL International Group	TAL
UPS	UPS
Union Pacific Corporation	UNP
UTi Worldwide, Inc.	UTIW
Werner Enterprises	WERN
YRC Worldwide	YRCW
Technology	
Computer Hardware & Storage	
3PAR Inc.	PAR
Brocade Communications	BRCD
CommVault Systems, Inc.	CVLT
Compellent Technologies Inc.	CML
Dell Inc.	DELL
EMC Corporation	EMC
Emulex Corporation	ELX
Hewlett-Packard Company	HPQ
NetApp Inc.	NTAP

Computer Hardware & Storage (cont'd)	
Netezza Corporation	NZ
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
McAfee, Inc.	MFE
Red Hat, Inc.	RHT
RightNow Technologies, Inc.	RNOW
Salesforce.com, Inc.	CRM
Solar Winds, Inc.	SWI
Symantec Corp.	SYMC
VeriSign Inc.	VRSN
Vocus, Inc.	VRSN
EMS & Electronics	
Littelfuse Inc.	LFUS
Plexus Corp.	PLXS
IT Services	
Accenture	ACN
CIBER, Inc.	CBR
Cognizant Technology Solutions	CTSH
Syntel Inc.	SYNT
Process Technology	
Agilent Technologies, Inc.	A
AMETEK, Inc.	AME
Badger Meter, Inc.	BMI
CLARCOR, Inc.	CLC
Cognex Corporation	CGNX
Danaher Corporation	DHR
Dionex Corporation	DNEX
Donaldson Company, Inc.	DCI
ESCO Technologies Inc.	ESE
FARO Technologies, Inc.	FARO
Landauer, Inc.	LDR
Mettler-Toledo Int'l, Inc.	MTD
Mine Safety Appliances Company	MSA
Mistras Group, Inc.	MG
Nalco Holding Company	NLC
National Instruments Corp.	NATI
Pall Corporation	PLL
Polypore International, Inc.	PPO
Rockwell Automation Inc.	ROK
Tetra Tech, Inc.	TTEK
Semiconductor Components	
Altera Corp.	ALTR
Analog Devices, Inc.	ADI
Broadcom Corp.	BRCM
Diodes Incorporated	DIOD
Fairchild Semiconductor Int'l, Inc.	FCS
GSI Technology	GSIT
Intel Corporation	INTC
Lattice Semiconductor Corp.	LSCC
Micron Technology, Inc.	MU
Monolithic Power Systems, Inc.	MPWR
NetLogic Microsystems, Inc.	NETL
OmniVision Technologies, Inc.	OVTI
ON Semiconductor	ONNN
SanDisk Corporation	SNDK
Sigma Designs, Inc.	SIGM
STMicroelectronics NV	STM
Texas Instruments, Inc.	TXN
Xilinx Inc.	XLNX
Supply Chain Technology	
Checkpoint Systems, Inc.	CKP
Diebold, Inc.	DBD
Garmin Ltd.	GRMN

Baird U.S. Equity Research Coverage

Supply Chain Technology (cont'd)		Life Sciences & Diagnostics (cont'd)		Regional Banks (cont'd)	
Intermec, Inc.	IN	Life Technologies Corp.	LIFE	Synovus Financial Corp.	SNV
NCR Corporation	NCR	Meridian Bioscience, Inc.	VIVO	U.S. Bancorp	USB
Plantronics, Inc.	PLT	PerkinElmer, Inc.	PKI	Wells Fargo & Company	WFC
ScanSource, Inc.	SCSC	QIAGEN N.V.	QGENF	Zions Bancorporation	ZION
Zebra Technologies Corporation	ZBRA	Sigma-Aldrich Corporation	SIAL		
		TECHNE Corp.	TECH		
		Thermo Fisher Scientific	TMO		
		Waters Corporation	WAT		
Healthcare/Life Sciences		Medical Technology		Real Estate	
Biotechnology				Real Estate	
Affymax, Inc.	AFFY	American Dental Partners, Inc.	ADPI	Alexandria Real Estate	ARE
AMAG Pharmaceuticals, Inc.	AMAG	Animal Health International	AHII	Ashford Hospitality Trust Inc.	AHT
Amgen, Inc.	AMGN	The Cooper Companies	COO	BioMed Realty Trust, Inc.	BMR
Amylin Pharmaceuticals, Inc.	AMLN	DENTSPLY International Inc.	XRAY	Chesapeake Lodging Trust	CHSP
Array BioPharma Inc.	ARRY	Exactech, Inc.	EXAC	Choice Hotels International, Inc.	CHH
BioDelivery Sciences Int'l	BDSI	Henry Schein, Inc.	HSIC	Cousins Properties, Inc.	CUZ
Biogen Idec Inc.	BIIB	Patterson Companies, Inc.	PDCO	DiamondRock Hospitality Co.	DRH
BioMarin Pharmaceutical, Inc.	BMRN	Sirona Dental Systems, Inc.	SIRO	Digital Realty Trust, Inc.	DLR
Celgene Corporation	CELG	Stryker Corporation	SYK	Douglass Emmett	DEI
Cerus Corporation	CERS	TomoTherapy Incorporated	TOMO	Duke Realty Corp.	DRE
Cubist Pharmaceuticals, Inc.	CBST	Varian Medical Systems, Inc.	VAR	FelCor Lodging Trust, Inc.	FCH
Dendreon Corporation	DNDN	Wright Medical Group, Inc.	WMGI	Franklin Street Properties Corp.	FSP
Genzyme Corporation	GENZ	Young Innovations Inc.	YDNT	HCP, Inc.	HCP
Gilead Sciences, Inc.	GILD	Zimmer Holdings, Inc.	ZMH	Health Care REIT Inc.	HCN
Human Genome Sciences, Inc.	HGSI	Specialty Pharmaceuticals		Healthcare Realty Trust Inc.	HR
Incyte Corporation	INCY	Acorda Therapeutics	ACOR	Hersha Hospitality Trust	HT
Infinity Pharmaceuticals, Inc.	INFI	Alkermes Inc.	ALKS	Host Hotels & Resorts	HST
InterMune, Inc.	ITMN	Boston Scientific Corp.	BSX	Hyatt Hotels Corporation	H
MannKind Corporation	MNKD	Cardiovascular Systems, Inc.	CSII	Intercontinental Hotels Group PLC	IHG
Onyx Pharmaceuticals, Inc.	ONXX	Cephalon Inc.	CEPH	Kilroy Realty Corporation	KRC
Optimer Pharmaceuticals, Inc.	OPTR	C.R. Bard, Inc.	BCR	LaSalle Hotel Properties	LHO
Pharmasset, Inc.	VRUS	Cyberonics, Inc.	CYBX	Liberty Property Trust	LRY
Regeneron Pharmaceuticals	REGN	Edwards Lifesciences Corp.	EW	Maguire Properties, Inc.	MPG
Theravance, Inc.	THRX	Ev3 Inc.	EVVV	Marcus Corporation	MCS
Vertex Pharmaceuticals, Inc.	VRTX	Forest Laboratories Inc.	FRX	Marriott International, Inc.	MAR
Distribution & Services		Medtronic, Inc.	MDT	Nationwide Health Properties, Inc.	NHP
AmerisourceBergen Corporation	ABC	Micrus Endovascular Corp.	MEND	Parkway Properties, Inc.	PKY
Athenahealth Inc.	ATHN	Obagi Medical Products, Inc.	OMPI	Red Lion Hotels Corporation	RLH
Cardinal Health, Inc.	CAH	Shire plc	SHPGY	Senior Housing Properties Trust	SNH
Cerner Corporation	CERN	St. Jude Medical, Inc.	STJ	Starwood Hotels & Resorts Worldwide	HOT
Charles River Laboratories	CRL	Thoratec Corp.	THOR	Strategic Hotels & Resorts, Inc.	BEE
Covance Inc.	CVD	Volcano Corporation	VOLC	Sunstone Hotel Investors, Inc.	SHO
ICON plc	ICLR	Financials		Supertel Hospitality, Inc.	SPPR
Kendle International Inc.	KNDL	Community Banks		Terreno Realty Corporation	TRNO
McKesson Corporation	MCK	Associated Banc-Corp	ASBC	Thomas Properties Group, Inc.	TPGI
MedAssets, Inc.	MDAS	Bank of Kentucky Financial Corporation	BKYF	Ventas, Inc.	VTR
Merge Healthcare Inc.	MRGE	Cardinal Financial Corp.	CFNL		
Owens & Minor, Inc.	OMI	First Midwest Bancorp, Inc.	FMBI	REITs	
PAREXEL International Corp.	PRXL	IBERIABANK Corporation	IBKC	American Campus Communities, Inc.	ACC
Pharmaceutical Product Development	PPDI	Independent Bank Corp.	INDB	Associated Estates Realty Corp.	AEC
PSS World Medical, Inc.	PSSI	MB Financial, Inc.	MBFI	AvalonBay Communities, Inc.	AVB
Facilities & Services		Metrocorp Bancshares, Inc.	MCBI	Camden Property Trust	CPT
Addus HomeCare Corp.	ADUS	Pinnacle Financial Partners, Inc.	PNFP	Corporate Office Properties Trust	OFC
Alliance HealthCare Services	AIQ	PennantPark Investment Corp.	PNNT	DuPont Fabros Technology, Inc.	DFT
Almost Family, Inc.	AFAM	PrivateBancorp, Inc.	PVTB	EastGroup Properties, Inc.	EGP
Amedisys, Inc.	AMED	Prosperity Bancshares Inc.	PRSP	Education Realty Trust, Inc.	EDR
AmSurg Corporation	AMSG	Regions Financial Corp.	RF	Essex Property Trust, Inc.	ESS
Community Health Systems, Inc.	CYH	Sandy Spring Bancorp, Inc.	SASR	Extra Space Storage Inc.	EXR
Geniva Health Services, Inc.	GTVI	StellarOne Corporation	STEL	Federal Realty Investment Trust	FRT
Health Management Associates, Inc.	HMA	Sterling Bancshares, Inc.	SBIB	First Potomac Realty Trust	FPO
HealthSouth Corporation	HLS	S.Y. Bancorp, Inc.	SYBT	Gladstone Commercial Corporation	GOOD
LHC Group, Inc.	LHCG	Union Bancshares Corp.	UBSH	Highwoods Properties, Inc.	HIW
LifePoint Hospitals, Inc.	LPNT	Virginia Commerce Bancorp, Inc.	VCBI	Home Properties, Inc.	HME
MedCath Corporation	MDTH	Wintrust Financial Corporation	WTFC	Investor Real Estate Trust	IRET
Psychiatric Solutions, Inc.	PSYS	Regional Banks		Kimco Realty Corporation	KIM
Select Medical Holdings Corporation	SEM	Bank of America	BAC	Mid-America Apartment Communities	MAA
Tenet Healthcare Corp.	THC	BB&T Corp.	BBT	PS Business Parks Inc.	PSB
Universal Health Services, Inc.	UHS	Comerica, Inc.	CMA	Public Storage, Inc.	PSA
Life Sciences & Diagnostics		Fifth Third Bancorp	FITB	Realty Income Corporation	O
Affymetrix, Inc.	AFFX	JP Morgan Chase & Co.	JPM	Regency Centers Corporation	REG
Beckman Coulter, Inc.	BEC	KeyCorp	KEY	Saul Centers, Inc.	BFS
Cepheid	CPHD	M&T Bank Corp.	MTB	U-Store-It Trust	YSI
Clariant, Inc.	CLRT	Marshall & Ilsley Corporation	MI	UDR, Inc.	UDR
Exact Sciences Corp.	EXAS	PNC Financial Services	PNC	Urstadt Biddle Properties Inc.	UBA
Gen-Probe Incorporated	GPRO	SunTrust Banks Inc.	STI	Washington Real Estate Invst. Trust	WRE
Illumina, Inc.	ILMN			Weingarten Realty Investors	WRI
Immucor, Inc.	BLUD				

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