



2011 ARIZONA DEAL SURVEY

Arizona M&A activity in 2011 saw a dramatic increase over 2010 across nearly every industry. Disclosed M&A transactions for Arizona-based companies increased from \$5.3 billion in 2010 to \$8.9 billion in 2011, an increase of 67%. Transaction unit volume increased 175% from 100 deals to 275 deals; however, average deal size decreased from \$52.9 million to \$32.3 million in 2011.

For the first time since 2008, Arizona saw an M&A transaction worth over a billion dollars, the sale of RSC Holdings, Inc. (NYSE:RRR) to United Rentals, Inc. (NYSE: URI) for \$4.2 billion. This transaction accounted for nearly 50% of the 2011 M&A dollar activity in Arizona. After stripping out the RSC deal in 2011, the adjusted M&A dollar growth rate for Arizona was in fact -14.8% in 2011. Arizona's most active sector in 2011 was the Medical/Healthcare/Biotech sector which had 46 transactions and total transaction value of \$2.5 billion. Of the 14 industry sectors analyzed in this survey, only three experienced a decline in M&A deal volume: Electronics/Semiconductors, Energy and Transportation/Logistics.

Private Placements for middle market companies in Arizona (transaction size between \$5 million and \$300 million) in 2011 slightly decreased from 38 transactions in 2010 to 37 transactions in 2011; however, dollar volume increased by nearly 27% from \$526 million to \$671 million. Arizona private placements were headlined by one extraordinarily large transaction, the \$2.3 billion investment in The Go Daddy Group by KKR, Silver Lake and Technology Crossover Ventures, structured as a private placement despite having characteristics similar to a typical M&A transaction.

By most metrics, M&A and private placement activity is up. Private equity groups specifically were much more active in 2011 as credit began to flow and P&Ls showed renewed improvement.

While the prevailing market apprehension may linger in 2012 over concerns of systemic credit risk in Europe, a boomerang U.S. recession or a hard landing in China, those concerns have not yet materialized to affect the middle market the way many bears had expected. In the presence of recovering P&Ls and growing backlogs, the future outlook for middle market M&A and capital raising has recovered and continues to rise in Arizona and nationally, and M&A is expected to further increase in 2012 as business owners anticipate a likely long term capital gains tax rate increase on January 1, 2013.

If you would like more detail on our Arizona Deal Survey, please feel free to call John Farr or Jordan Nelson at (480) 664-3949.

14646 N. Kierland Blvd., Ste. 125, Scottsdale, Arizona 85254

Phone: (480) 664-3949 Fax: (480) 664-3952

WWW.COLUMBIAWESTCAP.COM

admin@columbiawestcap.com



ARIZONA DEAL SUMMARY BY INDUSTRY

Includes only disclosed M&A transactions

(\$ in millions)

	2011			2010			Variance		% Growth	
	\$	%	#	\$	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$ 2,545	28.7%	46	\$ 593	11.2%	16	\$ 1,953	30	329.4%	187.5%
Consumer / Retail	472	5.3%	34	122	2.3%	10	350	24	288.4%	240.0%
Manufacturing	148	1.7%	26	72	1.4%	3	76	23	105.7%	766.7%
Business Services	376	4.2%	43	623	11.8%	12	(246)	31	(39.6%)	258.3%
Financial Services	168	1.9%	15	262	5.0%	5	(94)	10	(35.9%)	200.0%
Electronics / Semiconductors	101	1.1%	15	1,996	37.7%	16	(1,894)	(1)	(94.9%)	(6.3%)
Technology / Software / Services	226	2.5%	39	631	11.9%	6	(406)	33	(64.2%)	550.0%
Gaming / Leisure / Lodging	215	2.4%	10	77	1.5%	4	138	6	177.9%	150.0%
Construction Services / Homebuilding	4,345	49.0%	21	92	1.7%	6	4,253	15	4614.5%	250.0%
Energy	180	2.0%	1	297	5.6%	2	(117)	(1)	(39.4%)	(50.0%)
Telecom	57	0.6%	10	125	2.4%	4	(68)	6	(54.2%)	150.0%
Transportation / Logistics	-	-	-	259	4.9%	5	(259)	(5)	(100.0%)	(100.0%)
Natural Resources	33	0.4%	13	113	2.1%	9	(80)	4	(70.9%)	44.4%
Real Estate Services	5	0.1%	2	26	0.5%	2	(22)	-	(81.9%)	-
Totals	\$ 8,872	100.0%	275	\$ 5,289	100.0%	100	\$ 3,583	175	67.7%	175.0%
% Growth										

* Excludes Real Estate, Mining, Project Finance and 144a transactions.

TOP 10 2011 M&A DEALS:

(\$ in millions)

1: RSC Holdings, Inc. (NYSE:RRR)	\$ 4,160
2: Rural/Metro Corp.	715
3: Graceway Pharmaceuticals, LLC (Medicis Pharmaceutical)	455
4: mtm laboratories AG (Ventana Medical Systems)	269
5: HealthTran LLC (SXC Health Solutions)	250
6: Blackrock Clinic Limited (DJR Healthcare Capital)	241
7: Sprouts Farmers Market, LLC	210
8: Medicis Technologies Corporation	185
9: Western Refining Yorktown, Inc.	180
10: Carefx Corporation	153

TOP 10 2011 PRIVATE PLACEMENTS:

(\$ in millions)

1: The Go Daddy Group, Inc.	\$ 2,250
2: Western Alliance Bancorporation (NYSE:WAL)	141
3: IO Data Centers, LLC	105
4: Sion Power Corporation	50
5: IMH Financial Corporation	50
6: American Traffic Solutions Consolidated, L.L.C.	40
7: Crystal Pistol Resources LLC	20
8: Southwest Windpower, Inc.	20
9: HTG Molecular Diagnostics, Inc.	16
10: Yulex Corporation	15

* Excludes Real Estate, Mining, Project Finance and 144a transactions.

14646 N. Kierland Blvd., Ste. 125, Scottsdale, Arizona 85254

Phone: (480) 664-3949 Fax: (480) 664-3952

WWW.COLUMBIAWESTCAP.COM

admin@columbiawestcap.com