

2014 Annual Arizona Deal Review

The Annual Arizona Deal Review is prepared as a courtesy to the Arizona business community based on our research and analysis of data from various sources on disclosed deals for Arizona-based companies.

The end of 2014 saw new highs as the Dow Jones Industrial Average closed above 18,000 thanks to a continuing bull market. Arizona's M&A and private placement activity also saw unprecedented levels of growth. The total value of closed transactions rose nearly 250% from the 2013 figure. However, the volume of transactions increased only 6%. The difference in growth rates implies a thin market with skewed results caused by a few larger than average deals.

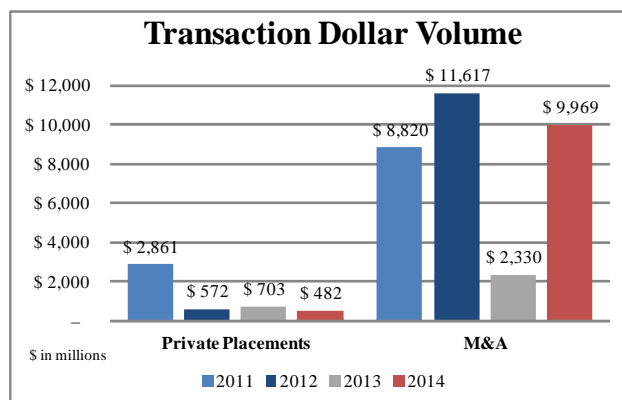
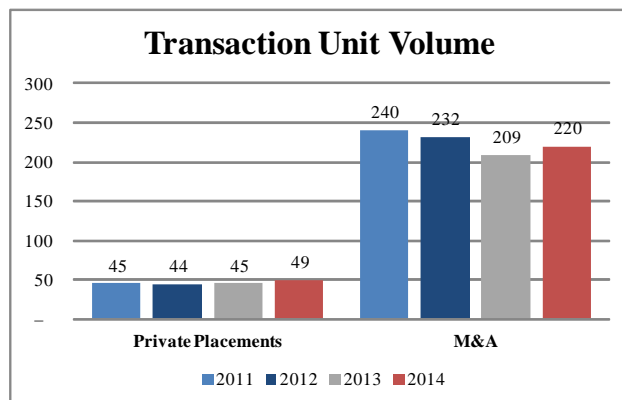
Analyzed results of Arizona's 269 qualified transactions reveal that a single deal in the energy sector tipped the scales. Other than the acquisition of Tucson-based UNS Energy Corporation by Fortis Inc. (TSX: FTS) for \$4.3 billion, no other deal closed for more than \$1 billion. Still, the other Top 10 deals each closed at more than \$200 million.

Additionally, the average M&A deal size on disclosed transactions between \$5 million and \$1 billion was \$117 million across 48 deals, compared to the 2013 average size of \$50 million across 40 deals. The 2014 average private placement size was \$14 million across 34 disclosed deals, down from \$19 million in 2013. Arizona companies raised a disclosed \$482 million in 2014, a 31% decrease from the \$703 million raised in 2013.

The slight, but steady, uptick of transaction volume indicates that deals continue to get done. This may be largely due to the fact that, similar to recent years, the healthcare and technology industries led the market's activity in M&A and private placements, along with improvement from the Homebuilding & Construction sectors. Of the thirteen industries analyzed, eight showed an increase in volume of deal value and five showed a decrease, reflecting that not all industries were propelled by the persisting bull market.

Columbia West Capital believes that Arizona's market will continue to strengthen as national and global markets stabilize. Private equity funds continue to have excess liquidity and interest rates are expected to stay low for the foreseeable future, contributing to a continuing improved outlook for mid-market M&A and capital raising activities.

For additional information or questions, please contact Jordan Nelson at jnelson@columbiawestcap.com.



* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million. Includes only disclosed transactions amounts.

COLUMBIA WEST CAPITAL, LLC

INVESTMENT BANKING

ARIZONA DEAL SUMMARY BY INDUSTRY

(\$ in millions)

	2014			2013			Variance		% Growth	
	\$	%	#	\$	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$ 1,351	12.9%	49	\$ 323	10.6%	46	\$ 1,028	3	318.6%	6.5%
Consumer / Retail	787	7.5%	34	493	16.3%	35	294	(1)	59.5%	(2.9%)
Manufacturing	279	2.7%	19	375	12.4%	14	(96)	5	(25.6%)	35.7%
Business Services	402	3.8%	45	116	3.8%	43	286	2	246.0%	4.7%
Financial Services	34	0.3%	7	103	3.4%	10	(69)	(3)	(67.1%)	(30.0%)
Electronics / Semiconductors	671	6.4%	14	202	6.7%	18	469	(4)	232.1%	(22.2%)
Technology / Software / Services	848	8.1%	59	587	19.3%	49	261	10	44.6%	20.4%
Gaming / Leisure / Lodging	78	0.7%	8	264	8.7%	5	(185)	3	(70.4%)	60.0%
Construction Services / Homebuilding	783	7.5%	22	132	4.4%	15	651	7	491.8%	46.7%
Energy/Utilities	4,562	43.7%	3	145	4.8%	7	4,417	(4)	3047.6%	(57.1%)
Telecom	632	6.0%	4	15	0.5%	5	617	(1)	4111.8%	(20.0%)
Natural Resources	9	0.1%	1	144	4.7%	4	(135)	(3)	(94.0%)	(75.0%)
Real Estate Services	16	0.2%	4	135	4.5%	3	(119)	1	(88.1%)	33.3%
Totals	\$ 10,451	100.0%	269	\$ 3,033	100.0%	254	\$ 7,418	15	244.6%	5.9%

* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million.
Includes only disclosed transactions amounts.

TOP 10 2014 M&A DEALS:

(\$ in millions)

1: UNS Energy Corporation	\$ 4,343
2: Ulthera, Inc.	600
3: Sander Media LLC Television Stations	408
4: Evergreen Tank Solutions, Inc.	405
5: Community Care Health Network, Inc.	400
6: Supertex Inc.	397
7: MCW Inc.	380
8: BeyondTrust Software, Inc.	310
9: Himex Inc.	254
10: Gila River Power, LLC, Facilities	219

TOP 10 2014 PRIVATE PLACEMENTS:

(\$ in millions)

1: Sottera, Inc.	\$ 72
2: Infusionsoft, Inc.	55
3: GlobalTranz Enterprises, Inc.	40
4: Mountainside Fitness Centers Of Gilbert, LLC	40
5: IMH Financial Corporation	26
6: Cannabis-Rx Inc. (OTCPK:CANA)	16
7: Hickman's Egg Ranch, Inc.	15
8: HealthTell, Inc.	14
9: CreditSuppliers, LLC	13
10: Everspin Technologies, Inc.	12

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