

Headlines from the Winter

- Hugo Chavez, the Venezuelan President, died at 58 after a two-year battle with cancer on Tuesday, March 5th.
- Moody's downgraded British debt from AAA to AA1 amidst weak economic growth and the potential for more austerity measures lead by the Prime Minister, David Cameron.
- President Obama continues to work with the leadership on Capitol Hill to reach a "grand bargain" in the wake of the sequestration budget cuts.
- China's economy grew at 7.9% in Q4 of 2012, exceeding the country's projected growth rate of 7.8%--a 2% drop from the country's last 30 year average.

Things to Watch For

- Coal and iron will continue to experience the bull run they have seen since the turn of the millennium. These commodities will be driven higher by increases in population, particularly in developing countries where these resources are being consumed at a higher rate. Moreover, as central banks in the West continue to print money, these commodities will see an increase in their value as more money chases fewer commodities.

Investment Banking Terminology:

Subordinated Debt – A type of debt that ranks below other debts with regard to claims on assets or earnings should the investment fall into liquidation or bankruptcy. Subordinated debt can take the form of a loan or bond and can be secured or unsecured.

Market Snapshot for December 15, 2012 – March 15, 2013

As of March 15th	March 15	QTR % Δ	LTM % Δ
S&P 500	1,560.70	10.4%	11.3%
Gold	\$1,592.05	(6.3)%	(6.0)%
Oil	\$91.89	6.5%	(12.6)%
10 Yr. T-Note	2.01%	23bps	(28)bps

Mega-Merger Comeback

The amalgamation of corporate balance sheets flush with cash and interest rates remaining low have caused many chief executives to start looking at acquisitions again. Add to this combination the recent rise in the S&P 500 and we may be entering a healthy M&A market like that experienced in 1988 and 1999. This M&A recovery, however, will depend upon political stability in the West amidst debt issues and growth rates returning to historic trend recovery levels.

Major Mergers and Acquisitions

- Michael Dell, founder of Dell, Inc., has partnered with Silver Lake Partners to buy the company he created for \$24.4 billion. This deal has faced opposition, however, from shareholder Carl Icahn and other potential buyers, such as the Blackstone Group.
- Berkshire Hathaway, Warren Buffet's company, and 3G Capital Management, a Brazilian-backed investment firm, bought H.J. Heinz for \$23 billion in cash.
- After a year of courtship, American Airlines agreed to merge with the smaller carrier, US Airways, for \$11 billion, making it the nation's largest airline.
- OfficeMax and Office Depot announced a \$1.2 billion all-stock merger on February 20th. The combine market share of the companies will be 34.9%--roughly 5% less than Staples.

Tobin and Company Investment Banking Group is a full service advisory investment bank that provides tailored services to meet the needs of small and middle market businesses. We are a licensed broker/dealer and a member of the Financial Industry Regulatory Authority, Inc.

Learn more at www.tobinandco.com and follow us on Twitter @TobinandCo_IBG