

Headlines for Spring 2015

- Takata is expected to recall airbags in 34 million vehicles, leading to the largest automotive recall in US history.
- JP Morgan, Barclays, Royal Bank of Scotland, Citigroup and UBS agreed to pay more than \$5 billion to settle charges that these organizations colluded to manipulate FX and LIBOR rates.
- Following the legal decision in the case between Ellen Pao and venture capital firm Kleiner Perkins, awareness on gender discrimination in the workplace has been raised.

Things to Watch For This Summer

- Depressed energy prices may lead to further oil and gas industry consolidation. Early signs of this trend include Noble Energy's \$2.1 Billion acquisition of Rosetta Resources and the \$35 billion merger of Halliburton and Baker Hughes.
- While Hillary Clinton appears to be the frontrunner for the Democratic nomination for the 2016 presidential race, competition is increasing for the Republican Party slot. Rand Paul, Carly Fiorina, Ted Cruz, Ben Carson and Jeb Bush are among the first to announce their candidacies.
- Tensions are on the rise in the South China Sea as Southeast Asian nations and the US protest China's reclamation efforts on disputed islands and reefs.

Investment Banking Terminology:

Synergies – The potential financial or operational benefits resulting from the interaction of two companies after a merger or acquisition.

Market Snapshot as of May 22, 2015

As of May 22	May 22	YTD% Δ	LTM % Δ
S&P 500	2,126.06	3.3%	12.3%
Gold	\$1,205.92	(1.5)%	(6.8)%
Oil	\$59.72	13.3%	(42.4)%
10 Yr. T-Note	2.21%	9 bps	(35) bps

Rising Tech Valuations

Late-stage technology startups, including Uber, Snapchat and Pinterest, have seen their valuations soaring to sky-high levels in recent weeks. Money is flooding in from hedge funds and mutual funds who are willing to pay 16x projected revenue for the year. Pinterest raised \$367 million in March, valuing the company at \$11 billion. Snapchat, based on a planned investment by Alibaba, is valued at \$15 billion. Uber is seeking to raise \$1.5 billion at an astronomical valuation of \$50 billion, surpassing the market cap of Delta Air Lines, FedEx, Yahoo and Nissan.

Major Mergers and Acquisitions

- Staples announced it has acquired Office Depot for \$6.3 billion in a stock and cash deal. With the acquisition of Office Depot, Staples will have annual sales of \$39 billion and expects to recognize over \$1 billion of synergies.
- Verizon Communications agreed to buy AOL in a \$4.4 billion all-cash deal on May 12th. The acquisition would give Verizon access to advanced technology AOL has developed for selling ads and delivering Web video.
- Infosys completed the acquisition of Panaya for \$200 million. Infosys plans to leverage Panaya's software expertise to optimize its workforce efficiency.

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