

CORPORATE SNAPSHOT-WORLD

January 2014

Target's Data Breach Adds to CEO's Sack of Woe

Steinhafel was already dealing with costs in Canada, e-commerce challenges Target Corp.'s massive data breach piles another weight on Chief Executive Gregg Steinhafel, who is already under pressure to stem losses from the chain's venture into Canada and to keep local-store shoppers from defecting to online rivals. The retailer's board has responded by stepping up its involvement to help the CEO manage the crisis, prodding him to take a more public role and leave more day-to-day operations to a top .

Shell Plans Boat to Tap Gas Fields

Billion-Dollar vessel would Chill Gas and Pump it into tankers: Royal Dutch Shell PLC says it has a way to spend less on tapping remote natural-gas fields. There's just one catch: It will cost at least \$10 billion, according to people who have worked on the project. Shipyard workers in South Korea are building a hull for the Anglo-Dutch company that stretches more than 1,600 feet from bow to stern. The boat will drop anchor in a natural-gas field, chill the gas into liquid and pump it into tankers.

A \$1 Billion Offer from Warren Buffett

Quicken Loans announced on Tuesday a \$1 Billion prize paid out over 40 years—insured by **Warren Buffett's Berkshire Hathaway** to anyone who pulls off the ultimate forecasting feat in sports: predicting every tournament game's winner. Past contests tied to the tournament have dangled seven- and eight-figure rewards, but this one significantly ups the stakes, even without the extra incentive of investment advice that Buffett promises.

Three Former Rabobank Traders Charged with Fraud

Former Traders Allegedly Manipulated Yen Libor:

The U.S. Justice Department on Monday charged three former Rabobank Group NV traders with fraud in connection with their alleged manipulation of the key London interbank offered rate. The three derivatives traders, Paul Robson of the U.K., Paul Thompson of Australia and Tetsuya Motomura of Japan, allegedly manipulated the so-called yen Libor by submitting false borrowing rates to the association that sets the...

U.S. Skeptical on Sprint's Possible T-Mobile Deal

Justice Officials met with Directors Son and Hesse, Signaled Dim view toward Merger Sprint Corp. board members Masayoshi Son and Dan Hesse met recently with Justice Department officials who said they would view a Sprint acquisition of wireless rival T-Mobile US Inc. with skepticism, people briefed on the conversation said.

The conversation, which occurred in January, shows the seriousness of Mr. Son's interest in a deal, and his highest hurdle. U.S. antitrust authorities regard the current lineup of four national mobile-phone carriers as important to maintaining a competitive

market, and department.

Fed Can't Avoid Emerging-Markets Blame

Three years ago Bernanke was forced to defend the Federal Reserve from accusations its bond buying somehow had triggered the Arab Spring, which was just getting under way at the time. Now, with the era of aggressive monetary policy waning, a slump in emerging markets is seen as a dangerous side effect of stimulus being withdrawn.

Billionaires worth \$3.7 Trillion Surge as Gates Wins 2013

The richest people on the planet got even richer in 2013, adding \$524 billion to their collective net worth, according to the Bloomberg Billionaires Index, a daily ranking of the world's 300 wealthiest individuals.

The aggregate net worth of the world's top billionaires stood at \$3.7 trillion at the market close on Dec. 31, according to the ranking. The biggest gains came in the technology industry, which soared 28 percent during the year. Of the 300 people who appeared on the final ranking of 2013, only 70 registered a net loss for the 12-month period.

American Airlines Has \$10 Billion Burning a Hole in Its Pocket

The new American Airlines' (AAL) fourth-quarter results were broadly in line with the profitable holiday travel season reported by its domestic peers. One thing that's definitely not seen at other U.S. airlines, however, is the \$10.3 billion in cash American has in its coffers—about one quarter of the airline's annual revenue.

That kind of cash reserve is partly a response to what it takes to create the world's largest airline, forged through a merger that will be rife with enormous costs, such as replacing older MD-80 jets by 2018 and raising salaries for workers. The cash cushion also helps to gird for emergencies—especially at a company with almost \$17 billion in total debt—and to weather the eventual downturn of another recession or other events that depress travel demand. Still, executives acknowledged today on a conference call that \$10 billion in the bank is too much.

Apple's \$160 Billion Mystery

There's a mystery to the data Apple Inc. released for the first quarter of fiscal 2014. Its cash position has increased by \$12 billion to \$158.8 billion; it usually goes up in the first quarter, but why does it never go down? Based on the previous quarter's results, Carl Icahn -- whose company owns \$4.7 billion worth of Apple shares, according to data compiled by Bloomberg News -- called the iPhone maker "perhaps the most overcapitalized company in corporate history."

Icahn's demands for a massive share buyback have fallen on deaf ears: Apple Chief Executive Officer Tim Cook countered them by saying the company already had a huge repurchase program in place. On the earnings call yesterday, Cook said this: "Last year we

increased the program overall -- our cash return -- doubling it to \$100 billion, and \$60 billion of that is buyback and we've been progressing on that."

After Dropping Accounts, HSBC Adds \$1 Billion to International Loan Program

Late last year, HSBC closed accounts held by some small and midsize U.S. businesses. The U.K. lender said it was stopping service to some customers so it could retrench around its expertise in international trade.

Now HSBC plans to lend \$1 billion in 2014 to small and midsize U.S. companies that do business internationally, the bank announced on Jan. 28. Those funds, which are slated for companies with \$3 million to \$500 million in annual sales, expand a program originally launched in July.

The Detroit Auto Show Is Over, and Ford Aced It on Twitter

Ford Motor (F) may not have had the hottest sports car at this year's Detroit Auto Show, but it garnered far more social-media attention than any other carmaker.

Over the course of the 13-day show, which ended Sunday, some 24,080 messages posted on Twitter (TWTR) crowed about Ford's lineup; more than triple the tally of Toyota Motor's (TM) Lexus, the next most-discussed brand, a company that helps major brands craft digital-marketing strategies.

McDonald's Seeks to Out-Latte Starbucks in Coffee War

One of the chain's top priorities is boosting "coffee-driven visits," according to a document laying out the company's 2014 to 2016 U.S. strategy. In a Jan. 28 memo, U.S. operations chief Jim Johannesen and U.S. brand Chief Kevin Newell exhorted franchisees to deliver "a gold-standard cup of coffee with every visit." Earlier this month, in a webcast for restaurant owners, McDonald's vowed to become the "envy" of rivals and said Starbucks Corp. was leading the "coffee wars." McDonald's is battling fast-food chains, coffee sellers and even convenience stores hawking breakfast as cash-strapped Americans eat out less.

Facebook's Revenue Beats Estimates on Mobile Push

Facebook Inc. (FB)'s fourth-quarter revenue topped analysts' estimates as mobile-advertising sales on the world's largest social network surpassed those on desktop computers for the first time. Revenue rose 63 percent to \$2.59 Billion. Profit excluding some items was 31 cents a share, the Menlo Park, California-based company said in a statement. Analysts on average had projected sales of \$2.35 billion and profit of 27 cents a share. Net income rose more than eightfold to \$523 million, or 20 cents a share, from \$64 Million, or 3 cents, a year earlier.

Pimco Names Four More Deputy CIOs after El-Erian Quits

Pacific Investment Management Co., the world's biggest bond manager, named four deputy chief investment officers in an overhaul of its leadership team after Mohamed El-Erian's decision last week to step down as chief executive officer.

Mark Kiesel, global head of the corporate bond management group; Virginie Maisonneuve, global head of equities; Scott Mather, head of global fund management; and Mihir Worah, head

of the real return group will join Dan Ivascyn and Andrew Balls as deputy CIOs, Newport Beach, California.

Lenovo to Buy Google's Motorola Unit for \$2.91 Billion

Lenovo Group Ltd. agreed to buy Google Inc. Motorola Mobility phone unit for \$2.91 billion, as the world's largest personal-computer maker continues a buying spree of U.S. technology businesses. Lenovo shares fell.

The sale includes \$1.41 Billion in cash and Lenovo stock paid at the close of the deal, with \$1.5 Billion to be paid in a three-year promissory note, Google said in a statement. Google will retain a majority of Motorola Mobility's patent portfolio, with Lenovo receiving a license to the intellectual property.

With Huge Losses, BlackBerry Takes a Step Away From Hardware

It appears that BlackBerry is becoming a relic even faster than we expected. The struggling smart phone maker revealed massive fiscal third-quarter losses and announced a new five-year deal with Foxconn to manufacture its devices. There has been speculation that BlackBerry would get out of the hardware business, and the deal with Foxconn Technology is a step in that direction.

At some point it becomes uneconomic to produce handsets in such small quantities. The move will allow BlackBerry's new Chief Executive Officer, John Chen, to refocus on services and software, particularly for enterprise clients. The shift in strategy comes in the wake of a disastrous decision by former CEO Thorsten Heins to invest heavily in the development of a new mobile operating system and a slate of accompanying devices designed to compete directly with Apple and Google in the consumer-oriented Smartphone and tablet markets. BlackBerry's announcement also included news that the company will take a charge of \$4.6 Billion, related in part to the horrendous performance of the BB10 devices.

Chrysler Plans to Raise \$4.7 Billion in Debt to Refinance Notes

Chrysler Group LLC, the U.S. automaker owned by Fiat SpA (F), is planning to raise as much as \$4.7 Billion to repay a note issued to the United Auto Workers retiree health-care trust. The third largest U.S. automaker may raise \$2.7 Billion in senior secured debt and an additional \$2 Billion in loans, the Auburn Hills, Michigan-based Company. Proceeds from the sale will be used to repay an unsecured note issued in June 2009 to the voluntary employees beneficiary association trust.

AT&T Said to Still Eye Vodafone after Renouncing Takeover

AT&T Inc. remains interested in a potential acquisition of Vodafone Group Plc (VOD) even after giving up the option to bid for the U.K. carrier for six months, according to people familiar with the situation. The U.S. phone company continues to study a Vodafone takeover, and made a public announcement Jan. 27 to satisfy strict British stock-market regulations designed to limit merger speculation, the people said, asking not to be identified discussing a private matter. AT&T will probably need to wait out the deadline before making an offer, they said, although it can be waived with the consent of Vodafone's board.

CORPORATE SNAPSHOT-INDIA

January 2014

Sebi Chairman U K Sinha promises policy push for mutual funds industry soon

Market regulator Sebi will soon come out with a long-term policy for mutual funds to help the industry create more understanding and better positioning of products amongst investors as fund houses have lost their focus, its Chairman U K Sinha announced. He said while there are other products like insurance which have a particular understanding and positioning in the minds of investors, MFs have lost their focus and there is a need to redraw attention on them. "There is a need to refocus on the purpose and need to refocus on the goal (of mutual funds)," he said in his speech at a function. "The idea behind this long-term policy is to ensure that amongst the whole bouquet of financial products, the role and purpose of mutual funds should be established." He, however, declined to elaborate on the proposed policy and said the issue has been taken up by the Sebi board and there has been extensive consultation going on it. "I do hope that in the next board meeting we will have clearance of this long-term policy."

Tatas to bag Rs 1k crore Army contract to supply heavy duty trucks, Tatra trucks' monopoly to end

Tata Motors is in the final stages of concluding a Rs 1,000 crore contract with the Ministry of Defence for the supply of 1,239 heavy duty trucks, in a move that will herald the end of a decades-long monopoly Czech-made Tatra trucks enjoyed in supplying the military's high-end vehicles. The deal for the so-called six-wheel-drive high mobility vehicles (HMV), fitted with material handling cranes, has the option of a follow-on order for 600 more units, a senior company executive said. This deal is among the three procurement projects the defense ministry kicked off last year involving specialized trucks. "We have been out of this category for 30 years. We had to get into this. This is the future," said Vernon Noronha, vice president, defense and government business at Tata Motors.

Raghuram Rajan squares off P Chidambaram again, markets restless

The finance ministry has been harping on the need to boost growth, but the Reserve Bank of India is just refusing to relent on its hawkish stance on policy rates. "If we cut policy rates, do you think the banks will also cut rates ... a cut in policy rate is not going to create immediate demand," said RBI chief Raghuram Rajan after the central bank's third quarter policy meet. The best way to create growth is by bringing down inflation," he said. This is in stark contrast to what finance minister P Chidambaram and other top government officials have been saying since long. The ministry wants growth, and for that it wants RBI to keep interest rates low; but the central bank has since late 2012 been doing just the opposite. Ahead of the central bank's last policy meet on December 18, chief Raghuram Rajan had said that a decision on policy rates would not be driven by any single data point. This meant that inflation would not be the benchmark for deciding on interest

rates.

Haldia Petrochemicals to issue 51.2 cr fresh shares

The board of loss-making Haldia Petrochemicals (HPL) has decided to issue 51.2 crore fresh equity shares at Rs 25.10 each through a rights issue in an effort to save the company from being declared sick. "After detailed study and looking at various options available, the HPL board arrived at a conclusion that the only option available before the company to avoid making reference to BIFR and its revival through fresh infusion of funds, is to go forward for a rights issue of equity shares at a price of Rs 25.10 per share being the discovered price which emerged from the disinvestment process by WBIDC," the company said in a statement. Following a board meeting Commerce and Industry minister Partha Chatterjee said that it was an effort to save the company, adding that the issue will be completed in a month. Purnendu Chatterjee from The Chatterjee Group, one of the principal promoters of HPL, said the company requires fund infusion. "We have already suggested a comprehensive package to salvage the company from its present position." He, however, did not comment on the appropriateness of the rights issue. Nevertheless, 51.2 crore shares at Rs 25.10 clears the way for infusion of Rs 1,285.12 crore into the company. Of this, West Bengal Industrial Development Corporation (WBIDC), which holds 39.99% including a disputed chunk of 9.18%, will have to shell out Rs 514 crore to subscribe to the rights issue. ...

Sensex sinks due to QE cut by \$20 billion

The US Federal Reserve has brought alive an investor's nightmare by announcing another \$10 billion taper of its quantitative easing programme. Given that this easy money policy was the biggest contributor to the 9% rally that Indian stock market's benchmark index Sensex saw in 2013, the sentiment on Dalal Street is highly bearish at the moment, with the Sensex sinking more than 200 points in early trade. Most market experts were expecting a status quo from the US Fed, but the central bank threw up a negative surprise, just like RBI governor Raghuram Rajan did earlier this week by raising repo rate by 25 bps. He says investors should make the most of the selloff. "Use this selloff as a buying opportunity," he said. Other experts agree. "Yes, this selloff will prove to be a buying opportunity. We have a central bank in the world's biggest economy that is tapering because they are confident about macroeconomic growth. That is fundamentally bullish for emerging market equities," said Adrian Mowat, Chief EM & Asian Equity Strategist, JP Morgan. "It is actually quite a nice environment for India. Particularly it is export of services, the IT industry that will play out based on what is going on in the United States. So, the combination is profoundly bullish for India," he stated.

Coal India will be watched after CCI orders probe

Coal India will be in focus after the Ministry of Corporate Affairs

after trading hours on Thursday, 30 January 2014, said that the Competition Commission of India (CCI) has ordered investigation under Section 26(1) of the Competition Act in respect of information filed by Wardha Power Company (Informant) against Western Coalfields (WCL) and Coal India (CIL). The Informant had alleged that WCL and CIL have abused their dominant position and the various clauses of the Fuel Supply Agreement were discriminatory, the Ministry of Corporate Affairs said in a statement. The CCI is of the opinion that prima facie case was made out against WCL and CIL for investigation for contravention of Section 4 of the Competition Act and it is a fit case to be investigated by DG. The report of DG is to be submitted within 60 days from receipt of the order. The CCI in the past also ordered investigations against Coal India and its subsidiaries for their alleged anti-competitive conduct in other similar cases.

Maruti Suzuki India scales record high

Key benchmark indices edged higher in early trade on firm Asian

stocks. The barometer index, the S&P BSE Sensex was up 83.37 points or 0.4%, up 31.06 points from the day's low and off 19.81 points from the day's high. The market breadth, indicating the overall health of the market, was strong. Shares of car major Maruti Suzuki India scaled record high. Bank stocks edged higher in early trade. Foreign institutional investors (FIIs) sold shares worth a net Rs 318.91 crore on Monday, 6 January 2014, as per provisional data from the stock exchanges. Asian stocks edged higher on Tuesday, 7 January 2014, after Janet Yellen won US Senate confirmation on Monday, 6 January 2014, to become the 15th chairman of the Federal Reserve and the first woman to head the central bank in its 100-year history. The CNX Nifty was up 27.25 points or 0.44% to 6,218.70. The index hit a high of 6,221.50 in intraday trade. The index hit a low of 6,203.60 in intraday trade. The market breadth, indicating the overall health of the market, was strong. On BSE, 856 shares gained and 215 shares fell. A total of 35 shares were unchanged.