

THE WALL STREET JOURNAL.

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ASIA EDITION

As of 12 p.m. ET DJIA 20577.38 ▼ 0.36% NIKKEI 18552.61 ▼ 1.04% STOXX 600 381.90 ▲ 0.19% BRENT 55.85 ▼ 0.68% GOLD 1275.10 ▲ 0.31% EURO 1.0609 ▲ 0.03% DLR \$109.65 ▲ 0.03%

What's News

Business & Finance

Western Digital told Toshiba it believes it can block any Toshiba sale affecting their joint venture making semiconductors. **B1**

♦ United CEO Oscar Munoz said in a TV interview that the airline will never again use police to remove paid passengers from overbooked flights. **B3**

♦ More than eight years after it started, bitcoin isn't living up to early hype as the payment system of the future. **A2**

♦ Samsung will delay the launch of the English-language version of the Galaxy S8's "virtual assistant." **B4**

♦ Elliott Management called a special meeting of Akzo Nobel shareholders to try to oust the chairman of the supervisory board. **B2**

♦ OPEC said its output kept falling in March as members tightened compliance to agreed-upon cuts. **B7**

♦ Ant Financial, the payments affiliate of Alibaba, will consider raising its bid for MoneyGram only if a competing bid is superior. **B2**

♦ The Fed shelved its threat of legal action against Bruno Iksil, the former J.P. Morgan trader at the center of the 2012 "London Whale" saga. **B7**

World-Wide

♦ Secretary of State Tillerson met with Putin in Moscow as the U.S. and Russia traded accusations over a chemical attack in Syria. **A1**

♦ Spicer apologized a second day in a row for saying Syria's Assad committed atrocities worse than Hitler. **A6**

♦ An Abu Sayyaf commander was among several people killed in a fire-fight with Philippine government forces on a resort island. **A3**

♦ Iran's former President Ahmadinejad registered to run for the presidency again, in a surprise move that could split the hard-line vote. **A4**

♦ The head of the IMF said that global economic growth is accelerating, but rising protectionism could risk the growth. **A2**

♦ Brazil's Supreme Court ordered probes into scores of sitting ministers and top politicians for alleged corruption. **A5**

♦ Prices in China inched up in March as higher education, transportation and health care costs offset less expensive food. **A3**

♦ In the three months through February, U.K. wages after inflation rose at their slowest pace in three years. **A3**

Notice to Readers

WSJ.com will publish throughout the Easter holiday weekend. The Wall Street Journal print edition won't be published on Friday in Asia.

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Protesters' Birthday Message to South African Leader: Step Down



RALLY: Thousands demonstrated against President Jacob Zuma in Pretoria in an event timed to coincide with his 75th birthday. **A5**

Putin Meets Tillerson In Russia

High-level talks come amid heightened tension over U.S. missile strike in Syria

BY FELICIA SCHWARTZ

MOSCOW—U.S. Secretary of State Rex Tillerson met with Russian President Vladimir Putin on Wednesday in Moscow as the U.S. and Russia traded accusations over a chemical attack in Syria. The meeting represents the most high-level contact between Russia and President Donald Trump's administration and comes amid a tense back-and-forth over a chemical attack in Syria last week and a U.S. missile strike that was launched in response.

The U.S. has accused Syrian President Bashar al-Assad's regime of using sarin gas in the April 4 attack on Khan Sheikhoun that killed at least 85 people. Mr. Trump's administration has also accused Russia of carrying out a "disinformation campaign" to try to cover up the attack.

Syria has denied using chemical weapons, and Mr. Putin said Tuesday that Russia plans to ask the United Nations to investigate what he said were "false flag" attacks orchestrated by anti-Assad rebels so they could blame the actions on the Syrian regime.

The Tillerson-Putin meeting follows a tense three-hour meeting earlier Wednesday between Russian Foreign Minister Sergei Lavrov and Mr. Tillerson

Please see RUSSIA page A4

China's Shifting Priorities Damp Corporate Bonds

By CHAO DENG

BEIJING—In an economy deeply reliant on bank funding, China's bond market was supposed to offer an alternative for domestic borrowers. Now, new priorities are throwing a wrench in those plans.

To steady the yuan and rein in financial risks, the People's Bank of China, the country's central bank, has twice raised a suite of short-term interest rates since late January. The moves have sent borrowing rates between banks soaring.

One unintended consequence: Banks, the biggest holders of Chinese bonds, are now increasingly selling down their bondholdings to boost liquidity. That has pushed up yields in the market, which makes bond issuance more expensive for companies. Yields rise as bond prices fall.

When Hengtong Group Co., a manufacturer of fiber-optic cables, sought to issue a one-year bond in March, it discovered that it would have to pay 5.7% a year to raise 600 million yuan (\$87 million), much higher than the 4.35% interest rate banks were charging for loans. The Suzhou-based company canceled the issue that was supposed to go toward paying off maturing bank loans.

"The price was too high," said Lü Zhigang, who oversees Hengtong's fundraising. He said the company consulted a number of brokerages and analysts, and got a verdict: "This year isn't a good time to issue bonds."

Mr. Lü said the firm would use its existing funds to pay off the bank loans, due at various stages this year, and consider issuing bonds with longer maturities.

In the first quarter, 130 companies dropped or delayed 119.95 billion yuan (\$17.4 billion) in bond-issuance plans, the highest amount for the quarter since 2014, according to database Wind Information Co. Many of the firms—which span industries from tourism to electronics and construction—attributed the cancellation

Please see DEBT page A2

Xi, Trump Discuss North Korea Threat

The leaders spoke by phone after the U.S. president pressed China for more action against Pyongyang. **A3**

INSIDE

AHMADINEJAD SEEKS RETURN TO PRESIDENCY

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ANOTHER HEADACHE FOR TOSHIBA

BUSINESS & FINANCE, B1

A Suspect's Odd Path to North Korea Murder Trial

By JOHN LYONS AND BEN OTTO

NGHIA BINH, Vietnam—As the youngest of five in a farming family living on the edge of vast rice paddies, Doan Thi Huong was raised for better things. The family pooled money so she could attend school in Hanoi instead of toil in the fields; she was the only one to graduate from high school.

What her family didn't know was that Ms. Huong had dropped out of school and ended up working in a bar; by the beginning of this year she was meeting with men who South Korean officials say were North Korean agents.

Now, Ms. Huong and another woman, if convicted, face the death penalty for allegedly murdering Kim Jong Nam, the

With more employees competing for spots, curbs and medians are fair game

By TIM HIGGINS

Billionaire entrepreneur Elon Musk is reimagining the future of transportation by attempting to build self-driving cars, invent a supersonic railway and launch private citizens into outer space.

What keeps him up at night, though, is the parking lot outside his office window.

"Parking is, like, one of my biggest nightmares—like, where do we park everyone?" said the Tesla Inc. chief executive, on a recent earnings call with analysts who were trying to probe concerns about the electric-car maker's year ahead.

At Tesla's Palo Alto, Calif., headquarters, uniformed valets dashed about on a recent morning directing traffic and cramming in as many cars as possible. A bumper-to-bumper formation of idle cars snaked through the lanes of the lot, boxing in other vehicles.

At the Tesla factory 30 miles away in Fremont, which has 6,000 employees over the course of various shifts competing for 4,500 vehicle spaces, photos show parking is a free-for-all. Cars are jammed diagonally in spots, propped up on curbs or resting on gravelly medians. One employee documents the worst offenders at both locations on Instagram, using photos sent in by coworkers with snarky and often

Tesla parking lot

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WHOLE FOODS ADOPTS SUPERMARKET TACTICS

Squeezed by rivals and activist investor, chain tries new approach

By HEATHER HADDON AND ANNIE GASPARRO

John Mackey won the battle for America's taste buds, but his victory is proving costly.

As co-founder of Whole Foods Market Inc., the 63-year-old Texan helped reshape how Americans approach eating, transforming health food from a niche market into a booming retail sector attracting millions of urbanites, soccer moms and baby boomers. Whole Foods became a Fortune 500 company, and Mr. Mackey, a wealthy, foodie celebrity.

Now competition has caught up to Whole Foods, and Mr. Mackey is being forced to try conventional grocery-store pricing and other supermarket tactics to reverse his company's flagging fortunes.

The pressure ratcheted up with the disclosure in a securities filing Monday that activist investor Jana Partners LLC and several allies had amassed an 8.8% stake in Whole Foods and want the company to accelerate its overhaul and explore a possible sale.

Please see FOODS page A8

Oracle #1 SaaS Enterprise Applications Revenue

1,000+ Employees Segment, 2015

#1 Oracle Cloud 14.5%

#2 Salesforce Cloud 12.4%

ORACLE

oracle.com/applications

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Source: IDC "Worldwide SaaS Enterprise Applications Market Shares, 2015: The Top 15 by Buyer Size," doc #USA1913816, Dec. 2016; Table 4. For the purposes of this report, SaaS enterprise applications include the following application markets: CRM, engineering, ERP, operations and manufacturing, and SCM.

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JOHN CARREYROU INVESTIGATIVE REPORTER

The Face of Real News

John Carreyrou's nearly year-long investigation into blood-testing startup Theranos drew widespread public attention to the excesses of the Silicon Valley boom and voided tens of thousands of blood samples that could have endangered public health.

Real journalists and real news from America's most trusted newspaper.

Watch the film illustrating this story at WSJ.com/John

THE WALL STREET JOURNAL.
Read ambitiously

WORLD NEWS

South Africans Unite in Calling On Zuma to Quit

BY JOE PARKINSON

JOHANNESBURG—Tens of thousands of demonstrators, including many belonging to political parties long hostile to each other, converged on South Africa's capital on Wednesday as protests against President Jacob Zuma swelled.

The demonstration in Pretoria, timed to coincide with Mr. Zuma's 75th birthday and named the "National Day of Action" by organizers, drew larger crowds than nationwide protests on Friday, which the South African leader described as "racist" and controlled by "white minority capital."

The widening street protests appear to have galvanized an unlikely anti-Zuma alliance between two parties from wildly divergent points of South Africa's political spectrum: the leftist Economic Freedom Fighters and the center-right Democratic Alliance.

Under a driving rain on Wednesday, crowds descended on Pretoria's Church Square before heading to the Union Buildings, the official seat of government that overlooks a large statue of Nelson Mandela, his arms outstretched. There, Julius Malema, the EFF leader who was once Mr. Zuma's staunchest political ally, declared that the president's time in office had come to an end.

"We're going to march hand in hand with all political parties. We want to send one message and one message only—that Zuma must step down," Mr. Malema told the throng. "Let the message be clear: Zuma is no longer a credible president of South Africa."



Thousands marched against South African President Jacob Zuma.

U.K. Paper Settles With Melania Trump

BY JASON DOUGLAS

LONDON—The U.K.'s Daily Mail newspaper said Wednesday it agreed to pay damages to U.S. first lady Melania Trump to settle two lawsuits brought in the U.S. and U.K. after it republished allegations that she "provided services beyond simply modeling" when working as a model in the 1990s.

The Daily Mail and its Mail Online website said in a statement that it accepts the allegations it published in 2016 are "not true" and apologized for the distress caused.

A person familiar with the settlement said the newspaper agreed to pay Mrs. Trump \$2.9 million in damages and legal costs to settle the suits.

In an Aug. 20, 2016, article entitled "Racy Photos, and Troubling Questions About His Wife's Past that Could Derail Trump," the Daily Mail and its online edition published allegations the newspaper said were originally made in a Slovenian magazine that a modeling agency in Milan where Mrs. Trump had worked alleg-

edly operated as an escort agency.

The Daily Mail article carried statements from Mrs. Trump and the founder of the modelling agency denying the claims. In a retraction published Sept. 1, 2016, the newspaper said the article "did not intend to state or suggest that these allegations are true," but that "these allegations could impact the U.S. presidential election even if they are untrue."

In September, Mrs. Trump sued for defamation in the U.S. and the U.K.

In the lawsuit filed in New York State Supreme Court in February, Mrs. Trump said the false report had cost her "multiple millions of dollars" during a period in which she would be "one of the most photographed women in the world."

The New York suit said the article had substantially damaged Mrs. Trump's jewelry and accessories brand, "Melania," as well as her future business opportunities. In the suit, Mrs. Trump sought \$150 million in damages.



JOSHUA ROBERTS/REUTERS
In suits, Melania Trump said a U.K. article hurt her fashion brand.



UESLEI MARCELO/REUTERS
A broad corruption probe in Brazil implicates top aides to President Michel Temer, above, and comes as he pushes economic changes.

Brazil Orders Wide Probe

BY SAMANTHA PEARSON
AND LUCIANA MAGALHÃES

SÃO PAULO—Brazil's Supreme Court ordered investigations into one-third of the country's sitting ministers and scores of top politicians for alleged corruption, delivering a major blow to President Michel Temer as he struggles to push through landmark changes to the country's insolvent pension system.

Justice Edson Fachin, who is overseeing cases in Brazil's high court related to the country's sprawling Operation Car Wash probe, has given permission for prosecutors to open investigations into at least eight ministers, the leaders of both houses of Congress, and more than 50 senators and federal deputies, according to a document from the court released Tuesday.

The Car Wash investigation, which centers on bid-rigging at the state-controlled oil company Petróleo Brasileiro SA, or Petrobras, has led to more than 100 convictions over the past three years and implicated some of the country's most influential busi-

nessmen and politicians of all major parties.

Tuesday's announcement from the Supreme Court, the only body in Brazil allowed to open investigations into sitting lawmakers, comes at a critical moment for Mr. Temer as he struggles to push through landmark changes to the country's insolvent pension system.

Economists see Mr. Temer's proposal, which would set a minimum retirement age of 65 years, as Brazil's best chance of reducing its gaping budget deficit and emerging from its deepest recession on record.

"This is hitting at the heart of government, especially as these are important ministers for Temer," said Rafael Cortez, a political scientist at São Paulo-based consultancy Tendências.

"This will create even more turbulence and increase the urgency to pass economic reforms," he said, adding that the president must act quickly to save not only the economy, but also his own career amid calls for his resignation.

Among the cabinet minis-

ters to be investigated are Mr. Temer's chief of staff, Eliseu Padilha, and Secretary-General of the Presidency Wellington Moreira Franco, both of whom are key to the administration's relations with Congress. Mr. Padilha declined to comment, and Mr. Moreira Franco wasn't available to comment.

Ministers for trade, foreign affairs and agriculture also will be investigated, the Supreme Court document says.

Eunício Oliveira, head of Brazil's Senate, said he would defend himself against any accusations. Rodrigo Maia, who leads Brazil's lower house of Congress, couldn't be reached to comment.

"The list is enormous....It shows that the [political] environment was rotten," said Thiago de Aragão, with the political consultancy Arko Advice in Brasília. He said he believed it was the biggest investigation of politicians ever launched in the country.

"This could make approving the reforms more difficult but it won't destroy them," he said, adding that it could take

months for any of the politicians to be formally charged.

Mr. Temer has previously said he would allow members of his cabinet to remain in their posts while they are being investigated, meaning that he will now face a race against time to push through the reforms before any of them could be charged.

That so many probes were authorized by the Supreme Court could also work in Mr. Temer's favor, analysts said. "The list is so wide-ranging, involving all the parties, that [Mr. Temer] is less affected than many others who are on the list," Mr. de Aragão said.

For months, Brazil's political establishment has been on tenterhooks after more than 70 current and former employees of Odebrecht, Latin America's largest construction company, which admitted to paying hundreds of dollars of bribes in the scheme, agreed to give testimony, signing what has been dubbed in Brasília as the "end of the world" plea bargain.

Jeffrey T. Lewis contributed to this article.

Maduro's Top Critic Vows to Persist

BY JUAN FORERO
AND ANATOLY KURMANAEV

CARACAS, Venezuela—Henrique Capriles, a two-time candidate for president, said the government's recent prohibition on him running for office is central to President Nicolás Maduro's strategy of holding on to power by sidelining adversaries who could beat his ruling party at the polls.

"I don't accept being disqualified," Mr. Capriles said in an interview with The Wall Street Journal late Tuesday in which he pledged the opposition would intensify a series of recent antigovernment protests.

Mr. Capriles, a 44-year-old state governor who is seen as the main contender to challenge the ruling party in a presidential race, was barred Friday by the comptroller general, a close ally of Mr. Maduro, from running for office for 15 years for alleged contracting irregularities.

Mr. Capriles had a 49% approval rating in a poll conducted in February by polling firm Datanálisis, compared with 27% for Mr. Maduro.

Mr. Capriles said he would fight the decision by appealing to the comptroller in the coming days while pressuring the government through streets protests.

Mr. Maduro's government last year blocked a recall referendum on his rule, suspended elections for governors, and hasn't set the date of a presidential election, which must take place by the end of next year, according to the constitution.

While Mr. Capriles said he was optimistic he would, one day, run against Mr. Maduro's government, he said he would support an independent candi-



CARLOS BECERRA/BLOOMBERG NEWS
Pro-government demonstrators rallied this week in support of President Nicolás Maduro.

date over anyone from the opposition coalition seen as being too soft on Mr. Maduro.

"I won't support any false candidates," he said.

Mr. Maduro's populist government has been sharply criticized by governments from Europe to the U.S. to Argentina for having temporarily dissolved congress on March 29 and then barred Mr. Capriles from mounting a campaign for office. Mr. Maduro has overseen an economy that has been hobbled by nationalizations of companies, hyperinflation caused by the feverish printing of bank notes, and severe food and medicine shortages.

The comptroller's office said it disqualified Mr. Capriles for allegedly breaking half a dozen minor contracting and transparency rules, alleged peccadilloes that merited a fine of just \$11.

Mr. Capriles, the governor of populous Miranda state, denies the accusations and argues that a government that suspends elections—as Mr. Maduro's did last year—and now tries to sideline opponents is acting from a position

of weakness.

"How long can a government last under these conditions?" he said. "I think, in the end, he's going to have to call elections."

But Mr. Capriles still faces a government that has purged dissidents from high posts and controls the military and the courts, leaving little legal redress to political foes.

The government had long ago barred one potent adversary, Leopoldo López, 45, a former mayor and leader of the Popular Will party.

In 2008, he was disqualified from running for mayor of Caracas and in 2014 he was jailed for what the government said was his role in protests in which 43 people died, most of them opposition activists. Mr. López has a slightly higher approval rating than Mr. Capriles but he has been in jail three years.

"With Leopoldo López sentenced criminally, the one with the first option of becoming president of Venezuela is me," said Mr. Capriles. "It's obvious that what they want to do is not just deliver a blow to me, demoralize me, but to demor-

alize the opposition."

Luis Vicente León, a political analyst who heads the Datatánisis polling firm, said the ruling against Mr. Capriles could exacerbate divisions within the opposition. He also said other politicians with political support could be disqualified or arrested. "The government is testing the waters here, seeing how far it can go," Mr. León said.

Mr. Maduro's government hasn't explained the timing of Mr. Capriles's disqualification or responded to his condemnation of the comptroller's decision. Mr. Maduro instead said in a speech Sunday that he wanted to pummel the opposition in elections for state governors.

But Mr. Maduro gave no date for the elections, which had been expected in December. Polls had shown that the opposition would deliver a major defeat for the ruling party.

Meanwhile, Mr. Capriles's \$11 fine remains unpaid.

"I have the means of paying it, but it's simply unjust," he said. "This whole case is just too dumb."

PAID ADVERTISEMENT

LOTTE WORLD TOWER- BUILDING A VISION FOR KOREA

LOTTE WORLD TOWER

At 555 meters and 123 stories tall, Lotte World Tower in Seoul is South Korea's first supertall building. Opened officially April 3, 2017, the Tower represents the realization of a vision by Lotte founder Mr. Shin Kyuk-ho, and the determination of Lotte Group's Chairman Mr. Shin Dong-bin.

Construction of the world's fifth tallest building began in November 2010 and reached its first milestone in April 2014, when the tower reached a height of 305 meters, becoming the tallest man-made structure in Korea. In December 2015, the final steel beam was successfully placed on the 123rd floor; the highest point on a building in Korea. In October 2016, more than 20,000 curtain walls were installed to decorate the exterior.

The \$3.5 billion tower covers a total floor area of 420,000 square meters, equivalent to 60 football fields. It is home to a luxury hotel and residences, prime office and retail space as well as a spectacular 7-storey observation platform and sky deck.



LOTTE GROUP'S CHAIRMAN, MR. SHIN DONG-BIN,
ON CONSTRUCTION SITE.

CULMINATION OF A DREAM

The tower has been built by Lotte Group, South Korea's fifth-largest conglomerate. Lotte is made up of over 60 businesses, including candy manufacturing, beverages, hotels, fast food, retail, financial services, heavy chemicals, electronics, IT, construction, publishing and entertainment. The project was conceived by Lotte Group founder and General Chairman Mr. Shin Kyuk-ho, and managed by Chairman Mr. Shin Dong-bin as an icon for Korea's innovation and growth. Built by private enterprise and serving Korea's economic growth, Lotte sees the project as 'an outcome of corporate investment serving the nation' over two generations.

The economic benefits are already being felt in South Korea. More than 5 million workers were involved in the construction; equivalent to nearly one-tenth of South Korea's population. In addition to building work, the project provided employment for the steel and concrete manufacturing, shipping, logistics, architecture, design, landscaping, retail and F&B industries.

“AN OUTCOME OF CORPORATE INVESTMENT SERVING THE NATION.”

Lotte World Tower is a 'vertical city,' where a single building functions as a city by itself with multiple uses. Along with Lotte World Mall, which opened in 2014 and Lotte World Adventure, Lotte World Tower is anticipated to become a major new tourist attraction. In addition to the huge interest shown in its residential, office and retail space, it is expected to bring in more than 800 billion won in tourism revenue and generate 20,000 jobs; significantly contributing to both the national and local economies.

THE LANTERN OF SEOUL

The tower's slender, tapered form takes its inspiration from traditional Korean arts. The exterior of pale-colored glass is inspired by Korean ceramics and porcelain, and features white lacquered, metal filigree accents. The seam that runs from top to bottom of the structure demonstrates the combination of the old and new city. And, at its zenith, the bisected crown, nicknamed 'The Lantern' – which plays host to a glass-bottom observation deck - suggests an elegant calligraphy brush.



The shape of the tower, rising from a 70-meter square base to its 40-meter diameter apex is also an extremely efficient structure. The tapered form creates better mass distribution overall, and the top's aerodynamic profile and smaller surface area reduces the effect of the wind.

Lotte World Tower was constructed using a core-and-shell structural system. A cast-in-place concrete core works with a 'diagrid' shell; a framework of diagonally intersecting metal and concrete. The diagrid is a key architectural element of many world-famous buildings, including 30 St. Mary Axe in London, known as 'the Gherkin'; Guangzhou IFC, Hearst Tower in New York and The Bow in Calgary. In addition to its aesthetic value, the system provides super strength while requiring up to 25 percent less steel than a conventional frame.

Built to the LEED Gold standard, Lotte World Tower demonstrates many sustainable features including wind turbines on the top floors; geothermal heating and cooling; and a heat pump system using water from the neighboring Hangang River.

BUILT TO LAST

Safety has been the watch-word since the project began.

At the base of Lotte World Tower, 108 iron piles were installed in the bedrock, on which a thick foundation mat was installed, nearly 1.8 times thicker than the foundation of Dubai's Burj Khalifa tower. It is so strong, it can effectively withstand the weight of Seoul's entire population. Every 40 floors, outriggers and belt trusses, which act like nodes of a bamboo tree, are installed to connect the core wall and 8 mega columns; the basic skeleton of the building. With outriggers and belt trusses in the building core, overlaid by a diagrid, the Lotte World Tower is like a 555-meter bamboo tree flexible but strong.

“SAFETY HAS BEEN THE WATCH-WORD SINCE THE PROJECT BEGAN.”

The result is a literal monument to safety. Lotte World Tower is designed to withstand earthquakes and typhoons of the magnitude of the 1995 Kobe Earthquake or Hurricane Katrina.

In addition, more than 500 sensors have been installed throughout the tower which monitor changes or unusual signs within the building. The control center is staffed around the clock to check on fire safety, security, and the smooth running of machinery. The tower also incorporates 5 designated safety zones approximately every 20 floors. In case of fire, 19 out of 61 elevators are immediately converted to evacuation elevators, enabling more than 15,000 people to leave the building promptly.

“LOTTE WORLD TOWER IS A ‘VERTICAL CITY’.”

Given the building's special status as Korea's landmark, the lower level curtain walls are bomb-blast protected. Lotte World Tower also maintains the only anti-terror unit in the private sector. The unit is prepared to both respond to emergency situations and prevent acts of terror.

VIEW FROM THE TOP

Yet amid the outstanding technical, business and safety features, visitors are most impressed by the tower's awe-inspiring view. From the observation platform and Sky Deck, visitors can enjoy a panoramic view over Seoul and its surrounding area. Observers report they can see Incheon and Songdo New City on a clear day, some 50km away.

Ascending to such a height requires special elevators. Lotte World Tower is the first building in Korea to install 'double deck' elevators called the 'Sky Shuttle' – two elevators attached in a single shaft, serving two floors simultaneously. The elevators can carry visitors from the basement to the observation deck in an ear-popping one minute.

MOVING-IN DAY

To celebrate the opening of Lotte World Tower, which coincides with the 50th anniversary of the founding of Lotte

LOTTE WORLD TOWER CONSTRUCTION – IN NUMBER

5,000,000

Number of Construction Workers



1/10 of Korea's Population

50,000 t

Weight of Steel in the Tower



7 Eiffel Towers in Paris

220,000 m³

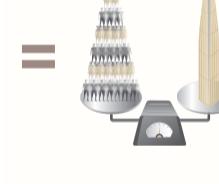
Total Amount of Concrete in the Tower



3,500 Apartment Units,
105m² Each

750,000 t

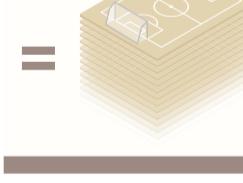
Weight of the Tower



Weight of Seoul's Entire
10-Million Population

420,000 m²

Total Floor Area of the Tower



60 Football Fields

Group, a new 'Lotte Gangnam Era' has begun, with the relocation of Lotte Corporate's headquarters, Lotte Chemical Corporation and other affiliates to the Tower.

“FIRST BUILDING IN KOREA TO INSTALL ‘DOUBLE DECK’ ELEVATORS.”

Lotte employees are looking forward to moving-in to such a special building. Mr. Park Hyun-Chul, CEO of Lotte Corporation, envisages "the tower will not only serve as the foundation for Korea's growth in the 21st century, but will become a 'Lovemark' for people in Korea and around the world."



LOTTE

LOTTE WORLD TOWER

LIFE & ARTS



STYLE

Your Shoes Don't Want To Hurt You, Really

BY RAY A. SMITH

IT IS ONE OF THE MOST painful letdowns: you love and splurge on new shoes only to suffer pain and then blisters when you wear them.

High-end shoe makers are putting resources into new engineering and some craftsmanship to find a solution. While women may have complained about heels for ages, the market now getting a lot of attention is men's shoes.

Brooks Brothers plans to launch a line of men's dress shoes explicitly marketed as pain-free. It put leather in Italy through a mechanical process to make it softer. "It beats the leather to break the backbone," says Gianluca Tanzi, chief operating officer at Brooks Brothers. The leather was used for the upper of the shoe.

The bottom of the shoe is made with a Goodyear welt, which is a strong leather strip stitched around the shoe's outsole. To many men, the welt signals a well-made shoe. Brooks Brothers added flexibility to the leather layers that make up the sole. Then, the re-

tailer added layers of sneaker-like cushioning, including a rubber injection, into the sole.

"Why does a person who wears classic shoes have to suffer, especially the first time?" Mr. Tanzi says.

Cole Haan is known for adding technology to make its shoes more comfortable and continues to roll out updates. Its Washington Grand Oxford uses what the company calls its Grand.OS technology, which aims to make shoes lightweight, flexible, breathable and cushioned. The sole has multi-directional flex grooves, the kind more often found in running shoes. Inside rests a foam footbed, plus pods of foam in the heel and tongue. The foam will "hug around your Achilles and the top of the foot to reduce pressure," and make the shoes feel like they don't need to be broken in, says Scott Patt, Cole Haan head of innovation and design.

Brooks Brothers puts engineering into its new dress shoes and Cole Haan tries for soles like sneakers; beating the leather so it won't hurt



Breaking in new shoes is one of fashion's biggest pet peeves. Social media means consumers no longer suffer silently. People vent about the bruise that resulted from breaking in a new designer shoe or the on-commission store clerk who assured them shoes are

supposed to feel tight and a bit uncomfortable "at first."

At Nordstrom, a department store known for its customer service and its big shoe departments, sales associates are trained to help customers not only find the right size but also the right fit. Even if a customer is sure of his size, sizes and fits aren't standard internationally. "It's not uncommon to wear a 10.5 size in one style and then 11 in another style," says George Staikos, a senior product merchandiser at Nordstrom.

Nordstrom advises customers to try on shoes with the socks they plan to wear with them otherwise there could be a difference in how they fit in the real world.

"Our salespeople can tell if it's too snug or too narrow or too wide by how easily the shoe slides on the foot," Mr. Staikos says. "They can tell by the way the laces

lace up on your foot if it's too big or small. They will ask you, 'can you move your toes?' He adds, if toes can't move, the shoe isn't going to be comfortable. "The shoe will not grow in length," he jokes.

The leather, however, will eventually loosen up around the instep, or the widest part of the foot, "if the shoe is a little bit snug," he says. The leather has more give there.

Brooks Brothers's new shoe line, called the Golden Fleece Shoe Collection, is the first time the nearly 200-year-old retailer has made shoes in house; its other shoes were produced with partners. Golden Fleece is the umbrella name for Brooks Brothers' higher-priced tailored clothing and casual wear.

The shoes, made in Italy and priced at \$568, start arriving in five of Brooks Brothers's 125 North American stores this month. They'll serve as test markets before expanding to other stores and expanding the line, which is starting out with 12 styles, says Lou Amendola, chief merchandising officer.

MUSIC REVIEW

STORIES OF HIS ADOPTED COUNTRY

BY JIM FUSILLI

LONG ONE OF ROCK'S great songwriters, Ray Davies has spent much of the past decade commemorating his achievements. After releasing albums of his own new material in 2006 and '07, in 2009 he issued "The Kinks Choral Collection" in which he and the Crouch End Festival Chorus covered some of his compositions for the rock group he and his brother, Dave, founded in 1964. His 2010 album, "See My Friends," was an all-star reworking of his Kinks songs performed with the likes of Metallica, Spoon, Bruce Springsteen and Lucinda Williams. Two stage musicals co-written by Mr. Davies and based on his life and songs ran in London. After writing his second memoir, "Americana," the 72-year-old Mr. Davies appeared to be easing toward the sunset following an admirable career.

But no. On April 21, he returns with an album also titled "Americana" (Legacy), a collection of 15 new tracks mostly recorded with the Jayhawks, the veteran alt-country band. On a recording that will brighten the spirit of any fan of Mr. Davies, the Kinks and expertly executed song-centric rock, he writes of his adopted country that he's observed with a keen eye.

As the album's name suggests, "Americana" is a companion piece



'Americana'
works well as
a companion
piece to his
2013 memoir.

to the 2013 memoir. While it's not essential to have read the book to enjoy the record, it does enrich the experience; the story songs take on a larger and sometimes different meaning as Mr. Davies, coming from working-class roots in north London, details his fascination with America that began well before the Kinks found hard-won stardom in the States. Those who have read the memoir will know that the title of the wry "A Long Drive Home to Tarzana," a song in which Mr. Davies proposes that a search for paradise can lead to emptiness, has its roots in a passing comment made by the Kinks' manager who left an important meeting in Los Angeles to beat the traffic. Introducing the spoken-word piece "The Man Upstairs," Mr. Davies sings the hook from his "All Day and All of the Night" and then makes an oblique reference to his brother, the Kinks' impressive guitarist.

But Mr. Davies remains a master of the narrative song, and his latest compositions speak well for themselves. An easygoing bit of country swing, "I've Heard That Beat Before" tells of quarreling neighbors who spark him to recall "a life I had before the good times turned to bad." In "The Deal," the narrator, likely a young Mr. Davies, visits golden Los Angeles for the first time, expecting his dreams to come true: "Isn't it wonderful,

marvelous, utterly surreal? / Totally fabulous, fraudulent, bogus and unreal." Over plucked chords on the folk guitars of "Silent Movie," Mr. Davies recounts a conversation he had with Alex Chilton as a black-and-white cowboy movie played on a TV in the background. That piece leads into "Rock 'n' Roll Cowboys," a sweet country ballad that's an homage to aging rock musicians: "Your time's passed, now everyone asks for your version of history / Do you live in a dream or do you live in reality?"

Mr. Davies is in fine voice throughout "Americana." In "Message From the Road," a finely

crafted ballad about the challenges a traveling musician faces in keeping his family together, he sings beautifully in a duet with the Jayhawks' Karen Grotberg, his voice tinged with misty sentimentality. On the rocker "The Great Highway," which may be the best track on the album, Mr. Davies eases impishly into the verses that build to a sing-along "hey hey-hey" chorus.

Despite his struggles, Mr. Davies never seems to let go of the idea that some version of the American dream is achievable. "Hoping I can find my dream in New Hampshire or New Orleans / Find a place where I can stay," he sings in "The

Great Highway." Emerging here as eminently companionable, he conveys that though he's been bruised, he's retained a hopeful heart. He admits as much in "Wings of Fantasy," a bittersweet rocker that closes the album: "Still I feel an optimist / And hope will see me through," he sings. Here and there, he grapples with mortality as a theme, but the album demonstrates that Mr. Davies can still rise close to his high standards as a composer and band leader. As an artist, his sunset is not yet near.

Mr. Fusilli is the Journal's rock and pop music critic.

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FINANCE & MARKETS

OPEC Output Falls Further

Members tightened compliance with agreed-upon cuts in March, group says

By BOEN FAUCON

OPEC said its output kept falling in March as members tightened compliance to agreed-upon cuts, but said U.S. producers were enjoying a revival thanks to higher oil prices.

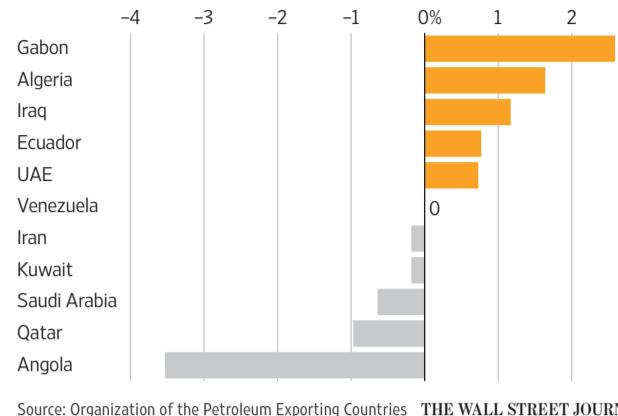
The 13-member Organization of the Petroleum Exporting Countries committed last year to cut about 1.2 million barrels of oil a day in a bid to bring a vast global oversupply of crude back in line with demand and raise petroleum prices.

The agreement helped raise oil prices about 20% after it was announced on Nov. 30. Russia and 10 other non-OPEC producers also pledged to trim another 558,000 barrels a day.

In its closely watched monthly oil report, OPEC said Wednesday that its production decreased by 153,000 barrels a day to an average of 31.93 million barrels a day. The group uses independent observers—such as analysts and shipping trackers—to assess its output. The decrease was largely

Uneven Compliance

Percentage by which each OPEC member's March output was over or under its pledged level.



Source: Organization of the Petroleum Exporting Countries THE WALL STREET JOURNAL.

driven by lower production in the United Arab Emirates and Venezuela, by 33,000 barrels a day and 26,000 barrels a day, respectively.

Three OPEC members exempted from the cuts also experienced production losses. Libyan production fell in March by 61,000 barrels a day after its largest oil field, Sharara, was blocked by guards over wage arrears.

Nigeria, whose fields are producing less due to maintenance and sabotage, saw its output fall by 30,000 barrels a day.

Iran, which is struggling to

sell its oil due to U.S. banking sanctions, lost 29,000 barrels a day.

But Saudi Arabia, which has carried the brunt of the effort, increased its production by 42,000 barrels a day, according to the independent observers used by OPEC. However, its output remains below its quota of about 10 million barrels a day. Saudi Arabia is set to support an extension of the production cuts when OPEC next meets on May 25, people familiar with the matter said this week.

But the group is still pondering how to deal with rising

U.S. production, which is filling the vacuum left by its output curbs.

In its monthly report, OPEC raised its U.S. supply growth forecast by 200,000 barrels a day for 2017.

"The number of drilling rigs and the reactivation of companies' spending are the two most important factors leading to an expected output surge in the coming months," it said. It cited a year-over-year rise in drilling rigs by 374 units, to 824 rigs in the week of March 31.

Some OPEC officials have expressed concerns over the commitment of Russia—the biggest non-OPEC participant in the production cuts—to pursue the effort.

The Eurasian nation is holding consultations with local companies to decide if it will renew its pledge to cut production in May, one OPEC official said.

But the OPEC report said Russia only carried cuts of 130,000 barrels a day in March, compared with a pledged 300,000 barrels a day. It also reversed its forecast for annual Russian production to increase by 40,000 barrels a day from a previously expected contraction of 20,000 barrels a day in 2017, following the startup of three new projects.

Financial Stocks Weaken in U.S.

By CORRIE DRIEBUSCH AND GEORGI KANTCHEV

Shares of financial companies declined Wednesday, a day before Citigroup Inc. and J.P. Morgan Chase & Co. kick off the U.S. earnings-reporting season.

Shortly after midday in New York, the KBW Nasdaq Bank index,

WEDNESDAY'S MARKETS

a benchmark of 24 of the biggest U.S.

lenders, was down 1%, while the Dow Jones Industrial Average declined 0.3% to 20589.

The S&P 500 declined 0.4%.

Citigroup, J.P. Morgan and Wells Fargo & Co. are all set to report their first-quarter earnings before the stock market opens on Thursday, officially launching earnings-reporting season.

During this earnings season, U.S. companies were expected to report their strongest quarterly earnings since 2011, as of March 31, according to FactSet. Solid first-quarter results are needed to support the postelection rally in stocks, some analysts say, noting that bets on soaring U.S. corporate profits led to the run-up in stock prices since early November. If stocks are to remain at these levels,

earnings must live up to expectations, they say.

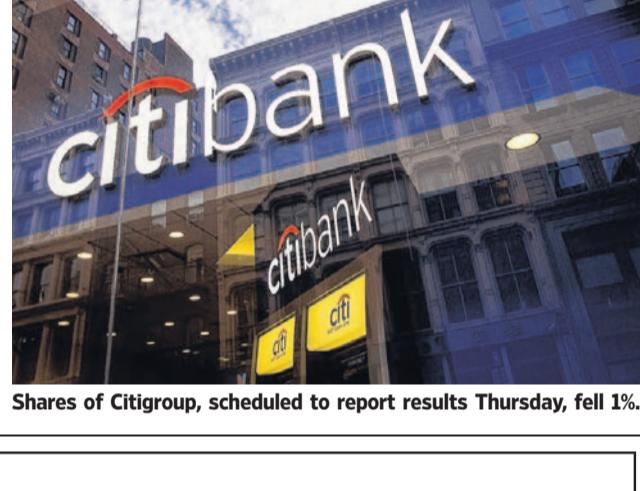
"The market has priced in this earnings recovery," said Andrew Slimmon, portfolio manager with Morgan Stanley Investment Management, adding that stocks seem to be in "quiet season" ahead of first-quarter earnings, and that has led to stalling in stock prices.

"The good news is, usually when the markets have stalled going into earnings season, it sets up for a good period for stocks during earnings," he added.

In the interim, investors have focused on political issues, from questions about the timing and likelihood of President Donald Trump's tax overhauls to the French presidential election later this month to a spate of geopolitical worries from the Middle East to the Korean Peninsula.

On Wednesday in Asia, the yen, a haven asset that tends to rise as global tensions mount, strengthened to ¥109.36 to the dollar from ¥109.62 late in New York on Tuesday, before slipping back. The yen's strength weighed on Tokyo stocks, sending the Nikkei Stock Average down 1% to 18522.61.

The Shanghai Composite fell 0.5%, but Hong Kong's Hang Seng Index gained 0.9%.



Shares of Citigroup, scheduled to report results Thursday, fell 1%.

Fed Lets 'London Whale' Off Hook

By LUCY McNULTY

The Federal Reserve shelved its threat of legal action against Bruno Iksil, the former J.P. Morgan Chase & Co. trader at the center of the 2012 "London Whale" saga, according to a person familiar with the matter.

The Fed had until the end of March to press ahead with legal proceedings against the French trader for his role in the scandal that led to \$6.2 billion in losses for the largest Wall Street bank.

"It appeared that they were proceeding and then all of a sudden they decided against it," the person familiar with the matter said.

Mr. Iksil found out about the possibility of Fed action in a January phone call with his lawyers. It left him facing potentially huge legal bills, fines and a permanent ban from working in financial services. A spokesman for the Fed declined to comment.

Mr. Iksil told The Wall Street Journal that news the Fed wouldn't proceed with an

investigation made him "more determined than ever" to make his version of events public.

Mr. Iksil came to prominence in 2012 for his role as a trader in J.P. Morgan's Chief Investment Office in London, where he earned the nickname the "London Whale" for the size of his bets in the credit markets. These later soured and contributed to \$6.2 billion in trading losses at bank.

Since then, regulators on both sides of the Atlantic have looked into taking action against Mr. Iksil. None have done so.

Mr. Iksil has signed a non-prosecution deal with the U.S. Justice Department and in 2013 agreed to give evidence in proceedings against two former colleagues. He has also been helping the Securities and Exchange Commission with its investigation into the losses.

In 2015, the U.K.'s Financial Conduct Authority halted its investigation into Mr. Iksil after independent experts ruled its case against him wasn't strong enough.

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MARKETS

Did Banks Get a 'Trump Bump' or Not?

Results to be released are a moment of truth for expectations set by the new presidency

By PETER RUDEGEAIR

Investors get a first look at bank earnings under President Donald Trump this week.

The biggest U.S. banks kick off the first-quarter earnings season on Thursday, with **J.P. Morgan Chase & Co.**, **Wells Fargo & Co.** and **Citigroup Inc.** each reporting results for the three months ended March 31.

Investors will seek to judge whether the outlook for the firms will live up to the sharp rise in bank stocks since the election, reflecting expectations growth will pick up under Trump administration policies.

Most big banks are forecast to show higher profits compared with last year's first quarter, when plunging oil prices, concerns about China's economy and tough trading conditions weighed on results.

But over the past 90 days, analysts polled by Thomson Reuters have revised their revenue estimates lower for three banks—Citigroup, J.P. Morgan and **Goldman Sachs Group Inc.**—and raised them a bit for **Morgan Stanley**, **Bank of America Corp.** and **Wells Fargo**. (Bank of America, Morgan Stanley and Goldman report results next week.)

One reason for analysts' hesitancy is a sharp slowdown in business lending since late 2016. Commercial and industrial loans, which account for the bulk of many banks' loan portfolios, expanded by a 1% annual rate in January and shrank by a 1.3% annual rate in February, according to Federal Reserve data.

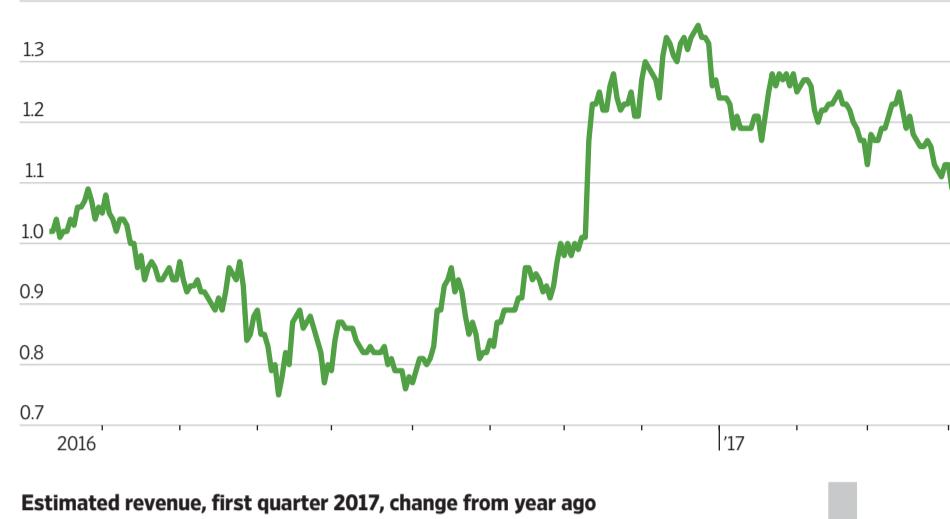
That is a steep decline from the pace of expansion over much of the past year.

Checking In

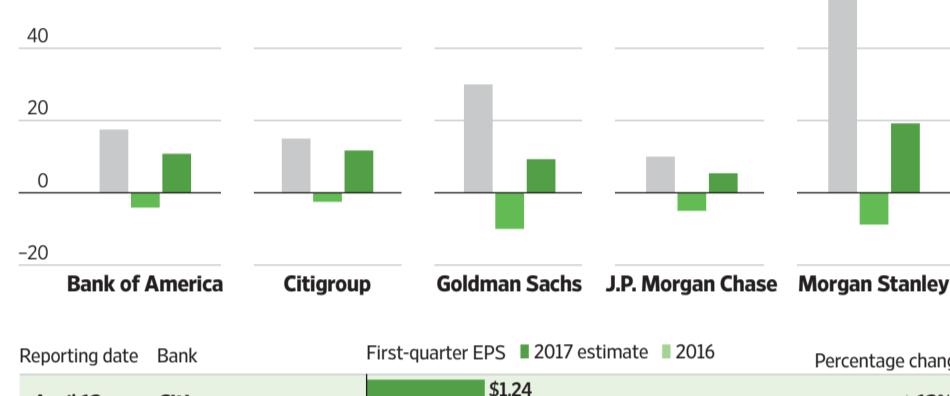
As earnings season gets under way, investors will be closely monitoring profit, revenue and trading trends at major financial firms for a read on whether a postelection bank-stock runup is justified. The yield curve measuring the gap between two- and

10-year yields has flattened and loan growth has slowed, likely limiting profit gains, but revenue should rise at many firms off soft year-ago comparisons. Analysts have pared back some estimates, keeping shares relatively flat in 2017.

10-year Treasury yield spread over 2-year yield



Estimated revenue, first quarter 2017, change from year ago

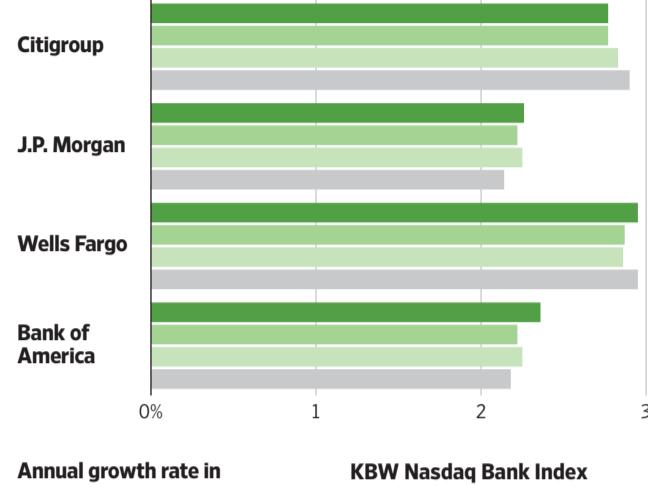


Reporting date	Bank	First-quarter EPS	2017 estimate	2016	Percentage change
April 13	Citigroup	\$1.24	\$1.10		▲13%
	J.P. Morgan Chase	\$1.52	\$1.35		▲13%
	Wells Fargo	\$0.97	\$0.99		▼2%
April 18	Bank of America	\$0.35	\$0.21		▲67%
	Goldman Sachs		\$2.68	\$5.18	▲93%
April 19	Morgan Stanley	\$0.88	\$0.55		▲60%

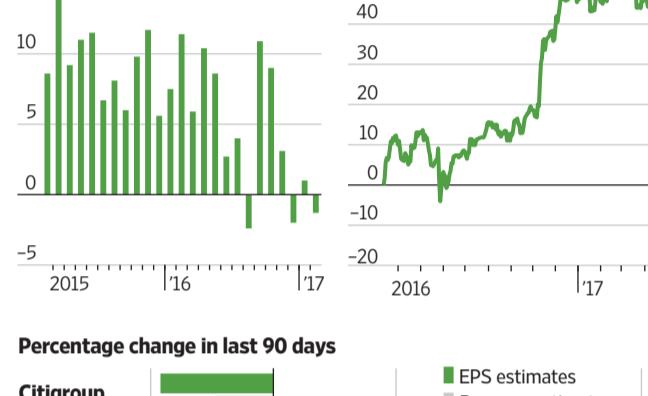
*Seasonally adjusted

Sources: FactSet (spread, performance); KBW (NIM); Federal Reserve (growth rate); Nomura (estimated revenue); Thomson Reuters (estimates); the companies (2016 earnings)

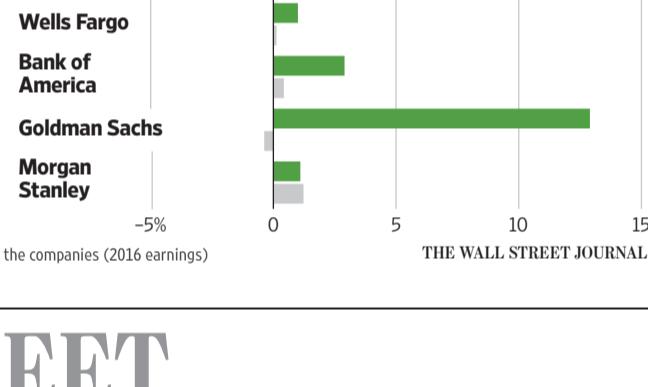
Net interest margin, a measure of how profitably banks lend or invest customer deposits



Annual growth rate in commercial and industrial loans*



Percentage change in last 90 days



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FINANCIAL ANALYSIS & COMMENTARY

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The Threat From Consumer Credit

Rapid growth in consumer credit is troubling policy makers on both sides of the Atlantic. More defaults are likely when rising interest rates push up repayment costs.

In the U.S., about a quarter of banks are already expecting more people to struggle with payments this year, according to a Federal Reserve survey.

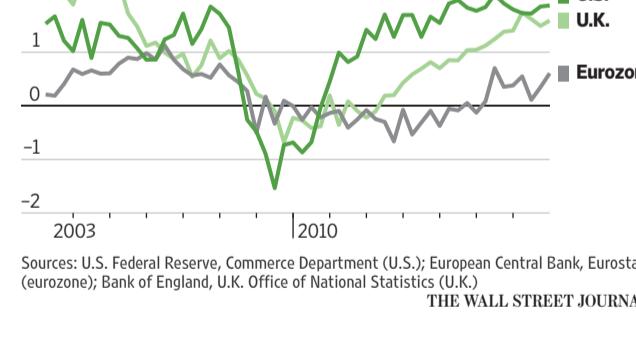
But the bigger question is whether defaults or a lending slowdown will hurt economies that have relied on consumer spending. On this, central banks are sanguine.

The European Central Bank said this week that the eurozone's recent consumer-driven recovery hadn't been spurred by growing household indebtedness. Similarly, the Bank of England said last week that consumer-credit problems were unlikely to hurt spending more broadly.

This sounds counterintuitive. No doubt growth in total lending including mortgages helps overall household spending. But the statistical link between growth rates of lending and

Helping Hand

Quarterly net new consumer credit as a share of household spending



Sources: U.S. Federal Reserve, Commerce Department (U.S.); European Central Bank, Eurostat (eurozone); Bank of England, U.K. Office of National Statistics (U.K.)

spending is muted. What matters more is incomes. Exclude mortgages from the equation and consumer-credit growth has an even weaker effect on spending.

Potential explanations include the fact that it is less scary to keep spending your income and default on unsecured consumer debt, than it is to risk losing your home by not paying your mortgage. However, that logic crumbled with U.S. subprime

borrowers during the crisis. Another explanation is that new consumer loans account for a small portion of household spending. In the last quarter of 2016, additional consumer credit amounted to less than 2% of household spending in the U.S. and U.K. and a little more than half a percent in the eurozone.

In the Bank of England's view, this means changes in consumer credit probably

don't matter much for changes in consumption. But there are potential problems.

Credit flows as a share of spending have been increasing. That suggests the role of lending in supporting consumption has grown.

Also, consumer credit is more important for people on lower incomes and for younger people who don't own houses or other assets that have gained value from ultraloose monetary policies.

Lastly, when borrowers default on consumer debts, the losses for banks can be worse than for mortgages. For example, in last year's stress test, consumer-credit losses for U.K. banks were more than 1.5 times mortgage losses. That could hit wider loan supply.

Consumer credit might seem like a small part of U.S. and European recoveries, but if the recent growth goes bad, it will have a big effect on some sections of society and on bank profits. And that could have knock-on effects for everyone else.

—Paul Davies

This Cable IPO Is for the Risk-Hungry

Cable group **Altice's** strategy of buying and turning around weak cable operators has shown results since its U.S. debut in December 2015.

Owned by a local community college, the mining museum is switching to solar power from electricity supplied by the grid that comes largely from locally mined coal.

The decline in coal production has been especially severe in the state. A report by Kentucky's Department for Energy Development and Independence says that the state still had the second-largest number of people employed in the industry of any state, but that production of coal in 2015 had fallen to its lowest level since 1954.

The community college's communications director, **Brandon Robinson**, acknowledged the awkwardness of the move to the TV station, but notes that, "of course, coal is still king around here."

Well, more like prince.

Altice's history suggests there is also a longer-term objective: deals. A local stock-market listing would give Patrick Drahi, the Netherlands-based company's controlling shareholder, a more effective currency to buy more U.S. cable assets.

One target often cited is **Cox Communications**, though it has given no indication it wants to sell.

Jeff Wlodarczak of Pivotal Research Group expects earnings before interest, taxes, depreciation and amortization of roughly \$3.8 billion at Altice USA this year. That would imply an enterprise value of \$34 billion, assuming a multiple of nine times. But debt accounts for more than three-fifths of the total.

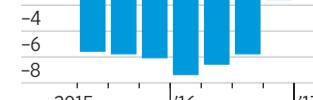
Mr. Drahi's taste for leverage is what will make Altice USA a wild ride. So far Optimum and Suddenlink have reported surprisingly strong sales growth and margin gains under their new owner. But if business turns down, this new cable star will fall as rapidly as it has risen.

—Stephen Wilmot

United Has More Than Its Reputation to Worry About

Off the Ground

United Continental's unit revenue, change from a year earlier*



*Passenger revenue per available seat mile

Sources: the company (Q1 '17); FactSet

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airline's most important markets. United offers more flights between U.S. and China than any other U.S. airline, but Chinese airlines have recently added flights and made the routes more competitive.

Even though its customers grouse about the airline, United has served investors well. United shares have nearly doubled since last summer.

March traffic statistics released Monday understandably didn't get much attention, but they paint a brightening operational picture. United said a key measure of profitability, passenger revenue per available seat mile, would be flat in

the first quarter, after falling considerably over the past two years. On-time performance was 67% in the first quarter, a solid improvement from 64.4% a year earlier.

One concern was that March capacity growth was 3.4%, higher than investors would like, as too much capacity can harm pricing power.

Those improvements aside, the stock trades at more than nine times forward earnings—nearly a five-year high, according to FactSet. There are risks to that valuation. First, investors have bet years of airline consolidation have made the industry less sensitive to economic weakness. But that

hasn't been tested.

Second, an end to low fuel costs, a benefit for the sector, would hurt. United has stopped hedging its fuel costs. And a fall in oil wouldn't be as good as it might seem.

United's exposure to the Houston area means its results are vulnerable to oil weakness as well.

United booted off passengers to make room for crew members so it wouldn't have to cancel a flight the next day. A move like that is good for business, if not for customers. The risk is that the fundamentals catch up with United, and investors no longer get first-class treatment.

—Charley Grant