

THE WALL STREET JOURNAL.

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What's News

Business & Finance

Illinois is on the verge of becoming the first U.S. state with a junk-bond rating following downgrades from S&P and Moody's. **A1**

◆ GM was beaten by Ford as the auto market's top seller in May and is on course for more job cuts at its American factories. **B1**

◆ Stocks gained broadly, with all three major U.S. indexes setting records. The Dow industrials rose 135.53 points to 21144.18. **B1**

◆ The decision by China's central bank to sharply boost the value of the yuan at its daily fixing Thursday surprised many investors. **B1**

◆ PPG dropped its \$27.6 billion bid for Dutch paint maker Akzo, in a blow to activist investor Elliott. **B3**

◆ SoftBank's effort to arrange a tie-up between OneWeb and Intelsat collapsed after Intelsat bondholders failed to back the deal. **B4**

◆ Executive pay is increasingly linked to performance, but companies have wide latitude in setting the bar. **B3**

◆ Manufacturing activity expanded and hiring at factories picked up in the U.S. in May, the ISM said. **A2**

◆ Canada vowed to aid its lumber sector to help mitigate the impact of recently imposed U.S. tariffs. **A7**

◆ Deere is paying \$4.89 billion for German road-equipment maker Wirtgen, its biggest-ever purchase. **B2**

◆ Google told publishers it will give them at least six months to prepare for a new Chrome ad-blocking tool. **B4**

World-Wide

◆ Trump said he would withdraw the U.S. from the Paris climate accord in an effort to boost U.S. industry and independence, making a dramatic shift in policy despite lobbying from business leaders and close allies. **A1, A5**

◆ Many companies said the change would have little immediate impact on their investments and strategies. **A5**

◆ The White House is setting up a dedicated unit to cope with a Russia investigation that is picking up in intensity, aiming to keep the probe from derailing policy priorities. **A4**

◆ Trump renewed a waiver that keeps the U.S. Embassy in Israel in Tel Aviv instead of moving it to Jerusalem. **A7**

◆ The administration asked the Supreme Court to reinstate the president's revised travel ban. **A2**

◆ U.K. polls show that Prime Minister May's lead has shrunk to single digits, just a week before the vote. **A6**

◆ Senate Republicans set on reworking the Affordable Care Act are considering taxing employer-sponsored health insurance plans. **A2**

◆ Afghanistan's president ordered the execution of jailed members of a militant group blamed for the deadly Kabul truck-bomb attack. **A7**

◆ Banning carry-on laptops on international flights could raise the risk of fire from lithium batteries in cargo holds, an aviation official said. **A3**

◆ Philippine officials said 36 people suffocated at a Manila resort after a gunman torched part of the complex. **A8**

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Please see JUNK page A2

Trump Quits Global Climate Accord

President says he will either demand better terms or craft a new deal to aid U.S. industry

By ELI STOKOLS

President Donald Trump said Thursday he will withdraw the U.S. from the Paris climate accord in an effort to boost the nation's industry and independence, making a dramatic shift in policy despite intense lobbying from business leaders and close allies.

"I was elected to represent the citizens of Pittsburgh, not

Paris," Mr. Trump said, calling the decision a "reassertion of our sovereignty."

Mr. Trump said he would begin negotiations to either re-enter the Paris agreement under new terms or craft a new deal that he judges fair to the U.S. and its workers.

Several countries immediately rejected that idea. During a phone call Thursday, President Emmanuel Macron of France told Mr. Trump that the Paris agreement can't be changed, and he issued a joint statement with the leaders of Germany and Italy that the accord "cannot be renegotiated."

Mr. Trump, framing his deci-

sion mostly in economic and political terms, pointed to the agreement's lesser requirements for the world's other leading carbon emitters, China and India. He voiced his concern for protecting the environment and eschewed any reiteration of his past claims that climate change isn't real, but he said his decision is rooted in protecting the country's interests.

"This agreement is less about the climate and more about other countries gaining a financial advantage" over the U.S., the GOP president said.

Mr. Trump's action represents a 180-degree turn from the environmental agenda of his

Democratic predecessor, former President Barack Obama, whose administration helped orchestrate the agreement, which pledged the U.S. to reduce carbon emissions. Mr. Trump's decision was cheered by some domestic industries, notably coal and oil-and-gas companies, including Murray Energy Corp., the country's largest privately held coal miner.

But some large U.S. corporations opposed the move, including Exxon Mobil Corp., General Electric Co., and Apple Inc., whose chief executives all publicly argued in favor of remaining in the pact. After Mr. Please see IMPACT page A5

Paris Exit: Less Than Meets The Eye

By SPENCER JAKAB

Investors will feel the impact of the U.S.'s pullout from the Paris climate agreement in surprising and counterintuitive ways.

Energy giants Exxon Mobil and ConocoPhillips, both of which supported the agreement, may get hit on the margin, even though conventional wisdom has it that they would be winners.

Meanwhile, future greenhouse gas emissions may not be too different from what they might have been under a Clinton administration. Market forces, such as cheap natural gas, will have a bigger effect than the agreement would have.

Meanwhile, U.S. regulations aimed at meeting Paris goals weren't burdensome for all. Exxon Mobil, for example, stood to benefit. Stricter U.S. climate rules may have produced a slight drag on the demand for oil, a global commodity of which Exxon is the sixth-largest producer. But it would have been a boon to U.S. natural gas, a mostly landlocked market where Exxon is the top producer.

Furthermore, rules mandating the capture of greenhouse gas methane, which escapes some U.S. oil wells, hurts

Please see EXIT page A5



'I was elected to represent the citizens of Pittsburgh, not Paris'

President Donald Trump, announcing his decision on the global climate agreement

Illinois Teeters on Junk-Bond Threshold

By HEATHER GILLERS

Illinois is on the verge of becoming the first U.S. state with a junk-bond rating following downgrades from two of the world's largest ratings firms.

S&P Global Inc. warned that Illinois could be downgraded to junk status next month if it doesn't solve its partisan gridlock. Illinois hasn't had a budget for two years due to a standoff between the Republican governor and Democratic legislature.

Illinois is one of many cities and states that, despite a generally strong U.S. economy, are struggling to close budget gaps because of pensions and other entitlements. State and local retirement liabilities have ballooned after the financial crisis, and most governments don't have enough assets to cover all future obligations.

S&P on Thursday dropped its grade on the state's general-obligation bonds one level to BBB-minus, the lowest possible investment-grade rating, citing Illinois's inability to pass a budget. Moody's Corp. also dropped its Illinois rating to one notch above junk. Fitch Ratings has rated Illinois at two notches above junk.

A downgrade to a junk rating would worsen Illinois's financial straits by likely increasing interest rates on all future borrowings.

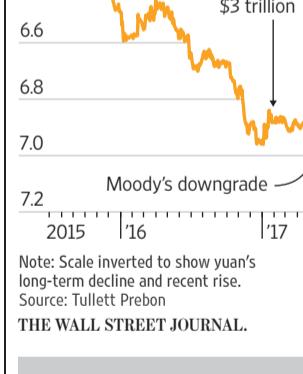
"By letting the state get downgraded, Illinois's government is only making its own budget problems worse," said Matt Fabian, a partner at Municipal Market Analytics.

Gov. Bruce Rauner and the state's Democratic House speaker, Michael Madigan, have been deadlocked over taxes and spending since Mr.

Yuan Gets a Lift

China sharply increased the currency against the dollar Thursday, surprising investors who were betting against it. **B1**

How many yuan one dollar buys



The WALL STREET JOURNAL.

CHINA CURBS ANBANG AFTER WESTERN SPREE

Worried about risky behavior, Beijing has slowed insurer's global advance

A few months ago, the chief executive of a big Western bank was scheduled to meet with one of China's most aggressive deal makers—Wu Xiaohui, CEO of Anbang Insurance Group Co.

At the last minute, Mr. Wu pulled out, according to the bank's head of Asia mergers and acquisitions, who arranged the appointment. He needed to see Chinese regulators instead.

A year ago, the global advance of China's companies, including Anbang and property-to-entertainment conglomerate Dalian Wanda Group Co., seemed unstoppable. Mr. Wu gained his reputation in part by striking a \$5.5 billion deal to buy one U.S. hotel chain in

March 2016 and making a \$14 billion bid for another within days.

Today, that effort has slowed sharply. Although some of the

pause is due to increased wariness about Chinese buyers, much of it stems from regulatory crackdowns at home. Chinese authorities are worried about the fragile nature of an economy built on credit and want to curb the amount of money leaving the country.

Chinese officials in particular are clamping down on the country's financial firms and behavior they view as risky, such as selling high-yield products to consumers that help fund surging investments in foreign companies.

Please see CHINA page A9

Thanks for Your Job Application! Shall We Begin at the Bench Press?

Some fitness-crazed employers invite baffled applicants to jog, lift weights

By CHRISTINA REXRODE
AND SERENA NG

Austin Harris thought his years as an investment banker had taught him all about tough job interviews—until one that started with a daybreak run through New York City's Central Park and ended in a cramped office gym for a round of pull-ups, push-ups, squats and burpees.

It wasn't easy keeping up with his prospective employer, a former college football player and co-founder of a company that makes nutrition bars, said Mr. Harris, 35 years old. When they started talking business, he said, "I was breathing pretty heavily and trying to recover."



Julie Gilbert

He made the cut, though. Mr. Harris is now chief financial officer of the food company, aptly named Health Warrior Inc.

In parts of the corporate world, the fitness enthusiasm of top executives is spilling from the gym to the workplace. Some sinewy CEOs find exercise clears their minds as it strengthens their bodies. When hiring and networking, more are substituting spin class and protein shakes for golf and steak dinners.

To some workers, the boss's fitness craze is just crazy, especially in the high-stakes environment of job interviews. Few want to share a pungent

Please see FIT page A9

TOMORROW



SOFIA COPPOLA

WSJ. MAGAZINE

INSIDE

REELING IN LUXURY HOMES FOR FISHING

MANSION, MI

'WONDER WOMAN' DAZZLES

LIFE & ARTS, A10

U.S. NEWS

Factories Maintain 'Run of Strength'

By JEFFREY SPARSHOTT

U.S. manufacturing activity expanded and hiring at factories picked up in May, signs of healthy growth for a key sector of the economy.

The Institute for Supply Management on Thursday said its closely watched index of U.S. manufacturing activity inched ahead to 54.9 in May from 54.8 in April. A number above 50 indicates expansion.

ISM manufacturing readings for each month this year have now been higher than any month in 2015 or 2016.

"Manufacturing has had a run of strength for half a year now, and it should continue to fare well," Michael Montgomery, U.S. economist at IHS Markit, said in a note to clients.

Underlying figures were broadly positive, with new orders and employment gaining.

The ISM employment index suggested more hiring for the sector in May. Government jobs numbers for May are due out Friday.

Timothy Fiore, who oversees the ISM survey, said rising production and growing

employment are making it difficult for manufacturers to find qualified employees. That could ripple through to wages and limit production capacity, though broader signs suggest continued growth.

"We're in an adjustment phase from a dramatic ramp-up at the end of last year and beginning of this year to something that is more stable," Mr. Fiore said.

U.S. factory activity was stagnant through long stretches of 2015 and 2016, while the energy sector slumped and a strong dollar made American goods more expensive overseas.

More recently, stabilizing commodity prices and improving global demand have supported manufacturing. Overseas demand has been strong in recent months, though it cooled slightly in May, according to the ISM index.

One potential stumbling block is political uncertainty. Already, paper and furniture manufacturers have been roiled by the Trump administration's plans to slap a 20% tariff on Canadian softwood lumber, Mr. Fiore said.

GOP Weighs Tax on Health Plans

By STEPHANIE ARMOUR
AND KRISTINA PETERSON

Senate Republicans set on reworking the Affordable Care Act are considering taxing employer-sponsored health insurance plans, a move that would meet stiff resistance from firms and potentially raise taxes on millions of people who get coverage on the job.

The move could raise billions in revenue that could be used to help stabilize the fragile individual insurance market. But it could be politically risky, since it could expand the impact of GOP health proposals from Medicaid recipients and those who buy insurance on their own to the roughly 177 million people who get coverage through their employers.

A number of lawmakers are open to the idea, including Sen. Mike Lee (R., Utah), GOP aides said, but there is no consensus yet on whether it should be included in the draft bill being written during this week's congressional recess.

Under longstanding tax law, compensation in the form of health insurance isn't treated as income for workers. That means employers can deduct the cost, and the value isn't



RICK BOWMER/ASSOCIATED PRESS
GOP Sen. Mike Lee, shown speaking in Utah earlier this year, is open to a tax on employer health-insurance plans.

subject to payroll taxes or individual income taxes. It is a system that economists say distorts the market in favor of generous insurance packages, but like other tax breaks, it has proven popular and difficult to dislodge.

Previous efforts to end the tax break have faltered. House Republicans, writing their version of the health bill earlier this year, considered limiting the amount companies could exclude from employees' income for health coverage, but dropped the idea when it faced dislodgement.

an immediate pushback.

Business groups opposed the House proposal vigorously, and many House Republicans expressed alarm over the practical and political impact.

House Speaker Paul Ryan (R., Wis.), who floated the idea in his own health proposal, has said the tax code unfairly favors people who get their health insurance through work over those who buy it on their own. Republicans, Mr. Ryan said in March, want to "stop the discrimination in the tax code against people who want

—Richard Rubin contributed to this article.

Spelling Bee Champion Celebrates Victory



CLIFF OWEN/ASSOCIATED PRESS
LETTER PERFECT: Ananya Vinay, 12, winner of the 90th Scripps National Spelling Bee, with her father, after spelling 'marocain.'

JUNK

Continued from Page One

Rauner took office in 2015.

"Madigan's majority owns this downgrade because they didn't even attempt to pass a balanced budget, get our pension liability under control, and other changes that would put Illinois on better financial footing," a spokesman for Mr. Rauner said Thursday.

A spokesman for Mr. Madigan couldn't be reached for comment, but a spokesman for Illinois Senate President John J. Cullerton, a Democrat, said "our worst fears are being realized daily as this impasse lingers....I urge the governor to recognize the need for compromise...and end this chaos that has gone on far too long and hurt far too many."

State lawmakers can continue to work toward a budget in the coming weeks, but they will need more votes. After the regular session of the General Assembly ended Wednesday, three-fifths of both houses must support the budget, instead of a simple majority.

Investors didn't react severely to Thursday's actions from the Wall Street ratings firms. Prices on some Illinois general-obligation bonds fell to about 99 cents on the dollar Thursday after trading as high as 105 cents earlier in May.

Even in the face of high pension costs and stretched budgets, most U.S. states maintain high ratings in large part because they have the power to tax residents and lack the ability to declare bankruptcy.

New Jersey, the next lowest-rated state after Illinois, is pegged at four notches above

Under Stress

New Jersey: State with second-lowest rating from S&P after repeated downgrades

Illinois: Downgraded to one-level above junk Thursday by S&P and Moody's

Puerto Rico: Filed for bankruptcy protection last month

Detroit: Filed for bankruptcy in 2013

Hartford, Conn.: Downgraded to junk by Moody's in 2016

Chicago: Downgraded to junk by Moody's in 2015

junk by both S&P and Moody's despite burdensome pension liabilities and a persistently imbalanced budget. Moody's also rates Connecticut at that level.

Other states have had their ratings fall nearly as low and been able to engineer a turnaround. California has largely recovered from fiscal distress that drove its rating down to two notches above junk by S&P in 2003 and kept it low for much of the next 10 years.

The state regained the confidence of rating analysts in part by making regular deposits to a rainy-day fund, according to reports from S&P.

Puerto Rico last month was placed under court protection in what amounts to the largest-ever municipal bankruptcy, owing \$73 billion to creditors. That dwarfed the roughly \$9 billion in bond debt owed by the city of Detroit when it entered what was previously the

largest municipal bankruptcy in 2013.

Puerto Rico created problems for itself by borrowing money to buy time while its economy deteriorated.

But no state had gone without a budget for over a year since the Great Depression until Illinois. The stalemate originated with ideological differences between two major political figures in the state.

Gov. Rauner has called for broad changes, including curbs on unions he argues would save the state and businesses money. Democrats, who are led by Mr. Madigan, have said those issues are unrelated to the budget.

In the meantime the state's backlog of bills has swelled to roughly \$15 billion, or 40% of the state's operating budget, according to Moody's. The state's budget deficit is more than \$5 billion, according to S&P and Moody's.

The current problems are aggravated by burdensome debts that eat into the money available to run the state. Illi-

nois's pension debt last year reached \$251 billion, according to Moody's calculations.

Retirement and health benefits combined with debt payments now absorb 29% of the state's general fund expenditures, S&P said.

Legislative gridlock has sidetracked efforts not only to address pension needs but

also to achieve fiscal balance," said Ted Hampton, a Moody's analyst, in a release. "During the past year of fruitless negotiations and partisan wrangling, fundamental credit challenges have intensified enough to warrant a downgrade, regardless of whether a fiscal compromise is reached in an extended session."

The budgetary issues in Illinois have rippled well beyond the state capital of Springfield, denting everything from infrastructure spending to the number of books in elementary schools.

Public universities have been among the hardest hit with many schools pausing on any new construction and forced to stop hiring for vacant positions. Some universities including Northeastern Illinois, Governors State and Southern Illinois are weighing fixes such as raising tuition, cutting academic programs or laying off student workers.

While the state is still funding certain core functions, many nonprofits have had to shut down or reduce operations and lay off staff after going without payments from the state.

If Illinois does get downgraded to junk, it would have to make millions of dollars in termination payments on contracts designed to stabilize interest payments on some state debt, according to S&P.

Those penalties would be about \$10 million in the event of a downgrade to junk by one rating firm, would reach \$19 million if two firms gave the state a junk rating and could reach \$108 million in the event of further downgrades, according to estimates by S&P based on current market conditions.

The People's Bank of China may be propping up the yuan to deter investors from betting against the currency, analysts say. In some editions Thursday, a Markets article about China's currency incorrectly said the intent may be to deter bets against the yen.

The daughter of Mina Abdo wore her father's cross necklace after he was killed on Palm Sunday in an attack at a church in Tanta, Egypt. A Page One article on May 13 about the plight of Christians in the Middle East and an accompanying photo caption incorrectly described the cross as a crucifix.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

CORRECTIONS & AMPLIFICATIONS

The People's Bank of China

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U.S. NEWS

Laptop Ban May Pose Risk

Lithium batteries stored in cargo holds would cause hazard, aviation official says

BY ROBERT WALL
AND SUSAN CAREY

Banning carry-on laptops on international flights might create a fire risk from lithium batteries that would have to be stored in the cargo holds of aircraft, said an aviation official critical of a proposal being considered by the Trump administration.

"If you put all the electronic devices in the belly, it raises a clear safety concern,"

Alexandre de Juniac, director general of the International Air Transport Association, said Thursday. Electronics would be inaccessible to crews trained in dealing with fires.

U.S. and European Union officials continue to discuss possibly banning laptops from cabins of all inbound flights to the U.S. from Europe. Two months ago, the U.S. and the U.K. imposed a ban on some flights flying from the Middle East and North Africa. Homeland Security Secretary John Kelly said on Sunday that the restrictions could be expanded to all international flights into and out of the U.S.

U.S. authorities worry an explosive device could be eas-

ily hidden in an electronic device and triggered in the cabin, say people familiar with airline security plans.

But many laptops use lithium batteries that can overheat and catch fire.

In 2010 and 2011, for instance, cargo planes carrying lithium-ion batteries caught fire, in both cases killing crew members and destroying the plane. Boeing Co. also struggled with overheating of some lithium-ion batteries on its 787 Dreamliner jets and has had to place them in a fireproof container.

A person familiar with the Federal Aviation Administration's thinking said the agency hasn't done testing on how batteries in devices would react in

checked luggage. The Transportation Security Administration, with FAA input, in March issued guidance to airlines to discourage the practice of collecting all the banned devices and putting them in cargo containers.

Instead, the TSA advised airlines to tell passengers to pack devices in their cases securely inside checked luggage.

This person said the FAA, based on its prior testing of individual batteries sent in large cargo shipments packed tightly together, "understands there are certain risks" and has been clear about this with the Department of Homeland Security. But the DHS is weighing security risks against what the FAA knows about batteries, this person said.



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exclusions may apply, see store associate for details.



Artist's conception shows two merging black holes, which scientists said combined to have about 49 times the mass of the sun.

Two Merged Black Holes Detected

BY ROBERT LEE HOTZ

Researchers have detected the violent merger of two black holes rippling the fabric of space and time like a bed sheet in the breeze, demonstrating how astrophysicists are using newly discovered gravitational waves to reveal forces shaping the cosmos.

Announcing their find on Thursday, the scientists said they recorded these primordial shock waves, which originated three billion light-years away from Earth, by using the twin detectors of the \$1.1 billion Laser Interferometer Gravitational-Wave Observatory. Last year, the LIGO team detected evidence of gravitational waves for the first time

and helped confirm Einstein's theory of general relativity.

The discovery, reported in the journal Physical Review Letters, offers new clues to how black holes can grow to many times the mass of the sun, like those that lurk at the heart of virtually every galaxy,

and hints at the role they may play in the evolution of the universe. More than a thousand scientists were involved in the effort, led by the California Institute of Technology and the Massachusetts Institute of Technology.

The announcement marks the third time in just over a year that the LIGO researchers have successfully detected an object by measuring the physical warping of space caused by

gravitational waves. All three discoveries involved black holes—massive objects that cannot be seen directly by ordinary means because their gravity is so intense that no matter, light or other radiation appears to escape.

"Before our discoveries, we didn't even know for sure that black holes truly existed," said LIGO astrophysicist Laura Cadonati at the Georgia Institute of Technology.

In their newest work, researchers at sprawling LIGO installations located in Livingston, La., and Hanford, Wash., registered the gravitational tremors from the crush of two ancient black holes, each one spinning on its axis like a tornado as they spiraled together

and then joined in a violent embrace. In an explosive third of a second, they released the combined energy of two stars—more energy in that instant than from all the light from all the galaxies in the universe, the scientists said.

The scientists calculated that the two merged into a single black hole about 49 times the mass of the sun, said LIGO physicist Bangalore Sathyaprakash at Pennsylvania State University and the U.K.'s Cardiff University.

In the years ahead, the researchers expect gravitational waves to unveil a universe to which conventional telescopes, scanning the sky for visible light and other electromagnetic wavelengths, are blind.

Activist Poised to Be District Attorney

BY SCOTT CALVERT

Philadelphia defense lawyer Larry Krasner has made a career of standing up to law enforcement. Now he is poised to be the city's top prosecutor.

Mr. Krasner, a self-proclaimed progressive who has filed 75 civil-rights lawsuits in his 30-year career and represented Black Lives Matter activists, won the Democratic primary for district attorney last month. His win—with 38% of the vote, nearly double his nearest rival—was fueled by strong support from African-American voters and a \$1.5 million ad blitz from billionaire investor George Soros.

As part of his campaign, Mr. Krasner, 56 years old, pledged to "stand up" to police misconduct, shift resources from minor crimes to focus on serious offenses, never seek death penalty, and refuse cases stemming from "illegal frisks and searches."

Mr. Krasner's victory in the seven-candidate primary surprised members of the city's political establishment, few of whom have formally endorsed him. Eleven former city prosecutors signed an editorial ahead of the primary, warning that Mr. Krasner was a "dangerous" candidate gaining "a foothold thanks to money from a European billionaire."

At a time when Democrats are galvanized in the wake of Republican President Donald Trump's election victory, Mr.

the local party, have yet to announce they back Mr. Krasner. Mr. Kenney's political spokesman said the mayor expects to endorse Mr. Krasner.

Mr. Brady said in an interview the election makes an endorsement moot. "He's going to win and we'll be supporting him," he said.

Democrats outnumber Republicans in the city 7 to 1, giving Mr. Krasner a clear advantage in November's general election against GOP nominee Beth Grossman, a longtime former prosecutor.

Mr. Krasner's win elated his supporters. Philadelphia had the highest incarceration rate of any large U.S. jurisdiction last year, according to the Safety and Justice Challenge, a foundation-backed effort that seeks to reduce incarceration. The city says its jail population has dropped 18% since July 2015.

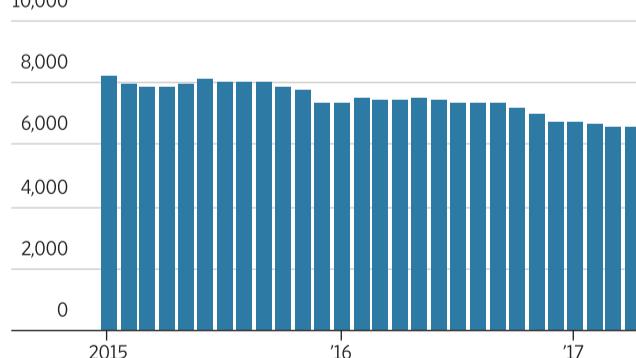
Mr. Krasner's critics, including the city's main police union, question how he can be effective as Philadelphia's chief law-enforcement officer.

"It's going to be tougher for the cops out there," said John McNeely, president of the local Fraternal Order of Police lodge, in a radio interview. "This guy, his whole career has been anti-law-enforcement."

In an interview, Mr. Krasner rejected that label and expressed confidence he can work well with police, saying he thinks most officers follow the Constitution.

Trending Down

Philadelphia jail population



Source: city of Philadelphia

THE WALL STREET JOURNAL

Krasner's success points to fissures between the progressive and centrist wings of the Democratic Party. His platform to pursue fewer cases and focus resources on major offenders also runs counter to the message from Attorney General Jeff Sessions, a conservative who is calling for more-aggressive prosecution.

"The national interpretation is this is an affirmation of maybe the more-liberal activists, so-called progressive wing of the Democratic Party, that is concerned or outraged about levels of incarceration and racial issues in the criminal-justice system," said David Thornburgh, president of the Committee of Seventy, a nonpartisan governance group in Philadelphia.

Dan Siegel, campaign manager for one of Mr. Krasner's challengers, said winning the general election could be more complicated than usual for a Democrat in Philadelphia. One key factor, he said: "How angry are people who don't agree with him? I know there's a lot of angst among prosecutors, a lot of angst among police."

The primary outcome has sparked rumors of new candidates entering the race to block Mr. Krasner, though none have emerged. Meanwhile, First Assistant District Attorney Kathleen Martin denies talk that Mr. Krasner's victory has prompted resignations in the DA's office.

Two weeks after the election, key Democrats including Mayor Jim Kenney and U.S. Rep. Robert Brady, who chairs

the Foundation for UNICEF Collection. For every piece in the Montblanc for UNICEF Collection sold from April 1 to March 31, 2018, Montblanc will donate \$1.5 million to support UNICEF and its literacy projects, with a minimum amount of US\$1.5 million being guaranteed by Montblanc.

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"It's going to be tougher for the cops out there," said John McNeely, president of the local Fraternal Order of Police lodge, in a radio interview. "This guy, his whole career has been anti-law-enforcement."

In an interview, Mr. Krasner rejected that label and expressed confidence he can work well with police, saying he thinks most officers follow the Constitution.

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U.S. NEWS

White House Unit Focuses on Russia Probe

BY PETER NICHOLAS
AND REBECCA BALLHAUS

The Trump White House is setting up a dedicated unit to cope with a Russia investigation that is picking up in intensity, in an attempt to keep the probe from derailing policy priorities that face an uncertain fate on Capitol Hill, people familiar with the effort said.

The new operation will include attorneys, researchers and communications specialists whose focus will be to reply to inquiries from investigators and reporters centering on alleged Russian meddling in the 2016 election and any collusion by President Donald Trump's campaign aides.

The unit is being organized by chief of staff Reince Priebus, chief strategist Steve Bannon and Jared Kushner, a senior adviser and the president's son-in-law who has become a focus in the probe, a White House official said. The official said it was unclear when the unit would officially begin, and wasn't aware of any outside hires for it so far.

The reorganization comes as the Russia probe is starting to take a personal toll on the nascent administration. Some senior White House officials are looking to hire lawyers.

Others are being told to be careful with documents and to consult the White House counsel's office if they have any questions about what they should discard. One aide



Mr. Putin speaking at a conference in St. Petersburg on Thursday.

Putin Refers To 'Patriot' Hackers

ST. PETERSBURG, Russia—President Vladimir Putin suggested what he called patriotic Russian hackers could have been behind cyberattacks that have soured relations with the U.S. and other countries, adding fresh nuance to his denials that the Russian state was involved.

"If they [hackers] are feeling patriotic they will start contributing, as they believe, to the justified fight against those speaking ill of Russia. Is that possible? In theory, yes. At the government level, we never engage in this," he told international media

at a conference here.

U.S. security officials say Russia interfered in the presidential election with cyberattacks, claims Moscow has denied. Investigations into the alleged interference have damaged chances for a quick improvement in relations between Russia and the U.S. under President Donald Trump.

Mr. Putin has consistently maintained that Russia didn't interfere in the 2016 election. But his suggestion that Russian hackers may have played a freelance role in election hacking—and his clear implication that such efforts were "justified"—appears to mark a change of narrative for the Kremlin.

Kremlin observers say Mr.

Putin has often strived to maintain deniability in pursuing foreign-policy aims.

When well-armed military in camouflage took over government buildings in the Black Sea peninsula of Crimea in 2014, Mr. Putin initially suggested the "little green men" were wearing store-bought uniforms. Mr. Putin later acknowledged they were Russian troops.

Similarly, the Kremlin long denied that Russia backed insurgents in Ukraine with conventional military forces. But in December 2015, Mr. Putin said: "We never said that there weren't people there dealing with certain tasks, including in the military sphere."

—Nathan Hodge

warned a friend not to email him any off-color jokes in the event that the records are subpoenaed and made public.

One White House official involved in the effort said the unit is now being "built up" and its goal is to "segregate" the rest of the White House so that aides can keep a tighter focus on Mr. Trump's agenda. As it stands now, he said, when "something on Russia breaks, I spend four hours on it—that's four hours I don't spend" advancing policy goals.

White House officials are already trying to put elements of the new system into practice. Asked about the unit on Thursday, a press spokeswoman re-

ferred the question to an outside attorney Mr. Trump has retained to deal with the investigation, Marc Kasowitz.

Mr. Kasowitz's office didn't respond to a request to comment. Press secretary Sean Spicer, too, in a briefing on Wednesday, referred questions about Russia to Mr. Kasowitz.

An open question is whether Mr. Trump can show the discipline to steer clear of developments over the probe—or if he will feed the furor through his Twitter account.

Advisers and lawyers have pressured Mr. Trump in recent weeks to stop tweeting about the investigations being conducted by the Federal Bureau

of Investigation and two congressional committees. The FBI is also looking at violations of lobbying laws by two of Mr. Trump's former top aides, Mike Flynn and Paul Manafort, according to people familiar with the probes.

Russia has denied any meddling, and Mr. Trump has denied his campaign aides did anything improper.

So far, the anti-tweet campaign hasn't been wholly successful. Mr. Trump stayed away from the Russia controversy during his foreign trip last month. But on Wednesday, he tweeted that the Russia probe was a "lame excuse for why the Dems lost the elec-

tion" and retweeted a Fox & Friends tweet about Mr. Kushner's contacts with Russians.

Other presidents faced with long-running investigations have set up similar structures to keep the White House functioning. In 1994, as investigations into President Bill Clinton ramped up, his administration established a unit of about 10 lawyers, communications officials and congressional liaisons who operated outside the White House's press shop.

The operation's goal: to ensure the rest of the White House could continue to promote the president's agenda, said Chris Lehane, a lawyer in

the White House counsel's office in the Clinton administration who served on that unit.

Mr. Lehane said reporters gradually stopped asking questions about the investigations at the daily press briefings because they knew to direct their queries to the unit instead.

White House aides say they aren't neglecting Mr. Trump's agenda amid a Russia probe that is a nearly inescapable part of the political landscape.

Another White House official said in an interview that the administration remains committed to passing bills that will overhaul both the health-care system and tax code before the year is out.

WASHINGTON WIRE

ELECTION

Clinton Discusses Russia, Email

Hillary Clinton on Wednesday said she believes that Russians likely received help from inside the U.S. on how to effectively use the information that intelligence agencies say was gathered to meddle in last year's presidential election, which she lost to President Donald Trump.

"The Russians, in my opinion and based on the intel and counterintelligence people I've talked to, could not have known how best to weaponize that information unless they had been guided," said Mrs. Clinton at the Code technology conference in Rancho Palos Verdes, Calif.

The comments come as federal investigators are looking into contacts between associates of the Trump campaign and Russian officials. Mr. Trump has denied there was any collusion between his campaign and Russia. The talk of collusion stems from Democrats' disappointment over losing the election, Mr. Trump has said.

Reacting to Mrs. Clinton's comments, Mr. Trump tweeted late Wednesday: "Crooked Hillary Clinton now blames everybody but herself, refuses to say she was a terrible candidate."

—Yoree Koh

CIA

Woolsey Says Flynn Offered Him Top Job

Six days after Donald Trump was elected president, his soon-to-be national security adviser Mike Flynn offered the job of director of the Central Intelligence Agency to James Woolsey, who had served in that position in Bill Clinton's administration.

In an interview, Mr. Woolsey said he turned the job down when it was offered to him on Nov. 14 because it came with a caveat: He would report directly to Mr. Flynn, the former Army lieutenant general who President Barack Obama fired from the post of defense intelligence chief.

Robert Kelner, Mr. Flynn's lawyer, said in an email: "This story is false." Asked to elaborate, Mr. Kelner didn't respond.

"Flynn offered me the CIA job," Mr. Woolsey said. "I turned it down, partially because I didn't want to work for him, partially because I didn't think the structure was set up right."

The offer draws attention to Mr. Flynn's early efforts to reshape and consolidate power inside of the National Security Council, which he led until he was dismissed in February for providing false information to top White House officials about his conversations with Russian officials.

—James V. Grimaldi

Put on Your Robe and Smile



TOP OF THE JUDICIARY: The justices of the U.S. Supreme Court gathered Thursday for an official group portrait, the first with the court's newest member, Associate Justice Neil Gorsuch, standing far right. Justice Gorsuch, who was nominated by President Donald Trump, is filling the seat once held by the late Justice Antonin Scalia.

Obscure Law Proves Key for Ex-Trump Aides

Loophole Makes It Tough to Enforce

The potential Foreign Agents Registration Act violations regarding former national security adviser Mike Flynn and former Trump campaign chairman Paul Manafort highlight the challenges the government faces in enforcing the law.

Among them is a big loophole: the Lobbying Disclosure Act of 1995, known as the LDA.

tivities of former White House national security adviser Mike Flynn and former Trump campaign chairman Paul Manafort are looking at whether their work for foreign interests violated the Foreign Agents Registration Act, or FARA, and related laws, the people said.

The inquiries focus on Mr. Flynn's work involving Turkey and Mr. Manafort's work involving Ukraine, they said.

Any resulting prosecutions would mark the highest-profile enforcement in years of laws that Washington influence peddlers regard as having little consequence.

"Having an administration with so many current and former staffers with apparent financial ties to multiple foreign powers and corporations just underscores the imperative" of enforcing these laws, said Stephen Vladeck, a University of

People lobbying for organizations that bear no apparent links to foreign governments and political parties can file relatively opaque disclosure forms with Congress under the LDA and receive an exemption from submitting far more detailed FARA filings. Often, influence efforts go through people or organizations allegedly unaffiliated with foreign governments and so circumvent FARA.

The Justice Department Inspector General said last September that the number of ac-

tive FARA registrants dropped dramatically after the department started charging filing fees in 1993 and the LDA passed in 1995.

"You have these nonprofit organizations, think tanks and other institutions, for which people don't register [under FARA], and the question then arises: Did they know who was calling the shots?" said Joseph Sandler, a veteran political law attorney who has worked on foreign-agent issues.

—Del Quentin Wilber

proper steps in response to the guidance."

Congress passed FARA in 1938 to expose covert Nazi-influence campaigns on American soil. The law requires people to inform the Justice Department if they undertake certain public relations or lobbying activities in the U.S. on behalf of so-called foreign principals.

The statute for years has been lightly enforced and subject to loopholes, allowing a stream of undisclosed foreign money to flow into Washington and furtive influence initiatives. Firms that represented clients with ties to countries including Libya, Syria, Iraq and Qatar have faced no criminal penalties in recent years for failure to reg-

ister, instead only having to pay a fine or file the proper paperwork after the fact.

The Justice Department Inspector General said in a report last September that the department had brought only seven criminal FARA cases between 1966 and 2015. The law also provides for seeking a civil injunction from a judge—a provision the department hasn't used since 1991, the report said.

The department said the difficulty of proving a person's willful evasion and direction by a foreign principal have made prosecution challenging, as have exemptions under the statute and the government's inability to compel the surrender of records without an active criminal case.

Violations of FARA can carry a fine and up to five years in prison.

The Justice Department views FARA primarily as a means to prompt voluntary disclosure about foreign activities, according to the department's internal guidelines. A retroactive filing wouldn't necessarily protect the registrant from prosecution, legal experts said.

Apart from FARA, prosecutors can use a number of related laws providing charges for representing foreign interests without proper disclosure.

People who gather information on behalf of foreign governments or officials in the U.S. and fail to file disclosure forms could face prosecution under Section 951 of the main U.S. criminal code.

Another statute makes it a criminal offense for a public official to act as an agent of a foreign principal without disclosing the activity under FARA. Retired military officers generally qualify as "public officials" under U.S. law.

Mr. Flynn received an ethics guidance letter in 2014 from the Defense Intelligence Agency after his retirement that said retired military officers representing foreign governments must register under FARA, according to a copy released by the House Oversight Committee.

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—James V. Grimaldi

TRUMP'S CLIMATE SHIFT

Move Unlikely to Alter Companies' Course

Shareholder demands and state rules have already pushed firms on climate change

BY RUSSELL GOLD
AND LYNN COOK

The Trump administration's withdrawal from the Paris agreement heralds a decisive change in U.S. climate policy, but many corporate leaders say it will have little immediate impact on their investments and strategies.

President Donald Trump said the U.S. will begin negotiations to either re-enter the accord or start a new deal on "terms that are fair to the United States, its businesses, its workers, its people, its taxpayers."

Some mining companies, including **Murray Energy Corp.**, the country's largest privately held coal miner, hailed the decision, saying the climate rules would have threatened jobs and economic growth.

But a number of major corporations and chief executives expressed disappointment in the move, including **Dow Chemical**

Co. and **Microsoft Corp.** as well as the heads of **Goldman Sachs Group Inc.** and **Alphabet Inc.**'s Google.

"Today's decision is a setback for the environment and for the U.S.'s leadership position in the world," Goldman Chief Executive Lloyd Blankfein said in his first tweet ever.

Many large companies said they wouldn't change course, and their reasons are diverse. Companies are responding to customer and shareholder demands to reduce greenhouse-gas emissions. Many operate in states and countries that are putting in place climate rules and thus face pressures beyond the U.S. government.

Firms are buying natural gas and renewable electricity that emit less pollutants because they are becoming cheaper. And many are making long-term capital investments to reduce their carbon footprints with an eye toward future decades, not the current election cycle.

Exxon Mobil Corp., the largest U.S. oil producer, has said it wants a consistent set of rules, and favors remaining in the Paris Agreement. "We need a

framework like that to address the challenge of climate change and the risk of climate change," Chief Executive Darren Woods said at the company's annual meeting on Wednesday, where 62% of shareholders voted for a resolution to pressure Exxon to share more information about how climate change could affect its business.

General Electric Co. has spent billions to make technologies that reduce energy consumption a core part of its business. "Disappointed with today's decision on the Paris Agreement," GE Chief Executive Jeffrey Immelt said via Twitter. "Climate change is real. Industry must now lead and not depend on government."

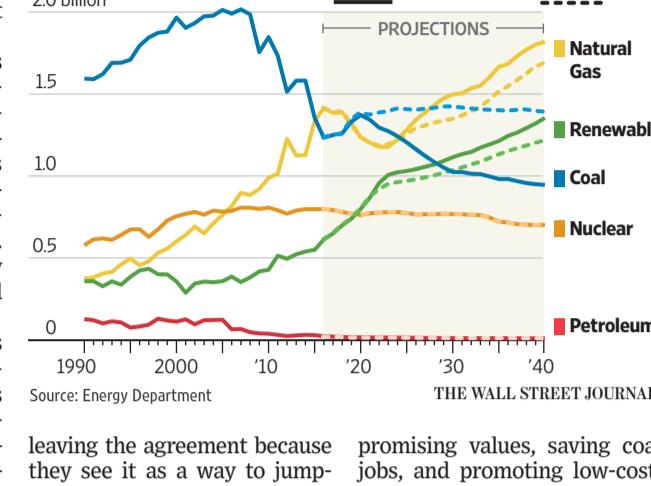
Ford Motor Co. said it was still committed to technology investments to make its vehicles emit less carbon dioxide, including shorter-term moves to improve the efficiency of the internal combustion engine, and longer-term plans to develop affordable fuel cells and enhanced batteries to create electric vehicles that can travel longer. Much of the auto industry is on a similar course.

Some companies support

First Step to an Exit

Before withdrawing the U.S. from the Paris Agreement, President Trump in March signed an order to roll back the Clean Power Plan, which sought to cut power-plant carbon-dioxide emissions. That move is likely to have little impact on the long-term U.S. energy mix.

U.S. net electricity generation by source, in megawatt-hours



THE WALL STREET JOURNAL.

leaving the agreement because they see it as a way to jump-start industries weighed down by environmental regulations. Murray Energy's controlling owner, Robert Murray, has been a strong backer of Mr. Trump. "In following through on his promise, President Trump is supporting America's uncom-

promising values, saving coal jobs, and promoting low-cost, reliable electricity for Americans and the rest of the world," he said.

Peabody Energy Corp., a coal producer in St. Louis, supported the decision. "We believe that abiding by the accord, without significant changes, would

have substantially impacted the U.S. economy, increased electricity costs and required the power sector to rely on less diverse and more intermittent energy."

Adam Green, an analyst for World Steel Dynamics, a steel-industry consulting firm, said Mr. Trump's decision won't immediately affect the industry, but "it lifts some of the veiled uncertainty" about the cost of complying with future regulations.

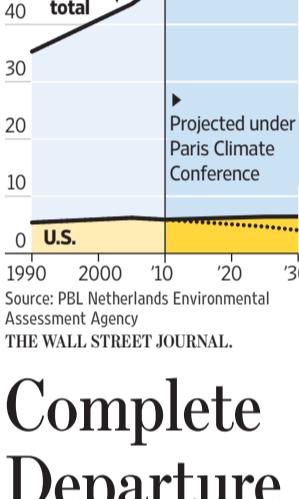
U.S. energy-related carbon emissions are at their lowest level since 1992, according to federal statistics. This is mostly because the U.S. electricity system has replaced a large amount of coal-fired power with natural gas and renewables.

American Electric Power Co., one of the largest utility companies in the U.S., has been shifting toward more gas, wind and solar because the moves are popular with customers and provide increasingly inexpensive power, said Chief Executive Nick Akins. He said it was a mistake for the U.S. to exit from the agreement.

—Thomas Gryta, Bradley Olson, Timothy Puko and Bob Tita contributed to this article.

Emissions Gap

Global emissions, in billions of metric tons of CO₂ equivalent



IMPACT

Continued from Page One

Trump's announcement, Tesla Inc. Chief Executive Elon Musk and Walt Disney Co. CEO Robert Iger said they would withdraw from the president's advisory councils.

Some big companies said exiting the deal would have little immediate impact on their investments and strategies because they are facing customer and shareholder demands to reduce greenhouse-gas emissions. They also operate in other countries, and in U.S. states, where climate rules remain a fact of life, so they continue to face government pressure.

The decision on the climate deal came after months of tense debates within a divided West Wing and intense speculation in the 48 hours leading up to the announcement.

Secretary of State Rex Tillerson pressed the president to keep the U.S. in the Paris accord, as did Defense Secretary Jim Mattis and leaders at the Pentagon, who have long viewed combating climate change as a matter of national security.

Senior adviser Steve Bannon and Environmental Protection Agency Administrator Scott Pruitt led the internal push to persuade Mr. Trump to follow through on his campaign promise to withdraw from the Paris accord. Following the president's speech, Mr. Pruitt closed out the ceremony by praising Mr. Trump for his "unflinching commitment to put America first," and he characterized the withdrawal as a "historic restoration of American economic independence."

Lawmakers' reactions split largely along party lines, with many Republicans saying Mr. Trump's decision would unshackle domestic industry and create jobs.

Senate Majority Leader Mitch McConnell (R., Ky.) said Mr. Trump's decision dealt "another significant blow to the Obama administration's assault on domestic energy production and jobs."

But many Democrats criticized the Paris exit, saying Mr. Trump was relinquishing leadership on an important issue.

Sen. Chuck Schumer of New York, the chamber's Democratic leader, said the decision to withdraw was a "devastating failure of historic proportions."

EXIT

Continued from Page One

smaller competitors far more than Exxon or its peers. Big oil's wells are in large fields near pipelines where the methane already can be captured and turned into fuels.

Finally, Exxon shareholders, a majority of whom voted this week on a nonbinding proposal calling for it to reveal the impact of complying with climate-change rules, might have been placated.

The trajectory of U.S. greenhouse gas emissions under President Donald Trump's policies may be surprisingly mild.

Under the auspices of the Paris agreement, the Obama



A rift in Antarctica's Larsen C ice shelf has been expanding in recent months.

Exit Draws Rebuke, Resolve Abroad

PARIS—World leaders vowed to stick with the 2015 Paris accord without the U.S., amid concerns about the deal's long-term political support and the need to replace billions of dollars that Washington had pledged in climate-change finance.

A chorus of leaders Thursday criticized President Donald Trump's decision. French President Emmanuel Macron, German Chancellor Angela Merkel and Italian Prime Minister Paolo Gentiloni spoke by phone after Mr. Trump's speech. The three leaders issued a statement saying the Paris accord is "irreversible."

In a statement, Japan's government called the U.S. move

"regrettable," but its environment minister was more candid at a news conference. "It's as if they've turned their backs on the wisdom of humanity," Koichi Yamamoto told reporters.

Vows from Beijing, Paris and other capitals to defend the international agreement might keep it on track in the short term. But officials and analysts say the deal's long-term future is in danger.

"You can't pick up the slack of the world's second-largest emitter," said Paul Bodnar, who led the climate finance negotiations for the U.S. in Paris.

The U.S.'s willingness under the Obama administration to propose major emissions reductions and put money on the table helped solidify global consensus behind the deal. It also helped persuade politicians

world-wide of the need to seek more ambitious cuts and channel more money into the fight against global warming, officials and experts say.

The U.S. joins war-torn Syria and Nicaragua as the only nations not participating in the deal.

A pillar of the deal called for wealthy nations to provide at least \$100 billion a year in financing to developing countries. The goal was to shift the entire course of economic development in poorer nations, directing them to renewable energy before they become dependent on fossil fuels.

Governments acknowledged that rich nations need to mobilize significantly more than \$100 billion each year to ensure that emissions in poor nations don't soar as their economies grow.

—Matthew Dalton

cording to a person familiar with the internal deliberations that pitted Messrs. Bannon and Pruitt against much of Mr. Trump's economic and national-security advisers, as well as his own family.

But the president was resolute, telling his team that there were too many costs and that the U.S. would no longer be laughed at for participating in such deals, a person familiar with the matter said.

He said he wanted to deliver a campaign promise to "my people," meaning his base of voters, this person said. "He

looked at this like it was a union deal—slap them in the face, and then renegotiate," the person said.

Mr. Obama issued a statement Thursday standing by the Paris accord and the U.S. role in forging it.

Renegotiating the agreement or entering under new terms could be very difficult in practice, since nearly all nations agreed on the deal in 2015, and leading economies have said they would continue with the original deal if the U.S. leaves.

Other countries—led by European nations—place a much

JOHN SONNIT/AGENCE FRANCE PRESSE/GETTY IMAGES

higher importance on cooperation to curb climate change, so Mr. Trump's move could reduce his flexibility in working with world leaders, especially if the withdrawal from the Paris agreement affects public attitude toward the U.S.

"It will undercut the trust that other countries have in the U.S. in entering into agreements—trade agreements, agreements on security issues, you name it," said David Waskow, director of the international climate initiative at the World Resources Institute, an environmental think tank.

Backing away from climate commitments could also shift some investments in potentially lucrative green-energy technology away from the U.S. and toward economic rivals, including China, which pledged massive investment in renewable energy through the pact.

"It is going to lead to major corporations and nations partnering with China," said Paul Bledsoe, a former climate official in the Clinton administration and lecturer at American University in Washington.

A Trump administration official said Thursday the president is sincere in supporting a possible renegotiation of the deal or a process for the U.S. to re-enter under different terms, which could include less ambitious emissions targets, but offered little additional clarity on what concessions might satisfy the administration and how it planned to engage the nearly 200 countries involved in a renegotiation.

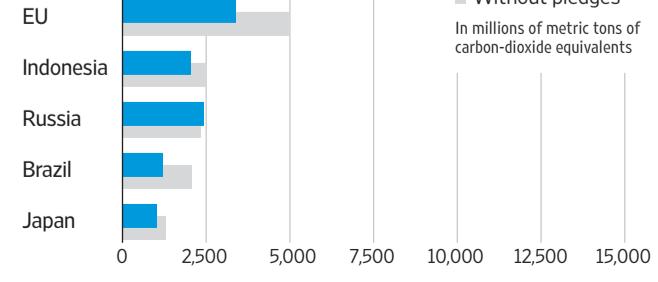
The Paris accord allowed participating countries to determine their own set of emissions targets and plans to reach them with the broader goal of keeping average global temperatures from rising more than 2 degrees Celsius, or 3.6 degrees Fahrenheit, above preindustrial levels. That level is considered by climate scientists to be the danger threshold, beyond which damage to the planet would become irreversible.

The U.S. had pledged to cut greenhouse-gas emissions by 26% to 28% from 2005 levels by 2025. The U.S. is the world's second-largest emitter of carbon, behind China, which has reaffirmed its own commitment to meeting its targets under the Paris accord.

—William Mauldin, Russell Gold, Janet Hook and Michael C. Bender contributed to this article.

Air of Uncertainty

Projected 2030 emissions with pledges made in the Paris climate accord



Source: Michel den Elzen, PBL Netherlands Environmental Assessment Agency

THE WALL STREET JOURNAL.

administration pledged to reduce U.S. greenhouse gas emissions to between 26% and 28% below the 2005 level by 2025. Much of that already is well under way, though, as a result of factors outside of any president's control: slower growth following the financial crisis, the shale gas revolution that has replaced a third of coal use and shifting driving habits.

The Rhodium Group calculates that the U.S. still will come close to a 17% reduction in greenhouse gas emissions as soon as 2020 but then stall.

Other policies will do relatively little to meet climate goals. For example, state and federal tax breaks encourage electric-vehicle sales, but they are just 1% of all passenger vehicles sold today. Even if they

reach 5% of all vehicles on the road by 2025, the reduction in total U.S. greenhouse gas emissions would be about half a percentage point, holding all else equal.

Other Obama policies may not have been as effective as they seemed. Natural gas should continue to replace older coal plants as long as the relative prices of the fuels remain around today's levels, though perhaps more slowly than before. And auto makers would likely have negotiated loopholes in efficiency rules.

There is little doubt that some U.S. industries can celebrate, but governments around the world, and even in some U.S. states, may force U.S. companies to adhere to stricter rules anyway.

WORLD NEWS

U.K. Polls Tighten as Snap Election Nears

Prime minister's hope for an easy win appears shakier amid slips and strong Labour push

By JASON DOUGLAS

LONDON—For British Prime Minister Theresa May, what looked like a sure thing is starting to look more like a gamble.

When she called an election on April 18, some opinion polls showed her Conservative Party leading the main opposition Labour Party by more than 20 percentage points. That would have expanded her working majority in the House of Commons from 17 seats to as many as 150.

Just a week before the vote, many of those polls show that lead has shrunk to single digits—though none point to an outright Labour win. On Thursday, polling firm YouGov PLC said her advantage had dwindled to 3 percentage points and suggested her party could lose seats. That would deprive her of the solid majority she says is essential in looming Brexit talks with the European Union.

Failing to win big would be a blow for the prime minister,



Prime Minister Theresa May's call for a June 8 vote looks like more of a gamble than it did in April.

Labour's manifesto was packed with policies with broad appeal, especially to those who voted Labour in the past but hadn't made up their minds. The party said it would nationalize railways and pay for college tuition and child care.

At campaign stops and on television debates, Mr. Corbyn's avuncular style contrasted with Mrs. May's stilted performances and her repetition of her mantra of "strong and stable government."

Her opponents have seized opportunities to turn Mrs. May's emphasis on leadership against her. "The first rule of leadership is to show up," said Caroline Lucas, co-leader of Britain's Green Party, at a television debate Wednesday night attended by all party leaders except Mrs. May.

YouGov's poll was accompanied by an analysis projecting the makeup of the next Parliament based on a separate and continuing survey of as many as 50,000 voters. Its modeling suggested the Conservatives are on course to win 317 seats at the June 8 vote. That is 13 fewer than the party currently holds and short of the 326 needed to secure a majority in the 650-

who led her party into this election hoping to exploit the apparent unpopularity of Labour and its leader, Jeremy Corbyn, a veteran left-winger beloved by young activists but less popular than Mrs. May among most voters.

"If it looks like it was in the bag and it was mishandled, then that's not going to give

her the same authority within the party," said Anthony Wells, director of political and social research at YouGov.

Mrs. May's failure to maintain her lead in the polls is the result of Conservative missteps and a better-than-expected public reception for Labour, analysts say.

The prime minister began

her campaign by contrasting her government experience with Mr. Corbyn's lack of it. But her party's manifesto, published in the week before a suicide bomber killed 22 in Manchester, was poorly received. The slip was blamed on a complex plan to finance elderly care, a proposal that graying voters found lacking.

seat House of Commons.

YouGov cautioned that the projection is a median estimate and the same modeling yielded a range of gains and losses for the Conservatives, from a low of 285 seats to a high of 353.

The election will also be seen as a fresh test for pollsters in Britain, who have been revamping their methods after Mrs. May's predecessor, David Cameron, defied expectations to win a comfortable victory in 2015. Polls also underestimated the strength of voters' support for Brexit ahead of last year's referendum.

A multitude of other surveys published by rival polling firms show a wide variation, with a Panelbase survey Thursday giving the Conservatives an eight-point lead. Analysts say the variation reflects differences in how results are weighed to reflect factors including voter turnout among different groups.

With her poll lead slipping, Mrs. May has tried to play down the surveys.

"There's only one poll that matters and that's the poll that's going to take place next Thursday," Mrs. May said in northeast England on Thursday.

Europe's Effort to Seize the Moment Won't Be Easy

By MARCUS WALKER

The European Union is back in vogue, as a recovering economic region and as a rallying cry for voters and politicians.

The question is whether the bloc can turn its new standing into action, or whether old differences will hobble plans to make the EU more effective at home and abroad.

Only a few months ago, Europe's political establishment feared the nationalist wave that helped to power Donald Trump into the White House and the U.K. toward Brexit might spread to the continent.

Instead, strongly pro-EU candidates did unexpectedly well in French and Dutch elections. Emmanuel Macron's triumph in the French presidential race has also changed the tone in Germany's election campaign, where establishment parties have gone from barely mentioning Europe to competing to praise it.

The French and German governments are talking of seizing the moment to strengthen the EU and its currency, the euro. Excited EU officials in Brussels are dusting off proposals for deeper union. Some Eurocrats even think the challenges from Mr. Trump and Brexit have created an opportunity to make Europe



Italian Prime Minister Paolo Gentiloni, German Chancellor Angela Merkel and French President Emmanuel Macron at the G-7 last week.

great again.

This week, the new mood peaked in a Munich beer tent, where German Chancellor Angela Merkel called for European self-help and voiced her voters' disillusion with the direction of the U.S. under Mr. Trump. "We must fight for our future ourselves as Europeans, for our destiny," she said, while counting somewhat less on the U.S. to manage interna-

tional order.

Ms. Merkel's terse, much-parsed comments drew three circles around Germany: a core EU family that must stick together; American and British friends who are less reliable than in the past; and other neighbors such as Russia, with which Europe should work where possible.

The chancellor has said before that Europe must do more

to help itself. But her words on Sunday sounded like a break from the traditional view of Atlanticist Germans such as herself, who have long seen the alliance with Washington and the partnership with Paris as equally important. On Monday she reverted to a more familiar stance, calling the trans-Atlantic alliance "of paramount importance." Her mixed messages reflect

a dilemma for Germany and Europe as a whole. EU capitals may believe the U.S. is retreating from consistent global engagement—a long-term trend reflecting a more multipolar world and changing U.S. domestic politics. But that doesn't mean the EU is ready to fill the gaps, even in its own neighborhood.

The EU is strong enough to negotiate pacts with countries

in Asia or Latin America that expand its ties with world markets even if the U.S. turns against multilateralism. But the painstaking negotiation of trade agreements isn't the major political project that the EU is looking for to prove it is regaining its mojo.

"There is a clear sense that Germany and France must demonstrate to everybody that they are leading in Europe and investing in the EU," says Ulrich Speck, senior research fellow at the Elcano Royal Institute, a Spanish think tank. "But there are not many joint projects."

Many of the latest proposals focus on the euro. Europeans widely agree the currency union is incomplete, but they don't agree about what is missing. France and southern countries continue to believe the eurozone needs more common financial resources to boost growth and protect weaker countries against slumps. Germany and its northern allies think pacts on fiscal discipline and market-friendly overhauls need stricter enforcement.

Given the differences, ambitions for a common eurozone treasury or collective bond issuance are probably "pie in the sky," said Mujtaba Rahman, head Europe analyst at Eurasia Group, a political-risk consulting firm.

European, Chinese Leaders Meet to Boost Ties

BRUSSELS—European Union and Chinese leaders gathered here on Thursday to strengthen ties amid increasingly tense relations with the U.S., but a brewing fight over investments bedevils their efforts to tighten economic links.

Chinese Premier Li Keqiang will seek joint responses to global issues and firmer bilateral relations during a two-day summit.

The EU and China are set to claim a quick diplomatic win on climate change—doubling down on the Paris agreement following President Donald Trump's decision to withdraw from the pact. They are expected to address foreign-policy issues, such as tensions over North Korea's effort to acquire nuclear arms.

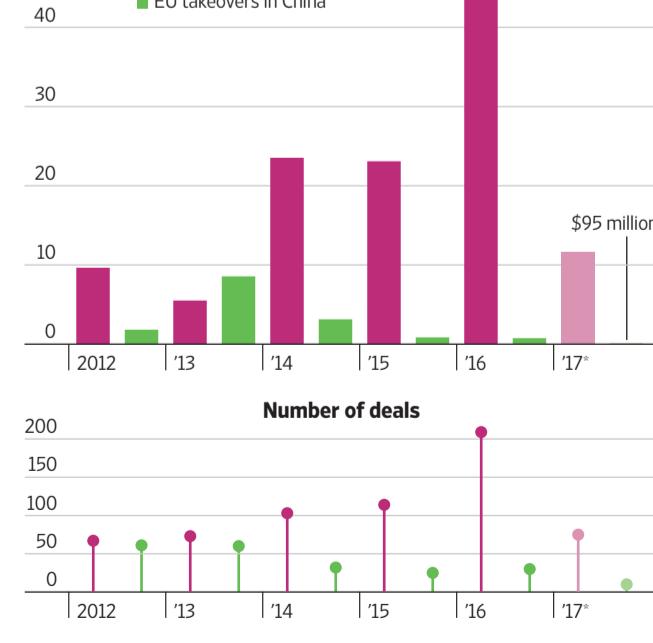
Ahead of the summit, EU officials warned that progress would likely prove elusive on improving European access to the Chinese market almost four years after Brussels and Beijing began negotiating an investment agreement.

Beijing's trade restrictions have crippled European investment in China during that period, while Chinese companies invested a record \$48 billion in EU companies last year. That is fueling a protectionist backlash from EU governments and lawmakers, who are calling on the European Commission, the bloc's executive, to establish a mechanism to review foreign investments in Europe.

"Trade with China has to be based on reciprocity," European Trade Commissioner Cecilia

Shopping Spree

Chinese are investing heavily in European companies while Beijing's restrictions keep EU firms at bay.



*Year to date Source: Dealogic

Malmström said this week at the European Parliament, where lawmakers raised concerns about the uneven playing field. "We hope to make progress."

This year there have been louder calls for the creation of a European version of the Committee on Foreign Investment in the U.S., which reviews, investi-

gates and controls sensitive foreign investments.

Germany, France and Italy asked Ms. Malmström in February to consider a blocwide response to non-EU investors acquiring European companies with breakthrough technologies.

—Emre Peker

and Natalia Drozdiak

Macron Ally Faces Probe Into His Past Work

By WILLIAM HOROBIN

PARIS—A French prosecutor opened a preliminary inquiry into the past business dealings of one of Emmanuel Macron's ministers and closest allies.

The probe will examine whether Housing Minister Richard Ferrand—who ran Mr. Macron's presidential campaign—damaged property or violated rules of probity during his term as an executive at health insurer Mutuelles de Bretagne, said Eric Mathias, a prosecutor in Brest, the town where the company is based.

The preliminary probe comes after satirical weekly *Le Canard Enchaîné* reported that Mr. Ferrand's companion won a contract to rent a building to Mutuelles de Bretagne in 2011 when Mr. Ferrand headed the insurer. Other French media reported Mr. Ferrand continued to work as a consultant for Mutuelles de Bretagne while serving as a lawmaker.

A spokeswoman for Mr. Ferrand didn't respond to requests to comment on Thursday. Mr. Ferrand has confirmed the rental agreement and his employment history, but denies any wrongdoing or illegal activity.

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WORLD NEWS

Trump Keeps U.S. Embassy In Tel Aviv

BY FELICIA SCHWARTZ

WASHINGTON — President Donald Trump renewed a waiver that keeps the U.S. Embassy in Israel in Tel Aviv instead of moving it to Jerusalem, the White House said.

Mr. Trump had promised on the campaign trail and during the transition that he would move the embassy in Israel to Jerusalem and recognize the city as Israel's capital in what would be a major reversal of longstanding U.S. policy.

Mr. Trump faced a June 1 deadline to sign the waiver, or else be legally obligated to move the embassy under a 1995 law.

The White House on Thursday said Mr. Trump decided to sign the waiver to "maximize the chances of successfully negotiating a deal between Israel and the Palestinians, fulfilling his solemn obligation to defend America's national security interests."

Mr. Trump will next have to decide whether to sign a waiver in six months.

"As he has repeatedly stated his intention to move the embassy, the question is not if that move happens, but only when," the White House said, adding that Mr. Trump's decision shouldn't be considered "to be in any way a retreat from the president's strong support for Israel and for the United States-Israel alliance."

Israeli Prime Minister Benjamin Netanyahu's office on Thursday urged the U.S. to move its embassy to Jerusalem, which Israel claims as its undivided capital.

The Palestinian representative to the U.S., Husam Zomlot, said the decision "is in line with long-held U.S. policy and it gives peace a chance."

—Rory Jones in Tel Aviv contributed to this article.

Russia, Saudis Look to Boost Ties

ST. PETERSBURG—Russia and Saudi Arabia are taking steps to deepen their economic and political ties, after an alliance between the world's two biggest oil exporters cemented a deal last week to keep withholding output and boost crude prices.

By Elena Cherney,
Margherita Stancati
and James Marson



Vladimir Putin, left, with Deputy Crown Prince Mohammed Bin Salman at the Kremlin on Tuesday

Russian and Saudi officials, including Saudi Arabia's Deputy Crown Prince Mohammed Bin Salman and Russian President Vladimir Putin, have held a series of meetings in Moscow and St. Petersburg this week to discuss potential business deals and broader political and security concerns, including clashing positions on Syria and Iran.

The official Saudi Press Agency reported that Mr. Putin and the prince discussed the oil agreement, the Syrian conflict and ways to counter extremism in Central Asia during a Tuesday meeting in Moscow.

Russian and Saudi Arabian business leaders have also met to discuss potential deals including possible joint ventures in Asia and exports of Russian

liquefied natural gas, or LNG, to Saudi Arabia, said Khalid al-Falih, Saudi Arabia's minister of energy, industry and mineral resources, in an interview Thursday in St. Petersburg, on the sidelines of a conference. A spokesman for Russia's energy minister confirmed that discussions are taking place.

The talks follow last week's show of unity between the two energy powers in Vienna at the meeting of the Organization of Petroleum Exporting Countries. Russia isn't a member of

the 14-nation oil cartel, as Saudi Arabia is, but its support was critical in reaching a deal among the 24 OPEC and non-OPEC producers to keep output limits in place until March.

Russia and Saudi Arabia have not traditionally been allies or major trading partners, and major divides remain between the two countries. In Syria, they back opposite sides of the war, with Moscow supporting Syrian President Bashar al-Assad and Riyadh supporting the rebels trying to oust him.

Iran, Saudi Arabia's rival, also backs the Assad regime.

The oil-price collapse and efforts by OPEC to counter a global supply glut have brought the two countries closer.

"Our interests don't just cross but align," Mr. Falih said, adding the countries had a "quiet back-channel dialogue for some time" before nailing down an agreement on oil-production policy last year at the Group of 20 summit of industrialized nations in China.

Some observers suggested the alliance between the Saudis and Russians, driven as it has been by oil, may not outlast the current oil-price crisis.

"It's a tactical alliance rather than a long-term strategic alliance, as both countries need an oil price of \$50-\$55 per barrel for their budgets," said Tatiana Mitrova, director of the Skolkovo Energy Center in Russia. "Every \$3-\$5 matters," she said.

For Russia, the cooperation with Saudi Arabia on output cuts is driven by a need to plug gaps in the federal budget, which depends on energy for around one-third of revenue. Saudi Arabia's finances have also been punished and have pushed the kingdom to reduce some subsidies and benefits.

Mr. Falih, who is also the chairman of state-oil company Saudi Arabian Oil Co., said the cooperation was broad and could lead to long-term business deals.

Prince Mohammed's Moscow meeting with Mr. Putin comes just over a week after President Donald Trump's two-day visit to Saudi Arabia, a trip that signaled the new administration's firm backing of its Arab allies against Iran.

Afghan Leader Orders Jailed Militants Executed

By JESSICA DONATI
AND HABIB KHAN TOTAKHIL

Afghan government's foreign supporters also would be held responsible.

Mr. Ghani took the step as funerals were held across the capital for many of the more than 90 people killed in Wednesday's attack and as public anger swelled over the failure of the government to protect Kabul's residents.

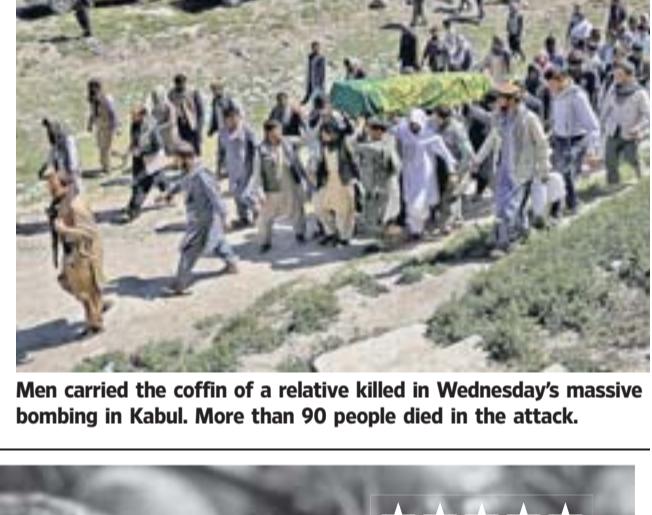
Near the location of the blast, mourning gave way to protest as a small group of demonstrators called on senior officials of the U.S.-backed government to resign in the wake of the attack.

The truck bomber struck just outside the area where most foreign embassies and

military bases in Kabul are located, and marked the first time Afghan militants had succeeded in hitting close to the so-called Green Zone, though authorities were uncertain what, exactly, the bomber was targeting.

Most of the dead and more than 400 people wounded were Afghans on their way to work.

The Haqqani network, which the Afghan intelligence agency accused of being behind Wednesday's bombing, is a branch of the Taliban. The Taliban said they didn't carry out the attack and didn't comment on whether the Haqqani network had played a role in it.



Men carried the coffin of a relative killed in Wednesday's massive bombing in Kabul. More than 90 people died in the attack.

Canada Vows to Aid Lumber Sector

BY PAUL VIEIRA

OTTAWA—Canada said it would make nearly 900 million Canadian dollars (\$US\$666 million) available to help mitigate the impact on workers and companies from U.S. tariffs recently imposed on Canadian softwood lumber.

The relief comes just over a month after the U.S. Commerce Department imposed duties of roughly 20% on Canadian lumber typically used to help build homes, after a probe found producers in Canada benefited unfairly from government subsidies.

At a news conference, Cana-

The offer of financial relief follows a U.S. move to put tariffs on Canadian softwood.

the Commerce Department.

The bulk of the C\$867 million Ottawa is making available will be through loans and loan guarantees to help forestry firms.

An analysis by the Conference Board of Canada, an Ottawa think tank, estimates the Canadian forestry sector stands to lose up to 1,900 jobs due to the U.S. tariffs.

"We are standing up to the U.S. and we are standing up for Canadians," said Jim Carr, Canada's natural resources minister.

The U.S. Lumber Coalition alleged the Canadian aid "further tilts the trade scale in Canada's favor" and threatens about 350,000 U.S. jobs.

dian officials reiterated their opposition to the U.S. duties, and talks between Washington and Ottawa continue. "We are not at a stage where we are close" to a deal, said Chrystia Freeland, Canadian foreign minister.

Last year, the U.S. imported about US\$5.6 billion in Canadian softwood lumber, according to

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WORLD NEWS

Philippines Struggles With Rebels

Military accidentally kills 11 soldiers in bombing of Islamist bastion of Marawi

By JAKE MAXWELL WATTS

Philippine troops accidentally killed 11 of their comrades as they battled Islamist militants, the latest in a series of incidents illustrating how the military is struggling to contain the threat of rebel groups.

Soldiers are fighting street by street in the southern city of Marawi with the Muslim-extremist Maute group, which raised the black Islamic State flag there more than a week ago after authorities attempted and failed to arrest the leader of an allied faction.

The friendly fire incident announced Thursday, in which an airstrike Wednesday used unguided ordnance after the military ran short of guided missiles, came as the government said eight of the militants killed in fighting there were citizens of Saudi Arabia, Yemen and other foreign countries. That announcement bolstered fears that the complexion of the Philippines' militant uprising was becoming increasingly international, as Islamic State, also known as ISIS, loses territory in Iraq and Syria.

The threat is all the more severe given the longstanding failure of the Philippine military to eradicate the many extremist groups that recruit from the poor, marginalized Muslim communities in the jungles of the southern island of Mindanao. The region, which includes Marawi, has spawned and supported myriad insurrections dating back to at least the 1970s. Successive governments have promised to bring peace to Mindanao, but none have.

Security experts fear that disparate extremists are coalescing in Mindanao under the Islamic State banner, establishing themselves in a country with a weak rule of law, thriving illegal arms trade and ready supply of brutal criminal factions.

"It's not just Mindanao per se that is threatened," said Kumar Ramakrishna, a security expert at the S. Rajaratnam School of International Studies in Singapore. The rest of

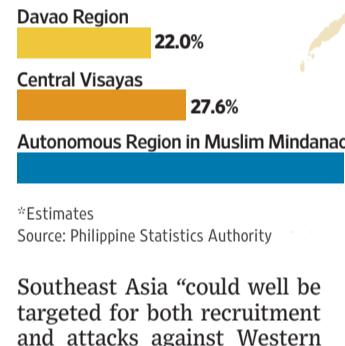


Philippine troops search for residents trapped in Marawi, parts of which were seized by militants more than a week ago.

Regional Inequality

Mindanao's Muslim-majority areas, where a militant uprising is underway, is far poorer than the main tourist and metropolitan areas of the predominantly Catholic Philippines.

Percentage of the population living below the poverty line in 2015*



*Estimates

Source: Philippine Statistics Authority



Southeast Asia "could well be targeted for both recruitment and attacks against Western and allied interests."

The Philippine military has received training and advice from foreign powers such as the U.S. and Australia, but is ill-equipped to deal with such a

complex threat, analysts say.

Wednesday's deadly mishap increases by about half the government's casualties in the battle for Marawi, now at least 31. The incident also undermines the military's reassurances to civilians, told for more than a week that they are safe

36 Die in Attack At Manila Resort

Three dozen people suffocated to death Friday inside a major hotel-and-casino resort in the Philippine capital after a gunman torched part of the complex and tried to make off with more than \$2 million in casino chips, investigators said.

The attacker later killed himself by setting himself alight, police said.

Manila's Metropolitan Police Chief Oscar Albayalde told CNN Philippines responders found the bodies of 36 people who had died of smoke inhalation.

The attack began just after midnight when the gunman

entered the Resorts World Manila complex, firing shots in the air. Television images showed thick smoke billowing from the top of the building and people being taken from the complex on stretchers.

Witnesses told local media that more than one attacker was involved, contradicting the police's insistence that there was only one gunman.

One casino employee, speaking to radio station DZMM, described seeing a gunman pouring liquid on a casino table and setting it on fire as guests fled.

Police said robbery appeared to be the motive and there was nothing to suggest terrorism.

—James Hookway

from its "precision" airstrikes and mortar fire.

"While we mourn the loss of our valued men, we will attend to their bereaved families and provide comfort and solace to them during this trying time," the armed forces said in a statement.

Many of the extremist fighters involved in clashes with the military, meanwhile, live to fight on. Of the estimated 500 fighters officials say occupied Marawi more than a week ago, many are thought to have slipped away past military checkpoints.

Courts Step Up Sentences For Graft

By Eva Dou

BEIJING—Chinese courts sentenced an unusually large number of senior officials on corruption charges this week—a visible stepping up of the government's yearslong antigraft campaign ahead of a leadership transition.

Officials sentenced on Wednesday included former provincial vice governors, senior bureaucrats and ex-chiefs of major state enterprises, state media reported. Deposed Wuhan Iron & Steel Chairman Deng Qilin got 15 years in prison for accepting money for business favors and promotions. China Telecom's Chang Xiaobing received a six-year sentence for taking bribes. Wang Baan, a former head of the statistics agency, was given a life sentence, also for bribery.

And on Thursday, Song Lin, the ousted chairman of major state-owned enterprise China Resources Holdings Co., joined the list. He received a 14-year prison sentence for embezzlement and bribery.

None of those sentenced could be reached to comment. They were given separate trials and state media accounts didn't say if any of the cases were connected. None have publicly commented since being taken into custody, in some cases as long as two years ago.

A social-media account connected to the Communist Party commission that oversees law enforcement called Wednesday the single biggest day of judgment for high-level officials since President Xi Jinping came to power nearly five years ago. By punishing so many top officials in one day, some analysts said, Beijing is making a point that there would be no letup in the corruption crackdown, which is Mr. Xi's signature achievement in domestic policy.

"The point of these heavy sentences now is perhaps a warning to all the political elite that the current leadership can take down and severely punish anyone who does not toe the line," said Victor Shih, a professor of political economy at the University of California at San Diego.

Beijing has urged loyalty to the party and to Mr. Xi in the run-up to a congress that will reassess positions in the leadership later this year. While Mr. Xi is all but certain to be given a second five-year term at the gathering, he is trying to increase his clout—and diminish his rivals—by elevating allies into key posts.

Zhu Lijia, a professor at the Chinese Academy of Governance, said authorities are eager to deliver results from the anticorruption campaign before the end of Mr. Xi's first term.

One of Mr. Xi's biggest coups in the crackdown was the prosecution of former state security czar Zhou Yongkang, the highest-ranking party member deposed for corruption in decades.

In touting Wednesday's punishments, the publishing arm of the Central Political and Legal Affairs Commission said on social media that two of the officials sentenced took more in bribes than Mr. Zhou: Mr. Wang, the former statistics chief, who allegedly received 153 million yuan (\$22.5 million), and Lu Ziyue, the former mayor of Ningbo, who was alleged to have taken 148 million yuan.

China's Propaganda Machine Elevates President

By CHUN HAN WONG

BEIJING—Since Chairman Mao's days, China's most powerful leaders have been exalted as its greatest thinkers.

Today, President Xi Jinping appears primed to join those elite ranks, a sign of his rising clout ahead of a pivotal Communist Party leadership shuffle this fall.

A crescendo of state-backed publicity and research on Mr. Xi's policies this year bears the hallmarks of a campaign to proclaim him a great socialist thinker, whose ideas are driving China's renaissance as a global power.

The aim, China watchers say, is to enshrine a set of Mr. Xi's theories in the Communist Party charter, cementing his unrivaled authority and casting him as worthy successor to Mao Zedong, the revolutionary, and Deng Xiaoping, the reformer.

"Mao saved China from bulies, Deng saved China from hunger," said Deng Yuwen, a former deputy editor of the Study Times, a newspaper

published by the elite Central Party School. "Now Xi wants to restore China's greatness and self-confidence, and make it a leader of the world."

In recent months, senior officials have touted Mr. Xi's "new concepts, new thoughts and new strategies on governance" as a landmark contribution to Chinese socialism. Party academics have praised the president's philosophies in fighting corruption, instilling party discipline, overhauling the economy and military, and asserting China's power abroad.

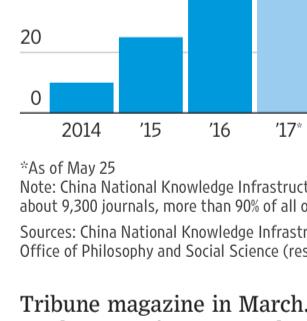
Articles discussing "Xi Jinping Thought on Governance" have proliferated in party publications and academic journals. Government planners are funding more research into Mr. Xi's theories. And state media have churned out portrayals of Mr. Xi as a visionary statesman who has "roused the Chinese lion."

Mr. Xi's governance ideas are "centered on the goal of realizing the China Dream" of national rejuvenation, Central Party School Prof. Yan Shuhuan wrote in the party-run People's

In Theory

Chinese President Xi Jinping's theories on governance have attracted growing media and academic attention ahead of a pivotal leadership shuffle later this year.

References to 'Xi Jinping Thought on Governance' in media and academic headlines

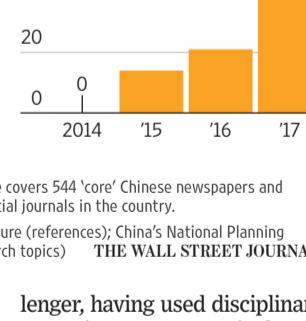


*As of May 25

Note: China National Knowledge Infrastructure covers 544 'core' Chinese newspapers and about 9,300 journals, more than 90% of all official journals in the country.

Sources: China National Knowledge Infrastructure (references); China's National Planning Office of Philosophy and Social Science (research topics)

Research topics linked to Xi's theories eligible for grants from the National Social Science Fund



tles signifying his dominance, becoming commander-in-chief of China's military and the party's "core" leader.

But Mr. Xi's bid to accrue accolades also suggests insecurity. Resentful simmering over his attacks on vested interests in government, state-owned industry and the military. Anxiety is deepening over China's economic vitality, amid rising debt levels and slowness in policy changes to reboot the economy.

In this regard, Mr. Xi's claims to philosophical prowess represent a concerted propaganda effort to boost his legitimacy, some observers say.

Neither the Chinese government's information office nor the party's Propaganda Department agreed to interview requests for this article.

Mr. Xi seems eager to outdo his recent predecessors and curb their influence, observers say. But amending the party charter requires broad consensus among the ruling elites, who are jostling for power ahead of this year's congress.

In touting Wednesday's punishments, the publishing arm of the Central Political and Legal Affairs Commission said on social media that two of the officials sentenced took more in bribes than Mr. Zhou: Mr. Wang, the former statistics chief, who allegedly received 153 million yuan (\$22.5 million), and Lu Ziyue, the former mayor of Ningbo, who was alleged to have taken 148 million yuan.

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By JONATHAN CHENG

SEOUL—South Korean President Moon Jae-in raised concerns with a visiting U.S. delegation about whether President Donald Trump would press Seoul to pay more for the American military presence here, and questioned how a controversial U.S. missile-defense system was deployed.

Mr. Moon's concerns, expressed in a meeting Wednesday with Sen. Dick Durbin of Illinois, the second-ranking Senate Democrat, hint at potential friction between the two allies as the South Korean leader prepares to meet Mr. Trump in Washington this month.

Expected to be high on the meeting's agenda, Mr. Durbin said, is the Terminal High-Altitude Area Defense, or Thaad, missile-defense system the U.S. has deployed in South Korea under Mr. Moon's predecessor. The two countries' defense ministers were also expected to discuss the matter this week in Washington.

"There is real uncertainty now about the future of the Thaad missile deployment," Mr. Durbin said in an interview after he and his aides met on Wednesday with Mr. Moon. "It appears the new president wants to take this through a political process."

Mr. Moon has said he

wanted to review the decision process. But he told Mr. Durbin that he didn't intend to reverse Thaad's deployment, according to an account from the presidential Blue House on Wednesday. Mr. Moon, according to the account, only wanted to ensure that the decision complied with procedure.

The missile-shield system has roiled South Korea's political scene for months. Former President Park Geun-hye was a strong Thaad supporter before she was impeached and removed from office.

During the election campaign, Mr. Moon criticized the deployment process, which he said wasn't trans-

parent, and pledged to would review it as president.

Then on Wednesday, the president's office accused the South Korean defense minister of deliberately withhold-

ing from the report to Mr. Moon the fact that additional Thaad components had arrived in the country. Mr. Moon said he was shocked by the discovery, his spokesman

said. The ministry hasn't addressed the accusation.

Mr. Durbin

IN DEPTH



Anbang Chief Executive Wu Xiaohui had gained a reputation as one of China's most aggressive deal makers before the company's recent retrenchment. As part of its Western buying spree, Anbang paid \$2 billion for New York's Waldorf Astoria hotel and \$5.5 billion for Strategic Hotels & Resorts. But the group has kept a low profile on deals so far this year, and has dropped at least two.

CHINA

Continued from Page One

Chinese companies have announced about \$49.5 billion of outbound investments so far this year through the end of May, less than half of what they had unveiled by the same time last year, according to Dealogic.

In April, China's LeEco Holdings, a conglomerate with ventures in video streaming, smartphones and driverless cars, said regulatory headwinds forced it to drop a \$2 billion acquisition of U.S.-based TV maker Vizio Inc.

China is still backing acquisitions abroad that are seen as strategically important. Last month, Beijing endorsed the country's largest-ever international deal, a \$43 billion takeover of agro-giant Syngenta AG by China National Chemical Corp., which should fortify China's role as a food power.

Some companies, such as aviation-to-hotels conglomerate HNA Group, have continued to fuel foreign investments by raising funds overseas.

But in other areas, especially insurance, Beijing is seeking to quell behavior it worries could lead to a shock to the country's financial system, especially using sales of high-yield products to fund big purchases of stocks, illiquid assets and overseas investments.

Preventing "systemic risk" in finance is a national-security priority, according to officials quoted in state media.

China's insurance regulator said in a statement on its website that the industry as a whole was sound and risks were under control, but that authorities "should not underestimate risks stemming from particular areas and some prominent risk elements." It didn't elaborate.

'Barbarian' Insurers

In May, the insurance regulator barred Anbang Life from seeking approval for new products for three months, and from selling two investment products.

The group has slowed the

pace of foreign acquisitions, stock purchases, plans for a global bond issue and a stock-market listing of Anbang Life Insurance Co., the group's biggest unit, according to public filings and people familiar with Anbang's dealings. Anbang Life has reported a sharp shift in sales from products regulators view as risky in favor of those classified as traditional insurance policies.

An Anbang spokesman said the firm is smoothly moving to more traditional products in response to regulators' guidance to the insurance industry. Anbang isn't attracting more scrutiny than any other insurer, he said.

Anbang blasted into the spotlight around the time of its \$14 billion bid for Starwood Hotels & Resorts Worldwide Inc., in March 2016, an offer it subsequently walked away from. Overseas, the bid drew attention to the group's opaque ownership structure, which includes 39 Chinese companies, some of which have shared contact addresses or legal representatives, according to online corporate registry filings viewed by The Wall Street Journal.

At home, Anbang faced questions from analysts and the press over whether the group, which had gone on an acquisition spree including \$2 billion for New York's Waldorf Astoria and \$5.5 billion for Strategic Hotels & Resorts Inc., was investing too much abroad.

The value of Anbang's stock holdings had risen to 170 billion yuan (\$24.7 billion) by the end of 2015 from 27 billion yuan two years before, according to data provider Wind Information Co., and it had become a top-10 shareholder in all four of China's big state banks.

By the end of last year, that total had risen to 203 billion yuan even as the market fell 12% and China's securities regulator said at a meeting of Chinese asset managers that "barbarian" insurers were using money from premiums to attempt leveraged buyouts. Anbang wasn't named.

China's insurance regulator said in a statement on its website that the industry as a whole was sound and risks were under control, but that authorities "should not underestimate risks stemming from particular areas and some prominent risk elements." It didn't elaborate.

The group has slowed the

Short-term gains

Continued from Page One

sweat with their future boss or be judged on how much they can bench press.

Laura Yecies enjoys hiking, just not in high heels, part of the business outfit she wore for a job interview at a software company in California's Bay Area. The chief executive asked her on an hourlong "walking interview" through town, she said.

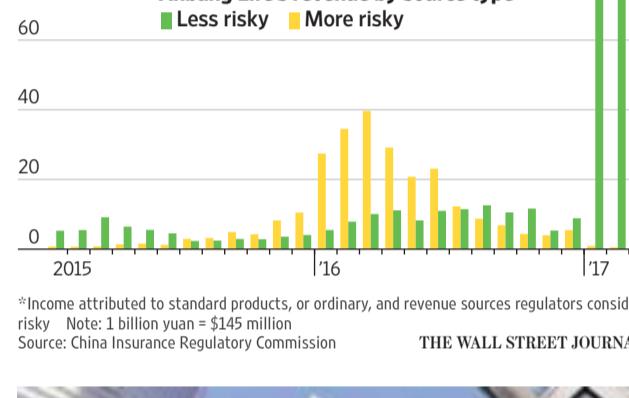
"There was no warning or heads up," said Ms. Yecies. "If I said no, he would think I was a wimp." She went but later decided she didn't want the job—in part because she didn't think she would enjoy working for the CEO.

Ms. Yecies, now the chief operating officer of a technology company, said she keeps her work and exercise separate.

Such jaunts are a side effect of a broader corporate move to encourage employees to take better care of themselves. More than a quarter of U.S. companies have on-site fitness centers, according to the Society for Human Resource Management.

Big Switch

Products deemed by regulators to be less risky now account for the lion's share of revenue at Anbang's life-insurance unit. Before a regulatory crackdown, those considered risky made up a bigger share.



*Income attributed to standard products, or ordinary, and revenue sources regulators consider risky. Note: 1 billion yuan = \$145 million
Source: China Insurance Regulatory Commission



THOMAS PETER/REUTERS; DREW ANGERER/GETTY IMAGES; (WALDORF ASTORIA); RICHARD DREW/ASSOCIATED PRESS 665 FIFTH AVE.

used to sell the policies. The sheet didn't say anything about returns after that.

Another, Anbang Longevity Happiness No. 5 Annuity Insurance, one of the two products blocked by regulators last month, ostensibly had a 15-year term, according to an Anbang salesman. Chinese insurance regulators claimed it was effectively a two-year investment product.

Anbang declined to comment on its products.

For the past few years, analysts say, Anbang had been raising cash from sales of such high-yield products and plowing the money into its multibillion-dollar acquisitions and share purchases.

At Anbang Life, new sales of such high-yield products rose to as high as 39.7 billion yuan (\$5.8 billion) in March 2016, 48 times what they were a year before, according to data from the regulator. Those products accounted for around two-thirds of the insurer's revenue from new insurance sales last year.

Meanwhile, Anbang's overseas buying helped push the life insurer's assets to 1.45 trillion yuan by the end of 2016, nearly double the previous year's level, with holdings abroad exceeding assets at home, according to a local-media report.

plays out will still need to be monitored."

The Anbang spokesman said all aspects of the firm's business are healthy, from its operations to the types of products it sells to client satisfaction with its products. He said Anbang doesn't think there should be an issue in matching its assets to the payouts it has promised customers.

The group's deal making hasn't completely stopped. Anbang recently bought a Dutch hotel from Blackstone Group, is looking into the purchase of German shipping financier HSH Nordbank, and in March closed a roughly \$2.3 billion deal to buy some Japanese properties from Blackstone, according to people familiar with the situation.

But the group has kept a low profile on deals so far this year, and has dropped at least two: a \$1.6 billion purchase of U.S. life insurer Fidelity & Guaranty Life and an investment in a Manhattan skyscraper owned by the family of Jared Kushner, the

Regulators are focused on the sale of high-yield products to fund foreign investments.

Backing away

One risk analyst says: Many of the assets Anbang has acquired—such as New York's Waldorf Astoria—may be hard to sell quickly. That means Anbang could face a problem over any such assets it financed with shorter-term funding from things like the sale of high-yield products.

If Anbang can't roll over that funding, it may face a cash squeeze that could force it to sell assets, make it unable to repay investors and lead to a broader credit crunch in the markets. Analysts say Anbang Life still has plenty of capital and liquid assets on hand.

"Anbang is already slowing on long-term investments that might not be liquid," says Julian Lin, analyst with Shanghai-based consulting firm Z-Ben Advisors. "How its business

son-in-law of President Donald Trump. In 2015 and 2016, Anbang spent more than \$12 billion on acquisitions, according to Dealogic.

Anbang's plan to list its life-insurance business has stalled, say people close to the deal.

Anbang hasn't made progress on an international bond offering and credit-rating opinions it was seeking late last year, people with knowledge of that deal say.

Anbang's large purchases of stakes in Chinese companies may have slowed as well. Anbang group companies were top shareholders in 26 mainland-listed companies at the end of December, according to Wind. By the end of March, that number had fallen to 24.

—Yifan Xie and Phred Dvorak contributed to this article.

Xu Huihui, a Taiwanese woman who lives in Shanghai, put almost \$300,000 into a deal that bundles 20 such policies, and chose plane-crash coverage that in the event of her death would pay a total of 1 million yuan, or \$145,000, according to her contract. She said she was earning around 5% annual interest and viewed the products more like certificates of deposit than insurance.

Many of the products Anbang had been selling in China were effectively investments that mature in as little as two or three years, offering returns well in excess of what customers could get on bank deposits.

One three-year product sold in 2014 by Anbang Property & Casualty Insurance Co., for instance, required a three-year deposit of 10,000 yuan (\$1,459) and allowed a customer to choose an insurance death benefit based on one of three low-probability accidents: fire, earthquake or plane crash, according to its term sheet.

Authorities were concerned how Anbang and other insurance firms had funded their big asset purchases, government statements and policy prescriptions show.

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One, called Anbang Longevity Stable Winning Insurance Plan, was marketed as life insurance and had a small payout if the holder died, but also promised annual returns of up to 5.8% in the first five years, according to its term sheet and a salesperson at a bank that

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GREATER NEW YORK

Christie Looms Large in GOP Race

Republican candidates seek distance from unpopular governor they want to succeed

BY KATE KING

The two Republican front-runners in the New Jersey gubernatorial primary on Tuesday have the challenging task of pitching a conservative agenda in a state where the outgoing GOP governor, Chris Christie, is deeply unpopular.

Lt. Gov. Kim Guadagno, who has served in Mr. Christie's administration for nearly eight years, has in the past year publicly stepped away from him on issues like his support for a transportation funding package, which increased the state gasoline tax, and his \$300 million renovation of the statehouse in Trenton.

"When a lieutenant has an objection about what's going on in the state of New Jersey, all they have to do is walk down the hall and complain," she said at a Republican primary debate last month. "I have done that on more than one occasion."

Her main opponent, Assemblyman Jack Ciattarelli, isn't letting her off the hook, seeking to tie her to the governor's sagging popularity and to present himself as the Republican Party's best hope. "The Christie-Guadagno administration, in my mind, has been a failure," Mr. Ciattarelli said. "The only way Republicans win this November is with a new message, a new messenger and a new direction."

Mr. Christie's office didn't return a request for comment.

A May poll of New Jersey Republicans who voted in the 2016 presidential primary,



New Jersey Lt. Gov. Kim Guadagno and Assemblyman Jack Ciattarelli during a Republican gubernatorial primary debate last month.

conducted by Stockton University, found Ms. Guadagno leading Mr. Ciattarelli by 19 percentage points. Nearly a third of the respondents said they were undecided.

Either candidate will face a tough road to becoming governor in a state where registered Democrats outnumber Republicans. They aren't helped by Mr. Christie's plunging approval ratings, which have fallen below 20% in the fallout from the George Washington Bridge lane-closure scandal and his unsuccessful presidential campaign, during which he was frequently out of state.

"About 40% of a typical Republican electorate in a New Jersey state primary is really antiestablishment," said Patrick Murray, director of the

For the Democrats, Outsider vs. Insider

In the Democratic primary, which is also being held Tuesday, Phil Murphy, a former Goldman Sachs banker who has never held elective office, is leading Assemblyman John Wisniewski in the polls.

Mr. Murphy, an ambassador to Germany under former President Barack Obama, has re-

ceived the backing of the Democratic establishment in all 21 New Jersey counties.

Mr. Wisniewski, an attorney, co-chaired the legislative panel that investigated the George Washington Bridge lane-closure scandal.

Both candidates have been sharply critical of Gov. Chris Christie throughout the primary campaign and pitched progressive agendas, including the legalization of marijuana.

—Kate King

Monmouth University Polling Institute. "These are folks who have never really liked Chris Christie all that much."

Mr. Christie received the GOP establishment's backing

in his 2009 campaign but a large chunk of the primary vote went to his opponent, Steve Lonegan. Mr. Christie, who cannot run for a third term, said he is remaining

neutral in the GOP primary.

Mr. Ciattarelli, who endorsed Mr. Christie for both governor and president, said Ms. Guadagno didn't push back hard enough against the governor on the gas tax increase or the bridge scandal. He also highlighted the fact that New Jersey's Republican Party has lost seats in the state Legislature during Mr. Christie's tenure.

A spokesman for Ms. Guadagno said she has worked to cut red tape and eliminate unnecessary regulations for New Jersey businesses.

Ben Dworkin, director of the Rebovich Institute for New Jersey Politics at Rider University, said Mr. Christie's legacy will likely have little impact on the GOP primary.

Favorite For Council Speaker Drops Out

BY MARA GAY
AND MIKE VILENSKY

A behind-the-scenes battle to become the next New York City Council speaker heated up Thursday when the frontrunner for the job bowed out.

Queens Councilwoman Julissa Ferreras-Copeland, a Democrat and ally of Mayor Bill de Blasio who is broadly popular on the 51-person, predominantly Democratic council, said she won't run for re-election when her term ends this year.

Ms. Ferreras-Copeland, who has said she wants to spend more time with her family, has long been considered a strong contender to succeed Speaker Melissa Mark-Viverito, who is term-limited from remaining on the council past 2017.

"It's too early to say how this will affect the speaker race—at this time in 2013 no one would have bet on Melissa Mark-Viverito becoming



Councilwoman Julissa Ferreras-Copeland won't seek re-election.

speaker," said Eric Koch, a Democratic strategist who served as Ms. Mark-Viverito's senior adviser. But it "gives a moment for those who are running to turn to their colleagues and make their case again."

The speaker will be elected by the council after the new members are seated in January. It is often called the second most powerful job in New York City government, with sway over the budget-making process and which legislation the council takes up.

Ms. Mark-Viverito, who represents upper Manhattan and the Bronx, has no heir apparent after four years as speaker.

Among those considering a run are Manhattan council members Ydanis Rodriguez, Mark Levine and Corey Johnson; Brooklyn Councilman Jumaane Williams; and Councilmembers Donovan Richards and Jimmy Van Bramer of Queens, people close to them said. All are Democrats.

But members, aides and analysts cautioned it is too soon to discern who is pulling ahead, or even to describe anyone as candidates. "Between now and then a pope could be born," Mr. Van Bramer said. "There are a million twists and turns left uncovered here."

The speaker can serve as a critical ally to the mayor, or a foil. In 2008, then-Speaker Christine Quinn helped Mayor Michael Bloomberg overturn term limits and serve a third term.

Drug Rehab Center Is Shut Amid Labor Dispute

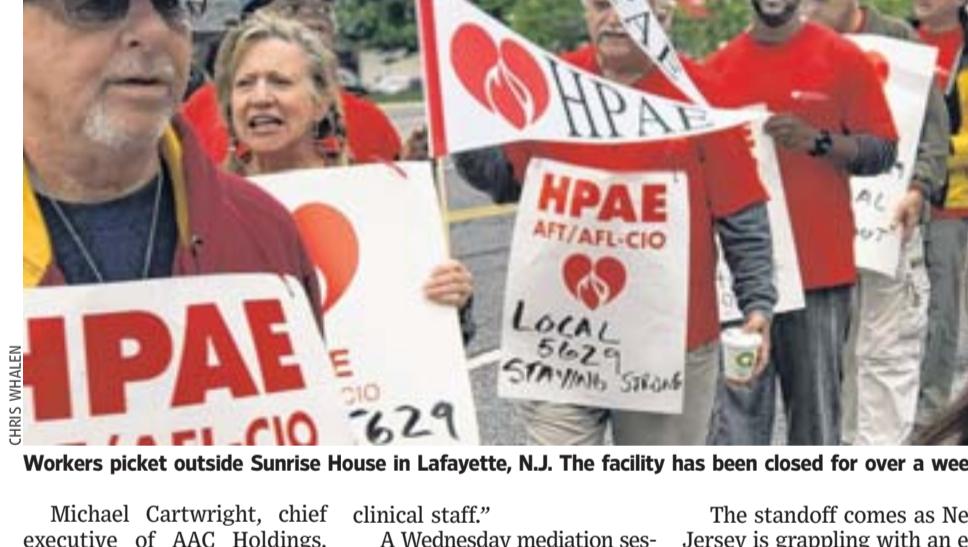
BY KATE KING

A labor dispute has closed a 110-bed private residential addiction-treatment center in New Jersey for more than a week, with workers accusing the facility's new corporate owner of failing to provide adequate security and staffing, which the company denies.

Unionized workers at Sunrise House, a Lafayette-based substance-abuse facility, informed management earlier last month that they were planning a three-day strike beginning May 24, according to Bridget Devane, public-policy director for the union, Health Professionals and Allied Employees.

Ms. Devane said the company emptied the facility's beds and sent staff home the evening before the strike was scheduled to begin. The negotiations remain deadlocked.

"We want to make sure that patients are getting the treatment that they need," she said. "In New Jersey, with the opioid crisis, having 110 beds sit empty isn't the greatest tactic."



Workers picket outside Sunrise House in Lafayette, N.J. The facility has been closed for over a week.

Michael Cartwright, chief executive of AAC Holdings, which owns Sunrise House, said the impending work stoppage forced management to close the facility. "I can't have patients in the facility if they're not going to show up to work," he said. "We wouldn't have nurses, we wouldn't have

clinical staff."

A Wednesday mediation session between the two sides was unsuccessful, and it was unclear when Sunrise House would reopen. The facility, which opened in 1983, operated as a not-for-profit until AAC bought it in 2015 for \$6.6 million.

The standoff comes as New Jersey is grappling with an escalating opioid and heroin addiction crisis.

Gov. Chris Christie, a Republican, has made combating addiction the cornerstone of his final year in office and repeat-

edly has called for more treatment beds in the state. His office referred requests for comment about the Sunrise House dispute to the state Department of Human Services, which licenses 66 residential substance-abuse facilities in New Jersey.

A spokeswoman said the company alerted the state to the pending strike and state officials are "monitoring the transition to ensure consumers' continued care."

Sunrise House workers said their main grievances are low staffing levels and lax security at the facility. AAC's Mr. Cartwright said staffing ratios at Sunrise House are the same as when he bought it and that the facility never had a security guard, even as a nonprofit.

The facility had about 90 people in treatment before it was closed, Mr. Cartwright said. Most patients were "discharged normally in the course of treatment" in the 10 days leading up to the planned strike, during which time the center declined to accept new patients, he said.

OK, I have a couple of problems here. The first is obvious and bodily: Though the much-shared video does appear to show Mr. Met flashing an aggressive hand sign at a fan, a creature with four fingers is physically unable to flash a middle finger.

This is why a bobcat isn't able to flip you the bird, but your golden retriever is when you forget its breakfast. Were the case of *Mr. Met v. Aggrieved Fan* ever to enter a courtroom, all Mr. Met would need to do is wave his bulbous, white underfingered hands in the air, and the case would be immediately dismissed.

But my second issue is

popped a "middle" finger at a fan Wednesday night after a Mets loss in Queens. The team issued an apology Thursday, saying: "We do not condone this type of behavior. We are dealing with this matter internally."

In the time honored tradition of columnist hypocrisy, I do wish to defend one recent act of public rudeness, however: Mr. Met giving the middle finger.

You may have seen the reports that Mr. Met—the New York baseball outfit's mute, orb-headed, creepy-eyed, four-fingered mascot—

cultural: As a resident of the full-contact, dog-eat-rat environment of New York City, I don't believe people in this town should ever apologize for flashing a middle finger.

I'm sorry if that offends, but New Yorkers apologizing for middle fingers is like Miami people apologizing for sun-tans, or Boston people apologizing for rattling on about how great the Patriots are.

In this town, the middle finger isn't a "lewd gesture" as it is being described by the Chicken Littles in the sports media. Rather, it is a cherished, common and utterly useful component of the local lingua franca.

Between the traffic, the subways, the elevators and the awful line at the not-so-good coffee shop, if you haven't flipped a stranger off before 10 a.m. in New York City, you're doing something wrong. Old people, young people, pedestrians, drivers,

cyclists, musicians, clergy—we all do it. It is our version of saying "Hello," and both the flipper and the flippee know it isn't a serious act.

I wish the Mets would have been a little more New York about this. I wish they had simply said this: *Look, we're sorry if you were offended by Mr. Met's gesture. But this is New York. Take a number, pal.*

You notice that Mr. Met hasn't said anything about this himself. This may have more to do with the fact that he doesn't have an operative mouth, or he's in big trouble with Mrs. Met, but I'm guessing he feels sandbagged by the ball club. The poor guy gets forced to endure lousy baseball and he can't respond like a proper New Yorker?

That feels like the real outrage here. Not a middle finger that—again—wasn't actually a middle finger.

Your Honor, Mr. Met Can't Flip the Bird

BY JASON GAY

I think most everyone would agree that the public conversation in this country has become too coarse, too curt, too obnoxious—a lot of folks apparently have decided that the only way to make a point in 2017 is to be loud and abrasive, or worse, abusive. This country needs a return to politeness and civility, and if you don't agree with me, well, go sit on a hat.

In the time honored tradition of columnist hypocrisy, I do wish to defend one recent act of public rudeness, however: Mr. Met giving the middle finger.

You may have seen the reports that Mr. Met—the New York baseball outfit's mute, orb-headed, creepy-eyed,

four-fingered mascot—

flipped a 'middle' finger at a fan after a Mets loss on Wednesday.

But my second issue is



GREATER NEW YORK

GREATER NEW YORK WATCH

NEW JERSEY

Judge Rules Against Bombing Suspect

A judge has rejected a request to dismiss attempted murder charges against the man accused of setting off bombs last year in New Jersey and New York, injuring more than 30 people.

Deputy Public Defender Peter Liguori had argued there was no evidence Ahmad Rahimi intended to kill police officers during a Sept. 19 gunbattle in Linden, N.J. But Ahmad Rahimi, the judge found, there is sufficient evidence for the charge.

Mr. Liguori had said Mr. Rahimi was "firing over his shoulder" as he fled. Police testified that Mr. Rahimi was aiming at them. At the time, Mr. Rahimi was being sought for allegedly planting two bombs in Manhattan and two in New Jersey. No trial date has been set.

—Associated Press

HUDSON RIVER

PCB Levels in Fish Still High, EPA Says

A six-year cleanup of the Hudson River is producing positive results, but PCB levels in fish remain high, the Environmental Protection Agency said in a review of the \$1.7 billion cleanup released Thursday.

The agency said it would take decades, at least, for the Superfund project to reach its goal of protecting human health and the environment.

Boston-based General Electric Co. removed 2.75 million cubic yards of contaminated sediment from a 40-mile stretch of the upper Hudson through 2015. Some New York elected officials and environmentalists have called for more dredging, saying the cleanup is incomplete.

GE says it interprets the EPA review as recommending against any additional dredging. Until the mid-1970s, GE factories discharged PCBs into the river. PCBs, a probable carcinogen, were banned in 1977.

—Associated Press

NEW JERSEY

Trooper Avoids Charge in Car Death

Prosecutors say an off-duty State trooper who struck and killed a 14-year-old with his patrol car won't be charged.

Union County prosecutors said it was a "tragic accident" and their investigation didn't determine a basis for criminal charges. The trooper hasn't been publicly identified.

Theresa "Terry" DiFalco was participating in a scavenger hunt with friends on March 4 before she was struck by the trooper's car. She died at the scene.

—Associated Press

CONNECTICUT

Lawmakers Struggle Over Budget Deal

Democratic and Republican legislative leaders say they are now aiming to pass a state budget by June 30, the end of the fiscal year.

Democratic Senate President Martin Looney of New Haven said Thursday "there is not any realistic prospect" of reaching an agreement on a new two-year state budget that can be approved before the General Assembly adjourns on June 7.

Lawmakers and Democratic Gov. Dannel Malloy are struggling to reach a deal on how to cover a projected \$5 billion deficit in the new two-year budget that begins July 1.

—Associated Press

NEW JERSEY

Giraffe Dies During Dental Operation

An 18-foot-tall Masai giraffe at Turtle Back Zoo in Essex County has died from complications during a medical procedure on its teeth.

Hodari arrived at the zoo from South Carolina in 2015. It was one of four giraffes in the zoo's African Adventure.

Officials say the 11-year-old died Wednesday under anesthesia while a veterinarian and dental specialist worked to correct a problem that was making it difficult for the giraffe to eat.

—Associated Press

Spacey Is Dancing as Fast as He Can

By CHARLES PASSY

In his acting life, Kevin Spacey largely is associated with Washington, D.C., because of his portrayal of President Frank Underwood in the critically acclaimed Netflix political drama "House of Cards."

FOOD & CULTURE These days, Mr. Spacey is spending plenty time in New York City, preparing for two major events.

On June 11, the South Orange, N.J., native will host the Tony Awards for the first time. It is an event of personal significance to the 57-year-old actor because he has appeared a number of times on Broadway and won a Tony for his work in Neil Simon's "Lost in Yonkers" in 1991.

Then, on June 15-16, Mr. Spacey will take to the New York stage, but in a setting far different from Broadway. He will star in a production of "Clarence Darrow," a one-man show about the American attorney of Scopes trial fame that is set to be staged at Arthur Ashe Stadium in Queens, a venue better known for hosting tennis matches.

It is a production that originally played at London's Old Vic theater, where Mr. Spacey served as artistic director for more than a decade. We recently sat down with



Kevin Spacey will star in 'Clarence Darrow,' a one-man show.

Mr. Spacey to discuss his career and the profession. The interview has been edited and excerpted.

James Corden hosted the Tonys last year and the show got the highest ratings in 15 years. Do you feel like you have a tough act to follow?

I thought James did a great job. Everyone brings their own personality to it, their own ideas. We started down the road a number of

weeks ago, deciding the direction we want to go in.

I think on some level [hosting] has become too much about the host and not enough about the plays, and too much about the host and not enough about the movies. I started harkening back to the days when Johnny Carson, Bob Hope and Billy Crystal had multiyear contracts [to host awards shows] and people learned how to host. I'm glad they've given me an

opportunity to learn.

Some say we're enjoying a golden age on Broadway, with so many quality shows vying for audiences. What do you make of the scene?

I love it. I'm encouraged by it. I just wish it was more affordable. I wish that Broadway allowed itself to make the theater as inviting and welcoming to young people as possible. I don't think there's enough of a ticket policy to encourage them to not spend their money on games or tech devices or concert tickets. And that's an audience we need to try to build.

"Clarence Darrow" in a tennis stadium. What, how and why?

Tennis has less to do with it than the venue in another way. When I did it at the Old Vic, we reconfigured the Old Vic into a theater in the round. There is something about an audience watching an audience watching a play that is very unique. The theatricality is quite remarkable.

I was thinking, gosh, I'd really love to bring this play to New York. [But] where are there theaters in the round?

So there I was, at the opening night of the U.S. Open, which I try to go to every year. I suddenly thought, "Wait a minute..." Even in the worst seat in the house, people pay

good money to watch a little yellow ball fly around the court at 120 miles an hour. Well, I'm bigger than a yellow ball.

You had an amazing run as artistic director at the Old Vic. Ever think about heading up a theater in New York?

The last thing I want to do is run another building. But I had an incredible time [at the Old Vic]. I got to do a play or two every year. I think it made me a better actor. I think I learned a lot about running a company.

You showed the world you could sing when you did the Bobby Darin biopic "Beyond the Sea." What would it take to get you to do a Broadway musical?

There were a number of times when I was at the Vic that we were trying to figure whether we were going to bring a musical on. The problem sometimes in terms of revivals, I've been very unimpressed with the books of certain musicals that I would like to have tackled. And part of the problem is that you cannot get the estates [of the shows' creators] to allow you to rewrite them.

It could well be that if I ever decided to do one, it would be a new work. I'd like to do it. It's a very lengthy commitment. If the right thing comes along, I'm open to it.

J.P. Morgan Expands Its West Side Offices

By KEIKO MORRIS



J.P. Morgan is expanding to 428,000 square feet from 125,000 square feet at Five Manhattan West.

when the concrete Brutalist structure had been painted beige and clad with brown-metal siding. "It was a concrete bunker affectionately known as the elephant's foot," he said.

J.P. Morgan eventually expects to have 2,000 to 2,500 people at Manhattan West. The bank has one floor and is ac-

quiring three more. The floor at the very top, which was once an ice-skating rink, is a double-height space with huge skylights and has a mezzanine, Mr. Arena said.

The building was one of the last pieces of the assemblage now being developed into Brookfield's Manhattan West

project, which also includes two other planned office buildings, a 2-acre plaza and gardens, a retail building and a 62-story residential tower.

Brookfield acquired Five Manhattan West in 2011, when the real-estate market and the far West Side were still struggling. Brookfield saw an op-

portunity to reskin the building with glass.

Brookfield underwrote the more than \$300 million renovation, expecting rents 30% higher than existing prices—but today the company is getting rents twice as high, in the low \$90-a-square-foot range, Mr. Clark said.

The building has attracted other large tenants such as digital advertising firm R/GA and Whole Foods Market Inc.

Five Manhattan West's renovation, designed by Joshua Prince-Ramus of REX, replaced the concrete exterior with glass, revamped former loading docks into retail space, and added six elevators. About 375,000 square feet hasn't yet been leased.

Brookfield's One Manhattan West, a 67-story office tower now rising, has drawn names such as law firm Skadden, Arps, Slate, Meagher & Flom LLP and the National Hockey League. And the entire neighborhood, especially the larger Hudson Yards project, has drawn marquee names from Manhattan's other submarkets.

"Overall, there is tremendous demand for the project, I think, in part because it's clear that a neighborhood is being created," Mr. Clark said.

MoMA Unveils Part 1 of Renovation

By MELANIE GRAYCE WEST

New York's Museum of Modern Art on Thursday revealed the initial phase of a multipart renovation that aims not only to expand the museum's gallery space, but also make it more comfortable for visitors.

Among the changes museumgoers will see this month: a new coat check, restrooms, a lounge adjacent to the sculpture garden, an espresso bar with lounge, a renovated cafe and some 15,000 square feet of gallery space on the third floor of the museum's east side.

The largest changes to come in future phases as the museum enlarges its exhibit space in a way that will not only allow for the display of more work, but also give the museum space to "blur the lines a little" between medi-

ums in exhibitions and the larger collection, said Christophe Cherix, chief curator of MoMA's Department of Drawings and Prints.

"For a long time, the museum was—and still is—divided

we need in order to tell the stories we want to tell."

Overall, the renovation and construction—which is ex-

pected to cost roughly \$450

million altogether—is intended

to increase MoMA's exhibit space by a third, for a total of 175,000 square feet, museum officials said.

That expanded footprint includes a separate tower, currently under construction, on the former site of the American Folk Art Museum, immediately to MoMA's west side.

A gift last year of \$100 million from entertainment mogul David Geffen is helping fund galleries inside that new tower,

which will be primarily de-

voted to displaying art, but will

also include a studio for media,

performance and film.

In addition to the tower, future phases of the renovation will improve the main lobby and relocate ground-floor retail to a new space that is below ground but visible from street level. Those refashioned first-level spaces, like the sculpture garden and the current lobby, will be open to the public.

The museum's current lobby and entrance will close in June to accommodate construction, with visitors funneled to a renovated entrance on West 53rd Street. Already, the bookstore has been packed up to accommodate the next phase of construction.

The renovations are ex-

pected to be completed in

2019.



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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Oh My Goddess, a Splendid ‘Wonder Woman’

CAUGHT UP in the coils of Princess Diana's hot lasso, I am bound to tell the truth: "Wonder Woman" is wonderful, and the Woman herself, as played by Gal Gadot, is the dazzling embodiment of female empowerment. She is also learned, charmingly funny and, for a goddess, touchingly human. This Diana turns out to be a puissant innocent who brings Amazon prowess plus the spirit of Candide to the task of saving mankind. The world of men, her mother warns her, doesn't deserve her. Maybe so, though that's what lots of mothers tell their daughters. But the moviegoing world deserves the best that Hollywood can deliver, and this time we've pretty much got it.

Everything turns on Ms. Gadot's performance, which leaves nothing to be desired except more in subsequent installments. (Later this year she'll reprise her role in "Justice League.") A relative newcomer to global stardom, she couldn't have achieved what she's done here without her director, Patty Jenkins, whose own achievements are remarkable. In a male-dominated medium, Ms. Jenkins has put her indelible stamp on this complex and expensive feature. (She had to wait 14 years, it should be noted, to work again in the feature format after directing the 2003 "Monster," for which Charlize Theron won a best-actress Oscar.) And the film, which was written by Allan Heinberg, wouldn't have been such a distinctive success without the delicate comic chops of Chris Pine. He plays Steve Trevor, a spy for British intelligence who becomes Diana's droll companion, wry suitor, dance instructor and endlessly likeable guide to the world of men, horrific war, rampant evil and, for Diana, sustaining hope.

"Wonder Woman" has trenchant things to say about our world; it's a comic-book movie with a highly evolved brain. The story begins in the Amazon world, on the island paradise and safe haven of Themyscira, where Diana as a child watches formidable women sharpening their martial skills in swordplay. (Connie Nielsen is her mother, Hippolyta. Robin Wright is her aunt, General Antiope, who undertakes the child's combat training.) In a stunning production designed by Aline Bonetto and photographed by Matthew Jensen, Themyscira is all radiance and grace. The outside world proves much darker, in every respect; Europe is being ravaged by World War I.

The journey from light to dark begins with



Gal Gadot as Wonder Woman



Robin Wright as General Antiope, above.

a German fighter plane crashing into the ocean off Themyscira's coast. The pilot is Steve. He has stolen the plane from the Germans, and he's rescued by Diana—a notably adult Diana by now. "You're a man," she says with wonderment, and more than casual interest, after pulling him onto a beach. He is, indeed, the first man she's ever seen, and a man whose presence draws other men to the island—Germans with guns, determined to recover secret documents Steve has pur-

loined from them. That's when "Wonder Woman" takes off into the realm of action adventure—terrifically entertaining adventure—and Diana, discovering her superpowers, strides and flies into the first of many battles.

It's a thrilling sight. Superheroes are forever striding and flying into battles, but they're almost always men; on the rare occasions when they're women, the results have been disappointing (as in the 2005 "Elektra") or disastrous (as in "Catwoman" the year before). This time is different because all the requisite elements are in place—a character of long-established consequence played by an actress of startling authority in a story that hurtles along like a bullet train before its time. (It's basically about Diana's search for Ares, the god of war, and her sweetly naive belief that killing him will end wars forever.) I can't speak for anyone else of either sex, but I was suddenly a kid at a kiddie show again, rooting for Wonder Woman every step and gorgeous swoop

of the way as sunlight flashed on her God Killer sword and bullets bounced off her bracelets and shield. (Rupert Gregson-Williams wrote the rousing score.)

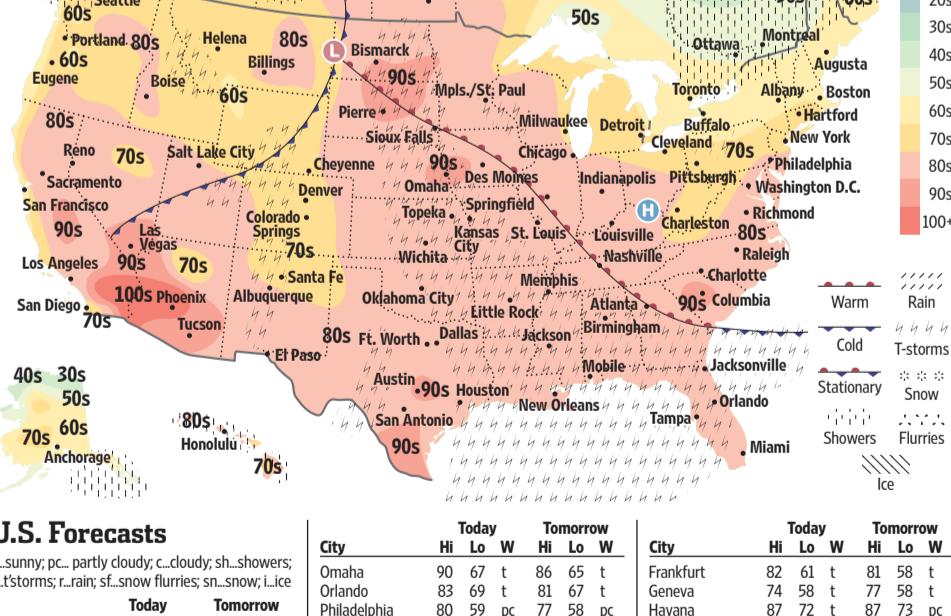
Battles with bad guys—including a diabolical German general played by Danny Huston and a mad biologist played by Elena Anaya—are only part of the mix. Sophisticated comedy kicks in during a visit to chilly London, when Steve, concerned with the health aspects of Diana's skimpy costume, takes her shopping for proper clothes at Selfridges. (Proper clothes, plus Clark Kent-style glasses, manage to make her look more ravishing than ever, though my favorite fashion moment is at a wartime German gala, where she makes her entrance in a peacock-blue gown that doubles as a sheath for the sword tucked in at her back.)

Diana, you'll be unsurprised to hear, changes the course of World War I; crossing No Man's Land is no big deal for a woman of her mettle. But her movie changes the course of an entertainment universe. The last three DC Comics ventures to hit

the big-screen—"Man of Steel," "Batman v Superman" and "Suicide Squad"—have been conspicuously unpleasant, though consistently profitable. "Wonder Woman" comes as a welcome surprise. A summer attraction that's as strong as could be on stylish action, it finds time for lovely grace notes and witty fillips: Diana and Steve working out the boundaries of a first night together in a bed on a boat; smoke signals sent by an American Indian behind German lines; Diana's first snowstorm, and her first encounter with an ice-cream cone. ("You should be very proud," she tells the vendor.)

The movie can't avoid all the flaws that afflict the genre. The narrative momentum flags now and then. There's some indulgence in the gloomy teal-and-orange palette that blights so many action films these days. The climactic battle between Diana and Ares grows borderline-interminable. Climactic god-versus-god battles are now obligatory in such sagas, and this one follows the formula, but with a crucial difference that reflects the quality of the film as a whole. The battle matters because Diana matters. We want fervently for her to win because we've come to know her and care about her. We know her passions and endearing quirks, her desire to save the world even after she has learned what a godawful place it can be. "Wonder Woman" puts the super back in movie heroism.

Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	62	49	c	63	48	c
Atlanta	86	67	pc	87	67	pc
Austin	90	70	t	91	69	t
Baltimore	80	56	pc	78	58	pc
Boise	81	60	pc	92	61	pc
Boston	69	52	sh	67	52	pc
Burlington	61	48	sh	61	50	sh
Charlotte	86	63	pc	87	64	pc
Chicago	84	62	s	85	67	t
Cleveland	75	57	pc	78	65	s
Dallas	86	72	t	88	71	t
Denver	78	51	c	79	55	pc
Detroit	78	56	pc	78	66	pc
Honolulu	85	74	sh	86	73	pc
Houston	89	73	t	90	72	t
Indianapolis	82	62	s	84	67	pc
Kansas City	85	65	t	83	66	t
Las Vegas	99	75	s	104	79	pc
Little Rock	84	68	t	84	69	t
Los Angeles	82	63	pc	81	62	pc
Miami	88	78	sh	88	78	c
Milwaukee	79	61	s	82	66	r
Minneapolis	87	68	t	88	65	t
Nashville	64	54	s	90	68	pc
New Orleans	82	72	t	82	72	t
New York City	76	57	pc	74	58	pc
Oklahoma City	80	65	t	81	64	t
Edinburgh	65	47	pc	62	47	t

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	79	60	pc	71	53	t
Athens	87	66	pc	84	64	s
Baghdad	97	72	s	102	74	s
Bangkok	93	80	t	93	79	t
Beijing	73	51	pc	83	55	s
Berlin	75	54	s	78	61	pc
Brussels	79	59	t	71	51	t
Buenos Aires	60	47	s	59	45	c
Dubai	106	84	s	106	85	s
Dublin	63	48	sh	61	46	t
Zurich	79	58	t	81	59	t

The WSJ Daily Crossword | Edited by Mike Shenk



CHECKS AND BALANCES | By Marie Kelly

The answer to this week's contest crossword is a noun related to checks and balances.

Across

- 1 Amorphous mass
- 4 Ginger ale, for one
- 9 Sacred collection of Hinduism
- 14 Shade
- 15 Match, grammatically
- 16 Radiate
- 17 Vb. type
- 18 Like moisturizing sunscreens
- 20 Dry cleaner's promise
- 22 Mayberry moppel
- 23 Strident blasters
- 24 Put in a concerted effort
- 28 It claims to be the world's largest sports org.
- 34 Tiny amounts
- 35 "My, it's chilly!"
- 36 Following
- 37 Ticks off
- 38 Letterhead feature
- 39 Hot state
- 41 Blanket
- 42 Stone with red and white bands
- 44 Tube top
- 45 Keys in
- 46 Galaxy creator
- 50 They follow bees
- 52 Mirror hog
- 53 Hero of the Yom Kippur War
- 57 Ling of "Red Corner"
- 58 Ellipse or hyperbola
- 59 Hold in high regard

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, June 4. A solver selected at random will win a WSJ mug. Last week's winner: Ralph Leiven, Berkeley CA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

PUZZLE CONTEST

60	No longer amusing
61	Scout's master
62	Parcels
63	Checks
Down	
1	Batter blinder
2	Sound-based
3	Skin
4	They're paired with Englishmen in a Coward song
5	Scaly pet
6	Shots at the dentist's office
7	Slender swimmer
8	Buyback arrangement, for short
9	Word on the Yale crest
10	Crack
11	Florida Georgia Line, e.g.
12	Targets of some blockers
13	Spot
19	Stadium shockers
21	An American in Paris, say
25	"Yippee!"
26	Brink
27	Diamond goof
49	They're balanced symmetrically for most crosswords
51	One of Noah's sons
53	Congress creation
54	Aussie animal
47	Take out, as a new computer
48	Writer Zora Hurston
55	Overnight stop
56	Cut abruptly

Previous Puzzle's Solution

ZERO	ADDER	MARS
AGED	TRADE	ECON
GOLDPLATED	TIVO	SLAWANDORDER
LAB	ASL	POSSE
AWAIT	DUDE	PASTAPARTICIPLE
PASTA	ELDER	ASTO
ELDER	FLEA	THEFLOURSEASONS
FLOUR	INME	SIOUSA
SEASONS	COPAY	APIOSA
SIOUSA	SSA	ABSTRACTTART
APIOSA	GEAR	HAVEONHAND
SSA	ASIA	ASIAAVAILIDID
ABSTRACTTART	SEND	SENDSDADTO SALT

LIFE & ARTS



SHOWTIME (2)

THERE'S NOTHING glamorous about the assortment of desperate strivers trying to battle their way into show business in "I'm Dying Up Here"—and not a lot that's charming about their characters and preoccupations, either. Still, by the end of the first episode of this utterly seductive tale about the comedy-club scene of early-1970s Los Angeles, it's clear that the lives of these aspiring comedians with all their inexhaustible yearning, their whining, their gratitude for any spot onstage—2 a.m., before an audience of 15, including drunken hecklers, what could be wrong with that?—is the stuff of irresistible drama.

Those who work at Goldie's feel special gratitude. It's the hottest comedy club in L.A., the one most likely to attract the attention that could lead to a guest shot with Johnny Carson, the goal of everyone dreaming of stand-up comedy stardom. Much depends on Goldie herself—a towering performance by Melissa Leo—the club's owner and savvy, iron-willed controller of the performance slots. Who gets to perform where and when in her club's lineup is all important for comedians hoping someone scouting for talent catches their act.

Which is why it's best for members of her club crew not to attempt any outside work at competing clubs. One striver loses his spot in her lineup—not permanently, but it's a threatening loss—because it came to Goldie's attention, as virtually everything does, that he'd been seen performing at another club. His reason is simple, as he explains it: The owner had provided free helpings of delicious shrimp as part of the deal. Goldie, who provides no fancy buffet for her crew, delivers a killer rejoinder.

It's just one of many of its kind provided by the script, all of which Ms. Leo turns into gold as she does everything here, including the role of Goldie, a character perilously close to a cliché—that of a world-weary, infinitely wise dy-

TELEVISION REVIEW | By Dorothy Rabinowitz

Where Comedians Live and Die



RJ Cyler, Michael Angarano and Clark Duke, top; Ari Graynor and Melissa Leo, above.

name of ambition, as tough as she is large-hearted. She knows the comedy world: what works, what doesn't, whose act is ready for prime-time exposure and whose isn't. In the last group she counts Cassie (Ari Graynor), who has been fighting for her place in a profession far from comfortable for a woman. As Goldie warns the ambitious and increasingly confident Cassie to wait for the right moment—assures her, passionately, that it hasn't yet come—there is in the club owner's all-

knowingness and authority something subtly disquieting, some excess that raises a touch of doubt about her. Ms. Leo knows this wonderful character well.

Goldie seems to have been

based on an actual comedy-club owner of the period. The rest of the characters in this fictional series created by Dave Flebotte (and based on a nonfiction work by William Knoedelseder) are said to be composites, and a distinctive, determinedly unkempt lot they are. Each of their impossibly obscene

monologues is constructed to outdo that of everyone else's in outrageousness. Never has comedy daring been as fixated on organ size, and on whose mother is doing what to whom and for how much money. That aside, we're soon drawn to the struggles—never has professional heartbreak or, for that matter, poverty managed to seem so hilarious.

The comedian, Edgar (Al Madrigal), who betrayed Goldie by

sneaking off to perform elsewhere in exchange for a mess of shrimp

wasn't doing that on a lark. These people are mostly impoverished, despite their day jobs or other extracurricular enterprises. Edgar sells weed and who knows what else on the side. Food is a big thing for this crew, and for no one more than Ron (Clark Duke) and Eddie (Michael Angarano), hapless innocents from Boston hoping to make their way in the business, who arrive in L.A. penniless. One scene finds them on a double date in a restaurant, trying to gulp murderously hot spiced chicken wings down to win a contest that would pay for the meal—pure sitcom, but the kind that reminds us of all the reasons sitcoms work.

The writing is at its richest in the offstage encounters, the personal exchanges, the jokey interactions among Goldie's crew members—encounters that entirely reflect the language and preoccupations of those onstage performances. For this gang, even when having a meal together, or just hanging around, the competition for most outrageous is still on; the just-in-fun crotch grabbing and the oral-sex chatter, a constant. For these comics fighting for a place on it, all the world is in fact a stage.

This isn't entirely a company of pals—the envy of anyone a step ahead runs deep. When one of them is not only tapped for spot on the Johnny Carson show, but is invited, afterward, to stay for a chat with Johnny—the ultimate triumph for a guest performer—another Goldie's comedian gloomily tells the group the only proper response is rage. Rage that the victory went to someone else. Others may not share this view, but there's not much by way of dissenting opinion.

There shouldn't be much dissenting opinion, either, about the power of this series or about Ms. Leo's performance as the crucial force holding all of it together.

I'm Dying Up Here
Begins Sunday, 10 p.m., Showtime

FILM REVIEW | By Joe Morgenstern

NOT HIS FINEST HOUR

AS BIOPICS OF heroic figures go, "Churchill" is nothing if not audacious. This isn't the beloved Winnie of the Blitz, inspiring courage in his fellow countrymen with speeches of peerless eloquence. Instead, we see a shockingly diminished Winston in 1944, days before the Normandy invasion he vehemently opposed, a befuddled old dog chewing a bare bone. Yet audacity can't carry a drama that's unequal to its subject in almost every respect. (Brian Cox does what he can, sometimes admirably, to breathe life into the title role.) Seeking a tragic dimension in its hero's spiritual and political isolation, the film gives him a climactic soliloquy of pseudo-Shakespearean grandeur that refuses to soar. Otherwise it's a repetitious account of Churchill's repeated, and ill-founded, objections to the battle plan that turned the tide of the European war.

The director was Jonathan Teplitzky, presiding over a severely underpopulated production—adjudgments, staff assistants or other underlings are nowhere to be found when Allied generals gather for momentous meetings. The exteriors of London



Brian Cox as Winston Churchill.

and its environs are antiseptic, with few signs of the toll taken by five years of war. Churchill's signature cigars are emphasized to the point of parody. Miranda Richardson is appealing as the great man's long-suffering wife, Clementine, but her role is entirely generic. Gen. Dwight D. Eisenhower, the Supreme Allied Commander and Churchill's nemesis, seems far from supreme as played blandly by John Slattery. Eisenhower was famously eloquent, but that's no ex-

cuse for lame lines like his argument against delaying the invasion: "The question is how long you can leave something like this hanging out there on a limb."

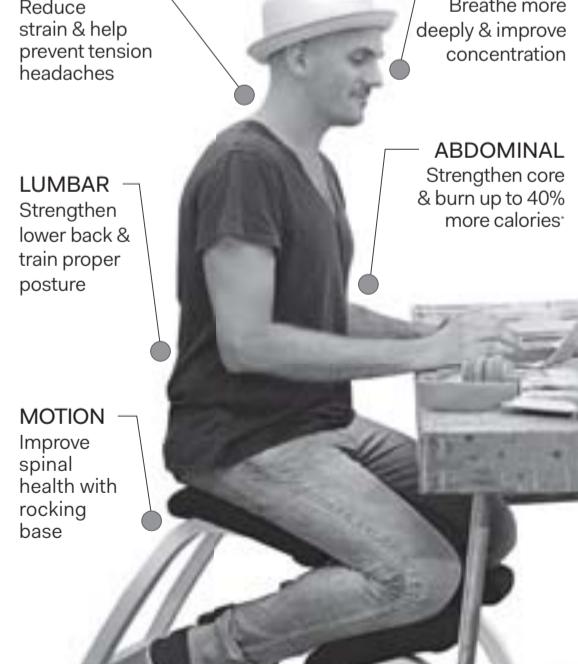
The screenplay, by Alex von Tunzelmann, is often clumsy, but it's also full of fascinating details that seem too outlandish to be true. Was Britain's most illustrious prime minister truly so obtuse about modern military strategy that he couldn't grasp the brilliance, along with the risk, of Operation Overlord, the Allied

plan to invade France? Yes, he was, and Ms. Von Tunzelmann, an Oxford-educated historian, has the credentials to explain how Churchill's implacable opposition grew out of his fear of repeating strategic follies that led to the epic slaughter he had seen as a young man in previous wars. (She also writes *Reel History*, a weekly column in the *Guardian* that separates fact from fiction in historical films.)

But explaining and dramatizing differ just as greatly as fact and fiction, and the downfall of "Churchill," as opposed to Churchill, is a string of contrivances derived—whether by the writer or the director—from other movies, rather than informed by dramatic imagination: a treacherous subplot involving an earnest secretary; a sententious preface with blood in the water; a self-conscious coda with a fedora on a beach, and, in between, an old man seeking the courage to inspire his countrymen one last time. "Who will I be when it's all over?" he asks his wife. She does her best to provide a reassuring answer, rather than leave a cliché like that hanging out there on a limb.

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SPORTS

STANLEY CUP | By Jason Gay

Oh Say Can You See...Taylor Swift?

The Nashville Predators may have begun the Stanley Cup final as fuzzy-furred sentimental favorites—Music City's improbable hockey start-up, finally in the big show in its 19th season—but they have plenty of work to do now, as they're down 0-2 to defending champs Pittsburgh after a 4-1 rout in Game 2.

As cats in distress say, *Meow*.

It isn't over, though! The Stanley Cup playoffs are wacky. I've been watching hockey for more than a month now, and believe me, anything can happen. After all, the Predators, an eighth seed in the Western Conference, began their run with a stunning opening-round sweep of top-seed Chicago before bouncing St. Louis and Anaheim. It was the first time a No. 8 swept a No. 1 in NHL history.

Here's another reason for Predators optimism: they go back home for Saturday night's Game 3, where the city known as "Smashville" will unleash one of the noisiest arenas in hockey, which starts with an unusually stirring home-ice advantage:

The National Anthem.

Yes: "The Star-Spangled Banner" at Predators games has become a Genuine Sports Thing, thanks to the host city's legendary surplus of musical talent. For each of its home playoff games, the team has sent out not just a singer, but a bona fide superstar.

Here's the list of artists who have sung the national anthem at games during this playoff run: Carrie Underwood, Luke Bryan, Little Big Town, Trisha Yearwood, Lady Antebellum, Keith Urban, Kelly Clarkson and Vince Gill.

Now I'm not a country music expert, and Journal readers know I'm a hockey neophyte—so for me, writing this column is basically like taking my high school chemistry exam all over again. But even I know that's not an ordinary pre-game Stanley Cup musical lineup. That's the freakin' Country Music Awards.

"It's morphed into something that none of us saw coming," said Predators executive vice-president

Carrie Underwood performs the national anthem before a recent Predators game.



MARK HUMPHREY/ASSOCIATED PRESS

and chief revenue officer Chris Junghans, who oversees the team's in-game entertainment.

And here's the really canny thing about what the Preds have been doing with the anthem. They've been keeping the singer secret.

Ordinarily, a team's PR department would lose its mind if, say, Kelly Clarkson agreed to sing the national anthem—they'd hype it for days, if not weeks. But Nashville keeps cool, preferring to build some mystery. Fans don't know who the singer is until he or she—or the band—walks onto the ice.

"Very few fans want to know,"

said Junghans. "They just know to get to their seats early, because it's going to be somebody pretty big."

It's added an uncommon layer of entertainment and suspense for what is typically a respectful, but low-key, sports ritual. "The buzz surrounding the national anthem has been an exciting addition to an already great story," said Sam Flood, executive producer at NBC Sports, which is carrying the Cup.

Junghans credits Carrie Underwood with launching the mania. The multiplatinum American Idol winner isn't just a Preds fan, but family—she's married to Nashville forward Mike Fisher. It isn't a per-

fect analogy, but to the Preds, Underwood is kind of what Jack Nicholson is to the Lakers, or Spike Lee is to the Knicks. (Look: I said it wasn't a perfect analogy.)

"There's a reason why she went first and sang the national anthem against Chicago," Junghans said. "She wanted to go out front and say, 'Look, country music USA, I'm doing it. Now we expect the rest of you guys to follow suit.'"

The anthem craze reached the point where the team has had to say no to acts, Junghans said. There's also this: The Star-Spangled Banner is a tricky number to pull off, even for a trained pro. "It

isn't a simple song to sing," said Junghans. "Some of the folks we've asked to do it have declined."

Of course, it wouldn't be a proper show biz phenomenon if it didn't have a little bit of behind-the-scenes-drama. A couple of weeks ago, a Nashville local named Dennis Morgan, who has sung the anthem many times over the years, gave a pained interview to The Tennessean in which he lamented being shut out of the playoff rotation. "I'm not going to hide my disappointment," Morgan told the paper.

Who will be next? The Predators are assured two home games, and then a potential one for Game 6, and they've already lined up all of their singers, Junghans said. He did not reveal any names, but he did confide—look-y here, people, I think this may be my FIRST-EVER STANLEY CUP EXCLUSIVE—that there will not be a repeat singer.

No repeats! All new! You know what that means: time for some baseless speculation. With the list that's already done the anthem, you know they've got to be major acts. Not big names but the biggest. Platinum. Iconic. And, of course, connected to Nashville.

Don't look at me for nominations! I had to Google whether it's "Grand Old Opry" or "Grand Ole Opry" (it's the latter.) But the blessed internet, as usual, is abuzz with conjecture: Tim McGraw & Faith Hill? Taylor Swift? George Strait? Justin Timberlake? Garth Brooks? Alison Krauss? Martina McBride? (Facebook sleuths—SPOILER!—appeared to spy a clue on McBride's daughter's page the other day that her mother will get the nod for Game 3.)

My boss at the Journal, a serious music fan, also sent me this note, in all caps: JACK WHITE LIVES IN NASHVILLE.

None of us will know for sure, until we see it. That's fun. Smashville's Star-Spangled Banner is the best guessing game in sports right now, and it isn't even a sport. Even better, when it's finished, I'm told it comes with a complimentary Stanley Cup hockey game.



Cavaliers star LeBron James during a news conference on Wednesday.

NBA FINALS

LEBRON'S EMMETT TILL MOMENT

BY BEN COHEN

OAKLAND, Calif.—LeBron James had been thinking about Emmett Till for months when, on the eve of the NBA Finals, he invoked the name of the teenager who was lynched in Mississippi in 1955, using his spotlight to reflect on a transformative moment in the history of American civil rights.

Emmett Till had been on James's mind ever since he read the news coverage in January of a book with explosive revelations that fundamentally changed the historical interpretation of his murder. But that wasn't the only inspiration for his comments this week that sent people around the world searching for more information about Till. He was also influenced by someone whose perspective on race has informed James recently: the comedian Dave Chappelle.

James happened to be in Los Angeles for a Cleveland Cavaliers game on a March night when Chappelle was performing. He was in the audience with teammates when Chappelle spoke about Mamie Till's monumental decision to leave the casket open at her son's funeral—a devastating sight.

Chappelle's words resonated with James, according to people familiar with his thinking, and it shaped his reaction to the news this week that a racial slur was spray-painted on his family's Los Angeles home. The incident is being investigated by the city's police department.

The world's biggest NBA star has been increasingly outspoken about political and social issues, and some of his views have been

influenced by his relationship with Chappelle, whom he's engaged in conversations about race in America along with his business partner Maverick Carter. Carter's separate discussions with Chappelle about the way Mamie Till forced people to understand the brutality of racism were later relayed to James and started a continuing dialogue among his inner circle.

But he'd been contemplating Emmett Till's murder long before Chappelle's standup. James had read months earlier about a new book in which Carolyn Bryant, the married woman whose husband was one of the two men who killed Till, admitted that she had fabricated her testimony that Till had whistled at her before physically grabbing her.

That stuck with James after he read it, and Emmett Till was one of the first things James remembered when he woke up Wednesday and started to process his own experience with racism. James was asked about the incident later that afternoon. He said his family was safe. He said that if the incident kept the conversation about racism going, "then I'm OK with it." And then he mentioned Emmett Till.

"I think back to Emmett Till's mom, actually," James said. "The reason that she had an open casket is because she wanted to show the world what her son went through as far as a hate crime and being black in America."

"Anytime I can throw the champ an assist, I'm glad to do it," Chappelle said through a spokeswoman. "This is an important part of history, and people need to know the story."

FRENCH OPEN

ANDY MURRAY COULD REALLY USE A NAP (OR TWO)

BY JOSHUA ROBINSON

PARIS—The monologue inside Andy Murray's head has always had a tendency to escape. Even when he is winning, he can't help but berate himself on court, obscenely criticize his own game, and hold entire one-sided conversations about what a terrible tennis player he is.

All of which is easy enough to write off as quirky when he's racking up titles. But these days, the self-flagellation rings a little too true. The dour Scotsman, ranked No. 1 in the world, has labored throughout the clay-court season and is already grinding against lesser opponents here at Roland Garros. Now the tennis world is wondering: What's wrong with Andy Murray?

The problem is an issue that we often forget afflicts professional athletes. He isn't injured or unmotivated. Murray is exhausted.

"To me he's looking very vulnerable," said Mary Carillo, an announcer for NBC and the Tennis Channel. "If he looks out of sorts and out of form, I think he's still recovering from the last two years."

On Thursday, Murray needed four sets and 3.5 hours to get past his opponent, Martin Klizan, a big-hitting lefty ranked No. 50 in the world. The battle nearly dragged on longer, but Murray rallied from 5-2 down in the fourth set to win 6-7 (3), 6-2, 6-2, 7-6 (3).

"I certainly didn't want a fifth set," said Murray, who will face the talented, though chronically banged-up Juan Martin del Potro in the third round.

The last thing Murray needs right now is to stay on court any longer than absolutely necessary. Over the past 12 months, Murray has played more tennis than any man in the ATP's top 10—78 matches compared to 55 for Novak Djokovic, 59 for Stan Wawrinka, and 60 for Rafael Nadal.

The punishing schedule dates back to the end of the 2015 season, when Murray dug deep to help Great Britain win a first Davis Cup since the 1930s. And he hasn't let up since. In 2016, he made a furious push to capture the No. 1



Andy Murray reacts during his match against Martin Klizan on Thursday.

spot, playing in three Grand Slam finals and winning Olympic gold in Rio. Oh, and he welcomed his first daughter into the world.

"There were points towards the end of last year when I wasn't number one, but I felt like I was the best player in the world," Murray wrote in a column for the BBC. "This year I've been number one and I certainly haven't been the best player out there."

But Murray hasn't slowed down. The difference now is that his results have begun to suffer. He was knocked in the fourth round of the Australian Open and his Roland Garros preparation was far from ideal, with third-round exits on clay in Monte Carlo and Madrid followed by a second-round defeat in Rome.

"At the beginning of this year he had a very demanding training block," Carillo said. "He still wasn't recovered. What did he have, 24 straight wins in 2016? I think he's just tired."

The paradox is that being tired on court only means he has to play more tennis. For all of his dominance since the beginning of last season, Murray has failed to win his matches in straight sets 35.7% of the time. Compare that, for instance to Djokovic's efficiency: He only requires extra sets in 25.5% of his matches.

At the same time, Murray finds the best-of-five format at Grand

Slams more forgiving. In the first round here, he dropped his second set against world No. 73 Andrey Kuznetsov, before recovering to breeze through the third and fourth with some delicate chips and drop shots.

"At least if you don't start the match well you've got a bit of time to work it out and adjust to the conditions a little bit," he said.

Murray has won just 78% of his service games this year, down from 85% in 2016 and the lowest he has dipped for a season since 2006, according to the ATP.

The serving woes followed him into Thursday's match. Nailing only half of his first serves started the self-criticism machine early. At 3-1 down in the first set, Murray shouted about his sluggish movement. Then his frustration relocated to his flagging right arm, which he waved around between points late in the match. There was also plenty of vitriol for the chair umpire in between.

Murray knows that his outbursts can be a problem. In fact, he believes he's making progress on that front. But even when he is trying to be upbeat, Murray ends up sounding sarcastic.

"Positivity!" he yelled to himself in the fourth set. "That would be helpful right now."

Positivity and maybe a vacation.

—Tom Perrotta contributed to this article.

OPINION

The News You Didn't Hear


POTOMAC WATCH
By Kimberley A. Strassel

Here is what Americans this week were told counted as "news": Jared Kushner's past meetings. Russians. James Comey's upcoming testimony. Russians.

Hillary Clinton's latest conspiracy theories. Russians. Bob Mueller's as-yet-nonexistent investigation (into Russians). Kathy Griffin, Mr. Met and, of course, "covfefe." Total words printed on these subjects? At least a duodecillion.

Here's what actually happened this week, the "news" that holds real consequences for real Americans:

- Interior Secretary Ryan Zinke signed an order to begin reopening Alaska's National Petroleum Reserve to oil and gas exploration, reversing the Obama administration's ideologically driven 2013 shutdown. The order even aims at opening the Arctic National Wildlife Refuge to production—a move that is decades overdue. This could not only buck up the listless Alaskan economy but cement the U.S. as an oil and gas powerhouse.

- In related news, the Dakota Access Pipeline finally went live.
- The Fish and Wildlife Service took steps that may stop the Obama administration's last-minute endangered-species listing for the Texas Hornshell, a freshwater mussel. That listing, based on outdated

Americans know that much of the mainstream media is biased in how it presents stories. The dirty little secret is that journalists' far greater power rests in what they choose to—or not to—report. The country is no better informed about exactly how Russia interfered in the election than it was in October, when intelligence agencies issued a statement

expressing their belief that Moscow had helped hack emails. Not a single useful fact has since been added, nor a single investigation completed, nor a single official report produced. Until those inquiries are completed, we will have no new real facts. Yet every day, a new Russia story.

Reporters only want to talk about Russia, instead of what Team Trump is getting done.

Few expect better from today's ratings-obsessed media. Especially given its new mission of working with Democrats and Never Trumpers to take down a presidency. That means spewing strategic leaks and suppositions, which create new controversies, which are spun into yet more distant scandals.

We are these days reading exposes about former national security adviser Mike Flynn's work for a Turkish businessman, which is utterly removed from the original question of Russian "collusion."

The result is a surreal situation in which the near-hysterical press coverage of Trump the man (and potential Russian operative) is utterly divorced from the substantive actions his administration takes or the progress it makes. Mr. Trump's cabinet, which includes some of the best reformers in the conservative world, is methodically

implementing a far-reaching deregulatory agenda. Congress is moving ahead on key promises.

Thus Mr. Trump's culpability. The president knows better than most the ills of the media; he rails about them constantly. Yet he continues to be the indulger in chief. He daily provides new, explosive tweets that give reporters every excuse to keep up their obsessions about Russia, Mr. Comey, Hillary, Carter Page.

Mr. Trump's Twitter handle may be the most powerful communications tool on the planet. He has the awesome ability, unlike any president in history, to force the press to focus on his agenda by putting it out into the world every morning (or late night, as it may be). He could use that tool to set the daily discussion. Instead, he's using it to undermine his own administration.

Mr. Trump also has at his disposal an array of famous surrogates who could spread his message. He has all the free media he could ever hope for, if only he used it in a strategic fashion. He has activist groups to help push for his reforms, but they can't compete amid the crazy headlines.

Team Trump owes it to voters to get the real news out about its agenda and successes. But that will require doing more than complaining about the press. This White House needs to set and define the daily debate. It's that, or Russia headlines through 2018.

Write to kim@wsj.com.

Mrs. Gingrich should explain to the president the extent of the Vatican's reach. The Holy See has full diplomatic relations with more than 180 countries, an incredible potential resource for the U.S. "They have a very, very sophisticated diplomatic corps," says Mr. Nicholson. "In the main they have no ulterior motives. They're straightforward, honest people you can rely on." Mr. Rooney adds that the Vatican's diplomats "know as much about the world as our 7,000 people in Foggy Bottom."

But tapping this resource isn't a matter of deal making. "The Vatican doesn't operate on a transactional basis. It's all about relationships," says Mr. Hackett. "She's going to have to develop those relationships, and that takes a long time." Take advantage of the entire State Department, suggests Mr. Diaz. "Bring another ambassador from Washington that deals with a specific region in the world," he says. "Make sure they engage top-level Vatican officials interested in those issues."

• *Enjoy Rome.* A final note, from this former resident of the Eternal City: The best gelato isn't in window displays. You'll find the good stuff in shops with lidded metal containers. There's a nice spot on Borgo Pio named Hedera, only a few steps from St. Peter's Square.

Mrs. O'Neal is an assistant editorial features editor at the Journal.

BOOKSHELF | By John Steele Gordon

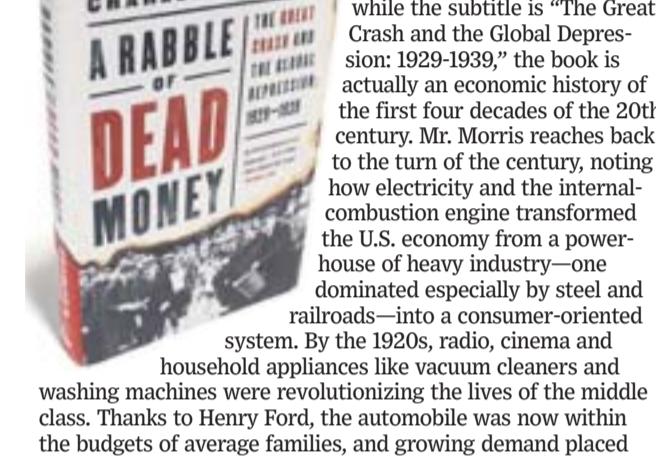
The Depression Goes Global

A Rabble of Dead Money

By Charles R. Morris
(*PublicAffairs*, 389 pages, \$29.99)

In September 1929, the total valuation of New York Stock Exchange securities was \$82.1 billion. Three years later, in July 1932, it had dropped to \$12.7 billion—that is, to just 15% of its former value. In 1929, the U.S. unemployment rate was 2.9%. By 1933, nearly a third of the American labor force was out of work. Banks were closed in 38 states, exports had declined by 78% and starving farm families demanded Red Cross relief at gunpoint.

The causes of this despair are, we think, well known: the 1929 stock-market crash, the tragedy of the Dust Bowl, the protectionism of the Smoot-Hawley tariff. But in "A Rabble of Dead Money," Charles R. Morris digs deeper and finds the roots of the calamity planted firmly in Europe. While American market trends and policies probably made a painful recession inevitable during this period, the Depression was the culmination of decades of trans-Atlantic events.



To make his case, Mr. Morris necessarily takes in a broad swath of history. Indeed, while the subtitle is "The Great Crash and the Global Depression: 1929-1939," the book is actually an economic history of the first four decades of the 20th century. Mr. Morris reaches back to the turn of the century, noting how electricity and the internal-combustion engine transformed the U.S. economy from a powerhouse of heavy industry—one dominated especially by steel and railroads—into a consumer-oriented system. By the 1920s, radio, cinema and household appliances like vacuum cleaners and washing machines were revolutionizing the lives of the middle class. Thanks to Henry Ford, the automobile was now within the budgets of average families, and growing demand placed upward pressure on the production of materials like plate glass, rubber and sheet steel. The need for paved roads and garages drove the construction industry.

Meanwhile, in New York, the stock market soared. The benefits accrued mostly to brokers and bankers, who formed pools to manipulate individual stocks. Insider trading was not only rife but mostly legal. By 1925, real estate, too, was overheated: In the epicenter of Miami, fashionable parcels of land that sold for \$7,000 in June were going for \$35,000 six weeks later.

Yet as business boomed in the cities, rural areas began to struggle. American agriculture had thrived during World War I, when European farmers went off to war and Russia's huge grain exports were blockaded. But as Europe's output revived in the early 1920s—and as the amount of land needed to produce fodder crops fell drastically in both Europe and the United States (a fact unmentioned by Mr. Morris)—prices fell, farm foreclosures mounted and rural banks began to fail in increasing numbers.

Reparations demanded by the Versailles Treaty destabilized the world financial system, presaging the Great Depression a decade later.

By mid-1929, as the real economy began to slow, a stock-market bubble began to inflate. Correction was inevitable, and it came infamously in late October. But what turned an ordinary—if especially severe—market downturn into the utter disaster of the Great Depression?

Mr. Morris lays fundamental blame on World War I, and he has a strong point. The war traumatized Western societies and accelerated the relative decline of Great Britain as a world military and financial power. The reparations demanded of Germany by the Treaty of Versailles destabilized the world financial system. "All of the tangled threads that twisted together to create the catastrophe of the Depression originated in Europe and can be traced through the choices made by the governments of the United States, Great Britain, Germany, and France," Mr. Morris argues.

Of all those choices, Mr. Morris contends that the most devastating was the determination of the United States and France to maintain the gold standard. It prevented central banks from applying the usual (and correct) remedy for a market panic, which is to "flood the Street with money." It also caused severe deflation—the dollar appreciated by about one-third between 1929 and 1933—increasing the burden on debtors, especially families that had participated in the large run-up in home mortgages preceding the crisis.

Rapidly falling food prices and the collapse of international trade as country after country adopted beggar-thy-neighbor tariff policies did the rest.

Mr. Morris, the author of over a dozen books, many on economic subjects, knows how to tell a story. A fine writer, he tells this one well, if somewhat discursively. Though centered on the Depression, "A Rabble of Dead Money" covers Prussian military strategy, the drinking habits of Scott and Zelda Fitzgerald, the highlights of research literature in finance, and the engineering of the Ford Model T. It includes mini-biographies of Herbert Hoover, Franklin Roosevelt and Ivar Kreuger, the Swedish match manufacturer. Mr. Morris doesn't get around to the crash itself until one-third of the way through the book.

There are a few niggling errors. The Woolworth Building in New York is neo-Gothic in style, not Art Deco. Richard Whitney was only acting president of the New York Stock Exchange when he bid up stocks in an attempt to head off the crash, and he was never head of the New York Yacht Club. Mary Pickford was hardly a new star in the mid-1920s. Nick Caraway, Fitzgerald's narrator for "The Great Gatsby," went to Yale, not Princeton.

American historians have tended to treat the Great Depression as an American phenomenon, and Mr. Morris's argument that it was a global one is a valuable corrective. It might have been even more forceful had it been 100 pages shorter. Regardless, "A Rabble of Dead Money" is a great and informative read about a singularly important era in world history.

Mr. Gordon is the author of "An Empire of Wealth: The Epic History of American Economic Power."

Coming in BOOKS this weekend

A turning point in Vietnam • F. Scott Fitzgerald revisited

• Cattle kings of the Old West • Birds and the mind

of man • New fiction from Arundhati Roy & Anthony

Horowitz • Chelsea Clinton's children's book • & more

HOUSES OF WORSHIP

By Adam O'Neal
Twitter last week to analyze Pope Francis' meeting with President Trump. The pontiff frowned in some photos, these geniuses noticed, proving the Holy Father had joined #TheResistance. Such studying of papal body language is a waste of time for anyone who actually wants to understand U.S.-Vatican relations.

Look instead to Callista Gingrich, nominated last month to be Washington's ambassador to the Holy See. Like the president who chose her, Mrs. Gingrich has been attacked as unqualified and morally deficient. The best response? Taking an ambitious approach to what's often written off as a ceremonial position.

I spoke with several former ambassadors to the Vatican this week, and they have ideas for how Mrs. Gingrich can make the most of her time in Rome.

• *Cast a wide net.* She still needs Senate confirmation, but Mrs. Gingrich already has reached out to former GOP ambassadors. Yet President Obama's appointees to the post, Miguel H. Diaz and Ken Hackett, say they haven't heard from her. They have deep institutional knowledge, and they tell me they'd be happy to chat.

Mrs. Gingrich would also do well to meet with leading American prelates, such as

Cardinals Donald Wuerl, Séan O'Malley and Blase Cupich. Most have spent extensive time in Rome and can provide perspective on the Vatican's opaque politics.

• *Work to earn the respect of career diplomats.* "You're parachuted in as the boss," explains Mr. Diaz. "It's kind of awkward." Not everyone at the embassy will welcome Mrs. Gingrich's appointment, but demonstrating a desire to learn will help win over skeptical staffers. Humility builds more trust than mastering briefing materials.

This is not to diminish the importance of hitting the books. Mrs. Gingrich is already studying, and her education will never end. "I'm a cradle Catholic," says Jim Nicholson, the ambassador from 2001-05, "but I found out how much I didn't know about my church's history." The West's oldest living institution features endless bureaucratic quirks: The Vatican's secretary of state, for example, is really a prime minister working under an absolute monarch.

• *Focus on convergent issues.* The U.S. is a secular superpower, and the Vatican is a spiritual one. If Mr. Trump delivered a lecture on morality, people would tune out only slightly faster than it would take the U.S. military to occupy Vatican City. But combining these strengths—the Vatican's moral gravitas with America's geopolitical might—can deliver results on issues like hunger, human rights, religious

Pope Francis intentionally timed the publication of his 2015 ecology encyclical to influence the Paris climate conference. And what about Mr. Trump's decision to pull out of the accord? "That's really going to cause a lot of heartburn," says Mr. Hackett. But taking the time to explain America's intentions and values, while hearing out the Vatican's diplomats, can reduce tensions on tough issues.

• *Convince Mr. Trump this relationship matters.* Francis Rooney, the Vatican envoy from 2005-08 and now a congressman from Florida, says "you really need a strong relationship with the White House if you're going to drive a lot of messages with the Holy See, because the mission takes on the character of the level of interest of the president."

But tapping this resource isn't a matter of deal making. "The Vatican doesn't operate on a transactional basis. It's all about relationships," says Mr. Hackett. "She's going to have to develop those relationships, and that takes a long time."

Take advantage of the entire State Department, suggests Mr. Diaz. "Bring another ambassador from Washington that deals with a specific region in the world," he says. "Make sure they engage top-level Vatican officials interested in those issues."

• *Enjoy Rome.* A final note,

from this former resident of the Eternal City: The best gelato isn't in window displays. You'll find the good stuff in shops with lidded metal containers.

There's a nice spot on Borgo Pio named Hedera, only a few steps from St. Peter's Square.

Mrs. O'Neal is an assistant editorial features editor at the Journal.

Winston Churchill, Movie Star

By Lee Pollock

He is just like an actor. He loves the limelight and the approbation of the pit." That biting appraisal was bestowed in 1907 by one future British prime minister, David Lloyd George, on another: the rising, still-young Winston Churchill. Although he never appeared on camera professionally, Churchill was a film buff who regularly teared up watching his favorite, the 1941 classic "That Hamilton Woman." He even discussed writing a script for a Charlie Chaplin film about Napoleon.

Fifty-two years after Churchill's death, he has become an irresistible movie character himself. Last year brought "Churchill's Secret," a well-crafted ITV depiction of the aging lion's recovery from a stroke in 1953, while he was prime minister. At the same time the highlight of Netflix's hit series "The Crown" was

John Lithgow's Golden Globe-winning Churchill portrayal. The 6-foot-4 Mr. Lithgow had to stoop to depict his 5-foot-7 subject, and the script took predictable liberties. Churchill was not as grumpy as shown, and the presentation of his

Thumbs down to the latest film, but a good one may be coming.

marriage is overwrought. Still, the characterization worked.

A less fortunate treatment is "Churchill," opening this Friday and set in the four days before D-Day. The veteran Scottish actor Brian Cox is well-cast as Churchill but sabotaged by a historically absurd story line in which he pathologically opposes the Normandy landings, even ludicrously praying on his knees for a Shakespearean tempest.

to stop the whole undertaking. The real Churchill wasn't much given to prayer, and he completely supported the enormously well-prepared Allied invasion.

Historical dramas always distort at the edges and add fictional characters—in Churchill films, usually a devoted nurse or secretary. But good films center on a core truth. Without that, "Churchill" collapses into a heap of comic-book characters, historically shouted insults unfound in the historical record, and slipshod errors. For instance, Gen. Dwight Eisenhower sports British medals. Particularly disappointing is watching Churchill spout wobbly phrases such as: "The most important thing in a war is for people to feel truly unified." The film's reported \$10 million budget apparently lacked room to license the actual, glorious words of the real Winston.

"Churchill" is billed as the "untold fascinating true story of D-Day" but it includes so much distortion and fabrication that the historian Andrew Roberts called the film "a depiction with which Dr. Goebbels would have been delighted."

With any luck, a better Churchill will be on the way shortly. November will bring "Darkest Hour," centered on the dramatic first months of Churchill's wartime leadership, with Gary Oldman in the leading role. The script-writer, Anthony McCarten, while not a professional historian, may produce this year's surest, most accurate depiction of the 20th century's greatest leader. Any Churchill filmmaker certainly begins with a fabulous subject.

Mr. Pollock is a trustee and adviser to the board of the International Churchill Society.

OPINION

REVIEW & OUTLOOK

Trump Bids Paris Adieu

President Trump announced the U.S. will withdraw from the Paris climate agreement on Thursday, to the horror of green elites world-wide. If the decision shows he is more mindful of American economic interests than they are, the other virtue of pulling out is to expose the fraudulence of this Potemkin village.

In a Rose Garden ceremony, Mr. Trump broke with the 2015 agreement, starting the formal four-year withdrawal process: "We're getting out. And we will start to renegotiate and we'll see if there's a better deal. If we can, great. If we can't, that's fine."

This nonchalance inspired a predictable political meltdown, with the anticarbon lobby invoking death, planetary disaster and a permanent historical stain. Billionaire Democratic donor Tom Steyer called it "a traitorous act of war against the American people," while Barack Obama accused his successor of joining "a small handful of nations that reject the future," whatever that means. Get ready for another march on the White House.

But amid the outrage, the aggrieved still haven't gotten around to resolving the central Paris contradiction, which is that it promises to be Earth-saving but fails on its own terms. It is a pledge of phony progress.

The 195 signatory nations volunteered their own carbon emission-reduction pledges, known as "intended nationally determined contributions," or INDCs. China and the other developing nations account for 63% of annual global CO₂ emissions, and their share is rising. They submitted INDCs that pledged to peak the carbon status quo "around" 2030, and maybe later, or never, since Paris included no enforcement mechanisms to prevent cheating.

Meanwhile, the developed OECD nations—responsible for 55% of world CO₂ as recently as 2000—made unrealistic assurances that even they knew they could not achieve. As central-planning prone as the Obama Administration was, it never identified a tax-and-regulation program that came close to meeting its own emissions pledge of 26% to 28% reductions from 2005 levels by 2025.

Paris is thus an exercise in moral and social signaling that is likely to exert little if any influence on atmospheric CO₂, much less on global temperatures. The Paris target was to limit the surface temperature increase to "well below" two degrees Celsius from the pre-industrial level by 2100. Researchers at the Massachusetts

Institute of Technology's Joint Program conclude that even if every INDC is fulfilled to the letter, the temperature increase will be in the range of 1.9–2.6 degrees Celsius by 2050, and 3.1–5.2 degrees Celsius by 2100.

Such forecasts are highly uncertain, which is inherent when scientists attempt to predict the future behavior of a system as complex as global climate. The best form of climate-change insurance is a large and growing economy so that future generations can afford to adapt to whatever they may confront.

A more prosperous society a century or more from now is a more important goal than asking the world to accept a lower standard of living today in exchange for symbolic benefits. Poorer nations in a world where 1.35 billion live without electricity will never accept such a trade in any case, while Mr. Trump is right to decline to lock in U.S. promises that make U.S. industries less competitive.

The surest way to "reject the future" is to burden the economy with new political controls today, because economic growth underwrites technological progress and human ingenuity. These are the major drivers of energy transitions that allow people to generate more wealth with fewer resources. Energy intensity—the amount of energy necessary to create a dollar of GDP—has plunged 58% in the U.S. since 1990, according to the U.S. Energy Information Administration.

Over the same period, intensity declined merely 37% in OECD Europe, 20% in Japan, 22% in Mexico and 7% in Korea. China dropped by 133%, but working off a far more wasteful initial base. Superior efficiency helps explain why U.S. carbon emissions fell by 145 million tons in 2016 compared to 2015, more than any other country. Russia was second, at minus 64 million tons. Over the past five years U.S. emissions have fallen by 270 million tons, while China—the No. 1 CO₂ emitter—added 1.1 billion tons.

All of which make the claims that the U.S. is abdicating global leadership so overwrought. Leadership is not defined as the U.S. endorsing whatever other world leaders have already decided they want to do, and the U.S. is providing a better model in any case. Private economies that can innovate and provide cost-effective energy alternatives will always beat meaningless international agreements. To the extent Paris damages economic growth, the irony is that it would leave the world less prepared for climate change.

The Trump Jerusalem Waiver

Way back in 1995, Congress passed a law requiring the State Department to move the U.S. Embassy in Israel to Jerusalem from Tel Aviv. On Thursday Donald Trump became the latest in a long line of Presidents to issue a waiver to put the move off.

Moving the embassy to the actual capital of the Jewish State is not the most important U.S. priority in the region. But because Mr. Trump made such a point of it in the campaign—vowing that he would make good where others had backed down—the waiver damages American credibility. As President Obama's infamous red line in Syria illustrated, the world is more dangerous when Presidents show they don't mean what they say.

In a statement explaining the waiver, the White House said that "the question is not if that move happens, but only when." The state-

ment further claims the embassy waiver was given in hopes of boosting chances for an Israeli-Palestinian peace accord.

Here lies the bigger problem, which is less that the embassy is staying in Tel Aviv than that the Trump White House has concluded it should spend scarce political capital on a Palestinian-Israeli peace that has eluded Presidents for decades. That peace will only have a chance when the two parties are prepared to negotiate seriously, and the Palestinians now are not. They won't be any more likely to deal because Mr. Trump backed down on the embassy.

No one forced Mr. Trump to make his pledge. He chose to make it a campaign issue. The Israelis will be disappointed but are still delighted to have a President who is friendlier than his predecessor. The Palestinians will pocket this concession and hold out for more.

Ireland's Reform Example

We interrupt the panic about populism in Europe to bring some good news from Ireland. That country will get a new Prime Minister on Friday, and the Irish are choosing between two good options who offer a lesson for the revival of European economies.

The leadership change is precipitated by incumbent Enda Kenny's resignation over a complex police scandal involving charges of special treatment for prominent officials. His center-right Fine Gael party must now select a new Prime Minister and party leader.

Fine Gael is traditionally the more free market of Ireland's main parties but has often struggled to overcome entrenched interests in Dublin. So it's remarkable that in this race both candidates to replace Mr. Kenny are running on aggressive pro-liberalization platforms.

The leading contender, Leo Varadkar, is the more eloquent of the two. Most of the media are wowed that he's only 38, the son of an Indian immigrant and gay. But credit Fine Gael and Irish voters for taking Mr. Varadkar's policy ideas more seriously than his biography.

Those ideas include administrative reforms such as prohibiting strikes by public-employee unions in critical services. He wants to address widespread worries about housing costs by phasing out subsidies for first-time buyers and focusing instead on new construction.

Mr. Varadkar and his challenger, Simon Coveney, both promise to reduce Ireland's top marginal tax rate on income—income and payroll taxes combined—to below 50%, and reduce taxes for lower-income payers by adjusting brackets. Both advocate pension reforms cen-

tered on private savings accounts. Both would keep the 12.5% top corporate-tax rate while cutting other taxes on domestic firms and the self-employed to expand the economy beyond its reliance on global companies.

That reform agreement is a lesson to most others in Europe, not least British Prime Minister Theresa May, who is running on a welfare-state-as-usual platform. Mr. Kenny and his predecessor slashed government spending by €10 billion (\$11.2 billion) to repair the post-financial crisis budget, as compared to €5 billion in tax increases. This weighting toward spending cuts helped return the economy to growth, and revenues are now booming.

Ireland's economy is back to its precrisis size and boasted the highest growth rate in Europe at 6.6% year-on-year in the last quarter of 2016. Unemployment is around 6.4% and falling, while labor participation is rising. Greece should ship its entire political class to Ireland for the summer to take lessons—and bring along America's Democratic Party.

Ireland's political challenge is to improve conditions for those left out of the recovery—such as rural residents and those who don't work for global firms. Frustration over unequal economic opportunities has stimulated insurrections of the far right and left in many other countries, and shared prosperity is the best defense against a similar Irish movement.

First, though, the country will give economic reform a chance with either Mr. Varadkar or Mr. Coveney. That's a big responsibility for whoever wins the leadership race Friday, and also a big opportunity.

Growth and innovation are better forms of climate insurance.

Such forecasts are highly uncertain, which is inherent when scientists attempt to predict the future behavior of a system as complex as global climate. The best form of climate-change insurance is a large and growing economy so that future generations can afford to adapt to whatever they may confront.

A more prosperous society a century or more from now is a more important goal than asking the world to accept a lower standard of living today in exchange for symbolic benefits. Poorer nations in a world where 1.35 billion live without electricity will never accept such a trade in any case, while Mr. Trump is right to decline to lock in U.S. promises that make U.S. industries less competitive.

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The President made the embassy move a test of U.S. credibility.

Secretary Acosta correctly points out the importance of not "casting aside the thicket" of law that ensures that the government doesn't act on "regulatory whim." But when it comes to the Labor Department's Fiduciary Rule, Americans saving for retirement have been left vulnerable

LETTERS TO THE EDITOR

Labor Should Delay Fiduciary Rule Kickoff

Regarding Labor Secretary Alexander Acosta's "Deregulators Must Follow the Law, So Regulators Will Too" (op-ed, May 23): President Obama's former Labor Secretary Tom Perez set out to give a great gift to the trial lawyers: the ability to sue all financial institutions whenever the market goes down. And he achieved that goal in designing the so-called Fiduciary Rule that governs retirement advice. This Obama-Perez rule harms middle-class Americans, who will either lose access to advice or pay much more for it in the form of continuous substantial fees rather than one-time commissions. With the threat of lawsuits whenever the market goes down, fees for advice will skyrocket, and only the wealthy will be able to afford personalized help with their retirement.

I applaud President Trump for recognizing the flaws of this big-government regulation and taking a proactive stance on this issue by directing the Labor Department on Feb. 3 to further study the new rule, originally scheduled to take effect on April 9. The department subsequently delayed the application of the Fiduciary Rule until June 9. Secretary Acosta has announced that the department needs more time to consider its options for addressing this rule. But instead of further delaying the application beyond June 9, the department is allowing the rule to go into effect. By allowing this Obama-era rule to move forward, the administration is abandoning its responsibility to protect the availability of retirement options for middle-class Americans.

I urge the Labor Department to rethink its decision. It has one week to decide between the trial lawyers and hardworking Americans.

SEN. JOHNNY ISAKSON (R., GA.)
Washington

Secretary Acosta correctly points out the importance of not "casting aside the thicket" of law that ensures that the government doesn't act on "regulatory whim." But when it comes to the Labor Department's Fiduciary Rule, Americans saving for retirement have been left vulnerable

Nothing in the Administrative Procedure Act precludes the department from delaying implementation until the U.S. Court of Appeals for the Fifth Circuit passes judgment on the rule's statutory and constitutional propriety.

Second, serious First Amendment problems—which the Labor Department never properly considered—be-devil the Fiduciary Rule, very much including the portion slated to go into effect on June 9. If Secretary Acosta were serious about honoring the rule of law, he would not force a job-killing overhaul of the retirement-advice industry without waiting for the Fifth Circuit to weigh in on the Fiduciary Rule's legality.

MARK CHENOWETH
Washington

Jocks and the Qualities of Superstar Traders

As the markets shift further toward quantitative trading strategies, there is question whether mental toughness is still a critical feature in identifying a potential superstar trader ("Wall Street's Endangered Species: The College Jock," page one, May 26). I believe strongly that it is. Athletes tend to be significantly overrepresented on Wall Street trading desks. What is it about the athletic experience that molds itself so well to trading? The most successful athletes adhere to the following formula for what it takes to be great: high but attainable goals, dedication, discipline, fanatical effort, resiliency and leadership.

The most elite traders excel in extreme trading environments where there is no model on which to base trading decisions, only instinct. It

Getting Real About Using Opioid Medication for Pain

Regarding Josh Bloom and Alex Berezow's "Trump and Christie's First Steps to Solving the Opioid Crisis" (op-ed, May 16) and the letters of May 22 in response: The epidemic's cause isn't clear, but a nationwide system for tracking prescriptions would help. Are you kidding me? As a burn surgeon for 20 years I deal with patients' excruciating pain every day. I don't need a tracking system to tell me which patient is drug seeking. I know after the first encounter.

The reason for the epidemic is that pain is no longer considered part of the human condition. Any pain—a scrape on the knee, depression, anxiety, bullying or childbirth. (I've had both, epidural and natural birth without pain medication; it hurts.) The big ones are back pain and fibromyalgia. What are we as doctors supposed to do about it? We get threatened by the patients ("I will sue you" and "I'll wait for you in the parking lot"). The hospital administration let's us know "your patient satisfaction scores are down." The politicians say "you'll lose your license if you don't check our database," adding 10 minutes to every patient encounter. That time is no longer available to deal with the patients' real issues. As long as the numbing of pain, physical and mental, is accepted as the new standard of the human condition, this "crisis" won't be resolved. No prescription tracking system will help.

SIGRID BLOME-EBERWEIN, M.D.
Allentown, Pa.

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JAMES HYLAND
Beechhurst, N.Y.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Hold on. I've got a call on my other wrist..."

OPINION

The Filibuster Is Not a Suicide Pact

By Peter J. Wallison

President Trump urged Republican lawmakers this week to overrule the Senate filibuster and get on with passing his agenda. "The U.S. Senate should switch to 51 votes, immediately," he tweeted on Tuesday, "and get Healthcare and TAX CUTS approved, fast and easy. Dems would do it, no doubt!"

Mr. Trump has a point. Majority Leader Mitch McConnell has said the Senate will not abandon the filibuster rule, which requires the consent of 60 senators to advance legislation

Democrats will abolish the 60-vote rule when they find it expedient. The GOP should consider it now.

to a vote. "There's not a single senator in the majority who thinks we ought to change the legislative filibuster," Mr. McConnell said in April. "Not one." But there are compelling reasons to consider the idea.

It is true that there is a work-around, a procedure known as "budget reconciliation," which many Republicans believe will enable them to achieve their policy objectives with 51 votes. But reconciliation is a cumbersome and highly technical process—the Congressional Research Service's summary runs to 11 dense pages—that is available only in connection with Congress's annual budget resolution. In some years, because of disagreements, there isn't a

budget resolution. That happened as recently as 2015.

Even more limiting, only proposals that affect federal spending, revenue or deficits qualify for reconciliation. The need to comply with these technical rules is the reason Republicans divided their health reform into three separate bills, only one of which recently passed the House. An earlier version of the bill left untouched various ObamaCare insurance regulations, which were considered ineligible for reconciliation.

The so-called MacArthur amendment, which would allow states to apply for regulatory waivers, may thread that needle, but it's not clear. Whether it qualifies for reconciliation depends on the ruling of the Senate parliamentarian. In any event, these issues made the bill hard to understand and explain, adding to its political difficulties.

There are other hang-ups. To pass through reconciliation, a bill cannot increase the federal deficit outside the budget window, usually 10 years. This is quite limiting on tax reform, which otherwise easily fits the criteria. It's why the Bush tax cuts of 2001 came with an expiration date, which might have limited their effect in stimulating business investment and jobs. And since the job-killing Dodd-Frank Act does not have budget implications, it may not be possible to meet the GOP's promise of reduced regulation.

If Republicans uphold the legislative filibuster, they may not be able to do everything voters sent them to Washington to do—health care, regulatory overhaul and tax reform, along with dozens of other initiatives to get the economy moving—



BETTMAN/GTET IMAGES

Sen. Strom Thurmond (D, S.C.) after filibustering the 1957 Civil Rights Act.

through this arcane reconciliation process. Democrats show no indication of cooperating on anything until after the 2018 election, if then. They made that clear in two unprecedented actions that showed Senate Democrats are controlled by their angry progressive base.

The first was their willingness to filibuster Judge Neil Gorsuch's nomination to the Supreme Court, which forced Republicans to abandon the 60-vote rule for high-court picks. A partisan filibuster of a Supreme Court choice was unprecedented, even in cases when the nominee faced significant opposition. Justice Clarence Thomas was confirmed with 52 votes. His opponents saw no point in demanding 60, though they could have. But with Judge Gorsuch the Democratic base cared more about making a gesture of opposition than about preserving the filibuster rule, and Senate Democrats

were willing to give them what they wanted.

The second example was the Democratic boycott of Senate committee votes on Mr. Trump's cabinet nominees. It was another unprecedented move, a shocking example of how a determined and contemptuous political party could unravel the American system of government. If the Republicans had not unexpectedly kept control of the Senate in the 2016 election, Mr. Trump would not have a functioning cabinet today.

As a conservative, I have always supported the idea that minority views deserve an opportunity for expression. I admired Mr. McConnell and his Republican colleagues for avoiding the "nuclear option"—the elimination of the filibuster—when they considered it for judicial nominees in the past. I also shared their unease with having to eliminate the 60-vote rule to confirm

Justice Gorsuch, even though Democrats had already done the same in 2013 for all other nominations.

But we have to look at what these remarkable events mean for the future. Can there be any doubt that Democrats will eliminate the filibuster on legislation when they next control the Senate and the White House? Last October Hillary Clinton's running mate, Sen. Tim Kaine, pre-emptively vowed to kill the 60-vote rule this year for Supreme Court nominees.

Republicans must be clear-eyed about the risk they are taking now. If the filibuster stands, and reconciliation proves unworkable, the GOP may not be able to deliver on its promise of economic growth and jobs. Democrats may be rewarded, not punished, for their intransigence. The frustrated 2016 electorate that put Mr. Trump in office and enabled the Republicans to retain their Senate majority may not understand that the GOP failed because it didn't have 60 votes in the Senate.

Under these circumstances, it is only responsible for Senate Republicans to consider whether in the service of an ideal—a nonmajoritarian Senate that respects the rights of minorities—they are putting in jeopardy not only the country's welfare but also their House and Senate majorities.

If so, their places will soon be taken by Democrats who—as they have repeatedly shown—have no such scruples.

Mr. Wallison is a senior fellow at the American Enterprise Institute. He was White House counsel in the Reagan administration.

The Paradoxical Peril of Easy U.S.-Israel Relations

By Daniel Pipes

Despite not moving the U.S. Embassy to Jerusalem, President Trump's evident affection for Israel during his recent visit understandably cheered Israelis after eight years of cool relations with President Obama. Alas, nothing is simple in the Arab-Israeli conflict: A look at historical patterns suggests that, paradoxically, Israel does best with an Obama-style level of tension with Washington.

The explanation of this paradox starts with the observation that all American administrations since 1973, regardless of which party holds the presidency, have been convinced the Arabs are ready for peace with Israel. This problem has been especially acute since the establishment of the Palestinian Authority in 1994. American presidents consistently ignore the authority's revolutionary nature. In this spirit, after a meeting with PA leader Mahmoud Abbas, Mr. Trump deemed him a "strategic partner" for Israel and "ready for peace."

American leaders often insist that if only Jerusalem handed over

yet more money, land and recognition, the Palestinian Authority would be inspired to make peace. In the face of near-infinite deceit, hostility, bellicosity and violence, this touching faith in Palestinian good neighborliness can be explained only by psychology. Former deputy national security adviser Elliott Abrams helpfully compares it to Tinker Bell in Peter Pan: "If you believe, clap your hands."

When Israeli governments concur with this fanciful thinking, as has happened under Labor and Kadima prime ministers, U.S.-Israel relations soar: Think of Bill Clinton's famously warm ties with Yitzhak Rabin.

But when Israelis resist such wishful assumptions, as does Prime Minister Benjamin Netanyahu, tensions arise. Washington pushes for more concessions and Jerusalem resists. American presidents then face a choice: moan and criticize, or embrace and encourage. Mr. Obama chose the petulant route, as symbolized by his choice to eat dinner with his family in 2010 while Mr. Netanyahu cooled his heels in the Roosevelt Room.

As longtime American diplomat

Dennis Ross has said for decades, Israel's cooperation increases when the White House focuses on building its confidence. Without doubting the sincerity of Mr. Trump's warmth for Israel, the deal maker in him intuitively seems to understand

A little tension is what keeps Jerusalem from acceding to Washington's typically poor judgment.

that wooing Israelis provides the basis for later pressure. During his recent trip to Israel, Mr. Trump took every opportunity to lavish affection on Jerusalem, Jews, Zionism and Israel.

"Jerusalem is a sacred city. Its beauty, splendor and heritage are like no other place on Earth," he noted. "The ties of the Jewish people to this Holy Land are ancient and eternal," a point he illustrated with his own experience: "Yesterday, I visited the Western Wall, and marveled at the monument to God's presence and man's perseverance."

State Sen. Ricardo Lara, the bill's sponsor, promised this week to incorporate the Nurses Association's financing recommendations into the measure.

Total state spending for the 2017-18 fiscal year is projected to be roughly \$183 billion. If passed, the bill would increase the size of the state budget by anywhere from 5% to 11%, though even these estimates could be low.

Tax hikes of that magnitude aren't likely to go down well. California already burdens its citizens with the highest top marginal tax rate in the nation, 13.3%. A recent poll from the Public Policy Institute of California found that only 42% of Californians support SB 562 if it would raise taxes.

"Israel is a testament to the unbreakable spirit of the Jewish people," he went on. "I stand in awe of the accomplishments of the Jewish people, and I make this promise to you: My administration will always stand with Israel. . . . God bless the State of Israel."

Israelis fully reciprocated this warmth. David Horovitz, editor of the Times of Israel, spoke for many: "Simply by saying he loves it and stands with it, Trump wins over endlessly criticized Israel. . . . He and Netanyahu disagree on the Palestinians' peacemaking bona fides. He didn't move the embassy. But the president showered Israel with praise, and made history by visiting the Western Wall. For now, that was more than enough."

This sentimental response provides an opening for Mr. Trump to demand that the Israeli government trust Mr. Abbas and make yet more unilateral concessions, a process that has apparently already begun with pressure to hand over territory on the West Bank. Given their bromance, how can Mr. Netanyahu deny Mr. Trump's requests?

This harks back to a pattern: Israelis and their supporters tend to

pay more attention to mood and symbolism than to policies. "Unlike other diplomatic bonds, which pivot on such national interests as trade and security interests, the U.S.-Israeli relationship has an emotional base," I wrote in 1992. "Feelings, not a cool assessment of interests, drive its every aspect. Tone, style, mood, and perception often matter more than hard facts."

Sadly, good relations cause Jerusalem to accede to Washington's consistently poor judgment. That's the peril of warm U.S.-Israel relations and the solace of poor ones. Better for Israel to be chastised by a lousy U.N. Security Council resolution than to relinquish more territory to genocidal thugs.

Whereas U.S.-Israel relations blow hot or cold depending on the political winds, Israeli concessions to the Palestinians are unalterable mistakes that encourage irredentism, cost lives, prolong the conflict, and impede U.S. interests. Thus my counterintuitive conclusion: Cool relations are better for Israeli—and by implication, American—security.

Mr. Pipes is president of the Middle East Forum.

California's 'Free' Health Care Won't Come Cheap

By Sally C. Pipes

Democrats in California's state Senate spent Thursday hemming and hawing over Senate Bill 562, the Healthy California Act. When this column went to print, the Democratic caucus was still debating whether to bring the bill to a vote. The legislation would create a single-payer health-care system to cover all Golden State residents. This proposal would kneecap California's economy and saddle millions with the life-threatening wait times, rationed care and out-of-control costs that plague all single-payer systems.

The Healthy California Program the bill envisions would cover all medical expenses without premiums, deductibles or copays. All state residents, including illegal immigrants, will be eligible. It would also ban insurers from covering anything

already paid for by the legislation. Medicare and Medicaid enrollees, the privately insured, and those who get insurance through work—all would lose their existing coverage and become subject to the new state system.

Such a sweeping overhaul won't come cheap. An analysis from the state Senate Appropriations Committee puts the cost of the plan as originally proposed at around \$400 billion a year. The committee floated the idea of a new 15% payroll tax on earned income to cover half the cost. The remaining \$200 billion would come from existing federal, state and local funds that could be "repurposed" toward the single-payer system.

A May study funded by the California Nurses Association puts the cost of the bill at \$331 billion a year, \$225 billion of which would come

from existing federal and state government sources. That report proposes raising California's state sales tax by 2.3 percentage points, and creating a 2.3% gross receipts tax for businesses, to come up with the remaining \$106 billion.

State Sen. Ricardo Lara, the bill's sponsor, promised this week to incorporate the Nurses Association's financing recommendations into the measure.

Total state spending for the 2017-18 fiscal year is projected to be roughly \$183 billion. If passed, the bill would increase the size of the state budget by anywhere from 5% to 11%, though even these estimates could be low.

Tax hikes of that magnitude aren't likely to go down well. California already burdens its citizens with the highest top marginal tax rate in the nation, 13.3%. A recent poll from the Public Policy Institute of California found that only 42% of Californians support SB 562 if it would raise taxes.

It wouldn't be the first time that a high price tag torpedoed a government takeover of health care. In 2014, Vermont's attempt at single-payer ended abruptly when Gov. Peter Shumlin rejected the 11.5% payroll tax hike and 9.5% individual tax hike required to fund the program.

The state may implement a single-payer system—meaning substandard care, wait lists and new taxes.

Hospitals in the United Kingdom's single-payer system, the National Health Service, are so overcrowded that the British Red Cross earlier this year labeled the situation a "humanitarian crisis." In my native Canada, patients face a median wait time of 20 weeks from seeing a primary-care doctor to getting treatment from a specialist, according to a November 2016 report from the Fraser Institute, a Canadian think tank. These delays have more than doubled since 1993. Is it any wonder that around 45,000 Canadians left the country in 2015 to seek medical treatment?

Instead of avoiding Canada's example, supporters of the Healthy California Act want to emulate it. In March, three Democratic state senators—including Mr. Lara—took Canada to solicit advice from health officials.

By installing the state as a health-care monopolist, lawmakers would empower bureaucrats to slash reimbursement rates, forcing doctors to take a massive pay cut. The state's most talented physicians would have a strong incentive to leave the state or retire early. Top medical students would likely head elsewhere after graduation.

In making the case for his bill, Mr. Lara said in a statement: "I believe we can get to a number where we are not overtaxing people and have a sustainable funding source that guarantees universal healthcare for all." Recent history shows it's just not possible. Long wait times, substandard care and backbreaking tax hikes are far too high a price to pay for "free" health care.

Ms. Pipes, president and CEO of the Pacific Research Institute, is the author of "The Way Out of Obamacare" (Encounter, 2016).

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GM Falls Behind in Flat Market

Auto maker struggles with softer demand for its cars and trucks; more job cuts coming

BY JOHN D. STOLL
AND ADRIENNE ROBERTS

General Motors Co. is limping into the highly anticipated summer selling season, beaten by Ford Motor Co. as the market's top seller in May and on course for more job cuts at its American factories.

GM, among the world's most profitable auto makers, has been scrambling to adjust production as the U.S. market plateaus. The adjustment reflects a discipline installed by

Chief Executive Mary Barra after decades of stocking dealers with more cars and trucks than customer demand warranted.

GM sales are off 1% through five months compared with the same period in 2016, including a 1.3% drop in May. Since January, it has disclosed plans to lay off more than 4,000 workers.

Once known for flooding rental-car agencies with its cars and putting generous discounts on even its most popular models, GM has retreated from profit-sapping fleet sales and shown restraint in incentive spending.

The strategy, however, comes with a price. GM's market share has stagnated near

historically low levels, and the one-time global powerhouse risks eventually losing its crown as the top American auto maker.

GM shares rose 1.5% to

GM CEO Mary Barra is working to shore up profit as the U.S. auto market cools.

\$34.43 on Thursday. But the stock is marginally above its \$33 initial public offering price set in 2010, raising pressure on Ms. Barra, whose one-time counterpart at Ford,

Mark Fields, was abruptly fired last month.

Mr. Fields struggled to compose a strategy for combating an onslaught of tech companies, including Alphabet Inc. and Tesla Inc., looking to displace Detroit companies as industry leaders.

Ms. Barra has made a series of high-dollar investments and product introductions as part of GM's response to Silicon Valley and enjoys backing from the company's board. In addition, she has pulled GM out of several markets to ensure profit growth as the U.S. car market cools.

Overall, auto makers sold 1.52 million vehicles in the U.S. in May, down less than 1% from a year earlier, according

to Autodata Corp.

"While demand for new vehicles is still relatively strong, it's a bit of smoke and mirrors," said Jessica Caldwell, an Edmunds analyst. "Dealers and [auto makers] really pushed the deals over the holiday weekend to prop up their May numbers."

The average incentive across the industry touched a new May record, exceeding \$3,650 per vehicle.

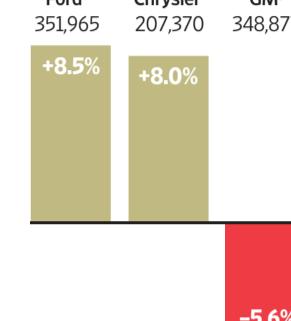
Ford reported an unexpectedly strong performance due largely to a steep increase in sales to fleet buyers, while Toyota Motor Co. and Fiat Chrysler Automobiles NV reported modest declines. Honda Motor Co., Nissan Mo-

Please see GM page B2

Truck Wars

The race for supremacy in the profitable pickup market is heating up in Detroit.

2017 U.S. pickup sales though May and change from previous year



*Includes F-Series †Includes Ram ‡Includes Chevrolet Silverado, Chevrolet Colorado, GMC Sierra, GMC Canyon.

Source: the companies

THE WALL STREET JOURNAL.

China Steps Up Currency Support

BY CAROLYN CUI
AND SAUMYA VAISHAMPAYAN

The decision by the People's Bank of China to sharply increase the value of the yuan against the dollar at its daily fixing Thursday surprised many investors, particularly those in the West who have long valued state-directed currency movements less for their immediate direction than for signs of the underlying policy that the central bank appears to be pursuing.

In this case, many investors said they believed China was seeking to build confidence in its economy at a time of deepening concern about the possible ripple effects from a long-running debt buildup and a state crackdown on loose lending in certain sectors. Those concerns were intensified in April, when capital outflows were estimated to have picked up after moderating in the first quarter. And last week, Moody's Investors Service downgraded China's sovereign-debt rating, the first such cut since 1989.

At the same time, many investors said they continued to expect that China would succeed in its efforts to manage its way out of the debt buildup without significantly reducing its growth or increasing volatility in financial markets.

On Thursday, the central bank set the dollar's daily mid-

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◆ Heard on the Street: Yuan's rally has its limits..... B12

INSIDE



AKZO BESTS ACTIVIST IN PPG BATTLE

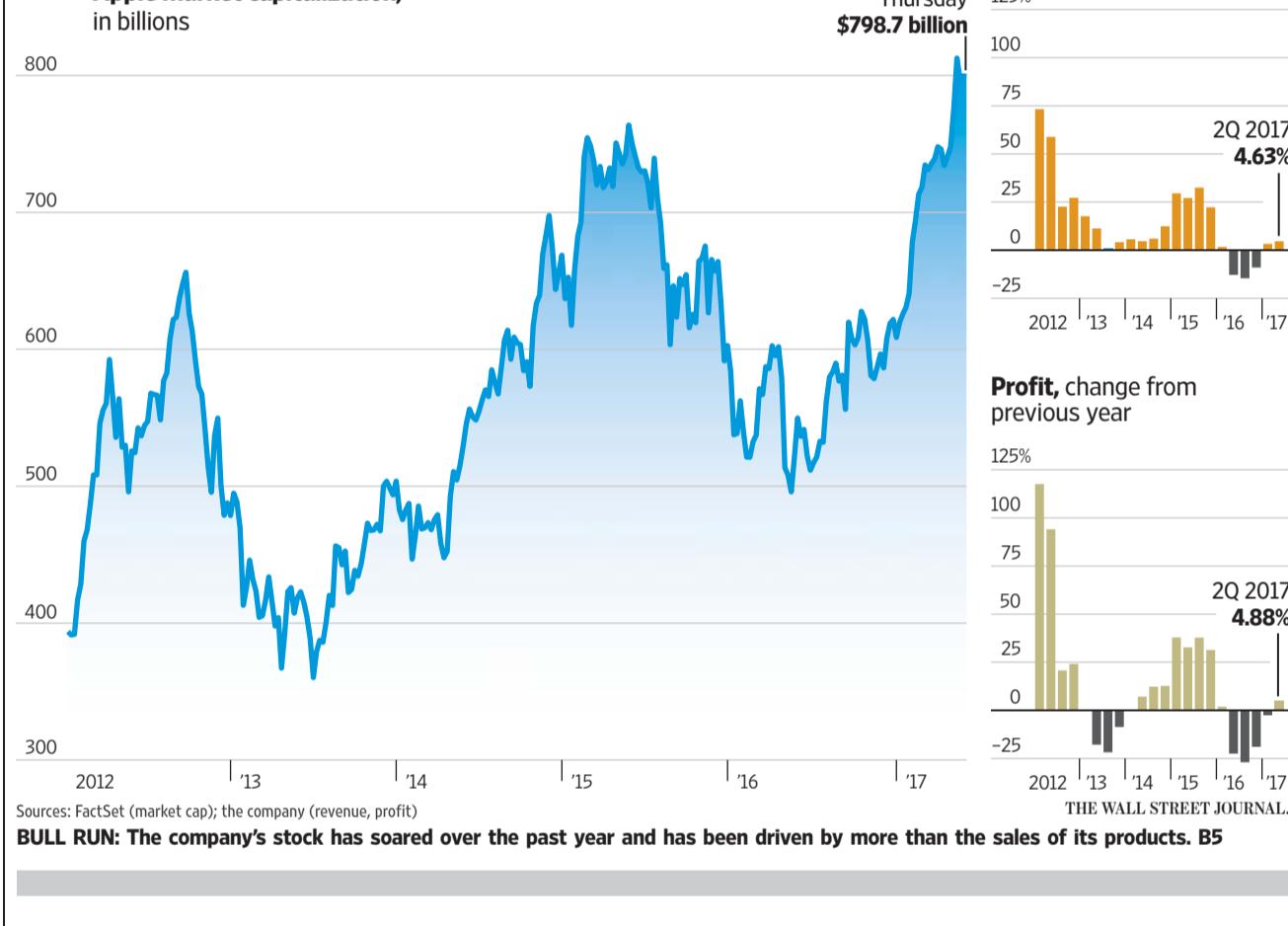
DEALS, B3



ENTERTAINMENT EMPIRE GROWS IN CHINA

CHINA CIRCUIT, B4

The Story Behind Apple's Rising Valuation, in 15 Charts



Broad Rise Puts Stocks at Records

BY CORRIE DRIEBUSCH
AND RIVA GOLD

Stocks gained broadly, with all three major U.S. indexes closing at fresh highs.

All 11 sectors in the S&P 500 gained, and the Dow Jones Industrial Average rose to its first record since

EQUITIES March 1. Among

the top performers, car makers rose following mostly solid auto sales and energy stocks climbed as the price of oil stabilized.

Meanwhile, early Friday Japan's Nikkei 225 Stock Average passed the 20,000 mark for the first time since 2015, rising 1.4% by the lunchtime break.

U.S. stocks have edged higher in recent sessions on relatively low trading volumes as the first-quarter earnings season has mostly concluded, leaving investors struggling for a fresh catalyst. The monthly average of the CBOE Volatility Index, known as Wall Street's "fear gauge," in May was the lowest since 2006 and

135.53

Point increase by the Dow Jones Industrial Average on Thursday

the second-lowest in its history.

"The best word to describe investors right now is numb. People don't know what to do," said David Klaskin, chief investment officer of Chicago-based Oak Ridge Investments. He said he is cautious about the direction of the stock market but acknowledged avoiding riskier assets hasn't paid off.

The Dow Jones Industrial Average gained 135.53 points, or 0.6%, to 21,144.18. The S&P 500 added 18.26 points, or 0.8%, to 2430.06, and the Nasdaq Composite rose 48.31 points, or 0.8%, to 6246.83.

General Motors rose 50 cents, or 1.5%, to \$34.43 and Ford Motor gained 29 cents, or 2.6%, to 11.41, after Ford reported an unexpectedly strong sales performance in May due to an increase in sales to fleet buyers. GM sales slipped.

Separately, shares of oil-and-gas companies have weighed on major stock indexes so far this week as U.S.-traded crude oil fell on investors' skepticism that production cuts by the Organization of the Petroleum Exporting Countries and other major producers would make a dent in global crude stocks.

Energy stocks in the S&P 500 rose 0.7%, though they are down 1.1% so far this week.

Better-than-expected growth figures on U.S. private payrolls helped lift the dollar. The WSJ Dollar Index rose 0.3%.



Myomo makes medical robotics. The company is pursuing an IPO.

apiece, after which it is tentatively approved to list on the exchange's market for small-capitalization companies.

Based in Cambridge, Mass., Myomo spent years relying on money raised from a venture-capital firm, individuals and its revenues, which are growing but remain less than the company's expenses. Chief Executive Paul Gudonis said he wanted to ramp up sales and production of the company's orthotic braces that can facilitate movement in paralyzed limbs.

A traditional IPO wasn't an option. Myomo hopes to raise \$15 million—too little to interest big banks, which collect fees based on deal size, Mr. Gudonis said. The cost and regulatory burden of a traditional IPO for Myomo were too high, he said.

Please see IPO page B2

tested companies.

Proponents of the new rules, known as Regulation A+, appear to be "willing to risk a little more fraud if the dollar risk is less," said David Feldman, an attorney who has championed the rule and is

providing legal guidance for several offerings.

Myomo is the first Reg A+ offering poised for a major U.S. exchange, the New York Stock Exchange. The company is in the process of trying to sell two million shares at \$7.50

ings before interest, taxes, depreciation, amortization and rent expense, or Ebitdar, Morgan Stanley estimates. This measure pushes its enterprise value to around \$4 billion, a world away from its roughly \$900 million market capitalization.

Abercrombie's lease-adjusted leverage ratio is the highest in Morgan Stanley's coverage area, but the company isn't alone. Chico's FAS, Urban Outfitters and Gap also have net cash on their balance sheets, but incorporating their operating leases brings their leverage to 3.9 times, 3.6 times and 3.2 times 2017 Ebitdar, re-

spectively. J.C. Penney's leverage ratio rises to about 4.5 times from around 4 times when operating leases are included.

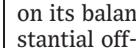
Retailers can reduce their liability from operating leases by closing stores, but they typically wait for leases to expire before shutting locations to avoid paying penalties. Abercrombie closed eight stores in the quarter ended April 29.

Barring a ramp up in closures, any further erosion in its enterprise value will come from its market value—not what shareholders want.

Many retailers are a lot riskier than they appear.

By MIRIAM GOTTFRIED

Retailers' Debt Is Bigger Than It Looks



With net cash on its balance sheet, Abercrombie & Fitch seems like an easy acquisition target, despite years of declining sales. But add in lease obligations and it becomes one of the most heavily indebted retailers.

Abercrombie is one of

many retailers with net cash on its balance sheet but substantial off-balance-sheet financial obligations in the form of operating leases. A

rule that will force compa-

nies to bring those leases—

effectively commitments to

pay rent to landlords—onto

the balance sheet is slated to go into effect for public companies in fiscal years beginning after Dec. 15, 2018. But investors are starting to focus on the metric as the long-term health of retailers increasingly becomes a concern.

For Abercrombie, which is on the block after enduring four years of declining sales,

steep lease obligations could impede a deal. The company had \$111 million in net cash on its balance sheet as of the end of the first quarter. Including its operating leases, Abercrombie's net debt is around \$3 billion—about 4.8

times estimated 2017 earn-

BUSINESS NEWS

Eli Lilly's CFO Plans To Retire

By IMANI MOISE

Eli Lilly & Co. said Thursday that longtime Chief Financial Officer Derica Rice will retire at the end of this year after more than a decade in the position. Mr. Rice, who has spent 27 years at the pharmaceutical company, also is a member of Lilly's executive committee. He is 52 years old.

"Derica has been a core part of Lilly's turnaround, our innovation strategy and our consistent ability to set and then meet targets and commitments," said David Ricks, Lilly chairman, president and chief executive.

Lilly is considering internal and external candidates to succeed Mr. Rice, who joined the company in 1990. He was promoted to his current role in May 2006 and had a brief stint as interim CEO while John Lechleiter was on medical leave in 2013. Mr. Lechleiter announced his retirement last year.

Lilly's results have been helped by manufacturing efficiencies and stronger sales, but the company swung to a loss in its latest quarter owing to charges tied to cost-cutting efforts.

PPG Ends Pursuit of Rival Akzo

U.S. paint maker drops \$27.6 billion pursuit of Dutch company; activist is rebuffed

By BEN DUMMETT

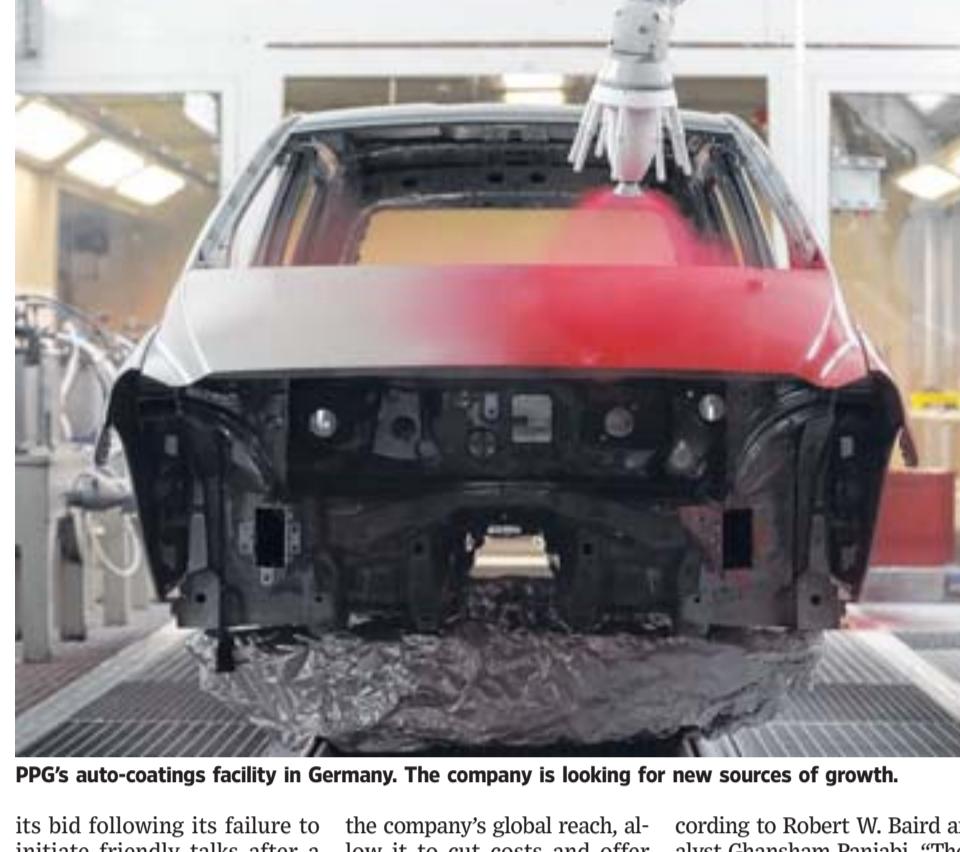
Elliott Management Corp. met its match in **Akzo Nobel** NV.

The Dutch paint giant faced down a protracted \$27.6 billion takeover attempt from U.S. rival **PPG Industries** Inc., in the process dealing a blow to the U.S. investor's aggressive style of activism.

Elliott had emerged as a key player in trying to end a stand-off between two of the world's oldest industrial companies. As one of Akzo's largest investors, Elliott mounted a public-relations and legal campaign to try to force the Amsterdam-based company into unwanted sale talks with PPG.

Elliott's tactics have established it as one of the most prominent activist investors in the U.S. Most recently the hedge fund spearheaded a campaign that helped unseat the chief executive of aerospace-parts maker **Arconic** Inc.

But a similar effort came to nothing in the case of Akzo on Thursday after PPG dropped



PPG's auto-coatings facility in Germany. The company is looking for new sources of growth.

its bid following its failure to initiate friendly talks after a monthslong attempt. PPG is now challenged to find new sources of growth after losing out on making its bet that the Akzo tie-up would strengthen

the company's global reach, allow it to cut costs and offer customers a broader portfolio of paints and coatings.

Some analysts supported the move. "They did the right thing" by walking away, ac-

cording to Robert W. Baird analyst Ghansham Panjabi. "They needed to protect shareholders [from escalating bids for Akzo Nobel] and not get wrapped up in the emotion. This is a consolidating indus-

try. There are plenty of other deals out there."

PPG Chief Executive Michael McGarry said his most recent approach to Akzo came as recently as May 29 but, as in previous cases, the Akzo board "consistently refused to engage" and didn't respond to its latest call or letter.

Since the initial offer in March, PPG had proposed a further two, sweetened offers to woo Akzo to the negotiating table. But bolstered by a Dutch corporate structure that provides protection from a shareholder-supported hostile bid, it fended them off. The company also survived a shareholder revolt and legal challenge led by Elliott.

Elliott is widely known for its extensive preparation in launching activist campaigns against target companies. It used Dutch lawyers and industry consultants to help make its case against Akzo. Still, Thursday's setback highlights the challenges U.S. activist investors can face investing in countries that have different corporate governance structures, tax and other rules.

An Elliott representative declined to comment Thursday.

◆ Heard: Akzo isn't paint company to own.....B12

Restaurants Build Up the Hot Delivery Business

Some brands partner with apps, and others go it alone; fancy spots shut dining rooms to focus on takeout

By JULIE JARGON

Restaurants are no longer treating lunchtime delivery as an afterthought.

With online-ordering apps proliferating and many customers cutting down on eating out for lunch, the industry—try—from fast-food chains to upscale restaurateurs—is looking for ways to bring food to patrons without compromising their eating experience.

Wendy's Co. recently signed up with **DoorDash** Inc. to offer delivery in parts of Ohio and Texas, with plans to expand nationally within the year. "We fundamentally believe food at home is our No. 1 competitor," Wendy's Chief Concept and Marketing Officer Kurt Kane said in a recent interview.

Rival **McDonald's** Corp. is offering delivery in more than 2,000 U.S. restaurants using **Uber Technologies** Inc. "Restaurant delivery is a \$100 billion market, and it's exploding," Lucy Brady, McDonald's senior vice president of corporate strategy and business development, told investors in March.



Restaurant delivery accounts for 3% of purchases but is growing.

But enticing customers to order in at lunch, which has been a tough spot for burger chains in particular, remains difficult. McDonald's Chief Executive Steve Easterbrook told investors Wednesday that 60% of the chain's delivery orders come in the evening and late at night.

Getting burger delivery right—keeping the patty warm and juicy, while preventing toppings from getting the bun soggy—is notoriously

tricky. DoorDash said its drivers keep packaged food warm by wrapping it in "space blankets"—thin plastic metallic sheets originally developed by the National Aeronautics and Space Administration to provide thermal control for spacecraft—before placing them in insulated bags to ensure it arrives hot.

To keep McDonald's food as fresh as possible, Uber waits to notify the local restaurant

At Your Service

How some major chains are getting food to your door:

McDonald's Corp.

Where: In several markets after first testing delivery in Florida in January.

With whom: Uber Technologies Inc.

Fact: 75% of people in the burger giant's top five markets, including the U.S., live within 3 miles of a McDonald's.

Panera Bread Co.

Where: Available in 24% of Panera's roughly 2,000 cafes—a percentage it says could grow

to 40% by year-end.

With whom: Panera employs its own drivers and recently announced plans this year to add 10,000 to the roughly 4,000 it has now.

Fact: The bakery chain is rolling out a feature to its mobile order app that will allow customers to track the location of their delivery driver.

Dunkin' Brands Group Inc.

Where: Doughnuts and coffee are being delivered in Dallas, Atlanta, Chicago, Los Angeles, Washington, Boston and New York City.

With whom: DoorDash Inc.

Fact: Dunkin' unit Baskin Robbins is now testing delivery in

the U.S. The ice-cream chain already delivers in Saudi Arabia.

Yum Brands Inc.'s Taco Bell

Where: Available at 900 Taco Bells in more than 50 markets.

With whom: DoorDash

Fact: Taco Bell has said that delivery is the No. 1 service request it gets from customers.

Chipotle Mexican Grill Inc.

Where: In most major U.S. cities and college campuses.

With whom: Postmates, OrderUp, Tapingo and Favor

Fact: The burrito maker has created a second food assembly line in its restaurants to accommodate delivery and to-go orders.

Should Bar Be Lifted on CEO Bonuses?

By THEO FRANCIS
AND JOANN S. LUBLIN

Investors have pressed for years to get companies to tie executive pay more closely to performance, and boards have increasingly complied. But now, some investors are questioning just how high they set the bar.

Median pay for chief executives of S&P 500 companies reached \$11.7 million in 2016, up from \$10.8 million a year earlier and a postrecession high, according to a Wall Street Journal analysis. Roughly 60% of their pay came from stock and stock-option awards, most of which are tied to performance targets.

Companies have wide latitude in choosing performance hurdles. Take **FedEx** Corp.: For more than a decade, the company has used the same 12.5% target for average earnings-per-share growth as a threshold for its executives to earn their target long-term incentive payments—even as Wall Street analysts have forecast substantially higher growth at the start of many of those years.

FedEx has gone on to exceed the target in four of the past five performance periods and has paid out the maximum cash bonus in three. Chief Executive Fred Smith was paid \$16.8 million last year, up 21% from a year earlier.

A FedEx spokesman said the



Fred Smith's pay at FedEx rose 21% to \$16.8 million in 2016.

target reflects the company's long-term goal of 10% to 15% annual per-share earnings growth and serves to reward executives for building long-term shareholder value.

"It has to be the right measure and the right achievement level," said Glenn Booraem, who handles corporate governance for more than \$2 trillion of U.S. equity investments at mutual-fund giant **Vanguard Group**.

Mr. Booraem said he is concerned some boards set the bar too low, allowing CEOs to receive over the past

earn "premium payouts in the absence of compelling performance relative to the market."

Last year, about 250 S&P 500 companies paid CEOs cash incentives above the levels they promised for meeting certain performance goals, averaging 46% higher, according to data from Institutional Shareholder Services, the biggest U.S. proxy-advisory firm. Meanwhile, 150 paid bonuses below the target.

For two-thirds of S&P 500 companies, the overall pay CEOs received over the past

three years proved higher than initial targets, according to an ISS analysis. That is typically because performance triggers raised the number of shares CEOs received, or stock gains lifted the value of the original grant. On average, compensation was 16% higher than the target.

The values companies disclose for CEO equity awards also show that about one-third of CEOs start the fiscal year expecting to beat the performance targets that determine the size of those stock grants, ISS said.

In some cases "the company is setting goals they think the CEO is going to clear," said John Roe, head of analytics at ISS. "It's a tip-off to investors."

In March, **General Electric** Co. modified its bonus program for top executives to tie pay more closely to specific performance goals, including the level of cost reductions over the next year. The company said the changes came out of discussions with activist investor **Trian Fund Management**, which had called for more stringent targets.

In comments to investors last week, CEO Jeff Immelt said the company's bonus and long-term incentive plan keep executives' interests aligned with those of shareholders. Last year, Mr. Immelt received 80% of his projected bonus because the company missed operating-profit targets.

Even upscale restaurants are joining the delivery bandwagon. Some are so confident they are even eschewing tables and chairs.

Oyster Bah in Chicago recently opened Seaside's, a delivery and carry-out-only restaurant that operates out of Oyster Bah's kitchen so that it can expand sales without any additional rental cost. It only serves food that is designed to travel well, such as fried chicken, ribs and grilled lob-



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TECHNOLOGY

WSJ.com/Tech

Big Tech Firms Win EU Plaudits

Officials praise efforts to remove comments from the web that could stoke violence

BY NATALIA DROZDIK

Alphabet Inc.'s YouTube, Facebook Inc., Twitter Inc. and Microsoft Corp. have doubled efforts over the past six months to remove hate speech and other information that incites acts of terror from their platforms, the European Union said.

The assessment is welcome news for the companies, which face pressure from Europe's national governments to do more to address racist and xenophobic content.

The EU report evaluates the impact of a common code of conduct that the four technology companies agreed on a year ago. They pledged to review precise and substantial complaints regarding users' behavior within 24 hours of receipt and cut off access to the content, if required.

The European Commission, the bloc's executive, said the tech companies removed illegal hate-speech content 59% of the time when it was flagged for review, up from a rate of 28% that the commission reported six months ago.

EU Justice Chief Vera Jourová said Thursday that the results of the report were encouraging.

"This is an important step in the right direction," Ms. Jourová said. "At the same time, companies carry a great responsibility and need to make further progress to deliver on all the commitments."

Internet companies have faced pressure from authori-



Messages in Manchester after the suicide bombing in the U.K. city. Tech companies have faced pressure to remove hateful content.

ties to speed up the removal of terrorist content and hate speech after a number of recent deadly attacks in Europe and calls online to burn down refugee shelters built for a wave of migrants to Europe from the Middle East in recent years.

Some European governments, such as Germany, are already planning national legislation in the area.

The Internet Society, an open-internet advocacy group, said regulatory measures requiring the removal of hate speech could prompt companies to remove more content than necessary to avoid fines.

"This could have the opposite effect by encouraging overblocking of content, in-

cluding content that is perfectly legal," said Kathryn Brown, the Internet Society's chief executive.

The companies had already endeavored to remove illegal

'This is an important step in the right direction,' said Justice Chief Vera Jourová.

information when it is reported, but face criticism that they don't do so rapidly enough or take enough of the content down. The tech companies say they are wary of

initiatives that infringe on freedom of expression.

Ms. Jourová said she would hear from German Justice Minister Heiko Maas next week at a gathering of national justice ministers about his reasoning in implementing national legislation on the removal of hate speech.

The EU justice chief said she would present the report as a success because the voluntary agreement by the tech companies is helping bring immediate results.

By contrast, EU-level legislation would take years to implement and delay action by the firms, she said.

The EU said it expected the companies to be more open about their criteria for analyzing flagged content and providing feedback to users.

The commission said the number of notifications reviewed within 24 hours increased to 51% from 40% over the past six months, but that Facebook was "the only company that fully achieves the target of reviewing the majority of notifications within the day" and that the company sends systematic feedback to users on how their notifications have been assessed.

Facebook also received 1,273 notifications during the seven-week review period—the largest number among the four companies. YouTube and Twitter received about half that number and Microsoft received none.

Intelsat, OneWeb Tie-Up Collapses

A tie-up that Japanese technology giant SoftBank Group Corp. tried to orchestrate between U.S. satellite startup OneWeb Ltd. and debt-laden satellite operator Intelsat SA collapsed after Intelsat bondholders failed to back the deal.

OneWeb, which is 20%-owned by SoftBank, in February said it would buy Intelsat, combining two different types of satellite fleets to offer low-cost, versatile connectivity spanning the globe. As part of the deal, SoftBank planned to inject \$1.7 billion into the combined company, and would have held a 40% stake.

Intelsat on Thursday said it was terminating a debt exchange key to the merger because minimum conditions weren't satisfied by a May 31 deadline. The deadline had been extended multiple times.

OneWeb declined to comment on the development.

Intelsat Chief Executive Stephan Spengler said the company was disappointed that bondholders didn't accept the terms of the "complex transaction."

Still, he said Intelsat would work with OneWeb and SoftBank in the future.

Alok Sama, president and chief financial officer of SoftBank Group International, said the company was "disappointed" by the development and would continue to back OneWeb as a stand-alone venture.

Wal-Mart Tests Home Delivery

BY SARAH NASSAUER

Wal-Mart Stores Inc. is testing a program in which store workers deliver orders placed on Walmart.com or Jet.com, a sign of how the retailer hopes to use its 4,700 U.S. stores in its battle against Amazon.com Inc.

The test is active for just a few weeks in an Arkansas store near Wal-Mart's corporate headquarters and two New Jersey stores near the offices of Jet.com, the discount retailer Wal-Mart bought for \$3.3 billion last September.

A spokesman said only a few hundred packages have been delivered by store workers so far.

The experiment is significant as Wal-Mart is the largest private employer in the U.S. and could use its numbers to counter Amazon's relentless efforts to offer shoppers fast and convenient ways to receive goods at home.

"Imagine all the routes our associates drive [while going] to and from work and the houses they pass along the way," Wal-Mart U.S. e-commerce chief Marc Lore said in a blog post.

Wal-Mart store workers who have a car and pass a background check can choose to deliver up to 10 packages a day, using a mobile application that flags deliveries along their route home. They are paid for the extra work, though Wal-Mart declined to say how much they earn or if they remain on the clock during deliveries.

The final leg of an order's delivery, known as the "last mile," is often the most expensive and operationally challenging.

Most e-commerce companies have cobbled together solutions, simply paying FedEx Corp. or United Parcel Service Inc. for faster shipping or, like Amazon, hiring local couriers. Some, including Wal-Mart, are trying drivers from Uber or Lyft to make deliveries.

Wal-Mart's plan could face hurdles. If workers remain on the clock during delivery, more could qualify for health care, increasing labor expenses. Many workers don't commute by car, opening the door for discontent among those who can't make extra money through deliveries.

Google to Help Publishers Get Ready for Ad Filter

BY JACK MARSHALL

Google has told publishers it will give them at least six months to prepare for a new ad-blocking tool the company is planning to introduce in its Chrome web browser by next year, according to people familiar with Google's plans.

The new setting, which is expected to be switched on by default within the desktop and mobile versions of Chrome, will prevent all ads from appearing on websites that are deemed to provide a bad advertising experience for users.

To help publishers prepare, Google will provide a self-service tool called "Ad Experience

Reports," which will alert them to offending ads on their sites and explain how to fix the issues. The tool will be provided before the Chrome ad blocker goes live, the people familiar with the plans say.

The company has briefed publishers, agencies and advertisers about its intentions in recent weeks. It is possible Google's plans or release timing could change.

Unacceptable ad types include those identified by the Coalition for Better Ads, an industry group made up of various trade bodies and online advertising-related companies that says it aims to improve consumers' experience with

online advertising.

The group's initial list of unacceptable ad types, released in March, included pop-ups, auto-playing video ads with sound and "prestigious" ads that count down before displaying content. Google is a member of the group, alongside fellow ad giant Facebook and Wall Street Journal parent News Corp.

As described to publishers, Google's feature will block all ads on sites that have a certain level of unacceptable ads. Publishers have been advised to ensure their sites are compliant if they want their ads to be displayed.

While blocking pesky ads is

appealing to consumers, it also threatens a vital source of revenue for publishers.

Some media companies are wary of Google's tool affecting which of their ads make it through to users.

Still, other publishers would welcome Google's entry into ad blocking if it can help filter out the spammy, irritating ads they believe have driven users to attempt to avoid or block all online ads.

Google is describing the new feature as an advertising filter as opposed to a blocker, and compares it with existing features in Chrome designed to block pop-up windows and to offer users warnings before

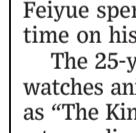
they visit pages with harmful software known as malware.

The ad-blocking step might seem counterintuitive given Google's reliance on online advertising revenue, which accounted for 88% of Google parent Alphabet Inc.'s more than \$90 billion in revenue last year.

The move could be a defensive one. Consumers who are frustrated with internet ads that clog up pages and slow down browsing have been turning to ad blockers in recent years. Some 26% of U.S. web users now employ the software on their desktop devices, according to the Interactive Advertising Bureau.

CHINA CIRCUIT | By Li Yuan

China's Tencent Amasses an Entertainment Empire



After getting off work at a real-estate company in eastern China, Zhu Feiyue spends most of his time on his smartphone.

The 25-year-old accountant watches animated series such as "The King's Avatar," about a top online gamer making a comeback. Too impatient to wait for next week's installment, he reads the online comic book the series is based on. Before turning in, Mr. Zhu usually plays two or three rounds of the mobile game "Honor of Kings." The comics, the animated series and the game Mr. Zhu is obsessed with have one thing in common: They are all created by Tencent Holdings.

Tencent is best known as the operator of China's biggest social network, WeChat, and the world's biggest online-game business by revenue. It is also an entertainment powerhouse. Tencent owns China's biggest online-music, online-literature, online-comics and animation businesses. Its film studio, two-year-old Tencent Pictures, is growing presence in Hollywood: It is an investor in the films "Kong: Skull Island" and "Wonder Woman."

Tencent is building an empire whose reach in entertainment is practically unrivaled. It has deep pockets, social-media clout and years of experience creating mobile content, all of which are crucial as entertainment in-



Mascots for WeChat. Tencent is best known for the social network, as well as online games.

creasingly moves online.

With combined monthly active accounts at more than 1.7 billion on WeChat and the popular QQ messaging service, as well as controlling China's top news portal and video sites, Tencent has a lot to say in what Chinese see on their smartphones.

"Tencent is literally China's biggest operator of communications and social networks," says Gao Xiaohu, a venture capitalist at Beijing-based Sinovation Ventures. "There are a lot of users inside its walled garden."

To imagine the power of Tencent, think of it as having networking and social-media reach well beyond Facebook, a video platform like YouTube plus a movie and series producer akin to Netflix. Then add a huge online-publishing business and the world's biggest online-game operator. It is becoming a mobile-payments force, too.

Entertainment has become a battleground for China's internet giants in their search for new revenue as growth in the country's huge online population slows. E-com-

merce company Alibaba Group Holding and search engine Baidu have invested in films and online shows for their video sites.

Entertainment is part of Tencent's DNA, as it started a games business in 2003. In 2011, the company launched a broad content strategy. Its aim was to engage users by providing content in different formats. "We want to create a content ecosystem for our users, in which they can read the literature and comics, watch the animation, film and TV series and play

the game based on the same story," says Cheng Wu, the chief executive of Tencent Pictures and corporate vice president overseeing entertainment strategy.

Tencent tested the strategy with an internal project in 2012: online comics and animation. Five years later, the unit is the biggest competitor in China. Then it built China's biggest online fiction business through mergers and acquisitions. Film is the next frontier.

Here's how it works: When "Kong: Skull Island" was released in China in March, WeChat dug deep into its user data and sent 46 million targeted advertisements. WeChat and QQ users could download "Kong" emojis. Twelve Tencent mobile games ran marketing campaigns, with ticket giveaways.

The "Kong" movie earned \$169 million in China, the single biggest haul in its world-wide box office of \$565 million.

Mr. Cheng, the Tencent Pictures chief, says online books, comics and animated series offer easy, relatively low-cost ways to test out stories before adapting them to more expensive formats.

At any rate, Tencent's first-quarter profit this year was \$2.1 billion, bigger than rival Baidu's profit for all of 2016. "We're just getting started," Mr. Cheng says.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.

BUSINESS & TECHNOLOGY

Inside Apple's Operating System: More Than iPhones, iPads, Macs

Apple Inc.'s stock has been on a tear the past year. It's hard to see why, without looking beyond the company's recent performance. The company's share price has risen about 70% since its low point May 12, 2016, adding roughly \$300 billion in market capitalization—which is more than the value of Coca-Cola Co. and Nike Inc.—and lifting the iPhone maker's total valuation to a record for any U.S. company of more than \$800 billion. Apple's stock closed at \$153.18 in regular trading on Thursday, for a market cap of \$798.7 billion.

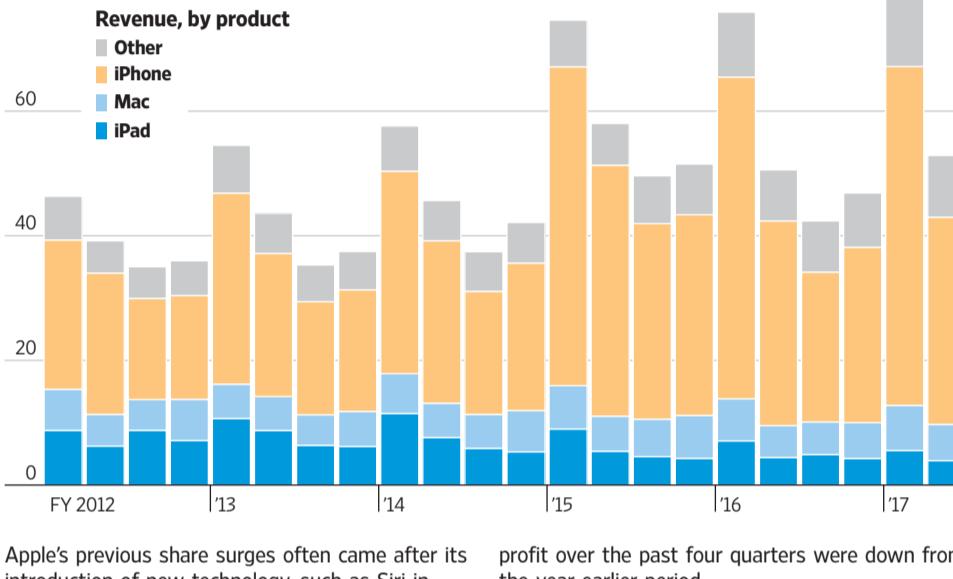
By Tripp Mickle
Graphics by Angela Calderon

For more, go to WSJ.com



'Everyone was concerned about the 7 launch, but it's been good enough to serve as a bridge to get you to the launch this fall [of a new phone]...'

Timothy Arcuri, Cowen & Co. analyst



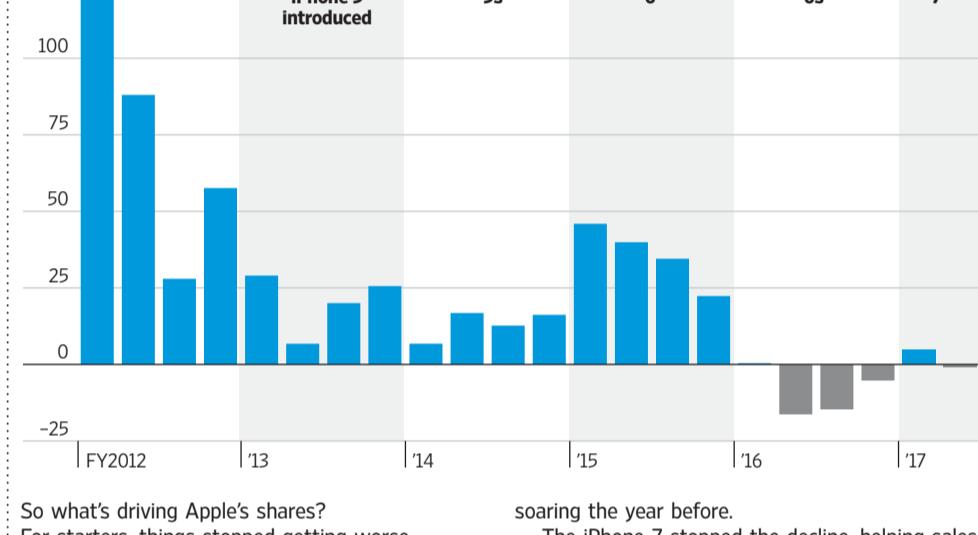
Apple's previous share surges often came after its introduction of new technology, such as Siri in 2011, or bigger devices, such as the iPhone 6 models in 2014. The latest run comes after a relatively humdrum product year.

The iPhone 7 introduced last fall stabilized sales after a decline but failed to revive the rapid growth of previous years. Apple's revenue and

profit over the past four quarters were down from the year-earlier period.

Apple's iPad business remains in a three-year sales decline. Its Mac business is improving, but only after a year-long decline. Its services business remains its bright spot. Apple, whose fiscal years end in September, declined to comment for this article.

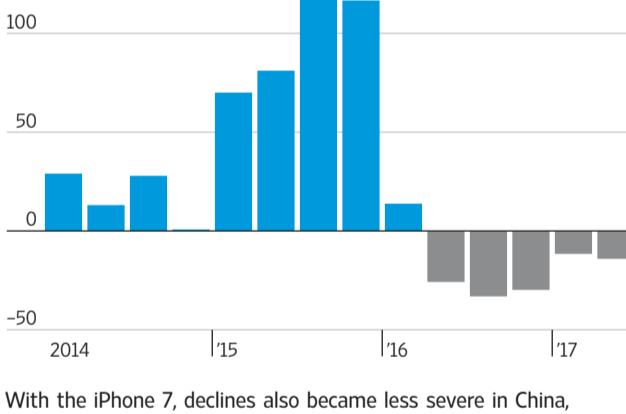
Change in iPhone sales from a year earlier



So what's driving Apple's shares? For starters, things stopped getting worse. Apple in fiscal 2016 had missed its annual sales and profit goals for the first time since 2009. The iPhone 6s couldn't maintain the momentum of its predecessor, the iPhone 6, which had sent sales

soaring the year before. The iPhone 7 stopped the decline, helping sales and profit in the April quarter tick up compared with the year-earlier period, the first time both rose since early in fiscal 2016.

Sales in China*, change from a year earlier



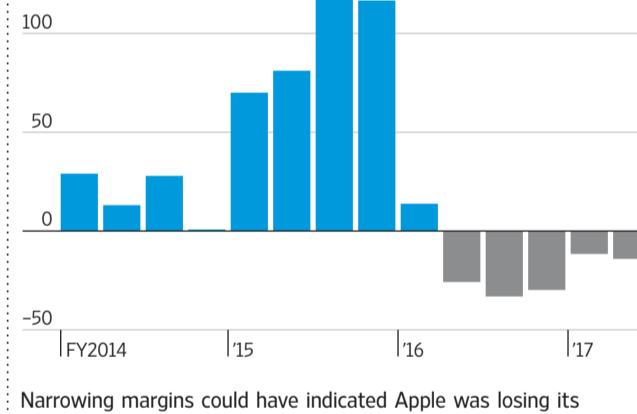
With the iPhone 7, declines also became less severe in China, where Apple faced local brands such as Huawei Technologies Co. that sold less expensive smartphones and cut into Apple's global market share.

Gross margin



Another area investors monitor closely—gross margin, or what's left of revenue after manufacturing costs—stabilized.

Sales in China*, change from a year earlier

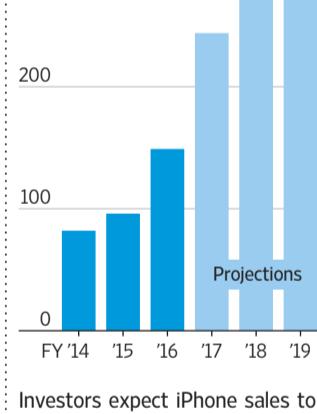


Narrowing margins could have indicated Apple was losing its position as a top smartphone company, much as predecessors Motorola Inc. and BlackBerry-maker Research In Motion Ltd. lost their leads, said UBS analyst Steve Milunovich.

Then there's investors' hope. Analysts predict Apple will release a 10th anniversary iPhone this fall that will be one of its most revolutionary devices in years. Venture capitalist and longtime Apple shareholder Gary Morgenthaler, citing published leaks from Apple's supply chain, said expectations have helped drive the stock.

Reports that the iPhone will cost \$1,000 are heightening anticipation it could lift average selling prices.

People with iPhones at least two years old



Investors expect iPhone sales to jump because the number of people due for an iPhone upgrade is at peak levels.

'There's a whole lot of innovation in this one.'

Gary Morgenthaler

Total cash

\$300 billion

The anticipation for the new device has risen so much, though, that some investors, including Trip Miller of Gullane Capital Partners in Memphis, Tenn., have begun to worry disappointment in the device could trigger a sell-off. Investors are also anticipating more innovation June 5, when Apple will host its annual Worldwide Developers Conference in San Jose, Calif. And there is expectation Apple may divvy out more of its substantial cash and equivalents.

Cumulative cash returned to shareholders

\$200 billion

The Trump administration's talk of tax overhaul has fueled investor anticipation Apple could deliver a one-time dividend after it repatriates some cash. Apple Chief Financial Officer Luca Maestri in February spoke optimistically about tax overhaul, saying Apple could accelerate its capital-return program under any tax holiday on overseas holdings.

Since 2012, Apple has been borrowing against its overseas cash and returning capital to investors. Apple investors have taken note of its growing services business, which includes sales of apps and streaming music. In January, Chief Executive Officer Tim Cook said Apple's goal was to double that business over four years. Investors were encouraged, said Sean Stannard-Stockton, chief investment officer at Ensemble Capital Management, a Burlingame, Calif., wealth-management firm that counts Apple among its largest holdings.

Services revenue

\$8 billion

Warren Buffett's Berkshire Hathaway Inc.'s investment in Apple has helped attract investors. Mr. Buffett, who typically avoids technology stocks, told his shareholders in May Apple has a competitive advantage comparable to those at other Berkshire investments, such as Coca-Cola and See's Candies. Mr. Buffet declined to comment.

Berkshire Hathaway's Investment in Apple

150 million shares

Still, Apple stock remains relatively cheap by one critical measure: price-to-earnings ratio.

P/E ratio

\$20

That ratio doesn't reflect future products Apple is working on, such as autonomous vehicles, said Jeffrey Bernardo, CEO at Augustine Asset Management Inc., a Jacksonville, Fla., firm that counts Apple among its largest holdings.

"A year ago, people were contemplating the idea that innovation at Apple was a thing of the past," he said, "but they have a lot of things they're working on."

Note: For fiscal years ending in September where indicated *Greater China sales include Hong Kong and Taiwan.
Sources: WSJ Market Data Group (stock); FactSet (revenue by product, P/E ratio); Estimates based on UBS analysis (2-year-old iPhones); Berkshire Hathaway securities filings; company reports

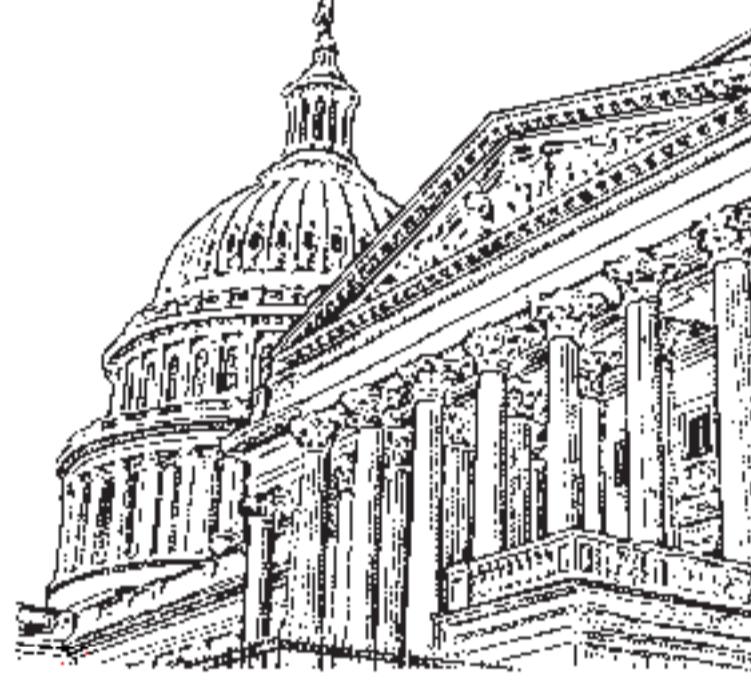
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How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE Mkt and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. **Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume. **Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, Jun 1, 2017

| | | Net | |
|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|-------|-----|
| Stock | Sym | Close | Chg |

NYSE	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg	Stock	Sym	Close	Chg				
ABB	ABB	ABB	25.3	0.10	BancoSantander	SAN	6.56	0.02	Coca-Cola Femsa	KOF	81.16	0.77	FleetCorTech	FLT	147.60	3.30	LasVegasSandz	LVS	62.05	2.92	PhilipMorris	PIN	190.0	1.10
AES	AES	11.95	0.27	BanCofnAmeric	BAC	44.34	0.30	Colgate-Palmolive	CL	76.91	0.33	Flowserve	FLO	49.30	0.80	Lazard	LEA	151.86	2.82	PhilipMfg	PSX	76.62	0.51	
Aflac	AFL	75.93	0.55	BanCofnMontreal	BMO	67.64	0.50	Comerica	CMA	69.08	0.46	FomentoEconMex	FMX	94.80	0.46	Legett&Platt	LEG	52.11	0.09	PinnacleFoods	PF	66.17	3.86	
AT&T	T	38.87	0.34	Bancroft	BCR	10.86	0.09	ConocoPhillips	COP	44.48	0.30	FootLocker	FL	59.36	-0.05	Leidos	LDL	56.37	0.81	PinnacleWest	PNW	89.03	0.68	
AXIS Capital	HKS	66.29	0.71	BanCofnBankGlob	AGB	16.24	0.30	Conocophillips	COP	44.48	0.30	FordMotor	F	11.40	0.29	Lennar	LEN	51.93	0.62	PioneerNatlPipe	PAP	26.56	0.08	
AbbottLabs	ABT	46.10	0.44	BanCofnBankGlob	AGB	16.24	0.30	CorporateInt'l	CIT	23.01	0.00	ForestCity	AFCB	44.15	0.12	LennarB	LEN	44.15	0.22	PlainsGP	PAGP	26.61	-0.06	
AbbVie	ABBV	66.71	0.69	BanCofnBankGlob	AGB	16.24	0.30	Darden	D	83.43	0.64	ForestCity	BFCB	29.81	0.31	LennarNexit	LII	177.81	0.71	Pot	POT	16.48	-0.04	
Accenture	ACN	125.29	0.82	BanCofnBankGlob	AGB	16.24	0.30	EdwardsAmp	ED	20.03	0.00	Forts	FTS	33.15	0.27	LeucadiaNatl	LUK	24.94	0.55	Prairai	PRX	134.09	1.80	
AcuityBrands	AYI	166.99	4.08	BanCofnBankGlob	AGB	16.24	0.30	Entergy	ETR	62.99	0.54	Fortive	FTV	62.99	0.54	Level3Comm	LVL	61.86	2.34	PrincipiaFin	PPG	64.08	1.63	
Adient	ADNT	69.17	1.34	BanCofnBankGlob	AGB	16.24	0.30	ExxonMobil	XOM	74.30	0.24	FootBrandsHome	FBB	63.34	0.24	LibertyProperty	LP	41.94	0.85	Promerit	PRM	88.13	0.04	
AdvanceAuto	AAP	137.10	3.47	BanCofnBankGlob	AGB	16.24	0.30	Franchise	FNC	74.40	-0.22	FranklinCustCorp	FNC	74.40	-0.22	Progressive	PRO	42.76	0.33	PrudentialCrr	PRU	106.70	1.85	
AdvSemiEng	ADS	6.37	0.01	BanCofnBankGlob	AGB	16.24	0.30	FreightMcLain	FCX	11.45	-0.04	FreightMcLain	FCX	11.45	-0.04	PrudentialCrr	PRU	115.24	1.00	ThermoFisherScd	TMO	174.82	2.03	
Aegon	AEG	5.05	0.10	BanCofnBankGlob	AGB	16.24	0.30	GlobeRanger	GR	47.92	0.24	FreseniusMed	FPM	49.72	0.24	Principia	PRC	15.45	0.63	AnalogyDevices	ADI	82.21	-3.55	
AerCap	AER	44.99	0.97	BanCofnBankGlob	AGB	16.24	0.30	GlobalFoundries	GFG	22.60	0.32	GlobeRanger	GR	47.92	0.24	Principia	PRC	15.45	0.63	AppliedMaterials	AMAT	46.00	0.12	
Aetna	AET	147.65	2.79	BanCofnBankGlob	AGB	16.24	0.30	GoldmanSachs	GS	57.55	0.70	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	ArchCapital	AGC	98.23	0.98	
AffiliatedMgns	AMG	160.34	6.49	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Marriott	MAR	108.68	1.03	
AgileTechs	ATG	60.73	0.39	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Microsemi	MSIC	50.62	1.51	
Agnicore	AGC	48.61	0.20	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Microsoft	MSFT	101.00	0.26	
Agrium	AGU	92.07	-0.26	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Middleby	MIDD	130.76	2.40	
AirProducts	APD	145.08	1.02	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	MelvinSports	MKIX	91.78	2.40	
AlaskaAir	ALK	88.23	1.18	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Albermarle	ALB	113.36	-0.24	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Microt	MICR	48.12	0.32	
Alcoa	AA	32.94	-0.01	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Alcatel	ALU	117.94	1.26	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Alibaba	BABA	123.97	1.51	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Alleghany	AYI	58.77	10.53	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Alliion	ALI	79.74	0.51	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Alliancedata	ADW	141.60	0.55	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
Allstate	ALL	86.94	1.14	BanCofnBankGlob	AGB	16.24	0.30	Google	GOOGL	1,046.00	1.00	GoldmanSachs	GS	57.55	0.70	Principia	PRC	15.45	0.63	Micrel	MICR	48.12	0.32	
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COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.							
June	2.5765	2.5875	2.5755	2.5845	0.0075	1,980	
July	2.5840	2.5960	2.5615	2.5875	0.0075	112,480	
Gold (CMX) -100 troy oz.; \$ per troy oz.							
June	126.00	126.20	126.00	126.70	-5.00	4,528	
Aug	127.10	127.20	126.70	127.10	-5.30	320,204	
Oct	127.40	127.50	126.70	127.30	-5.40	9,891	
Dec	127.80	127.90	127.20	127.10	-5.40	77,348	
Feb'18	128.10	128.70	127.40	128.40	-5.40	9,755	
Dec	129.90	129.10	129.00	129.50	-5.30	5,911	
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
June	818.50	828.55	815.35	827.00	7.15	374	
July	819.75	827.60	812.00	825.30	6.30	28	
Sept	817.25	825.90	809.05	823.10	7.15	29,858	
Dec	813.00	822.75	808.50	821.30	6.15	394	
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
June	925.00	931.30	925.00	927.30	-21.20	58	
July	951.30	951.30	925.50	929.00	-21.30	57,565	
Silver (CMX) -5000 troy oz.; \$ per troy oz.							
June	17.300	17.305	17.025	17.243	-0.125	380	
July	17.315	17.370	16.985	17.281	-0.125	136,651	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
July	48.63	49.17	47.90	48.36	0.04	560,137	
Aug	48.84	49.40	48.15	48.60	0.04	204,485	
Sept	49.02	49.57	48.38	48.79	0.05	205,011	
Dec	49.44	49.95	48.79	49.22	0.10	320,077	
June'18	49.57	49.83	48.90	49.25	0.12	119,960	
Dec	49.36	49.61	48.61	48.98	0.05	158,569	
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.							
July	1.5234	1.5376	1.4923	1.5017	-0.0162	122,937	
Dec	1.5785	1.5859	1.5486	1.5568	-0.020	58,972	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.							
July	1.6051	1.6225	1.5885	1.6014	0.0049	140,097	
Sept	1.5763	1.5905	1.5596	1.5711	0.0008	53,570	
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.							
July	3.080	3.128	2.988	3.008	-0.063	313,609	
Aug	3.116	3.161	3.030	3.047	-0.062	147,827	
Sept	3.105	3.143	3.017	3.034	-0.061	156,644	
Oct	3.131	3.165	3.044	3.057	-0.063	198,724	
Jan'18	3.412	3.435	3.341	3.350	-0.050	105,009	
April	2.881	2.919	2.869	2.874	-0.010	95,155	

Agriculture Futures

	Currency Futures						Source: SIX Financial Information
	June	July	Aug	Sept	Oct	Nov	
Japanese Yen (CME) -¥12,500,000; \$ per 100¥	.9029	.9038	.8975	.8990	-0.0062	203,597	
Sept	.9064	.9075	.9013	.9027	-0.0064	8,319	
Canadian Dollar (CME) -CAD 100,000; \$ per CAD	.7411	.7427	.7395	.7402	-0.0005	193,931	
Sept	.7423	.7437	.7408	.7414	-0.0005	11,195	
British Pound (CME) -£62,500; \$ per £	1.2883	1.2921	1.2835	1.2882	-0.0018	251,292	
Sept	1.2919	1.2956	1.2872	1.2918	-0.0018	3,495	
Swiss Franc (CME) -CHF 125,000; \$ per CHF	1.0343	1.0349	1.0297	1.0303	-0.0046	53,600	
Sept	1.0402	1.0409	1.0359	1.0363	-0.0047	1,824	
Australian Dollar (CME) -AUD 100,000; \$ per AUD	.7429	.7453	.7370	.7373	-0.0059	126,341	
July	.7421	.7449	.7369	.7370	-0.0059	519	
Aug	.7418	.7446	.7367	.7368	-0.0058	314	
Sept	.7416	.7442	.7363	.7364	-0.0059	3,284	
Dec	.7377	.7426	.7357	.7357	-0.0058	146	
Mexican Peso (CME) -MXN 500,000; \$ per MXN	.05357	.05376	.05343	.05367	.00021	184,325	
Euro (CME) -€125,000; \$ per €	1.1251	1.1266	1.1210	1.1224	-0.0032	436,437	
Sept	1.1303	1.1320	1.1264	1.1278	-0.0033	11,486	

Index Futures

	Index Futures						Source: SIX Financial Information
	June	July	Aug	Sept	Oct	Nov	
Mini DJ Industrial Average (CBT) -\$5 x index	21031	21140	20986	21132	130	118,867	
Sept	20961	21086	20937	21081	132	1,044	
S&P 500 Index (CME) -\$250 x index	2413.10	2430.00	2410.90	2429.60	18.50	75,803	
Sept	2412.00	2425.30	2409.40	2427.20	18.80	535	
Mini S&P 500 (CME) -\$50 x index	2413.75	2430.50	2410.50	2429.50	18.50	3,009,433	
Sept	2411.00	2427.75	2408.00	2427.25	18.75	58,569	
Mini S&P Midcap 400 (CME) -\$100 x index	1722.00	1748.30	1720.10	1747.10	27.10	91,508	
June	580.84	582.30	578.05	582.20	28.8	283,551	
Sept	580.90	582.93	578.65	582.83	29.3	2,664	
Mini Nasdaq 100 (CME) -\$20 x index	1370.50	1394.80	1367.60	1397.40	28.30	577,424	
Sept	1368.90	1395.60	1368.70	1395.90	28.20	2,239	
Mini Russell 1000 (ICE-US) -\$100 x index	1338.60	1347.60	1337.10	1347.10	11.50	7,673	
June	96.96	97.27	96.85	97.14	.29	79,975	
Sept	96.74	97.07	96.66	96.94	.29	4,219	
U.S. Dollar Index (ICE-US) -\$1,000 x index	102.70	103.00	102.60	103.00	0.00	2	

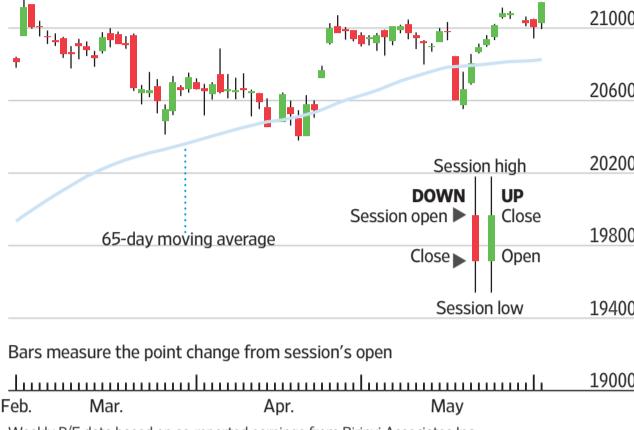
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

21144.18 ▲135.53, or 0.65%
High, low, open and close for each trading day of the past three months.

Current divisor 0.14602128057775



Bars measure the point change from session's open

Feb. Mar. Apr. May

Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

S&P 500 Index

2430.06 ▲18.26, or 0.76%
High, low, open and close for each trading day of the past three months.

All-time high: 2430.06, 06/01/17



Feb. Mar. Apr. May

65-day moving average

Nasdaq Composite Index

6246.83 ▲48.31, or 0.78%
High, low, open and close for each trading day of the past three months.

All-time high: 6246.83, 06/01/17



Feb. Mar. Apr. May

65-day moving average

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400				
Industrial Average	21144.18	20994.22	21144.18	135.53	0.65%	21144.18	17140.24	18.3	7.0	8.1
Transportation Avg	9284.33	9171.84	9277.44	113.54	1.24%	9593.95	7093.40	19.4	2.6	4.6
Utility Average	732.06	723.68	732.06	5.44	0.75%	732.06	625.44	11.5	11.0	10.3
Total Stock Market	25160.64	24956.05	25160.63	227.56	0.91%	25160.63	20583.16	15.7	8.1	7.8
Barron's 400	644.42	636.41	644.41	8.70	1.37%	644.41	491.89	21.1	7.1	7.5

Nasdaq Stock Market

Nasdaq Composite	6247.07	6200.45	6246.83	48.31	0.78%	6246.83	4594.44	25.7	16.0	13.8
Nasdaq 100	5816.60	5779.89	5816.51	27.71	0.48%	5816.51	4201.05	28.4	19.6	15.9

Standard & Poor's

500 Index	2430.06	2413.54	2430.06	18.26	0.76%	2430.06	2000.54	15.4	8.5	8.1
MidCap 400	1747.89	1722.97	1747.87	26.18	1.52%	1758.27	1416.66	16.0	5.3	8.2
SmallCap 600	846.85	831.98	846.65	14.48	1.74%	863.08	670.90	18.7	1.0	9.0

Other Indexes

Russell 2000	1396.20	1370.33	1396.06	25.85	1.89%	1419.43	1089.65	19.3	2.9	7.2
NYSE Composite	11699.83	11603.41	11699.82	101.79	0.88%	11699.82	9973.54	11.6	5.8	2.8
Value Line	523.58	515.97	523.57	7.60	1.47%	529.13	435.06	12.4	3.4	2.4
NYSE Arca Biotech	3631.88	3550.60	3622.09	80.67	2.28%	3690.00	2818.70	8.8	17.8	11.9
NYSE Arca Pharma	527.25	524.11	527.24	3.24	0.62%	554.66	463.78	0.2	9.5	1.0
KBW Bank	90.01	88.39	90.00	1.13	1.28%	99.33	60.27	26.1	-2.0	9.3
PHLX® Gold/Silver	83.65	82.43	83.05	-0.34	-0.40%	112.86	73.03	3.0	5.3	-0.8
PHLX® Oil Service	141.83	138.28	140.12	1.45	1.05%	192.66	138.66	-13.2	-23.8	-21.6
PHLX® Semiconductor	1094.40	1086.14	1092.55	1.13	0.10%	1092.55	648.32	55.3	20.5	22.1
CBOE Volatility	10.54	9.69	9.89	-0.52	-5.00%	25.76	9.77	-27.4	-29.6	-4.6

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
JC Penney	JCP	35,662.1	4.83	...	unch.	4.92	4.83
TEGNA	TGNA	26,414.6	15.35	...	unch.	15.37	12.57
IHS Markit	INFO	17,382.9	46.61	...	unch.	46.70	46.49
Home BancShares	HOMB	12,727.0	23.35	...	unch.	23.55	23.35
SPDR S&P 500	SPY	9,533.8	243.35	-0.01	unch.	243.43	241.44
Time Inc.	TIME	9,249.2	12.95	0.10	0.78	13.00	12.50
Cars.com	CARS	8,029.9	27.28	...	unch.	27.28	25.59
Cnsmr Staples Sel Sector	XLP	5,417.8	57.17	0.07	0.12	57.17	57.01

Percentage gainers...

Iululemon athletica	LULU	2,334.0	56.00	7.33	15.06	56.50	47.99
Synergy Pharmaceuticals	SGYP	353.5	3.88	0.25	6.89	3.90	3.60
Canada Goose Holdings	GOOS	7.4	19.60	0.89	4.76	19.80	18.71
Broadcom	AVGO	592.8	245.51	10.92	4.65	246.40	233.90
Total ADR	TOT	5.6	54.15	2.05	3.93	54.15	52.10

...And losers

BANKING & FINANCE

AmEx to Issue Hilton Cards Alone

Company will become the single issuer for the hotelier, muscling out Citigroup

By ANNA MARIA ANDRIOTIS

American Express Co. has won the rights to become the exclusive issuer of Hilton Worldwide Holdings Inc. credit cards, according to executives of both companies, a much-needed victory for the card issuer.

The deal ends a long-held arrangement in which AmEx and Citigroup Inc. had each issued the hotel's credit cards. Hilton more than a year ago had opened a bidding process for exclusive rights to its cards and decided to move to a single issuer.

AmEx will become the sole issuer of the Hilton Honors cards in the U.S. beginning in January 2018, according to both companies. This is a boost for AmEx, which has lost several card partnerships since 2015, including Costco Wholesale Corp., JetBlue Airways Corp. and Fidelity Investments. Costco and JetBlue accounted for 23% of AmEx's U.S. balances at the end of



The company's hotel in Moorea, French Polynesia, last December.

GETTY IMAGES

2015.

While Hilton is a loss for Citigroup, it was the issuer that wrested Costco away from AmEx, a far bigger arrangement.

The loss of partnerships like Costco diminished investor confidence in AmEx's ability to grow and pushed the issuer to increase lending to help boost revenue. The setbacks also occurred as AmEx has come under increasing pressure in the high-end rewards-card space, notably from J.P. Morgan Chase & Co. and its Sapphire Reserve re-

wards card.

The last time AmEx won a new credit-card partnership in the U.S. was in 2015, when it announced an exclusive agreement with Charles Schwab Corp. Yet co-branded cards remain important for AmEx.

Such cards accounted for 34% of the company's worldwide loan balances and 15% of its billings during the last half of last year. Its largest co-brand portfolios are with Delta, which accounts for 20% of world-wide loan balances, and Starwood Hotels & Resorts Worldwide Inc., which

accounts for 5% of balances, according to AmEx data. All of its other co-brands comprise 9% of balances.

"Co-brands are very important for AmEx...and this particular arrangement is meaningful for us," said Denise Pickett, president of U.S. consumer services at AmEx.

Meanwhile, Jud Linnville, chief executive at Citi Cards, played down the loss, saying in a statement that "during negotiations, it became clear that terms of exclusivity given the relatively small size of the portfolio were not economically viable."

While Hilton is now in AmEx's win column, investors are also awaiting news about the fate of its Starwood relationship. Marriott International Inc. completed its acquisition of Starwood last year, and the hotel is reviewing several scenarios, including whether to merge the Marriott and Starwood credit-card programs, or to leave them separate.

Marriott's credit cards are issued by J.P. Morgan Chase. A decision will likely be made about the Marriott and Starwood cards by the end of the year, according to a person familiar with the matter.

FINANCE WATCH

PRIVATE EQUITY

KKR's \$9.3 Billion Asia Fund Closes

KKR & Co. closed a \$9.3 billion fund dedicated to investing in private equity across Asia Pacific, the largest such fund in the region, the U.S. private-equity giant said Friday.

The fund's investors include public pensions, sovereign wealth funds, family offices and others, the firm said.

KKR is among a clutch of firms that have been raising funds to cut deals in Asia, including Carlyle Group LP and Warbug Pincus LLC, amid a rush of money into private equity into the region in recent years.

Data trackers say that funds have raised more money than they have spent, which slowed fundraising slightly last year. Asia-focused closed funds raised \$43 billion in the region in 2016, after bringing in \$51 billion the year before and \$64 billion in 2014, according to a report from consultancy Bain & Co.

Private-equity deal value in Asia totaled \$92 billion in 2016, down from \$124 billion in 2015 but still the second-highest year on record, according to the Bain report.

—Julie Steinberg

BANCA MONTE DI PASCHI

European Regulator Approves Revamping

The European Commission has cleared the way for the multibillion-dollar government rescue of one of Italy's biggest and most fragile banks by approving a restructuring plan for the lender.

The agreement caps months of talks between Italy and European authorities over the terms of the bailout of Banca Monte dei Paschi di Siena SpA.

Saving MPS would be a big step forward in shoring up the financial system in the euro-zone's third-biggest economy at a politically delicate moment.

Italy is scheduled to hold snap elections in the autumn, which is rekindling concerns of instability in a country whose sound economic health is seen as vital for the future of the common currency.

MPS faces a capital shortfall of €8.8 billion (\$9.9 billion), set to be partially made up by converting about €2 billion in junior bonds into equity.

The rest will come from the Italian government, which will end up owning a 70% stake in the bank.

—Giovanni Legorano

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. NAV is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees.

NET CHG is change in NAV from previous trading day. YTD%RET is year-to-date return. 3-YR%RET is trailing three-year return annualized.

e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. J-Footnotes e and s apply. k-Recalculated by Lipper, using updated p-distribution costs apply. 12b-1. R-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund did not exist at start of period.

Thursday, June 1, 2017

Fund NAV Net YTD %Chg %Ret Fund NAV Net YTD %Chg %Ret Fund NAV Net YTD %Chg %Ret

A IntSmVna NA ... 39.12+0.25 8.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

American Century Inv Ultra 40.76+0.26 16.9 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

American Funds Cl A AmpcAp 29.80+0.22 9.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

AMutMfA 39.12+0.22 12.7 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

BalaP 26.47+0.10 7.1 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

BondA p 12.94-0.01 2.5 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

CapIBa p 41.26+0.30 8.7 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

CapWGrA 49.26+0.33 12.9 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

EupacA p 52.87+0.37 17.2 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

FdlnVnA 60.16+0.33 10.8 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

GwthA p 47.63+0.32 13.3 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

Hf TrA p 10.48+0.01 4.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

ICAA p 39.12+0.25 8.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

IncoA p 22.83+0.11 6.1 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

N PerA p 41.47+0.27 17.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

NECoA p 42.00+0.38 16.8 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

NwWriIdA 60.28+0.34 17.2 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

SmCpA p 52.64+0.58 14.5 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

TxeXaP 12.98-0.02 3.2 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

WshA p 43.77+0.23 7.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

AMG Managers Funds YackmanFd I 23.04+0.15 7.7 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

Baird Funds AgpBldnst 10.88-0.01 2.7 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

CorBldnst 11.23 ... 2.9 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

BlackRock Funds A Federated Instl ValnSightl 30.66+0.24 14.8 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

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Fidelity Advisor I Federated Instl ValnSightl 41.40+0.03 10.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

Fidelity Freedom Federated Instl ValnSightl 41.40+0.03 10.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

Fidelity Selects Federated Instl ValnSightl 41.40+0.03 10.4 IntSmVna 10.49+0.01 4.4 IntSmVna 10.49+0.01 4.4

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Fidelity Selects Federated Instl ValnSightl 41.40+

MARKETS & FINANCE

Venezuela Turns to Small Lenders

As big banks keep their distance, the country must rely on little-known firms

BY ANATOLY KURMANAEV
AND LIZ HOFFMAN

CARACAS—Largely shunned by Wall Street, Venezuela is turning to small firms to arrange financing for its operations amid a collapsing economy and daily riots.

The sale of \$2.8 billion of bonds last week to **Goldman Sachs Group Inc.**, brokered by a London firm with less than \$5 million in assets, is the latest example of financing led by a small company. Big banks are shying away from doing deals with the administration of Venezuelan President Nicolás Maduro because they are wary of the risks involved, especially to their reputations.

A \$5 billion bond issue in December was structured by a small Paris private-equity firm. A Miami dealer that was fined in 2016 by regulators was hired last year by Venezuela's state oil company to try to swap \$2.5 billion of debt.

Some of the world's biggest banks have scaled back business with embattled Mr. Maduro. The U.S. has leveled sanctions against some of his government's highest officials, and his rule has grown more authoritarian amid a deepening humanitarian crisis.

"There's a reputational risk here for investment banks, so the government is having to turn to little-known intermediaries," said Asdrubal Oliveros, director at Caracas-based consultancy Ecoanalitica.

Governments rely on big-name banks to market their securities because they can tap deep pools of capital in different regions and currencies. Small financial firms often lack economies of scale, market recognition and dedicated compliance departments, resulting in higher fees for the government and less transparency for citizens, said Orlando Ochoa, economics professor at Caracas's Catholic University.

Citigroup Inc., the U.S.'s fourth-largest lender by assets, last year closed its dollar correspondence account with Venezuela's central bank, saying it did so for business rea-



Protesters outside Goldman Sachs's New York headquarters on Tuesday opposed the firm's purchase of Venezuelan bonds.

sons. Mr. Maduro had accused Citi and other big banks of waging a "financial blockade."

Germany's **Deutsche Bank AG** and **Commerzbank AG** closed their trading platforms for Venezuelan clients last year, former users said. Representatives for both banks declined to comment.

Earlier this year, one of Japan's biggest investment banks, **Nomura Securities**, passed on a deal that would have involved lending \$1 billion to the central bank in exchange for \$3 billion of the bonds, most of which eventually went to Goldman Sachs, according to people involved in the deal.

Bank of America Corp. considered marketing the bonds, but backed away as the situation on the ground worsened, say familiar with the matter.

The central bank then tapped **Dinosaur Merchant Bank Ltd.** The London-based broker sold the bonds to Goldman's asset-management arm, said people familiar with the matter. Dinosaur booked a profit of \$400,000 in the U.K. in 2015, according to its latest annual report.

Goldman is facing a backlash for buying the bonds, a transaction that the Venezuelan opposition said was effec-

Ex-Morgan Stanley Broker Is Barred

WASHINGTON—Wall Street's self-regulatory body has barred a former broker at **Morgan Stanley** from the industry over claims that he concealed \$190 million in Venezuelan bond trades.

John Batista Bocchino agreed to the discipline without admitting or denying the conduct, the Financial Industry Regulatory Authority said Thursday. Finra said he executed the trades despite Morgan Stanley's restrictions on purchases or sales of Venezuelan bonds over regulatory, anti-

money-laundering and reputational risks, Finra said.

Mr. Bocchino made the 300 trades in 2011 and 2012 through the accounts of five customers who didn't know about the transactions, which made it appear they were willing counterparties.

The actual beneficiaries were other customers whose identities he concealed, including a foreign bank based in Venezuela, a regional investment bank based in Lima, Peru, and several brokerage firms that were previously sanctioned for anti-money-laundering violations, Finra said in a settlement order.

Morgan Stanley in a statement said it "terminated Boc-

chino in March 2012, reported his conduct to the relevant regulators, and has been cooperating in Finra's investigation since its inception."

An attorney for Mr. Bocchino didn't respond to a request seeking comment. Mr. Bocchino couldn't be reached for comment.

Mr. Bocchino worked for Morgan Stanley from 2009 to 2012 in its Madison Avenue branch in New York, where he was one of its highest-producing brokers, according to Finra.

The regulator said he earned gross compensation of \$2.3 million in 2011 and \$2.26 million in the first quarter of 2012.

—Dave Michaels

tively a lifeline to the Maduro administration because the central bank had held them.

While Nomura backed away from the earlier deal, which would have left it exposed to the risk of a default for years, the bank did buy about \$100 million in face-value bonds from Dinosaur in the same transaction last week that involved Goldman, people familiar with the matter have said. Nomura aims to resell the bonds, pur-

chased through its trading arm, to clients, the people said.

Dinosaur Chief Executive Glenn Grossman declined to comment Monday, and a managing director for the firm didn't respond to further requests for comment.

For its latest debt sale, Venezuela's finance ministry hired Paris-based investment group **Global Emerging Markets**, or GEM, to structure the \$5 billion bond that was privately

placed in December, according to the firm. On its website, GEM says it focuses on small private-equity transactions worth less than \$100 million.

"When things are difficult and people and businesses are pulling out of the country, that creates opportunity," GEM manager Warren P. Baker III told The Wall Street Journal in January, referring to the deal. He couldn't be reached for comment this week.

Pimco Takes a Step Back From Risk

BY CHRISTOPHER WHITTALL

Pacific Investment Management Co. has dialed down the risk in its portfolios in recent months as rallying financial markets have reduced returns on assets with a riskier profile, according to a senior investor at the giant fund company.

Portfolio managers at the \$1.5 trillion fund company don't see any immediate reason for markets to take a nose dive, but they highlight a number of potential pitfalls over the medium term. That includes the removal of the huge central-bank stimulus that has buoyed asset prices in recent years and China's slowing economy.

"You've seen risk assets perform well pretty much across the board. That makes us more cautious," said Andrew Balls, chief investment officer for global fixed income.

"Today, things need to go well in order to justify current valuations," he added.

Mr. Balls said the Newport Beach, Calif.-based fund company had been reducing its overall exposure to credit risk over the past year, particularly in Europe, where he said corporate-bond valuations look the most expensive.

On average, the gap in yield between eurozone investment-grade corporate debt and ultra-safe government bonds is 1.1 percentage points, according to Bloomberg Barclays bond indexes. That is down from 1.3 percentage points a year ago. Asset prices in developed markets simply aren't compensating investors as much for the risks they are taking compared with several years ago, said Mr. Balls.

Food Fight

Marcato Capital Management founder Richard "Mick" McGuire is trying to overhaul Buffalo Wild Wings' board.

Marcato Says...

FRANCHISING

Franchise 90% of the stores, up from 49%, to boost profitability and stock.

Buffalo Wild Wings says...

CEO

It's exploring changes but claims Marcato's plan won't create value.

CEO

Replace Chief Executive Sally Smith, citing stalled growth and missed targets.

BOARD

Overhaul nine-member board to give hedge fund four seats.

GENERAL MANAGER

O'Neill Washington

Sources: the company; Marcato Capital Management LP THE WALL STREET JOURNAL



Buffalo Wild Wings is a nationwide chain with 12,000 locations.

Activist Investor Becomes Target

BY DAVID BENOIT

An activist investor is taking heat in his fight for board seats at **Buffalo Wild Wings Inc.**

Richard "Mick" McGuire is campaigning for board seats at the chicken-wings purveyor, and the company is waging a heated campaign against the 40-year-old, attacking his performance as a corporate director and questioning his operational prowess.

Shareholders will cast their ballots on the board Friday, with Mr. McGuire seeking a seat for himself and three allies. His hedge fund, **Marcato Capital Management LP**, is pressing the company to franchise more stores and oust longtime Chief Executive Sally Smith.

Mr. McGuire has "no track record of success," the company said in a recent presentation to investors, citing stock performance at automated teller machine maker NCR Corp. and defunct bookseller Borders Group Inc., where Mr. McGuire was a director.

Mr. McGuire's fund says he and Marcato's other nominees, restaurant-industry veterans,

would add fresh perspectives to the board.

The showdown highlights just how personal board fights are becoming as activists push harder for higher returns. Arconic Inc. recently gave Elliott Management Corp. three board seats after a bruising fight that claimed CEO Klaus Kleinfeld. Jonathan Litt is fighting mall operator Taubman Centers Inc., comparing CEO Robert Taubman to Superman villain Lex Luthor.

Buffalo Wild Wings began attacking Mr. McGuire last month, after he called for Ms. Smith's ouster. In February, the company privately offered him a board seat, according to a securities filing.

Mr. McGuire is considered a prodigy in activist investing. He joined William Ackman's Pershing Square Capital Management LP in his 20s and founded Marcato in 2010.

The San Francisco fund has returned about 10% a year since its founding, besting rival activists but trailing the broader market, according to a person familiar with the matter. Marcato is up about 7% this year through April, outpacing the

broader market, the person said.

Mr. McGuire first met with Buffalo Wild Wings executives in June 2016, armed with a 50-page presentation on how to stimulate growth and boost the company's stock.

The company, founded in 1982 with a single restaurant near Ohio State University, had grown to a nationwide chain of 1,200 locations. Its shares have returned some 1,700% since its 2003 initial public offering. But growth has slowed in recent years. The stock has dropped about 1% over the past year, trailing the S&P 500's 15% gain.

The fight has centered on how many stores Buffalo Wild Wings should own at the corporate level. Mr. McGuire has pushed for the company to franchise 90% of its stores, a sharp increase from the current 49%, arguing it would improve margins and drive the stock higher.

The company has balked at the idea, saying it is working to boost margins. It has adopted several of Marcato's suggestions, naming five new directors, including one of Marcato's choices, hiring a consulting firm it used and increasing stock

buybacks.

Buffalo Wild Wings also has defended its strong returns under Ms. Smith as evidence that she is the right leader.

The company fears that Mr. McGuire, if he wins seats, would continue to push the board to keep reviewing a franchising plan it already has rejected, people familiar with the matter said. Directors who have served with Mr. McGuire on corporate boards and battled him in activist campaigns say he can be unrelenting with his demands.

In late 2014, NCR agreed to give Mr. McGuire a board seat after he publicly urged the company to run a sale process. When bids came in lower than other directors thought was acceptable, Mr. McGuire kept pushing, according to people familiar with the matter.

Some directors believed Mr. McGuire's lack of experience running a business led them to spend time reviewing impractical ideas, the people said. One labeled it the "lost year," a phrase Buffalo Wild Wings has used in its own presentations about NCR.

Treasurys Weaken On Strong Jobs Data

BY MIN ZENG

The U.S. government-bond market started June's trading on a down note as a report showed U.S. private-sector jobs growth accelerated last month, sapping demand for haven assets.

The report bolstered the case for the Federal Reserve to raise short-term interest rates later this month.

But the subdued selling pressure in the bond market reflected investors' hesitance to place large bets ahead of Friday's nonfarm-payrolls release, which is a more comprehensive metric of the labor market and a key monthly data point to influence the Fed's interest-rate policy decisions.

In addition, some investors and analysts are starting to question whether signs of slowing inflation could potentially push the Fed to stand pat during the second half of the year, a case that would reduce the risk of a big rise in yields and attract buying interest in long-term Treasurys.

"The question is what would happen beyond June," said Brian Daingerfield, macro strategist at NatWest Markets. "The labor market seems to continue to be on solid footing, but inflation readings have softened and some Fed officials are taking note."

The yield on the 10-year Treasury note settled at 2.217%, up from 2.198% Wednesday. Yields rise as bond prices fall.

The bond market has baffled many investors this year as it has strengthened along with a record-setting rally in the stock market. That is a

2.217%

The yield on the 10-year Treasury note on Thursday

shift from late last year, when selling Treasurys and buying stocks was in vogue for investors to bet on a large fiscal stimulus in the U.S. that would lead to stronger economic growth and higher inflation.

Yet so far this year, the 10-year yield has dropped more than 0.2 percentage point and traded near the lowest level in 2017 even as the Dow Jones Industrial Average has soared more than 1,300 points. Some investors say the bond market is flagging skepticism toward the narrative of higher growth and inflation, especially as confidence wanes over President Donald Trump accomplishing his fiscal agenda this year.

This month's slowdown in inflation, with some metrics again drifting below the Fed's 2% target, added to signs of caution in chasing riskier markets and potentially complicating the Fed's plan for tightening monetary policy.

Analysts say the wage-inflation indicator from Friday's employment report will be scrutinized. The pace of wage growth has been slower than many investors expected despite signals that the labor market is approaching full employment. Easing inflation risk makes long-term Treasurys more appealing to buyers because higher inflation chips away at bonds' fixed returns over time and reduces investors' purchasing power from their bond investments.

Treasury Auctions

The Treasury Department will auction \$72 billion in securities next week. Details (all with minimum denominations of \$100):

♦ **Monday:** \$39 billion in 13-week bills, a reopening of an issue first sold on March 9, 2017, maturing Sept. 7, 2017. Cusip: 912796LT4.

Also, \$33 billion in 26-week bills, a reopening of an issue first sold on Dec. 8, 2016, maturing Dec. 7, 2017. Cusip: 912796LB3.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

MARKETS

Portugal's Debt Emerges From Shadows

Investors scoop up bonds as its economy thrives and the EU's political tensions ease

The rally in eurozone bonds has a surprising star: Portugal.

Investors have been rushing into eurozone debt of late, lured by a mix of buoyant economic data and relaxation of

By Jeannette Neumann in Lisbon and Jon Sindreu in London

political risk. And Portugal, among the European Union's smallest members and one that suffered through a bruising bailout six years ago, has benefited from the flood of capital flowing to Europe's smaller economies.

Yields on Portuguese 10-year debt closed at 2.969% Thursday. That is an eight-month low, according to Thomson Reuters, and a sharp reversal from the 4.3% reached in February, when borrowing costs rose on fears the French would elect anti-EU candidate Marine Le Pen as president. Instead, the April 23 victory of Emmanuel Macron in the first round of the election sparked a relief rally across Europe. Yields decline as bond prices rise.

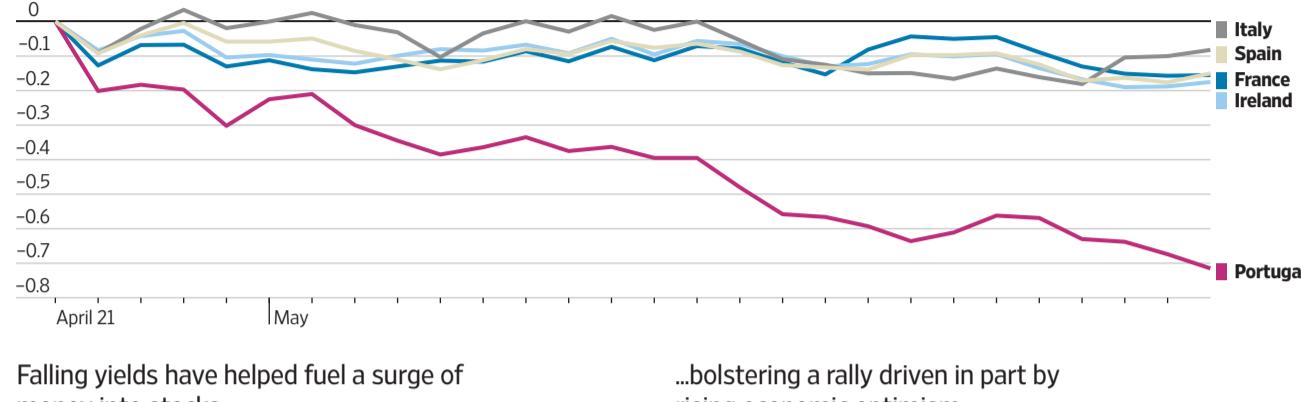
Money flowing into Portuguese stock funds has rocketed since, figures by EPFR Global show, much more than elsewhere in the eurozone. Portuguese 10-year yields have also led the fall and dropped 0.7 percentage point, compared with 0.1 percentage point for Italian yields. Only Greek yields have fallen more, but for a different reason: expectations that international creditors will eventually unlock new bailout funds.

Meanwhile, data show that the three-year economic recovery in Portugal, where 10-year borrowing costs rose

A Star Is Born

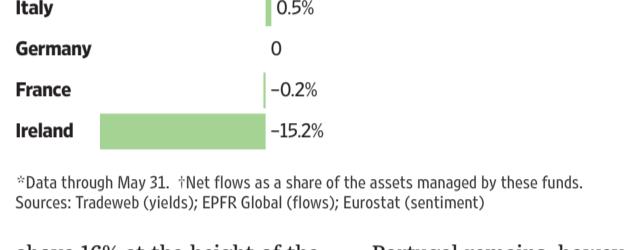
Borrowing costs have dropped across Europe since Emmanuel Macron's election victory in France, but the standout gainer has been Portugal.

Change in 10-year government-bond yields since right before the first round of the French election^{*}



Falling yields have helped fuel a surge of money into stocks...

Flows into eurozone equity funds[†]



*Data through May 31. †Net flows as a share of the assets managed by these funds.

Sources: Tradeweb (yields); EPFR Global (flows); Eurostat (sentiment)

above 16% at the height of the sovereign-debt crisis in 2012, is accelerating. Portugal's economy expanded by an estimated 2.8% year over year in the first quarter, the fastest pace in nearly a decade. Annual growth is expected to continue but ease to an average of about 1% to 1.5% in the medium term, according to Moody's Investors Service.

"The facts would suggest you are past the point of greatest grief," says Steven Andrew—a fund manager at **M&G Investments**, a £265 billion (\$341 billion) asset manager—who was long cautious about Portugal but turned into a buyer earlier this year.

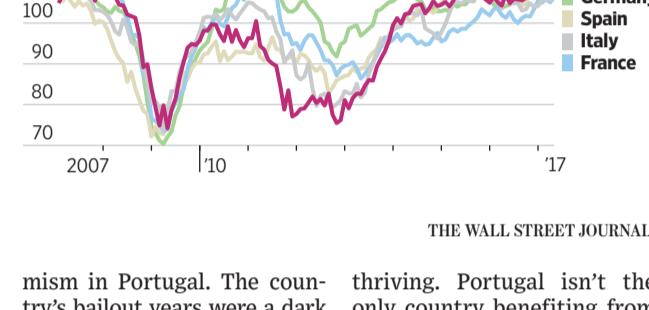
Portugal remains, however, one of Europe's weakest links. Only credit-rating firm **DBRS** Ltd. considers the country's debt to be investment grade. Without at least one investment-grade rating, Portugal would lose access to the European Central Bank's bond-buying program.

Moody's and the two other major credit-rating firms each rate Portugal's debt in junk territory because of the country's high government debt and weak banking sector.

Despite the hurdles to a deeper economic recovery, business owners such as shoe designer Luis Onofre say they are feeling the nascent opti-

...bolstering a rally driven in part by rising economic optimism.

European economic sentiment index



THE WALL STREET JOURNAL.

mism in Portugal. The country's bailout years were a dark period, Mr. Onofre said, but "the clouds have gone away."

Visitors have poured into Portugal, fearful of terrorist attacks in France, Turkey and Egypt. Tourism now makes up 6.4% of gross domestic product, the highest on record and far above the 4.6% level reached in 2011, according to data by the World Travel & Tourism Council.

That has given Mr. Onofre, 46 years old, the confidence to open a store that bears his name in Porto, a city famous for its sweet wine. An existing shop on Lisbon's main fashion strip, Avenida da Liberdade, is

thriving. Portugal isn't the only country benefiting from the rush to bonds from smaller eurozone nations amid a sense that Europe is putting years of economic and political turmoil behind it. Spain has become a poster child for the eurozone recovery.

Portugal hasn't been long on optimism in recent years.

A debt bubble and rampant public spending—Portugal's budget deficit was nearly 10% of GDP in 2010—forced the country to take a €78 billion (\$87 billion) international rescue package in 2011. It is recovering from the double-dip recession that followed the bailout.

"It has taken a decade, almost a decade, to correct the mistakes of a past decade," said Carlos Moedas, European commissioner for research, science and innovation and a former Portuguese minister.

Now, its budget deficit is down to 2% of GDP, while business and consumer optimism is at levels last reached in 2001.

Real-estate prices in cities such as Lisbon and Porto are on the rise. This week, Portugal requested EU permission to repay ahead of schedule about €10 billion in bailout funds to the International Monetary Fund. But doubts remain about whether the country has made enough structural changes to ensure a deep and durable recovery.

Portugal's debt-to-GDP ratio is the highest in the EU after Greece and Italy and will likely remain above 125% in coming years. And unlike neighboring Spain, Portugal didn't do a deep clean of its banking system. Bad loans make up 17% of total lending, which is crimping the flow of fresh loans. That has in turn stalled investment.

"You see all this bullishness around you," said Nuno Vilaça, partner at advisory investment boutique Raven Capital in Lisbon. But, he added, "there is a long way to go in the financial sector and in the industrial sector."

Like other smaller eurozone economies, such weaknesses leave Portugal particularly vulnerable when the ECB pulls back on its loose monetary policy, which investors expect to happen next year.

Portuguese debt could come under more pressure if the central bank slows its monthly purchases of bonds, said Patrick O'Donnell, senior investment manager at **Aberdeen Asset Management**, which oversees more than £308 billion. "Small markets are much more dependent" on the ECB, he said.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Akzo Nobel Isn't Paint Company to Own

Akzo Nobel

shareholders

shouldn't hesitate to sell.

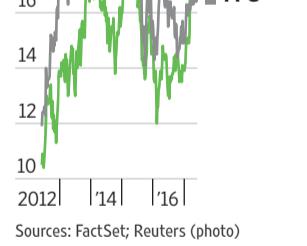
The Dutch paint group's refusal to enter talks with U.S. peer **PPG Industries**, despite intensifying calls from key investors to do so, has laid bare not just the board's lack of commitment to owners' interests but also the protection from shareholder pressure afforded by the company's capital structure and Dutch law. This can't be the basis for a sound investment—especially at such a lofty price.

Even now that PPG has made clear it won't mount a hostile bid—Thursday was its deadline under Dutch "put up or shut up" rules—Akzo Nobel shares are trading close to an all-time high, and 18% higher than before the company made PPG's first public offer in early March. Just about all investors will be able to sell out at a substantial profit.

These include Elliott Management. The New York ac-

Pick a Color

Forward price/earnings ratios



Sources: FactSet; Reuters (photo)

THE WALL STREET JOURNAL.



count might yet emerge, given the board's failure to listen to long-term shareholders.

Despite being unaccustomed to noisy protestations, several of these went public with their displeasure over Akzo Nobel's refusal to engage with PPG. The company's antitakeover defenses have also been effectively tested, giving management scope to relax.

PPG's shares rose 3% on news of its withdrawal. The company, which has had success in consolidating the U.S. industry alongside Sherwin-Williams, may now move to acquire another paint group in the fragmented European market, argues Graham Copley at investment-research house SSR. That will put further pressure on Akzo Nobel, which will be a smaller company after its coming split.

If there's a paint giant to own, PPG looks the one.

OVERHEARD

Corporations trying to create viral content are like middle-aged dads out to impress teenagers at a party—rarely successful and painful to watch.

The best P.R. originates in the wild, such as the teen who broke the all-time retweet record in a bid to get a year's supply of chicken nuggets from **Wendy's**.

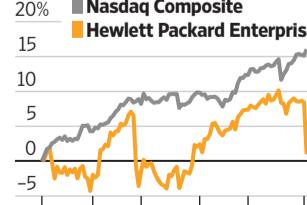
Wendy's succeeded by engaging the teen.

RC Cola mistakenly ignored an unofficial account dubbed @OfficialRCCola, which had attracted thousands of followers for the outsider soda brand. Then the account jumped on the "covfefe" bandwagon on Wednesday, tweeting that RC Cola wouldn't introduce any covfefe flavored cola. "If you want the taste of incompetence there are other sodas more readily available." Oops. Button-down RC parent **Dr Pepper Snapple** had Twitter suspend the account. Lame.

Cloud Darkens Hewlett Packard Results

Served

Index and share performance



Source: WSJ Market Data Group

That works out to fewer big checks to companies like Hewlett Packard. Hewlett Packard says that the trend should continue, but puts it in perspective. On Wednesday's earnings call, CEO Meg Whitman described server sales to big cloud service providers as a "low-calorie business" and that the company is evaluating how to push its efforts toward more "margin-rich" opportunities.

But servers now account for more than 40% of Hewlett Packard's revenue base following the divestitures of its services and software units. That means the picture around Hewlett Packard's largest business has gotten blurry just as the company is getting better focused. —Dan Gallagher

After a sleepy start to 2017, China's yuan is in the news again—and for the opposite reason as last year. Rather than sliding, the onshore-traded currency has gained about 1% against the U.S. dollar in the three days to Thursday, thanks in part to strong market intervention by state banks.

The yuan's surge also has come after China's central bank last week made another tweak to the way it sets the midpoint for the yuan's daily trading range—suggesting some that Beijing may be willing its currency still higher. In fact, investors shouldn't expect a new yuan bull market, for which there are few fundamental reasons. Instead, the recent big moves look like

warning shots across the bow of speculators considering heavy bets against the yuan. Adding to concerns about growth, Thursday's gauge of May factory activity from Caixin also moved into contraction for the first time in nearly a year.

The recent calm in China's foreign-currency markets masked some worrying signs. First, capital outflows rose to about \$25 billion in April from \$17 billion in March, Julian Evans-Pritchard of Capital Economics estimates. And despite higher dollar earnings from net exports in April, central-bank foreign-currency sales barely slowed, implying that overall demand for dollars strengthened. Bets on a weaker yuan also have risen: Investors speculating on the

yuan in offshore forward markets started betting on sharper depreciation again in mid-May.

China's newly fortified capital controls will likely prevent a repeat of last year's capital exodus, unless growth slows far more quickly than expected. But with Moody's recent downgrade of China's debt weighing on sentiment, capital outflows re-emerging and regulators pumping more cash into the banking system again, the central bank has clearly concluded it is better to be safe than sorry. Sowing a little confusion about its intentions now to avoid shelling out \$1 trillion to support the currency must look like a price worth paying. —Nathaniel Taplin

Actress Priyanka Chopra on the upside of moving frequently
M4



MANSION

If I fished only to capture fish,
my fishing trips would have
ended long ago.'

—Zane Grey

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday, June 2, 2017 | **M1**

How the Rich Fish

In their quest for the best fishing, avid anglers are spending \$200,000 to \$750,000 to create and stock personal streams with computer-controlled conditions.



JANIE OSBORNE FOR THE WALL STREET JOURNAL

LUXURY REEL ESTATE In Jackson Hole, Wyo., Don and Jenny Felsinger spent about \$16 million to build a home on 15 acres with man-made ponds and streams. The couple hired Case Brown, shown fishing, to help create their trout habitat, located in the 3 Creek Ranch gated community. Four homes in the development are currently on the market, priced between \$4.1 million and \$19.8 million.

BY AMY GAMERMAN

SOME AVID ANGLERS travel thousands of miles to fly-fish for trout in the rivers and streams of the Rocky Mountains. Don Felsinger can cast a line from his patio. Over 2 acres of man-made ponds and streams stocked with native cut-throat trout surround the 8,000-square-foot-home that Mr. Felsinger and his wife, Jenny, built on 15 acres in Jackson Hole, Wyo., in 2015.

"When I only have an hour or two, I will just walk off on my porch and fish my own water," said Mr. Felsinger, 69, the retired chairman and CEO of Sempra Energy who spent about \$16 mil-

lion to create his home and trout redoubt at 3 Creek Ranch—a gated community with a Rees Jones-designed golf course, 3 miles of private trout streams, and a full-time fishing coordinator. "My passions in life are playing golf and fly fishing, and I get to do both."

To lure home buyers hooked on fly-fishing, developers are creating luxury ranch resorts that offer blue-ribbon trout streams along with exclusive amenities. Some anglers are even designing their own private fisheries, with help from a cadre of biologists, stream restoration specialists and water-rights consultants that has grown to meet the rising demand for luxury angling properties.

"When we've surveyed clients through the years, the No. 1 critter that is sought after is trout," said Alex Maher, president and co-founder of Live Water Properties, a ranch-brokerage company based in Jackson Hole, Wyo. "Great fly-fishing properties are rarer than great hunting properties—it's a more finite resource. A lot of the trout water in the West is public, so when you have private trout water it's pretty special."

In the quest for private trout water, some will spend six-figure sums to improve or repair degraded creeks and streams. "The people we work for are wealthy," said Scott Davis, a fisheries biologist and a principal of Pond and Stream

Please turn to page M6

LONDON'S GREAT PRETENDERS

Behind the facades of these Victorian-era palaces is a bevy of cozy apartments, built when elevators were the hot new technology.

BY RUTH BLOOMFIELD

FOR BUYERS WITH mansion tastes on apartment budgets, London offers an attractive compromise: the mansion block.

Located in some of the capital's most exclusive neighborhoods, these red-brick palaces—called mansion blocks because of their size and the fact that they look like a family home—are actually apartment buildings with towering front doors guarded by uniformed doormen. And although the con-



cept initially proved a hard sell in Victorian London, mansion blocks today are among the most desirable homes in London.

"They have great proportions, they are rock solid with nice thick walls, good ceiling heights, and they are not just a carbon copy, cookie-cutter new build," said Simon Tollit, director for central London sales at Sotheby's International Realty. "I think they have got a lot of character."

One of the most spacious mansion apartments for sale
Please turn to page M3

INSIDE

COOL RANCH
A Colorado ranch hits the market for \$149 million
M2



COURT SIDE
Homes for sale with squash or racquetball courts
M10

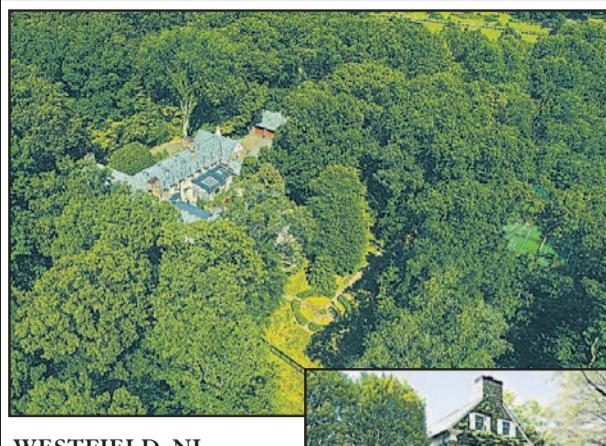


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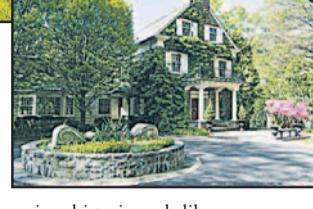
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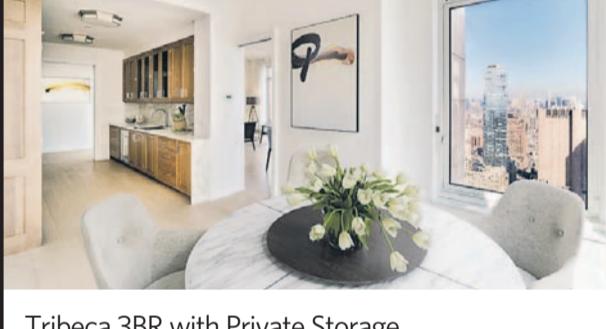


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MANSION

PRIVATE PROPERTIES | CANDACE TAYLOR

A Ranch for \$149 Million

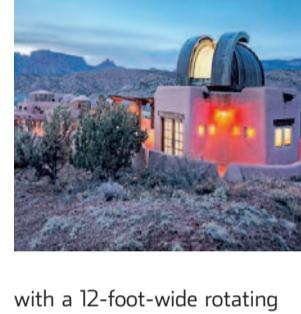


Discovery Channel founder John Hendricks is asking \$149 million for his sprawling ranch that straddles the border of Colorado and Utah.

If it fetches its asking price, the property would set a new record for the region, said listing agent Kerry Endsley of LIV Sotheby's International Realty.

On roughly 7,000 acres, the property is an assemblage of four ranches purchased by Mr. Hendricks in the 1990s. It comes with an approximately 22,000-square-foot Southwestern Pueblo-style home Mr. Hendricks built. With views of the surrounding multi-colored cliffs and La Sal Mountains, the house has an elevator and a two-level circular stone library with a domed roof.

Outside there is a swimming pool, a two-bedroom guesthouse and a roughly 400-square-foot observatory



with a 12-foot-wide rotating copper dome that opens. "I've always been interested in space and science," said Mr. Hendricks, 65. "I can't remember a time when I didn't have a telescope." On another part of the ranch, he built a three-bedroom log cabin.

Located about 180 miles from Aspen, Colo., the property also comes equipped for an avid aviator like Mr. Hendricks, who mostly travels to various parts of the ranch via helicopter. There is a grass air-

strip, an airplane hangar and two helipads as well as flat pastures suitable for landing helicopters.

The ranch also has a barn for horses and irrigated pastures—Mr. Hendricks keeps a herd of American bison. There are elk and deer for hunting, although Mr. Hendricks said he hunts "with my camera."

Mr. Hendricks said he placed about 4,000 acres of the property in a permanent conservation easement, meaning it can never be developed.

Mr. Hendricks said he used to spend several months of the year at the ranch, but in the past few years has spent less time there because of other commitments like CuriosityStream, a subscription video-on-demand service. He also owns the nearby Gateway Canyons resort, which he said he's been very focused on lately.

MIAMI BEACH ESTATE LISTS FOR \$49 MILLION



The longtime Miami Beach home of the late Leonard Miller, co-founder of one of the country's largest home builders, is asking \$49 million.

The seven-bedroom, roughly 10,200-square-foot waterfront house sits on the northeastern tip of Star Island, according to Jill Hertzberg of

the Jills team at Coldwell Banker Residential Real Estate, which has the listing. The property is roughly 1.85 acres, about twice the size of most lots on Star Island, and has more than 300 feet of frontage on Biscayne Bay and unobstructed bay views. The property also contains a dock, a two-bedroom guesthouse, an outdoor swimming pool and a tennis court.

a two-bedroom guesthouse, an outdoor swimming pool and a tennis court.

Mr. Miller, the co-founder of Lennar Corp., and his wife Susan bought the property in 1973 for \$210,000, according to property records, and built the house. Mr. Miller died in 2002 and his wife last year, according to Brian Bilzin, an attorney for Ms. Miller's estate.

Their son, Stuart A. Miller, who is now CEO of Lennar, also lives on Star Island and owns a number of properties there, including the property next door to his parents' estate, where he's building a house, Mr. Bilzin said. He has also filed plans to build a large house on another property he owns a few doors down. He declined to comment.



DICK CAVETT HOME ASKS \$62 MILLION

Television personality Dick Cavett is listing his beach-front estate on Long Island's East End for \$62 million. "After 50 years here, it's the hardest thing in the world to do," he wrote in an email. "I've loved every day here, but now it's time to open a new chapter."

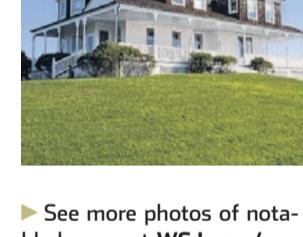
Located in Montauk on Long Island's eastern tip, the shingle-style house—which Mr. Cavett painstakingly rebuilt after a 1997 fire—sits on roughly 20 acres on a bluff overlooking the Atlantic Ocean.

The property is surrounded by conserved land; Mr. Cavett sold about 77 acres in 2008 for \$18 million to a government consortium.

Accessed by an unpaved road, Tick Hall was originally built in the 1880s, one of the so-called Seven Sisters houses designed by architectural firm McKim, Mead & White and now part of the Montauk Association Historic District.

Purchased by Mr. Cavett in 1968, the six-bedroom house measures about 7,000 square feet, with a bell tower above the wraparound porch, said Karen Kelley of the Corcoran Group, who has the listing with colleague Tim Davis. On the third floor there is a sitting area and "reading perch" with views of the ocean, Mr. Cavett said. "The sunset colors often surround us 360 degrees," he added.

A winding walkway leads from the house to a swimming pool. There is also a half-acre pond, as well as walkways through the woods. Private steps descend to a beach that has come to be known as Cavett's Cove.



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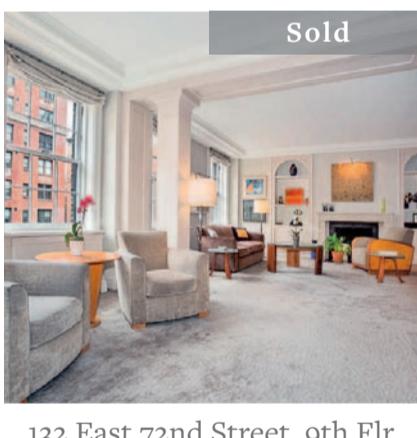
40 East 78th Street, 4H



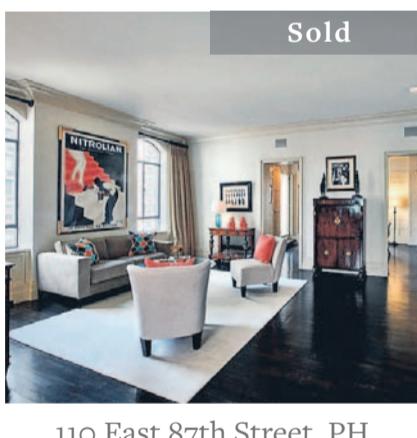
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Recent transactions

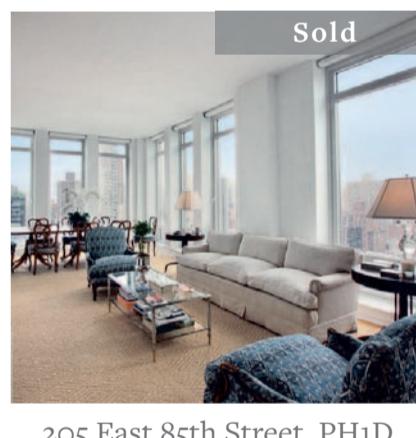
10 Sullivan Street, 7A



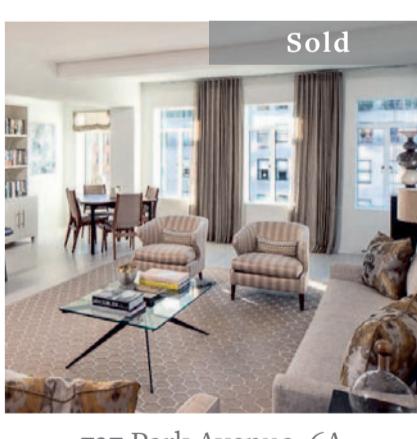
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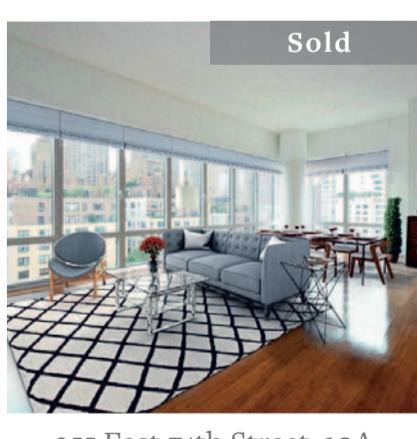
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MANSION

IN LONDON, LOOKS ARE DECEIVING

Continued from page M1

is a 3,840-square-foot, three-bedroom, three-bath apartment in Montpelier Hall, a redbrick mansion block in Knightsbridge. The property, which has an 80-foot frontage, is listed with Strutt & Parker for about \$18 million.

It is this generosity of scale that attracts buyers, said Andy Shepherd, managing director of Dexters estate agents.

For Felicity Walker, sales manager of Foxtons estate agents in South Kensington, who has lived in a mansion apartment herself, another great advantage is the presence of a porter, or doorman, who often lives on site. As well as offering security, these porters carry out myriad small tasks for residents, from delivering mail and collecting trash, to changing light-bulbs and making minor repairs.

Mansion blocks were born of necessity in the late 19th century, said architectural historian Melannie Backe-Hansen. London's population was exploding, and new building sites were in short supply. Apartment buildings, aimed for the first time at wealthy buyers, seemed an obvious solution to speculative developers.

"At first people really did not like the idea," said Ms. Backe-Hansen. "People did not like the idea of all sorts of different classes sharing the same front door."

To overcome these snobbish reservations, developers rebranded their apartment buildings as mansion blocks and hired fashionable architects to create lavish-looking buildings with hotel-style lobbies. They also installed the latest technology—like elevators—and provided doormen to greet residents as they came and went.

One of the earliest mansion blocks is Albert Hall Mansions, which stands beside the Royal Albert Hall in the upscale Knightsbridge neighborhood. When celebrated architect Richard Norman Shaw designed the building in 1879, he created a sumptuously grand affair in red brick—in vogue at the time—featuring an impres-



STATELY A four-bedroom, four-bathroom apartment inside Albert Hall Mansions is listed for about \$6.351 million. The building, located in the upscale Knightsbridge neighborhood, was designed by a celebrated architect in 1879.

sive 15-foot tall lobby.

Albert Hall Mansions contained family apartments that had balconies overlooking the adjacent Kensington Garden and were large enough to accommodate a staff. Smaller homes for bachelors were on the upper floors, and Mr. Shaw installed gadgets like a rope-and-pulley lift to transport coals to the top floors from the basement.

Gradually, said Ms. Backe-Hansen, Londoners began to buy into the idea of mansion blocks—everyone from Oscar Wilde to a young Lady Diana Spencer lived in them. Albert Hall Mansions remains prestigious to this day, and Sotheby's International Realty is currently listing a four-bedroom, four-bathroom apartment in the building for \$6.35 million.

Despite their appeal, mansion blocks must compete against newly built luxury towers that come with extras like spas, swimming pools, wine cellars and access to hotel facilities. According to research by LonRes, which analyzes property data in central London, the average sale price of a London mansion-block apartment currently stands at \$1,832 per square foot, which is marginally less than the average price for other central London apartments (\$1,900).

But mansion-block apartments often outdo their modern rivals when it comes to floorspace. LonRes found that in the past year, the average mansion apartment sold in London measured 1,167 square feet, some 18% larger than the 993-square-foot average for other apartments.

Jake Russell, a director of Russell Simpson estate agents, says mansion blocks are popular among affluent first-time buyers, as well as those looking to downsize. They also attract buyers of pieds à terre from the U.K. and beyond.

"Mansion block apartments tend to appeal to more established European and North American buyers," said Mr. Russell. "Those from the Far East and Middle East do still tend to want brand new."

On the Mansion Block



\$2.149 million
Park Mansions, Knightsbridge
One bedroom, one bath

HARRODS ESTATES
This apartment in a Victorian mansion block has historic features but has been fully renovated with contemporary finishes. It measures 637 square feet and is located directly opposite the famous Harvey Nichols department store.
Agent: Harrods Estates



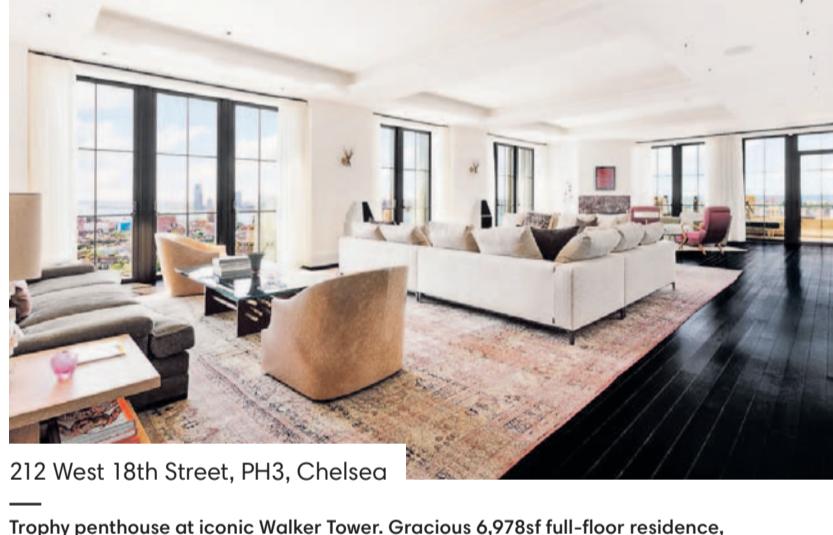
\$6.543 million
Artillery Mansions, Westminster
Three bedrooms, three baths

This apartment measures 2,357 square feet and is located close to the Houses of Parliament and St. James's Park. The renovated property has two terraces, as well as a balcony to take advantage of panoramic views across historic London—including Big Ben.
Agent: Sotheby's International Realty



\$1.989 million
Prince Edward Mansions,
Notting Hill
Four bedrooms, three baths

This apartment has undergone a contemporary renovation, creating a stylish and light-filled modern home. The property measures 2,739 square feet, and the building has a live-in porter, or doorman.
Agent: Strutt & Parker



212 West 18th Street, PH3, Chelsea

Trophy penthouse at iconic Walker Tower. Gracious 6,978sf full-floor residence, 360-degree views, 3 woodburning fireplaces, 2 private terraces, bespoke upgrades.

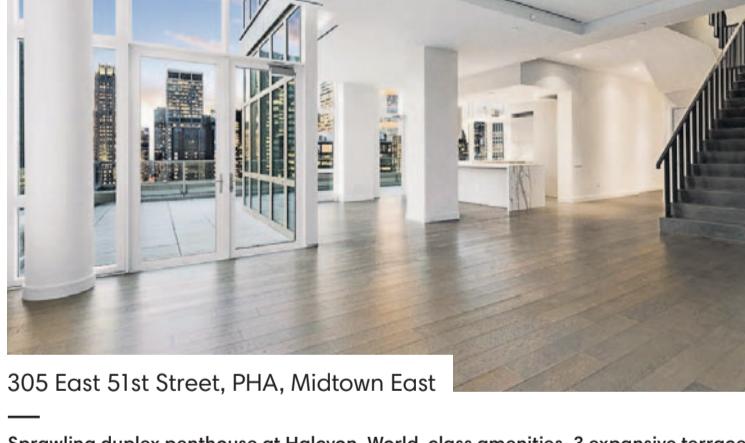
\$42,000,000 | 4 BED | 5 BATH | CONDO



56 Leonard Street, PH53, TriBeCa

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\$35,000,000 | 4 BED | 4.5 BATH | CONDO



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\$949,000 | 2 BED | 2 BATH | CO-OP



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MANSION

HOUSE CALL | PRIYANKA CHOPRA

Frequent Moves Meant Reinventing Herself

'Quantico' star lived in the U.S. as a teen, won pageants in India; savoring films in her Manhattan duplex

Hospitals still make me queasy. When I was growing up in India in the 1980s, both of my parents were doctors. After school, I'd play at the hospital with the nurses until my mother finished working. The smell of formaldehyde was overpowering and the sight of blood made me lightheaded. Med school was out.

My parents were overachievers, to say the least. My father, Ashok, was a general surgeon and, in his spare time, a musician and artist. My mother, Madhu, is a gynecologist and an ear, nose and throat doctor who studied Indian classical dance and was a licensed pilot.

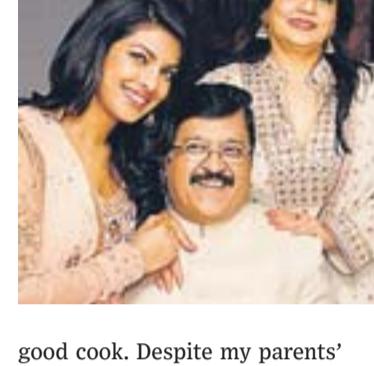
Surprisingly, my parents never placed those demands on my younger brother, Siddharth, or me. Instead, they were supportive of whatever we wanted to do. They just wanted us to be happy.

My parents were in the Indian Army, so we relocated to different bases every two years. When I was 5, being uprooted was hard. To help ease the anxiety, my father turned the moves into a game.

He told me that moving would give me a chance to reinvent myself. When we moved, he said, there would be new people who didn't know me, and I could start over. Positioned that way, moving sounded intriguing, and it worked.

The town I remember most growing up was Bareilly, about five hours east of New Delhi. I was in the fifth grade, and we lived in an army barracks that housed four families. I was what you'd call a tomboy. I ran around with the boys and climbed things in search of adventure.

My mother was often busy at work with her patients and only cooked on special occasions. The rest of the time we had a really



good cook. Despite my parents' schedules, we usually managed to eat one meal together every day as a family.

My brother and I had a nanny. But no matter where we lived, my grandmother, Mary John Akhoury, swooped in to look after us for a time.

When I turned 14, I spent the summer of 1996 visiting my mother's sister and my three cousins in Queens, N.Y. My father had always insisted I follow my heart, so I asked my aunt if I could stay and go to school there. America was so exciting.

We spoke with my parents and they agreed. For six months, I went to Robert F. Kennedy High School in Flushing, Queens. Then my aunt changed jobs and moved us to Cedar Rapids, Iowa.

We lived in a four-bedroom apartment in a complex. It was one of the best experiences. We



BEN GABBE/GETTY IMAGES (PORTRAIT); PRIYANKA CHOPRA (HISTORICAL)

DAY WATCH Priyanka Chopra, above, at the Empire State Building in New York in November. Left, in her early 20s, with her parents, Madhu and Ashok.

were the only Indian family in the area, but our neighbors were so warm and kind.

After 10th grade, I moved to my uncle's house in Newton, Mass. Like most teenage girls, I had major self-esteem issues. I was skinny and gawky, and a girl in school constantly bullied me, calling me "curry." There was no getting her to stop. At the end of 11th grade, I decided to return to India to finish

high school. By then, I was all grown up and had discovered mascara and lipstick, which came as a shock to my brother and father.

My mother was a different story. At 17, I had photos taken for a college-scholarship application. The photographer said I was pretty and asked if he could take modeling photos. Unknown to me, my mom sent the photos to the Miss India Beauty Pageant.

To everyone's surprise, I won. My dad wasn't happy. Boys started coming around. One even tried to come down through the roof.

I automatically was entered in Miss World, and I won that pageant, too. Immediately after, I was offered Indian film roles.

Initially, I had to balance film work with my aeronautical engineering studies at the university. But as acting demands grew over the next two years, I had to make a decision.

I turned to my dad. He said, "Look, if you love to act, see how it goes. You don't want to wake up one day and have a what-if moment. If it doesn't work out, you can always return to school."

So I left college and was in more than 50 films in India between 2003 and 2016. I learned to act by studying more experienced actors on the set and in films.

In 2010, I met my U.S. manager, Anjula Acharia, and signed a global recording deal with Universal. Five years later, I signed with ABC, eventually auditioning for "Quantico" and getting a lead role.

Today, I have homes in New York and in Mumbai, where I moved into my own place after my father died in 2013. In New York, I live in a duplex apartment on the Upper East Side. My favorite space is the screening room. I love watching old American and Indian movies.

My mom and I talk all the time by phone and FaceTime when I'm in the States. If she hears me sneeze, she's on the next flight to New York.

—As told to Marc Myers

Priyanka Chopra, 34, is a singer-actress who has appeared in more than 50 Indian films. She stars on ABC's "Quantico" and in the new action-comedy film "Baywatch."



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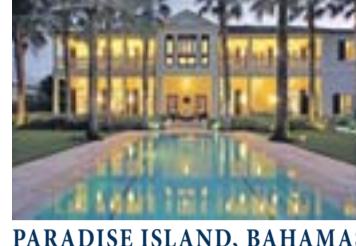
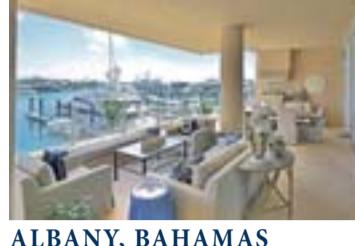
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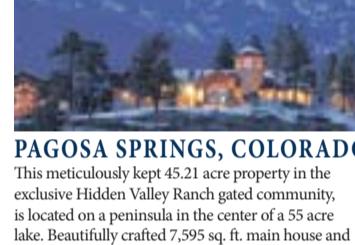
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GREENWICH, CONNECTICUT

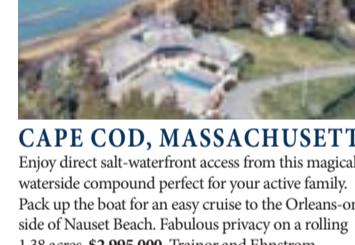
Extraordinary Joe Moore designed and Hobbs built compound off quiet cul-de-sac off Lower Round Hill on 2.5 private acres with pool, Har-Tru court, tennis/guest house plus 2nd cottage. \$9,250,000. Joseph Barbieri.

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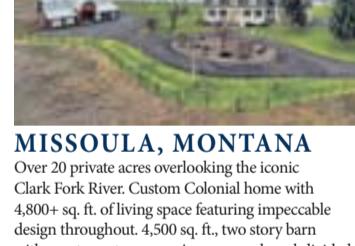
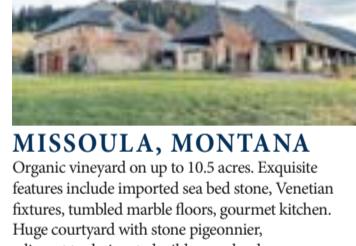
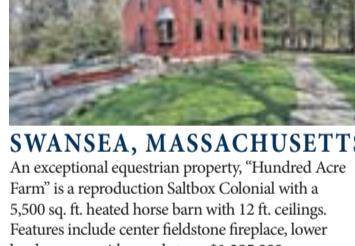
Spacious 2 bedroom, 2 bath unit at the Four Seasons Residences. Expansive entertaining area and an oversized master bedroom with a custom walk-in closet and spa bath. 1 valet garage parking space and storage are included. \$3,495,000. Michael L. Carucci.

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NEW YORK, NEW YORK

35 ft. wide townhouse with architecturally significant neo-Georgian facade. Features 35 ft. drawing room, 5 bedrooms, 12 ft. ceilings, 6 fireplaces, and a wide, lush garden. \$26,800,000. Louise C. Beit.

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MANSION

AVID ANGLERS BUY LUXURY REEL ESTATE

Continued from page M1

Consulting, based in Bozeman, Mont., who charges between \$10 to \$50 per foot of water frontage for stream reparation. "We can turn a basically fishless mud stream that has no recreational value other than shooting ducks in hunting season, into something that supports thousands of fish."

At Mr. Felsinger's home, four computer-controlled pumps regulate the temperature and flow rate of his ponds and recirculating streams. A redwood water wheel made by their home builder, Schlauch-Bottcher Construction, aerates the water; on very hot days, an air compressor pumps in extra oxygen. Undercut banks planted with wetland grasses shelter the trout from eagles and attract tasty bugs. Gravel beds provide a spawning habitat during the spring runoff season, when rivers and streams in the Rockies swell with snowmelt—or in this case, when Mr. Felsinger taps a touch-screen panel to release a gush of cold groundwater from a dedicated well.

"The whole concept was to make the fish think they are in the Snake River," said Mr. Felsinger, who practices catch and release. The fishery is biologically self-sustaining, although Ms. Felsinger, 52, occasionally tosses the trout extra treats. "I call all the fish my boys—I check on them a couple times a day," she said.

Creating a large trout fishery from scratch can run from \$200,000 to \$750,000, according to Case Brown, whose Clearwater Restoration built the Felsingers' fly-fishing idyll, collaborating with Verdone Landscape Architects on the design. Mr. Felsinger declined to disclose the cost.

If he ever tires of his own trout, he can fish 3 Creek Ranch's exclusive trout streams, tributaries of the nearby Snake River. The Felsingers' homeowners association fees—about \$20,000 a year—support continuing maintenance of the fisheries, and entitle them to private fishing trips with Jim Brundt, 3 Creek's fishing coordinator.

Sale prices for large lots at 3 Creek Ranch are now meeting or surpassing prerecession levels, according to Todd Domenico, owner of the ranch development's real-estate company, who said the ranch currently has 81 homes with another 17 under construction; four homes are on the market, priced between \$4.1 million and \$19.8 million, along with 15 remaining lots.

Over a mile of the Yellowstone River flows through Tom and Edna Gattle's 220-acre property near Livingston, Mont., a former cattle ranch that they purchased for about \$550,000 in 2014.

"It's not the Yellowstone in its widest spot...but what was really exciting is there is so much character in the river—a lot of shoals, a lot of riffles"—wide, shallow stretches—"that really makes it a



COMFORTS OF HOME Don and Jenny Felsinger's fishing retreat in Wyoming has a water wheel, top left, that helps aerate the water on hot days. Top right and above, the kitchen and the open-plan living room. Ms. Felsinger says she occasionally tosses the trout extra treats. 'I call all the fish my boys,' she says.



HOOKED In Meeker, Colo., the Elk Creek Ranch community gives homeowners private access to 25 miles of the White River and its tributaries. Homesites are priced between \$1.1 million to \$1.7 million. Above, Scott Asbury's home, listed for \$5.25 million, a freshly caught trout, and merchandise in the fly shop.

better place to fish," said Mr. Gattle, 65, president and co-owner of Terral RiverService, a Lake Providence, La.-based river-transporta-

tion company.

The Gattles cleared dilapidated ranch buildings from the property and built an 1,885-square-foot con-

temporary farmhouse on the footprint of the old farmhouse. The three-bedroom home—built with salvaged timbers, corrugated metal

and frontier sandstone—sits just 140 feet from the river bank. Mr. Gattle can grab a fly rod and wade straight in to cast for brown and

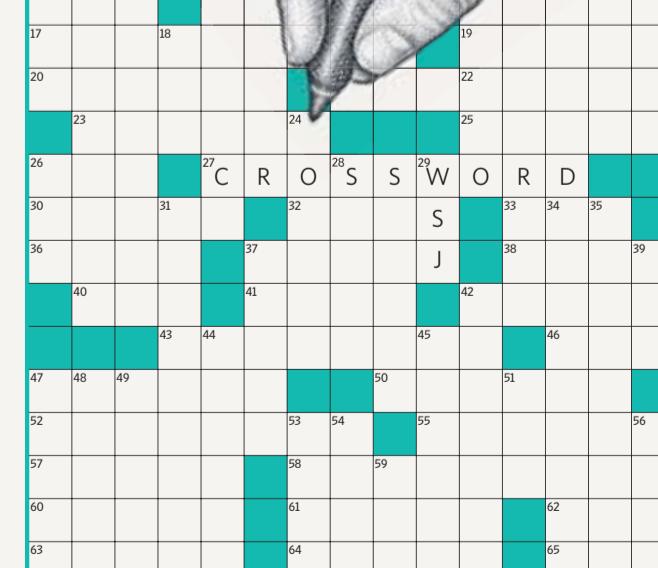
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THE BACKYARD Edna and Tom Gattle spent almost \$1.4 million to build a fly-fishing retreat in Montana. Mr. Gattle, above, can go fly fishing in the Yellowstone River, which runs through his land.



WATER WORLD In addition to their Montana retreat, the Gattles co-own a fishing preserve in Arkansas' Ozark Mountains with two other couples. The three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010. At right, the kitchen and a master bedroom.

rainbow trout whenever he chooses.

"That house was created for fly-fishing," said Reid Smith, the Gattles' architect. "We specifically de-

signed the back porch to scoop the sounds of the small section of riffles to the east, while creating shelter from the prevailing west-

erly breezes."

Transforming a cattle ranch into a fly-fishing retreat has been a continuing project for the Gattles,

who have invested \$1.4 million in the property to date. In addition to stabilizing about 1,000 feet of riverbank and planting native

grasses, they are restoring a natural spring creek on the property that had been turned into a drainage ditch. "It will flow year-round into the Yellowstone, and at certain times of the year that hopefully will allow the fish to come back and spawn," said Mr. Gattle.

When the Gattles don't have time to fly to Montana, they drive about 5½ hours to their fishing preserve in Arkansas' Ozark Mountains, which they co-own with two other couples: Madison and Suzanne Murphy and Danni and Bert Jones. The couples acquired a 750-acre property on Big Creek, a tributary of the Buffalo National River, for about \$400,000 in 1994 and have been adding to it ever since; the retreat now encompasses about 1,450 acres. The group declined to disclose the cost of the property, but public records indicate that their limited liability company has spent over \$1 million on land acquisitions since 2015.

"It's very pristine," said Mr. Jones, 65, a former NFL quarterback who owns a lumber company in Louisiana. "You can cast into a riffle with the intention of catching a rainbow, and catch a small-mouth bass—and then throw right back into the same riffle and catch a rainbow."

After roughing it for over 15 years in an old cabin with no electricity or running water, the three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010. "We got to the point where we were ready to flip a switch," said Ms. Gattle, 63.

In Meeker, Colo., the 50 member families of Elk Creek Ranch have exclusive access to 25 miles of the White River and its tributaries. The six currently available ranch lots are priced between \$1.1 million and \$1.7 million. Homesites are small—about ¼ acre—but are essentially tickets to an elite fishing club.

"They pick you up when you fly into Meeker airport on your private jet. When you want to go fishing, your guide will be there, and when you get back your favorite bottle of wine will be there," said Ken Mirr, who owns a Denver-based ranch-brokerage firm.

Scott Asbury, a 45-year-old Dallas real-estate developer, spent about \$4 million to build a 3,715-square-foot riverfront home in Elk Creek in 2010, as well as \$2 million for two additional ranch lots. He pays annual fees of about \$30,000 per lot, which go toward the management of the 2,850-acre preserve and support a staff of 35 in the high-season.

Mr. Asbury has listed the home, which he built, in part, as an investment property, for \$5.25 million. But he plans to hold on to at least one of his lots, since his annual dues entitle his family to stay in one of the ranch's six well-appointed guest cabins. Members also have access to a clubby lodge restaurant and bar, a gym—and a fly shop. "You don't come here if you don't want to go fishing, because other than eating and drinking, there's nothing else to do," Mr. Asbury said.

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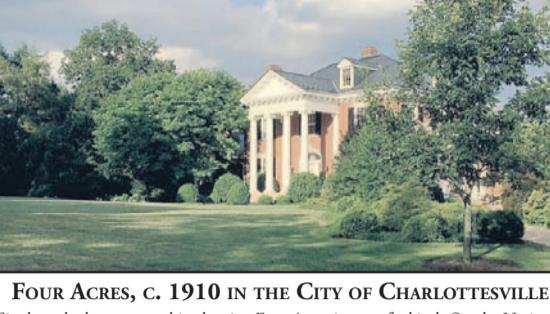
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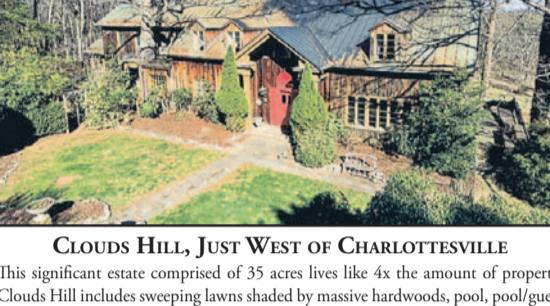
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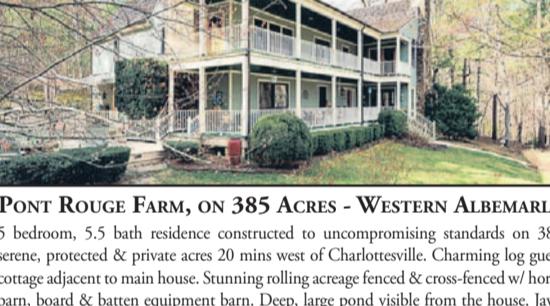
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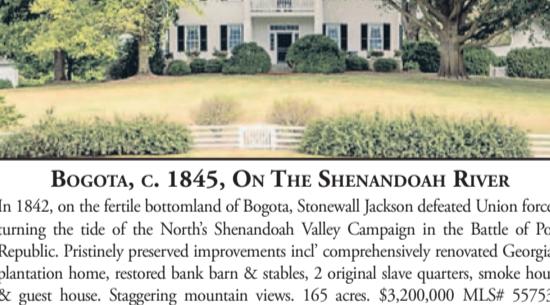
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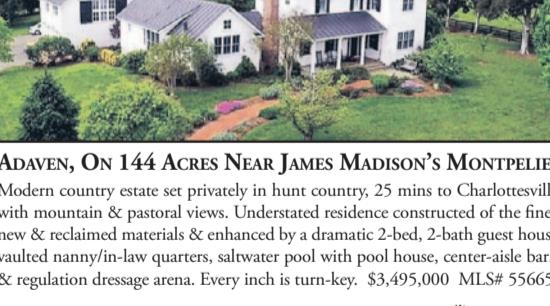
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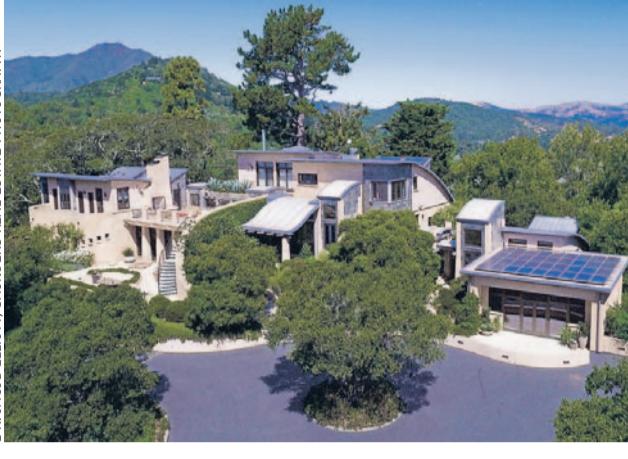
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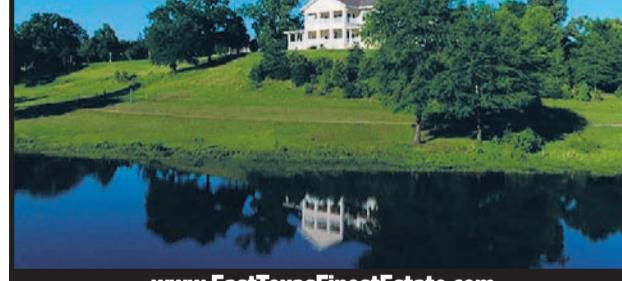
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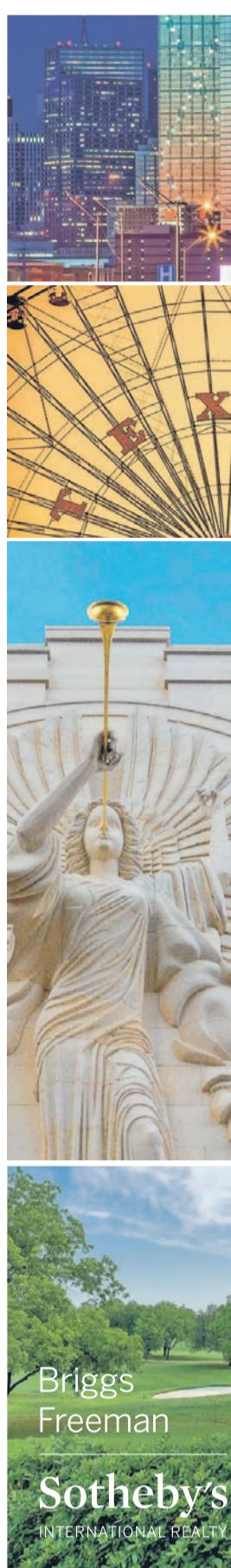
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Who Is Your Best Friend?

There is an anonymous quote that happens to be a favorite: "When it hurts to look back and you're scared to look ahead, you can look beside you and your best friend will be there."

If you've got people in your life you call the best of friends, you understand. I found one of my very best friends many years ago at St. Mark's School of Texas, an all-boys private school founded in 1906. It's a Dallas institution — and it has a lasting effect on the young men who go there. Attending such a school can set a tone to last a lifetime. Even when it comes to classmates you might not have much in common with at the time, ironically, years later, you share a unique bond. It is a deep connection, something very special.

My friend and his wife have two children and live in the Chicago area. Recently, one of their sons got married; their oldest son is marrying in a few weeks. I'll have been fortunate enough to attend both weddings — two opportunities

to reflect on a friendship that has endured for so many years. If you're fortunate enough to have a steadfast person in your life who hangs in there with you through thick and thin, can almost read your mind in the process, can make you laugh the hardest at the most insignificant things, has your back through it all and is trustworthy, empathetic and generous — that's one of your very best friends.

Next Thursday, June 8, is National Best Friends Day, a day to honor the exceptional people who occupy such a distinctive place in your life. I hope you will take time to show your best friends how much you appreciate them — to affirm how important they are to you and how you cherish the relationship.

You can bet I will.


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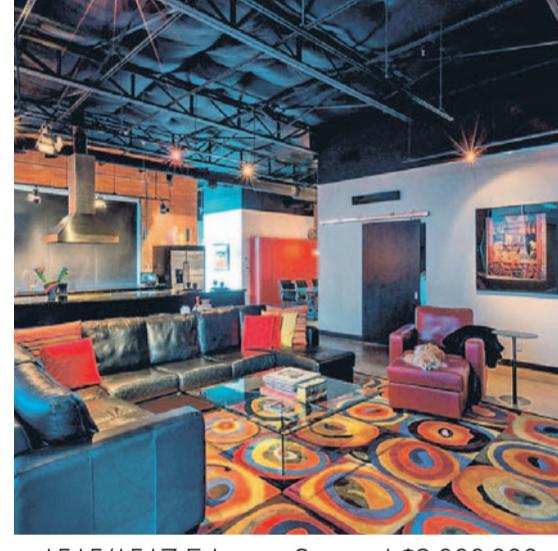
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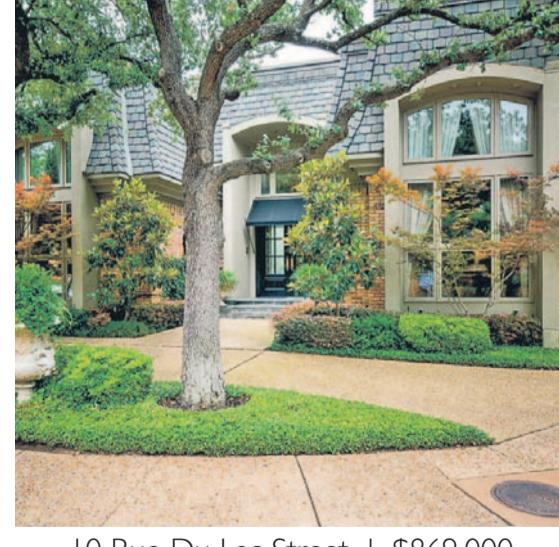
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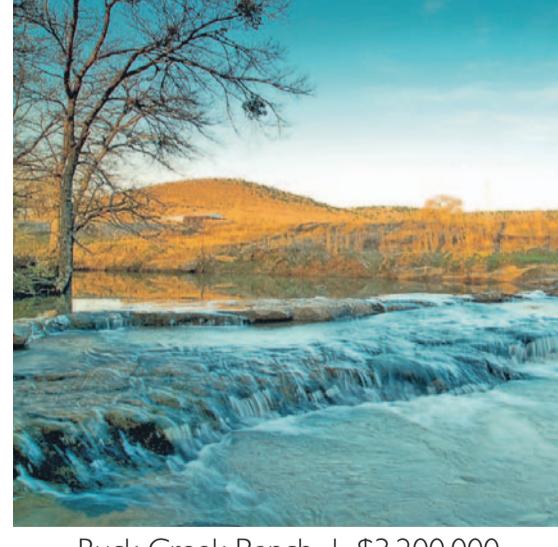
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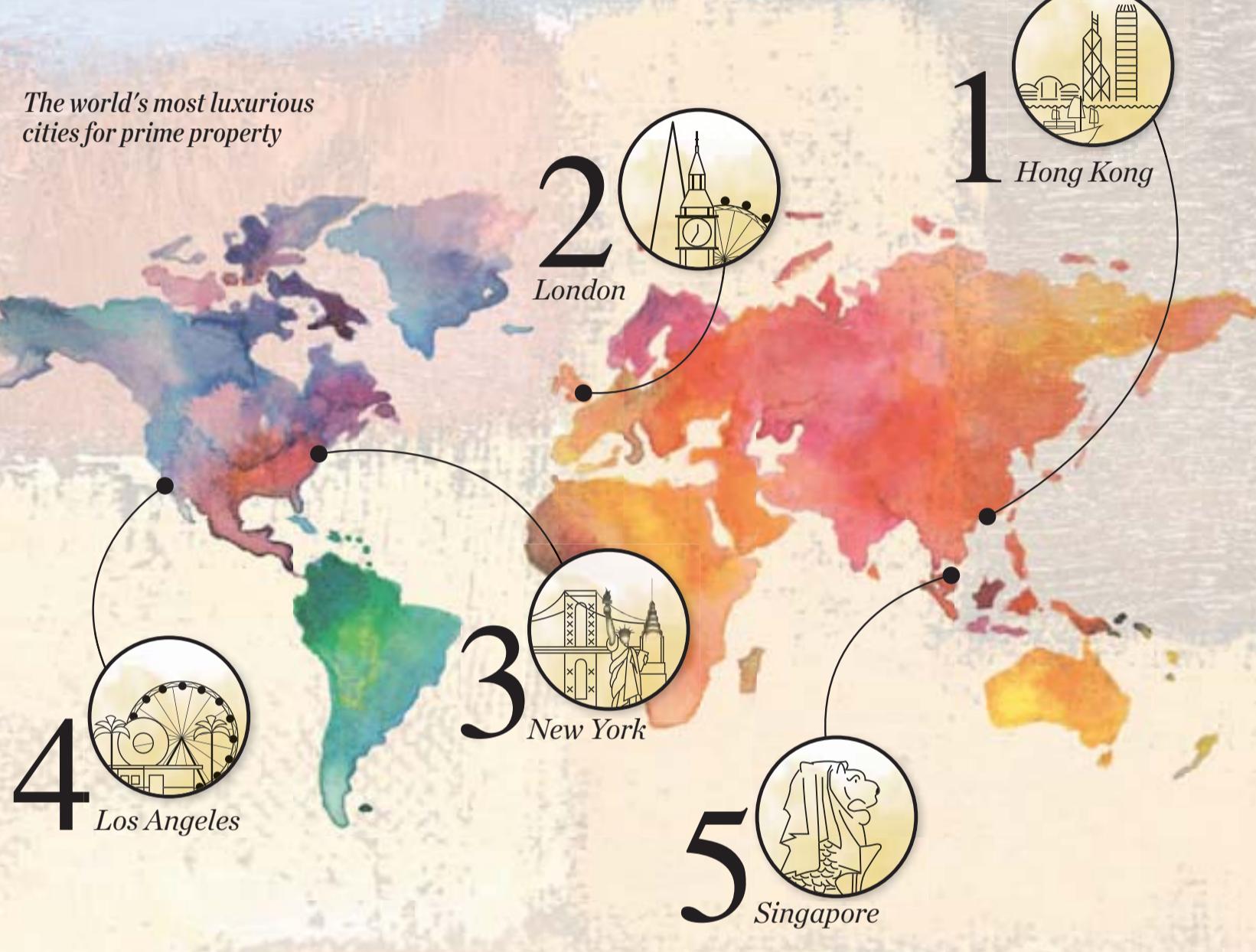


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