For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

THE WALL STREET JOURNAL.

DOW JONES | News Corp WEDNESDAY, MAY 3, 2017 ~ VOL. XLI NO. 170 WSJ.com ASIA EDITION

As of 12 p.m. ET **DJIA** 20947.97 ▲ 0.17% **NIKKEI** 19445.70 ▲ 0.70% **STOXX 600** 389.53 ▲ 0.75% **BRENT** 51.17 ▼ 0.68% **GOLD** 1253.40 ▲ 0.01% **EURO** 1.0913 ▲ 0.12% **DLR** ¥112.09 ▲ 0.22%

What's News

Business & Finance

Mylan's chairman received nearly $100 million last year, even as the drug maker was buffeted in 2016 by a public furor over hefty price increases on its lifesaving EpiPen. **B2**

◆ **The Trump** administration, looking to make its first major imprint on U.S. banking regulators, is preparing to replace Curry as head of the OCC. **B6**

◆ **Trump** is looking at breaking up big U.S. banks, a campaign promise that has yet to materialize. **B6**

◆ **Detroit's** auto makers signaled their hot streak is rapidly cooling, reporting steep declines that include sluggish demand for trucks and SUVs. **B1**

◆ **Fox News** said co-President Shine has resigned, the latest casualty of a sexual-harassment scandal at the network. **B2**

◆ **BP reported** a sharp increase in profit, adding to optimism that the sector may have moved past its worst period. **B3**

◆ **Samsung received** regulatory approval to test a self-driving car in its home market. **B4**

◆ **Mastercard** posted higher-than-expected revenue and earnings per share for the first quarter. **B7**

◆ **Infosys**, an Indian outsourcer, plans to hire 10,000 American workers in the U.S. over the next two years. **B3**

World-Wide

◆ **House Republican** leaders are on the brink of losing too many GOP votes to pass their health-care bill overturning much of the Affordable Care Act. **A6**

◆ **Trump said** a government shutdown and a change in Senate rules might be needed to get his budget priorities through Congress. **A1**

◆ **Kushner didn't** disclose that he is a part-owner of a real-estate finance startup and has loans from banks on properties he co-owns. **A7**

◆ **Greece** and its creditors agreed to a deal over fresh measures to keep its bailout on track, clearing the way for debt-relief talks. **A1**

◆ **The White House** defended Trump's invitation to Philippine leader Duterte, who has been rebuked for his human-rights record. **A3**

◆ **Palestinian officials** in the West Bank urged Hamas to take concrete steps to reconcile with the Palestinian Authority. **A4**

◆ **The White House** is considering a former EEOC lawyer to lead the Justice Department's civil-rights division. **A7**

◆ **China's factory** activity expanded at a slower pace in April, with a private gauge falling to a seven-month low. **A3**

◆ **The decline** in the number of people without jobs in the eurozone was the smallest in almost a year in March. **A5**

CONTENTS

China: RMB28.00; Hong Kong: HK$23.00; Indonesia: Rp25,000 (incl PPN); Japan: Yen620 (incl JCT); Korea: Won4,000; Malaysia: RM7.50; Singapore: S$5.00 (incl GST)

KDN PP 9315/10/2012 (031275); MCI (P) NO. 066/01/2017; SK. MENPEN R.I. NO: 01/SK/MENPEN/SCJJ/1998 TGL. 4 SEPT 1998

ISSN 03779920
9 770377 992000 41170

© Copyright 2017 Dow Jones & Company. All Rights Reserved

Path Clears for Greek Debt Relief

Deal with creditors frees money for bond redemptions, opens way for debt talks

By Nektaria Stamouli

ATHENS—Greece agreed to a deal with its international creditors Tuesday on fresh austerity measures to keep its €86-billion ($93.74 billion) bailout on track, clearing the way for debt-relief talks that offer a chance to heal the battered economy and avert another crisis in the European Union.

Since Greece's first bailout in May 2010, its economy has been in near-constant decline, having shrunk by more than 25% in seven years under the pressure of €70 billion of spending cuts and tax increases demanded by international creditors. Greece's economic crisis has been as severe as the 1930s Great Depression in the U.S., but has lasted longer, according to International Monetary Fund calculations.

Now, Prime Minister Alexis Tsipras is betting that by conceding to more belt-tightening—including pension cuts and broadening the tax base—he can win a bigger prize: A restructuring of the crushing €315-billion debt that will lure back international investors and revive the country's economy.

Such a restructuring and a return to the capital markets could mark a turning point. Years of thorny negotiations have exacted an enormous social and economic toll and threatened a crash out of the euro, a potential earthquake for the common currency.

Pressure has been rising on Athens as politicians in Europe try to avoid making unpopular concessions on Greece's debt.

Tuesday's agreement, which comes after months of renewed brinkmanship over how much new austerity Greece is willing to accept, will release around €7 billion payment without which Greece would be insolvent by July.

The deal will go to the Greek parliament in mid-May, Greek government spokesman Dimitris Tzanakopoulos said. It would require the support of the German government, which has sough to avoid any appearance of being soft on Greece ahead of September elections.

It eases another potential headache for the EU, which has been dogged by a series of challenges. It comes as confidence in the bloc is slowly returning, as nationalist move-

Please see GREECE page A2

Venezuelans Protest Bid to Redraft Constitution

CARLOS GARCIA RAWLINS/REUTERS

FIGHTING BACK: A demonstrator throws back a tear-gas canister during a protest against Venezuela's President Nicolás Maduro's government in Caracas. Mr. Maduro called for a vote to elect an assembly that would, in theory, be the nation's highest authority. **A5**

U.S. Needs Shutdown This Fall, Trump Says

By Louise Radnofsky

WASHINGTON—President Donald Trump said a government shutdown and a change in Senate rules might be needed to get his priorities through Congress, comments that came as the White House tried to bat down suggestions that Democrats were the winners in the recent short-term spending deal.

"The reason for the plan negotiated between the Republicans and Democrats is that we need 60 votes in the Senate which are not there! We....either elect more Republican Senators in 2018 or change the rules now to 51%. Our country needs a good 'shutdown' in September to fix mess!" Mr. Trump wrote in two tweets sent Tuesday morning.

Mr. Trump's tweets followed media reports saying Democrats were the winners in the negotiations to keep the government open, which resulted in a five-month deal that runs through Sept. 30, the end of the current fiscal year.

The package includes increases in funding for border security and defense, a priority for Mr. Trump and his fellow Republicans, but no money for the construction of Mr. Trump's proposed wall on the Mexico border. It also included a funding boost for the National Institutes of Health, despite Mr. Trump's request to cut NIH funding.

In a hastily called conference call that took place soon after the tweets, Mick Mulvaney, director of the Office of Management and Budget, forcefully repeated the White House's arguments for why Republicans got a good deal. He cited a block on guaranteed appropriations for payments to health-insurance companies, which Democrats wanted.

Please see TRUMP page A6

China Wary of U.S. Tax Proposal

By Trefor Moss

SHANGHAI—U.S. President Donald Trump's plan to slash business taxes is having a domino effect on a major American economic competitor: China.

Like Mr. Trump, many Chinese executives say corporate taxes are too high, with some calling it the "death tax."

"We pay a lot to feed the civil servants," said Zhou Dewen, director of the Zhejiang Private Investment Enterprise Association, a business lobbying group.

China has tried for years to reduce business costs. Now, Chinese officials and executives worry that the tax proposal Mr. Trump announced last week will set back China's global competitiveness and spur companies to invest in America instead of China.

In anticipation of the U.S. tax move, the State Council, China's cabinet, said in April that the government will reduce corporate taxes by over $55 billion to "improve business conditions." The Communist Party's newspaper, People's Daily, warned on Friday that the new U.S. plan could trigger a "tax war" if countries start competing to offer the lowest rates.

Despite China's reputation as an export and manufacturing juggernaut, rising labor and land costs and slowing economic growth are eroding its edge. Officials and businesses see lowering taxes as key to countering that trend.

"China is losing its competitive advantage," said Liu Huan, a professor of the Central University of Finance and Economics and an adviser to the State Council. "There is no dispute now that Chinese companies' tax burdens are relatively large."

While U.S. companies pay a higher national income-tax rate—35% versus 25% in China—Chinese companies

Please see TAX page A2

Rival Rates

U.S. companies face a heavy burden when it comes to **corporate income tax**...

U.S.	35.0%
India	34.6
Japan	30.9
Germany	29.7
China	25.0
Indonesia	25.0
South Korea	24.2
Vietnam	22.0
Thailand	20.0
Hong Kong	16.5
World average	23.6

...but companies in China pay more when **all forms of business tax** are factored in*.

China	68.0%
India	60.6
Germany	48.9
Japan	48.9
U.S.	44.0
Vietnam	39.4
South Korea	33.1
Thailand	32.6
Indonesia	30.6
Hong Kong	22.9
World average	40.6

*Before deductions
Note: As a proportion of company profits, based on data for 2016 or the most recent available
Sources: World Bank; KPMG

THE WALL STREET JOURNAL.

Maryland's Grossest Fish Has A New Predator: Chefs

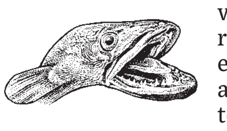
* * *

Invasive snakeheads become $30 entrees; 'if you can't beat it, eat it'

By Scott Calvert

COLUMBIA, Md.—The state of Maryland has had a take-no-prisoners approach to the northern snakehead, a slimy, toothy invasive fish native to Asia.

When hundreds of mostly juvenile snakeheads turned up in a pond in Crofton, Md., in 2002, the progeny of discarded pets dumped by one owner, the government poisoned the pond. Two years later, when an angler caught a snakehead in a lake 25 miles west, Maryland drained the lake.



A snakehead

But soon snakeheads were spotted in the Potomac River, which divides Maryland and Virginia as it flows to the Chesapeake Bay. Poisoning and draining weren't an option. Since then, Maryland has adopted a different tack: If you want to beat it, eat it.

The state sponsored snakehead-fishing tournaments and now sells $15 commercial licenses aimed at those who snag the hard-to-catch fish with a bow and arrow. The Potomac's commercial harvest, sold to restaurants and wholesalers, has risen from almost zero in 2011 to 4,320 pounds in 2016.

"What better way to try to wipe something out than to get humans involved with it and create demand?" said Chad Wells, corporate chef for the group that owns Victoria Gastro Pub in Columbia.

He said he likes working with snakehead because the firm-fleshed white fish has a mild taste that holds up well to a range of flavors and season-

Please see FISH page A8

INSIDE

BARCLAYS CEO CLASHES WITH KEY CLIENT

BUSINESS & FINANCE, B1

AFP/GETTY IMAGES

PYONGYANG PROTESTS U.S. FLYOVER

WORLD NEWS, A3

GOLDMAN BRANCHES OUT ON BLAND SIDE

Investment bank, seeking growth beyond its elite turf, turns to lending

By Liz Hoffman

Goldman Sachs Group Inc. earned its elite reputation by dominating the glamorous end of finance—investment banking, trading and managing money for the wealthy.

In the postcrisis world of Wall Street, however, these standbys aren't providing the kind of growth it wants. So Goldman is expanding its reach with a prosaic strategy it once avoided.

Lending people money.

The firm has been opening its checkbook for the past several years to finance corporate takeovers, lend against mansions and art, and make personal loans for things such as kitchen remodels and fixing broken windshields.

It is exploring new credit businesses such as trade finance, equipment leasing and extending credit that consumers use for online purchases, according to people familiar with the discussions.

"We're a bank," Chief Executive Lloyd Blankfein said in a February interview. "We should act like one."

That Goldman is branching out, after long sticking to its knitting as rivals diversified, shows the challenges facing Wall Street this decade. Investors have been rewarding firms with diverse businesses that churn out safe, if smaller, profits. Most in the finance industry believe trading reve-

Please see LEND page A8

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

STREETWISE | By James Mackintosh

China Credit Slowdown Is Warning to World

China is making yet another attempt to rein in its overleveraged financial system, threatening to hamper the economy at a time when credit growth is already decelerating.

Investors outside the country don't seem to care, but they should. China probably isn't going to create another global financial scare, as it did in 2015 and at the start of 2016, but the effects will still ripple around the world.

China this year has tightened monetary policy and launched a regulatory assault on off-balance-sheet and interbank lending, squeezing financing for speculative vehicles. In the past, China's crackdowns on shadow banking have proved temporary, but the new head of the China Banking Regulatory Commission, Guo Shuqing, has more credibility than his predecessors.

The CBRC has this year issued a flurry of orders including detailed work aimed at "regulatory arbitrage," or rule-dodging.

"Basically every commercial bank in China is involved in at least some of the long list of activities now targeted by regulators," wrote Chen Long at Gavekal Dragonomics in a note to clients.

Yields on Chinese bonds have risen and share prices in Shanghai and Shenzhen have fallen as Chinese investors came to realize that Mr. Guo was serious in his attack on shadow banking.

Investors elsewhere shrugged. Sure, China's debt load has increased scarily fast, and much of the recent increase has involved tricks to get round previous lending rules. But China watchers are reassured that the authorities won't do anything to risk upsetting the economy before Xi Jinping's expected second term as president is signed off on by the Communist Party Congress in the fall. Economic stability is guaranteed, the argument goes, because anything else would be unthinkable.

The perennial concern about China is that its credit boom must eventually follow every other in history and turn to bust. But China has demonstrated time and again that it can delay the moment of reckoning, and it might even delay it long enough to grow out of its credit excesses, as long as it can head off further worsening. Slower growth with less new debt would be a good thing, as long as the old debt can be contained.

The reason to be concerned about China now is that a slowdown in credit hurts growth and could spread to the rest of the world, piling pressure on commodity producers.

"Chinese reflation lifted global trade" in 2016, said Gene Frieda, global strategist at Pimco. "Now the credit impulse from China is tightening the most since 2010, and the pressure on shadow banking only adds to that."

The twin China panics of August 2015 and January 2016 came when international investors feared that the country would export deflation to the rest of the world, devaluing its currency to avoid a domestic slowdown.

Such an outcome seems less likely this time. Politically, a devaluation is harder when President Donald Trump has only just backed away from his accusation that China is manipulating its currency. Stricter capital controls introduced in the past year make it easier for Beijing to prop up the yuan.

Instead of a global catastrophe, a well-handled reduction in credit growth implies only slower domestic growth, and so less demand for raw materials—particularly iron ore and copper. The prices of both have dropped back from their highs earlier this year, with iron ore down more than 20% in six weeks, but this likely has more to do with the need to cut back overcapacity in steel production than a broader slowdown in demand.

It is the pace of change of credit growth that matters, with a deceleration tending to hit the economy as much as a year later. With the deceleration only recently visible in the credit numbers, it may be some time before it becomes clear whether China will be held back. But if it is real, and assuming China avoids devaluing, the first impact should be on China's main suppliers of raw materials, notably Brazil and Australia.

The broader impact will hit emerging markets in general, which are more dependent on commodity production than the developed world and are bigger suppliers to China.

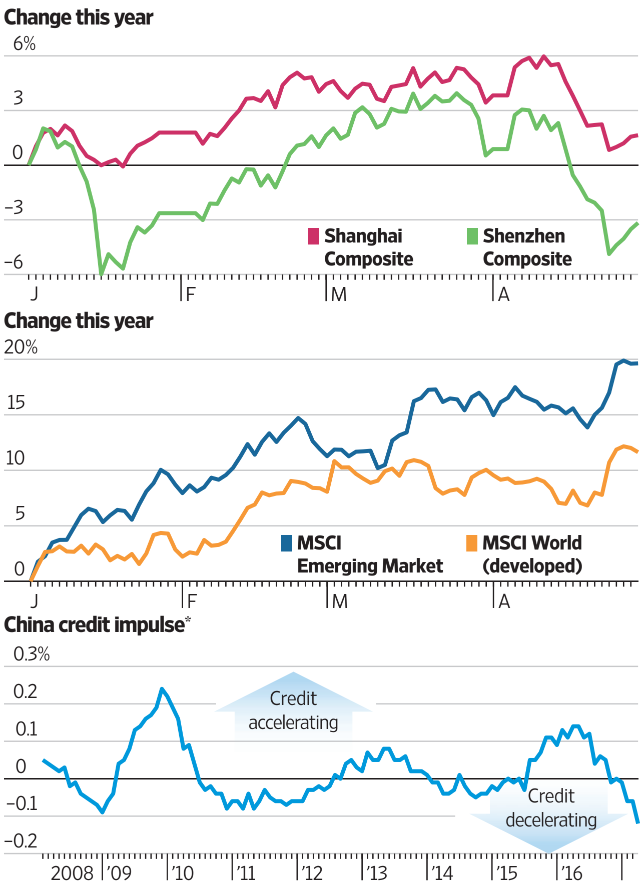
Stability is assured, the argument goes, because anything else is unthinkable.

The reaction has been bigger inside China. Stocks in Shanghai and Shenzhen both fell last month as the regulatory crackdown on shadow banking intensified, and 10-year bond yields rose above 3.5% for the first time since the 2015 devaluation.

China might once again remove the pressure on shadow banking once it begins to affect growth. Equally, growth might this time be less susceptible to the credit deceleration than in the past. But the likelihood is that China's credit-fueled economy will slow, and that isn't good news for its suppliers.

Warning Signs

China's latest clampdown on credit is hurting local stock markets, but investors elsewhere have so far been unruffled. The deceleration in credit already visible suggests weakness ahead, however.



*Change in the growth rate of aggregate credit to GDP
Sources: FactSet (indexes); Pimco (credit impulse)
THE WALL STREET JOURNAL.

TAX

Continued from Page One

face a welter of other taxes and fees their U.S. counterparts don't, including a 17% value-added tax. And while Chinese firms don't pay state taxes, as U.S. companies do, Chinese employers pay far higher payroll taxes.

Welfare and social insurance taxes cost between 40% and 100% of a paycheck in China.

World Bank figures for 2016 show that total tax burden on Chinese businesses are among the highest of major economies: 68% of profits, compared with 44% in the U.S. and 40.6% on average world-wide. The figures include national and local income taxes, value-added or sales taxes, and any mandatory employer contributions for welfare and social security.

In practice, tax experts say, Chinese companies typically pay taxes on about 40% to 50% of their profits after various deductions. Tax experts say the average U.S. rate after deductions is lower than that, though a precise estimate wasn't available, and will fall even further if Mr. Trump fulfills his aim of more than halving the income-tax rate to 15%.

Many Chinese companies also use government incentives to limit their outlays, say tax experts. Some, especially state-owned enterprises, further benefit from easy access to cheap capital, a subsidy that helps offset tax demands.

But Beijing is even squeezing state companies as economic growth and tax revenue slow. In recent months, Beijing has imposed capital controls, blocking proposed overseas investments by Chinese companies that it deemed nonstrategic and potentially making it harder for Chinese firms to take advantage of lower tax rates in foreign jurisdictions.

With costs rising and profit margins shrinking, companies complain that a high tax burden is harder to bear. "It's like a person who used to be able to carry a heavy load on his shoulder: When he gets sick he just can't shoulder the same pressure anymore," said He Jun, an economist at Beijing Anbound Information Co., a private think tank.

Chinese auto glassmaker Fuyao Glass Industry Group recently crystallized the concerns of some businesses and officials. In an interview late last year with China Business News, its chairman Cho Tak Wong cited excessive taxation as a reason for investing $1 billion to revive a former General Motors factory in Moraine, Ohio, rather than start a new plant in China. Mr. Cho and Fuyao didn't respond to requests for comment.

Officials in Beijing say Fuyao's American gambit could be just the beginning if U.S. tax rates drop drastically. Mr. Liu, the tax-policy expert, said Beijing is serious about lowering taxes, but can't act too quickly because changes take time—and because the government needs the revenue.

For China's legions of smaller manufacturers, Mr. Cho's blunt comments about excessive taxation were a welcome intervention. Smaller, private businesses provide most of the jobs, but struggle to get access to tax breaks and lower interest loans, which generally go to larger state-owned companies and tech firms.

In a November survey conducted by the Beijing-based Unirule Institute of Economics, 87% of the 113 private companies polled said their tax burden was either very high or relatively high.

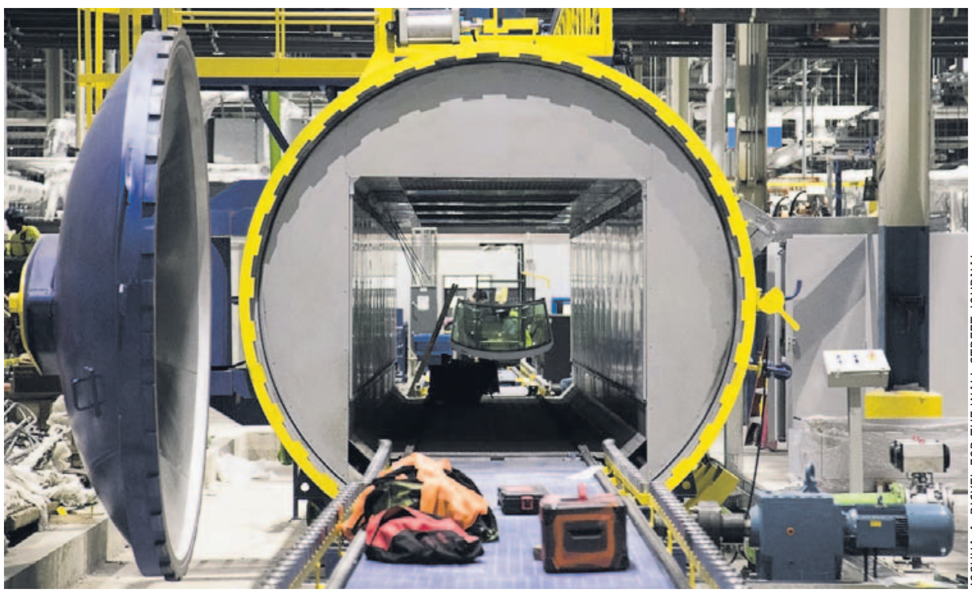
The tax reductions China announced in April aim to address some of those complaints by increasing the tax threshold for small businesses and reducing the value-added tax rates on certain items, such as agricultural products.

But smaller companies, tax experts and officials say that more changes are needed. The value-added tax—which was expanded to all businesses in recent years—was supposed to be an improvement. Unlike the business tax it replaced, it levies taxes incrementally at each stage of production and is deductible.

But it has resulted in higher taxes for some companies, tax experts say. And the paperwork to claim the deductions is onerous for smaller companies who often can't obtain the receipts needed from their suppliers, these people add.

The overall tax burden "is a crisis for enterprises," said Mr. Zhou of the Zhejiang private business association, which represents more than 100 private companies in eastern China. "I've heard a lot of complaints from small to medium-size enterprises. It's really very difficult for them to survive."

—Liyan Qi in Beijing contributed to this article.



JOSHUA A. BICKEL FOR THE WALL STREET JOURNAL

Fuyao Glass Industry cited taxes as a reason for reviving a former GM factory in Ohio.

GREECE

Continued from Page One

ments threatening the prospects of the eurozone appear to be receding and the region's economy finally recovers after a long and painful downturn.

"It is now for all partners to reach an understanding on the question of Greece's debt in the coming weeks," said Pierre Moscovici, EU's economics commissioner. "With this agreement, we need now to write a new story of stability, jobs and growth for Greece and for the euro area as a whole."

The Greek economy has paid a heavy price for the delay in debt talks.

The agreement sets the conditions for talks—possibly by the end of May—with creditors on a deal to lengthen the maturity and lower payments on Greece's debt.

If the debt becomes more sustainable, the European Central Bank could decide to include Greece in its bond-buying program, effectively clearing the way for Athens—which has been shut out of international bond markets since 2010, except for a brief window in 2014—to return to capital markets for financing.

Other EU countries that needed bailouts, such as Ireland, Portugal and Cyprus, have long returned to capital markets.

Under ECB rules, the central bank would purchase no more than €3 billion of Greek bonds. However, "if the country becomes eligible [for the bond-buying program], borrowing costs will go down, Greece will regain access to markets and attract international investors' interest, a substantial factor in re-engineering growth," says Nikos Karamouzis president of Hellenic Bank Association and Greece's lender Eurobank.

Enormous obstacles remain. Greece's serious problems mean the International Monetary Fund doesn't expect the country to grow more than 1% in the long term.

The insistence by Greece's creditors on large budget surpluses means the country, whose government debt is 179% of GDP, will live with extremely tight budgets for many years.

Greek banks are immersed in nonperforming loans, which make up 45% of all lending, contributing to a steady contraction in private credit since late 2010. And officials privately don't expect a wholesale solution to that problem soon.

The Greek economy has paid a heavy price for the delay in debt talks and the tussle with international creditors over the next bailout payment. The interest from international investors in Greece assets that resurfaced last spring evaporated. Meanwhile, Greeks withdrew €2.3 billion in deposits from the country's banks in the first two months of the year.

The economy contracted 1.2% in the fourth quarter of 2016, halting the gradual decline in Greece's sky-high unemployment rate and pushing lending down 6.6% in February, according to UBS. Economists now expect gross domestic product to grow 1.5% this year, down from a 2.7% forecast late 2016.

Bankers say interest from foreign investors could return now. Distressed -debt investors are eyeing packages of bad loans, they say, while there has been interest in Greek real estate, whose prices are down by as much as half since the start of the crisis. There are also opportunities in tourism, which will likely see a record year in Greece in 2017.

"The time is now and the time is right," says John Koudounis, a leading investor in Greek-American consortium EXIN. "The Greek economy is close to bottom—if not [already at] bottom—and will turn around. [However], it's not going to happen overnight." EXIN and Chinese conglomerate Fosun are the two front-runners to buy a majority stake in a large insurance fund.

Tuesday's deal also includes measures aimed at rendering the economy more competitive, including legislation to encourage out-of-court settlement for companies to work out their debts to banks, tax authorities and suppliers.

If the ECB includes Greek sovereign debt in its bond-buying program, Athens could expect to sell bonds with an interest rate of about 4%, according to some experts. While that is higher than the 1% it now pays for bailout funds, a return to capital markets by the government would trickle down by helping lower the interest rates Greek banks and companies now pay to issue bonds.

It could also ease access to capital markets for the many Greek companies currently shut out of bond markets. A handful of export-oriented firms such as oil refiner Motor Oil and gaming company OPAP have issued five-year bonds with coupons of about 3.5%, but small companies struggle to secure any financing at all.

CORRECTIONS & AMPLIFICATIONS

Silver Lake Kraftwerk, which is based in Menlo Park, Calif., participated in a new funding round for **Didi Chuxing Technology** Co. A Business & Finance article on Monday about the Chinese ride-sharing company failed to give the full name of the U.S. firm.

The Los Angeles Police Department in April revised its use-of-force policy to encourage officers to de-escalate situations. A U.S. News article on Tuesday about the department incorrectly said the revision occurred this month.

British wallpaper company de Gournay was incorrectly described as French in a What's News article about the company's collaboration with Italian shoe label Aquazzura in the May edition of WSJ. Magazine. Also, de Gournay should have received credit for the background image that ran with the article. It was incorrectly credited to photographer Mariam Medvedeva.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com**.

THE WALL STREET JOURNAL.
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel: 852 2573 7121 Fax 852 2834 5291

Andrew Dowell, Asia Editor
Troy McCullough, Senior News Editor, Asia
Darren Everson, International Editions Editor

Hugo Restall, Editorial Page Editor

Mark Rogers, Advertising Sales
Jacky Lo, Circulation Sales
Jacquelyn Drozdoff, Communications
Simon Wan, Technology

Jonathan Wright, Managing Director Asia & Publisher

Advertising through Dow Jones Advertising Sales: Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176.
Or email: Mark.Rogers@wsj.com

Printers: Hong Kong: Euron Limited, 2/F., Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, Hong Kong; Indonesia: PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270; Japan: The Mainichi Newspapers Co., Ltd., 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo, 100-8051; Korea: JoongAng Ilbo. 100 Seosomun-ro, Jung-gu, Seoul, 100-814. Publisher/ Printer: Song, Pil-Ho; Malaysia:Dasar Cetak (M) Sdn Bhd, Lot 2, Jalan Sepana 15/3, Off Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor. (ROC No: 048885)6; Singapore: Singapore Press Holdings Limited, 82 Genting Lane Media Centre Singapore 349567

Trademarks appearing herein are used under license from Dow Jones & Co.
©2017 Dow Jones & Company. All rights reserved.
USPS 337-350; ISSN 0377-9920

NEED ASSISTANCE WITH YOUR SUBSCRIPTION?
By web: http://wsj-asia.com
By email: service@wsj-asia.com
By phone: Hong Kong: 800 901 216; Australia: 0011 8000 322 8482; China: 400 991 1174; India: 000 800 440 1938; Indonesia: +62 21 2970 2702; Japan: 0120 779 868; Korea: 0030 844 0063; Malaysia: 1800 804 612; New Zealand: 0800 442 434; Philippines: 1800 1441 0033; Singapore: 1800 823 2042; Taiwan: 00801 444 141; Thailand: 001800 441 8323

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

WORLD NEWS

Pyongyang Protests U.S. Bomber Flyover

Complaint comes as the CIA director wraps up a three-day visit to South Korea

By Jonathan Cheng

SEOUL—North Korea complained about a flyover of a pair of U.S. supersonic bombers, as the Central Intelligence Agency's director on Tuesday wrapped up a three-day visit to South Korea and the U.S. declared a missile-defense system that it is installing in South Korea operational.

The flurry of activity on the Korean Peninsula underscores U.S. President Donald Trump's continuing focus on North Korea as he seeks a way to contain the threat from Pyongyang's nuclear and missile programs.

It also came a day after Mr. Trump said that he would be "honored" to meet with North Korean leader Kim Jong Un.

On Monday, the U.S. Air Force flew two B-1B Lancer supersonic bombers over the Korean Peninsula with the South Korean air force, according to a spokesman for South Korea's Defense Ministry, as part of exercises aimed at deterring the North.

North Korea's state media lashed out at the flight on Tuesday, complaining that it was taking place at a time "when Trump and other U.S. warmongers are crying out for making a pre-emptive nuclear strike at the DPRK," using an acronym for its official name, the Democratic People's Republic of Korea.

"The reckless military provocation is pushing the situation on the Korean Peninsula closer to the brink of nuclear war," Pyongyang's Korean Central News Agency said. It added that the North Korean military "is keenly watching the military movement of the U.S. imperialists," and could respond with nuclear arms, repeating a frequent threat made in North Korea's media.

The exchange over the flyover came as CIA Director Mike Pompeo wrapped up a three-day visit to South Korea, where he toured Yeonpyeong Island, the site of the most recent serious military engagement between the two Koreas, in November 2010.

During the visit to Yeonpyeong Island and the disputed inter-Korean waters around the island, Mr. Pompeo was able to "gain a firsthand appreciation of the North Korean threat to South Korea," according to a statement from U.S. Forces Korea, which oversees the military's various combat forces in South Korea.

Mr. Pompeo also met with South Korea's top spy chief. Mr. Pompeo's visit was the fourth high-level trip to South Korea this year, following tours by Secretary of Defense Jim Mattis, Secretary of State Rex Tillerson and Vice President Mike Pence.

Earlier Tuesday, USFK declared the missile-defense system that it is installing in South Korea, Terminal High-Altitude Area Defense, or Thaad, operational, stirring controversy just one week before a South Korean election that is expected to vote into office a presidential candidate who has called for an immediate halt to the missile battery's deployment.

Thaad is "operational and has the ability to intercept North Korean missiles and defend the Republic of Korea," USFK said.

The speedy deployment of the missile-defense system comes days after a series of statements from senior White House officials about whether South Korea should pay for the $1 billion Lockheed Martin Corp. battery, upending expectations in Seoul about the status of an agreement last year that said the U.S. would pay for it.

It also comes in the midst of a snap election that looks set to elevate to the presidency Moon Jae-in, a candidate who has called for more distance from Washington and an immediate halt to the deployment of Thaad. Mr. Moon says any decision on deploying Thaad should be made by the next South Korean administration, in consultation with the public.

China also opposes the Thaad missile system. At a regular press briefing on Tuesday, foreign-ministry spokesman Geng Shuang repeated calls for an immediate halt to the deployment of the Thaad battery, pledging to take any necessary measures to protect Beijing's interests.

SOUTH KOREAN AIR FORCE/EUROPEAN PRESSPHOTO AGENCY

A U.S. strategic B-1B bomber engaging in a joint drill with South Korean jet fighters over the Korean Peninsula in March.

China's Factory Activity Slows

BEIJING—China's nationwide factory activity expanded at a slower pace in April, with a private gauge falling to a seven-month low.

The Caixin China manufacturing purchasing managers index dropped to 50.3 in April from 51.2 in March, indicating a slower expansion of activity, Caixin Media Co. and research firm Markit said Tuesday.

Still, the index shows that China's manufacturing sector has avoided a contraction of activity for 10 straight months.

Output and new orders both increased at the softest rates since September.

The 50 level separates an expansion in manufacturing activity from a contraction in activity.

Output and new orders both increased at the softest rates since September, while business confidence also weakened for two months in a row, Caixin said.

"Downward pressure on manufacturing gradually emerged in April," Zhengsheng Zhong, an economist at CEBM Group, said in a statement accompanying Tuesday's release of the figures.

China's economic growth may weaken in the near term as prices of industrial products have started to retreat and as active restocking comes to an end, Mr. Zhong said.

The softer Caixin PMI reading comes after a moderation in a competing government gauge.

China's official manufacturing purchasing managers index declined to a six-month low of 51.2 in April, compared with 51.8 in March, the National Bureau of Statistics said on Sunday.

The Caixin China manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives at more than 400 manufacturing companies.

—Liyan Qi

White House Defends Invitation to Duterte

By Felicia Schwartz

WASHINGTON—The White House tried to bat away criticism of President Donald Trump's decision to invite the Philippines' President Rodrigo Duterte to Washington.

White House press secretary Sean Spicer said Monday that Mr. Trump sees the invitation to Mr. Duterte—who has waged a brutal and deadly antidrug campaign since he took office last year—as part of the Trump administration's efforts to enlist countries in the region to further diplomatically and economically isolate North Korea.

"The national interests of the United States, the safety of our people and the safety of people in the region are the No. 1 priorities of the president," Mr. Spicer said.

Mr. Trump extended the invitation to Mr. Duterte in a phone call on Saturday, which the White House described as "very friendly." A statement about the call made no mention of any criticism of Mr. Duterte's human-rights record.

A spokesman for Mr. Duterte said in a press briefing on Tuesday that Mr. Trump had praised the Philippine president during their phone call, according to local media.

Mr. Trump "acknowledged the fact that the president is doing a great job considering the weight and the enormity of the conditions of the Philippines," the spokesman said. He added that Mr. Trump's invitation to Mr. Duterte to visit the White House had yet to be formally accepted.

Rights groups and lawmakers strongly criticized the invitation, pointing to Mr. Duterte's bloody antinarcotics campaign that has killed more than 8,000 people.

Sen. Ben Cardin (D., Md.), the senior Democrat on the Senate Foreign Relations Committee, slammed Mr. Trump's decision to open the White House to "a man who has boasted publicly about killing his own citizens."

Sen. Chris Coons (D., Del.) said welcoming Mr. Duterte to the White House "risks giving Duterte's actions and his brutal human-rights violations an American stamp of approval."

John Sifton, Asia advocacy director at Human Rights Watch, said the invitation sends "a terrible signal" and questioned how much power the Philippines has to enforce sanctions or press further action at the United Nations.

"Do they have any leverage with North Korea at all?" he said. "Uganda, Nigeria, Angola, Mongolia, countries that deal with them on missile technology—those are the countries you need to be talking to, beside China, when it comes to reining in North Korea."

The White House said Mr. Trump wants to build a relationship with Mr. Duterte to "make sure our people are protected" and try to pressure North Korea to abandon its nuclear program.

Mr. Trump also has invited the leaders of Thailand and Singapore to the White House. Thai Prime Minister Prayuth Chan-ocha and Singapore Prime Minister Lee Hsien Loong both said they had accepted the invitations, with the White House saying the leaders reaffirmed their commitment to uphold close relations with the U.S.

The administration has said it is pursuing "maximum pressure" to confront North Korea's nuclear program. The effort includes pressing China and other regional powers to do more to enforce existing sanctions.

Mr. Trump on Monday held out the possibility of direct talks with North Korea, echoing comments last week by Secretary of State Rex Tillerson. "If it would be appropriate for me to meet with him, I would, absolutely. I would be honored to do it," Mr. Trump told Bloomberg News, referring to the country's leader Kim Jong Un. "If it's under the, again, under the right circumstances. But I would do that."

The White House said the possibility of talks is "far away."

"We want to hold out the possibility if they were ever serious about completely dismantling [their] nuclear capability and taking away the threat that they pose both to the region and to us, there's always going to be a possibility," Mr. Spicer said. "That possibility is not there at this time."

PHILIPPINES PORTS AUTHORITY/EUROPEAN PRESSPHOTO AGENCY

President Rodrigo Duterte, right, tours a Chinese Navy vessel in Davao city. The Philippines' leader has waged an antidrug campaign that has killed thousands of people, drawing international condemnation.

Fire in the Night

TIBTA PANGIN/AGENCE FRANCE-PRESSE/GETTY IMAGES

FORCE OF NATURE: The Indonesian volcano Mount Sinabung spewed thick volcanic ash on Tuesday. The volcano has been active for several years.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Israelis Mark Anniversary of Nation's Birth

MENAHEM KAHANA/AGENCE FRANCE-PRESSE/GETTY IMAGES

PARTY POLITICS: Israelis celebrated 69 years since the modern Jewish state was formed. During the day Tuesday, citizens visited cemeteries to remember fallen soldiers. At nightfall, revelers celebrated at parties and in the streets, like these in central Jerusalem.

Palestinians Call for Unity

By Rory Jones

TEL AVIV—Palestinian officials in the West Bank urged Hamas to take concrete steps to reconcile with the Palestinian Authority, a day after the Islamist movement issued a revised set of principles in which it dropped its longstanding call for the destruction of Israel.

In a six-page document issued just days before Mahmoud Abbas, head of the rival Palestinian Authority, is to meet President Donald Trump at the White House, Hamas also approved the establishment of a Palestinian state based on pre-1967 borders, aligning it with the Authority's longstanding position.

In bridging some differences with the Authority, the document "takes away this Israeli accusation that Palestinians are divided," a Palestinian official said in Ramallah, the Authority's governing seat.

The document, unveiled Monday in the Qatar capital Doha, allows Mr. Abbas to display a united Palestinian front when he meets the U.S. president, Palestinian officials said.

Israel has repeatedly highlighted the division between Hamas and the Palestinian Authority as proof that it doesn't have a Palestinian partner for peace. Hamas rules the Gaza Strip, while the Authority, dominated by Mr. Abbas's more-secular Fatah movement, governs the West Bank.

Israel rejected suggestions that the document, a supplement to the group's 1988 charter, was anything more than a rhetorical makeover that disguised the determination of Hamas to annihilate Israel.

"They dig terror tunnels and have launched thousands upon thousands of missiles at Israeli civilians," said David Keyes, a spokesman for Prime Minister Benjamin Netanyahu. "This is the real Hamas."

Daniel Shapiro, who served as U.S. ambassador to Israel during the Obama administration, suggested that nothing essential about Hamas had changed. The group has been designated a terrorist organization by the U.S. and other Western governments.

"It may serve some purpose on the Palestinian or Arab side, but it isn't fooling anyone on the Israeli or American side," said Mr. Shapiro, now a senior fellow at Tel Aviv's Institute for National Security Studies.

Arab nations and Turkey were likely to withhold comment until after the White House meeting between Mr. Trump and Mr. Abbas, the Palestinian official said.

In recent weeks, Mr. Abbas has put financial pressure on Hamas in an apparent attempt to show Mr. Trump that he understands the importance of bringing some semblance of unity to Palestinian government and politics.

"If Abbas is smart enough he can use [the document of principles] to show that everyone is under his umbrella," Mahdi Abdul Hadi, head of the Jerusalem-based Palestinian Academic Society for the Study of International Affairs.

The "Document of General Principles and Policies" also more explicitly defines Hamas as a national movement to create a Palestinian state, distancing it from the Muslim Brotherhood, which has branches in Egypt and across the region.

Until Monday, Hamas had rejected the notion of a Palestinian state within 1967 borders, a longstanding position of the Palestinian Authority and the Palestine Liberation Organization, which Israel officially recognized in 1993 as the representative of the Palestinian people.

Hamas head Khaled Mashaal said at Monday night's announcement in Doha that Hamas was willing to enter negotiations with Israel. But the document of principles doesn't recognize the state of Israel and indicates that in time, Hamas will control all of what is now Israel.

An Israeli official said Hamas's approach remained different from the Authority's. "Instead of trying to destroy us in one go, they will do it two goes," the official said. The charter is "cosmetics and nothing more."

IMF Cautions On Oil Wealth

By Nikhil Lohade

DUBAI—The sharing of oil wealth through government jobs and lavish subsidies is no longer sustainable for Saudi Arabia and its neighbors in the Middle East, the International Monetary Fund said, urging the countries to focus on rolling out ambitious diversification plans.

"The challenge, therefore, is to develop a new model of economic growth that is both resilient and inclusive," the IMF said in its latest outlook report for the Middle East, North Africa, Afghanistan and Pakistan. "In particular, there is a need to reduce the dependence on oil and generate private-sector jobs for the rapidly growing labor force."

In recent years, Saudi Arabia and several other Gulf states cut spending to cope with a sharp drop in oil income, which accounts for a major portion of government revenue. Saudi Arabia, for instance, canceled bonus payments and curbed allowances for state employees in September, months after cutting subsidies for fuel, electricity and water.

But in a surprise move late last month, King Salman reinstated allowances and bonuses for state employees, citing an increase in revenue and a decline in the kingdom's budget deficit.

Members of Saudi Arabia's working middle class—a majority of whom are employed by government-related entities and accustomed to generous state assistance—had become more conscious about their spending in recent months. Usually reluctant to grumble about economic hardships, many Saudi nationals criticized the reduction in public welfare, especially as the cuts didn't appear to affect the wealthy.

The restoration of allowances and bonuses to state employees is expected to bolster consumer spending and help revive growth in the kingdom. It will also help calm nerves as Saudi Arabia continues to spend billions abroad, including on a costly and unpopular war in Yemen.

Like many countries in the Middle East and North Africa region, Saudi Arabia unveiled last year an ambitious plan to reshape its oil-dependent economy, known as Saudi Vision 2030. The overhaul is being led by Deputy Crown Prince Mohammed bin Salman, King Salman's son and a possible successor.

As those austerity measures took effect, Saudi Arabia's budget deficit shrank last year to about $79 billion from a record $98 billion in 2015. Saudi Arabia expects to run a deficit of about $53 billion in 2017.

The impact of the resumption of perks to state employees and the kingdom's plans to balance its finances by 2020 wasn't immediately clear.

Jihad Azour, director for the IMF's Middle East and Central Asia Department, told reporters on Tuesday that some fine-tuning of measures is allowed from time to time, given the magnitude of adjustments made and planned to reduce the Saudi deficit to almost zero. He noted that the Saudi government has said it remains committed to achieving a balanced budget by 2020. An IMF mission is in Saudi Arabia this month to review the kingdom's economy.

"Countries need to maintain their focus on implementing their economic diversification plans—and the supporting structural reforms—to strengthen economic resilience," the IMF said in the report.

They should prioritize growth-friendly measures such as further energy-price reforms, additional cuts to current spending and measures to increase revenues, including via improved tax administration, the IMF added.

The Face of Real News

Lingling Wei's expert insights into China and its economy helped answer some of the most pressing questions when the yuan significantly devalued. Her work gave readers an insider's look at the mechanisms at play during the complex turn.

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

WATCH HER STORY AT WSJ.COM/LINGLING

#TheFaceOfRealNews

THE WALL STREET JOURNAL.
Read ambitiously

Source: Pew Research Center, Political Polarization & Media Habits, 2014

© 2017 Dow Jones & Company, Inc. All rights reserved. 6DJ5346

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Le Pen Aides Admit Lifting Parts of Speech

BY STACY MEICHTRY

PARIS—Presidential candidate Marine Le Pen's campaign acknowledged that parts of a major speech she delivered this week were lifted from an address by conservative François Fillon, who failed to make the May 7 runoff.

Ms. Le Pen, leader of the far-right National Front, has less than a week to narrow a double-digit gap in the polls with pro-Europe front-runner Emmanuel Macron. She is therefore under pressure to corral people who voted in the first round for the mainstream conservative Mr. Fillon.

On Tuesday, her campaign manager David Rachline said she used a "beautiful passage" from an address on national identity that Mr. Fillon delivered last month.

"This wink, I believe, was appreciated, including by all voters of François Fillon," Mr. Rachline told French television.

In April, Mr. Fillon delivered an address that called on France to reject Islamism and materialism to find a "third way."

"The way of culture, of doubt, of discussion, of compromise, of dialogue, the way of balance, of liberty for individuals and for people," Mr. Fillon said.

On Monday, Ms. Le Pen held a large rally in Paris, telling the crowd, among other passages similar to Mr. Fillon's speech, that she sought an "alternative way."

"This way is that of culture, of doubt, of discussion, of compromise, the way of balance, of liberty for individuals and for people," she said.

After losing the first round of the election with 20% of the vote on April 23, Mr. Fillon said he would vote for Mr. Macron in order to prevent Ms. Le Pen from winning the presidency. Polling firms predict many of Mr. Fillon's voters will follow his lead, allowing Mr. Macron to reach 60% in recent polls, compared with Ms. Le Pen's 40%.

However, pollsters say Ms. Le Pen has an outside chance if abstentions are high on Sunday. It is unclear whether many of the social conservatives who backed Mr. Fillon will show up at the polls and cast ballots for the socially liberal Mr. Macron.

MARLENE AWAAD/BLOOMBERG NEWS

Marine Le Pen spoke at an event in Villepinte, France, on Monday.

WORLD WATCH

RUSSIA

Putin Denies Moscow Tampered With Vote

Russian President Vladimir Putin said his government didn't meddle in the politics of other countries, dismissing allegations of interference in the 2016 U.S. presidential election as "simply rumors."

In a news conference Tuesday with German Chancellor Angela Merkel, Mr. Putin denied any intent to interfere in coming elections in Europe.

"Seeing all the perniciousness and futility of such efforts, it never occurred to us to interfere in the political processes of other countries," Mr. Putin said in response to a question about what U.S. intelligence officials have described as a campaign of hacking and disinformation.

Russian interference in the American election "has not been confirmed by anyone and has in no way been proven, it's simply rumors used in domestic political infighting in America," Mr. Putin added.

The German and Russian leaders met in the Black Sea resort city of Sochi amid continued friction between the Kremlin and the West over Middle East policy and the crisis in Ukraine.

Relations between the Kremlin and the West have remained at rock bottom since Russia's annexation of Crimea from Ukraine in 2014 and the imposition of Western sanctions on Moscow. Russia's military intervention in Syria has also sharpened confrontation with the U.S. and its European allies.

France and Germany have national elections this year, and European leaders have been unsettled by what they see as Russian attempts to interfere through propaganda and cyberattacks. Earlier this year, German Finance Minister Wolfgang Schäuble told The Wall Street Journal that Russia was waging "a propaganda war" ahead of Germany's general election.

Speaking in the same news conference, Ms. Merkel said the German government will deal with "gross disinformation," and referred to a distorted news story that caused a furor in Russian-language media and sparked anti-migrant protests early last year.

—Nathan Hodge

EUROPEAN UNION

EU Won't Impose Visas on Americans

The European Union won't impose visas on American travelers in retaliation for the U.S. continuing to exclude five EU countries from its no-visa regime, the bloc's executive branch said. Imposing visas, as requested by the European Parliament in March, would be "counterproductive" and scupper diplomatic efforts with the Trump administration to expand the Visa Waiver Program, said migration commissioner Dimitris Avramopoulos.

He noted that similar diplomatic efforts with Canada had yielded results. Canada lifted its visa requirements for Bulgarian and Romanian citizens.

In March, EU lawmakers made a nonbinding request for the European Commission, the EU's executive, to retaliate after a deadline expired last year for bringing Poland, Croatia, Romania, Bulgaria and Cyprus within the U.S. visa-free travel regime.

Under EU visa-reciprocity rules, countries allowed visa-free travel to the EU must reciprocate the no-visa regime to all EU countries. However, the U.S. Visa Waiver program is based on a country-by-country analysis of criteria ranging from security to visa overstays. The five newest EU members didn't make the cut.

—Valentina Pop

Iraqi Battle for Western Mosul Grinds On


DANISH SIDDIQUI/REUTERS

Iraqi federal police clashed Tuesday with Islamic State fighters in western Mosul. The extremist group has been battling to keep the last neighborhoods it still holds in the western part of Iraq's second-largest city since a government offensive began in October.

Jobless Decline in Eurozone Slows

BY PAUL HANNON

The decline in the number of people without jobs across the eurozone was the smallest in almost a year during March, a development that is likely to inspire caution among policy makers at the European Central Bank.

The number of unemployed workers fell by just 5,000 during the month, the smallest decline since a 3,000 drop in April 2016, the European Union's statistics agency said on Tuesday.

The drop left the unemployment rate unchanged at 9.5%, down from 10.2% a year earlier, but more than twice the U.S. equivalent.

The number of people without work fell by 123,000 in February, and 39,000 in January. The smaller drop in March was largely down to a 41,000 increase in the number of jobless Italians offsetting declines elsewhere, although the French jobless total edged up.

If sustained, the slowdown would likely reinforce the ECB's caution as it faces pressure from German politicians to begin to wind down its stimulus programs.


MORRIS MACMATZEN/GETTY IMAGES

A steelworks employee cleans equipment in Salzgitter, Germany.

"March's small fall in the level of eurozone unemployment came as something of a disappointment and suggests that, despite the growing strength of the economy, wage growth will remain subdued and keep a lid on inflation," said Jessica Hinds, an analyst at Capital Economics.

In recent months, the ECB has stressed the importance of rising wages to keeping the inflation rate at its target of just below 2% over coming years. The central bank's governing council left policy unchanged Thursday, and gave no signs it was ready to wind down its monetary stimulus.

"As unutilized resources are still weighing on domestic wage and price formation, measures of underlying inflation remain low and are expected to rise only gradually over the medium term," ECB President Mario Draghi said at a news conference.

Surveys of manufacturing companies around the eurozone that were released on Tuesday suggest unemployment will continue to fall over coming months, and that March may have been a blip. In response to data firm IHS Markit, manufacturers reported that they hired new workers at the fastest rate in six years.

"Production, order books and exports all grew at the fastest rates for six years, fueling one of the largest increases in factory jobs in the 20-year history of the survey," said Chris Williamson, IHS Markit's chief business economist.

The data firm said its purchasing managers index for the manufacturing sector rose to 56.7 in April from 56.2 in March, slightly below its preliminary estimate of 56.8, but still the highest activity reading since April 2011. By contrast, similar measures for the U.S. and China fell in April.

Economists expect figures to be released Wednesday will show eurozone gross domestic product increased at a quarter-to-quarter pace of 0.5% in the first three months of the year, the same rate of expansion recorded at the end of 2016. The PMIs for April point to a slight acceleration in the second quarter.

Maduro Seeks a New Constitution

BY KEJAL VYAS

CARACAS—Venezuelan President Nicolás Maduro signed an order to convene a special assembly to redraft the constitution, the latest in a string of efforts to retain power in the face of mounting protests and civil unrest.

Mr. Maduro called for a vote—though it remained unclear among whom—to elect a so-called constituent assembly that would in theory become the nation's highest authority.

The opposition responded by pledging to intensify antigovernment demonstrations. They called on protesters to block roads in rejection of what they said was the leftist leader's latest attempt to violate democratic order and avoid elections that polls show his ruling Socialist Party would overwhelmingly lose.


JUAN BARRETO/AGENCE FRANCE-PRESSE/GETTY IMAGES

Venezuelan activists crouching behind a makeshift shield during clashes with police in Caracas on Monday.

"Don't let yourselves be fooled. This is a fraud, a coup d'état," said Julio Borges, who leads the congress, the National Assembly.

Mr. Maduro fired back by saying, "I am no Mussolini."

"We need to transform the state, especially that rotten National Assembly over there," Mr. Maduro told redclad supporters at a May Day rally in downtown Caracas.

Mr. Maduro said a constituent assembly would ease Venezuela's crippling economic crisis, guarantee peace and beat back what he alleges are efforts to destabilize his administration, without explaining in detail how.

"I don't want a civil war," he added.

Legal experts said Mr. Maduro's decision was a last-ditch effort to sideline his rivals who control the National Assembly.

While Mr. Maduro has largely neutered the legislature by barring it from passing laws, lawmakers have warned international investors that any financial deals with the government would be illegal unless approved by that body, curtailing the cash-strapped Maduro administration's ability to secure credit lines overseas.

"This is an absurd proposal and an element of distraction to try to paralyze the opposition, which is united in the streets, mobilizing to get rid of the government," said Antonio Canova, a law professor at Andrés Bello Catholic University, referring to the call for a constituent assembly.

"Every day it is clearer that we're in a dictatorship."

Mr. Maduro's proposal, the first call for a constituent assembly since his mentor and predecessor, Hugo Chávez, rewrote the constitution in 1999, came as thousands of Venezuelans took to the streets Monday, facing tear gas and National Guard armored vehicles for the fifth straight week to demand an immediate end to the president's autocratic rule.

At least 29 people have died in clashes between demonstrators and state security forces that are sometimes backed by armed paramilitary gangs that work as the government's enforcers and often charge into opponents on motorbikes.

With polls showing that four out of five Venezuelans want Mr. Maduro out of office, all eyes are now on how any constituent assembly would be convened. Mr. Maduro, in his speech, promised elections would be held, as they were when Mr. Chávez pushed through his new constitution.

Mr. Maduro said he wanted at least half of the assembly to be composed of the working class, farmers and unionists who have traditionally formed the backbone of the ruling party.

Amid a punishing economic crisis marked by chronic shortages of food and medicine, however, even many former supporters of Mr. Maduro are now calling for him to step down, polls show.

After scrapping regional elections last year, Mr. Maduro in recent days has said that he would be open to holding those elections this year and has called for dialogue with his detractors.

The opposition has said that anything short of general elections to vote on the presidency would be insufficient. They have also forgone renewed talks with the government after Vatican-mediated negotiations last year broke down.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Republican Defections Imperil Health-Law Repeal

By Kristina Peterson
And Stephanie Armour

WASHINGTON—House Republican leaders are on the brink of losing too many GOP votes to pass their health-care bill overturning much of the Affordable Care Act, potentially dashing hopes raised by the White House of a big legislative win this week.

At least 21 House Republicans have now said they oppose the latest version of the Republican plan to overhaul the health-care system, with an almost equal number publicly undecided on the bill. House GOP leaders can likely lose only 22 GOP votes to pass the bill, because it isn't expected to receive any Democratic support.

House GOP leaders—often prodded publicly by the White House—have tried to reach enough support to call a vote on the health bill twice before, and a third disappointment could sink their efforts for the foreseeable future.

That would mark a significant setback for a Republican Party that now fully controls Congress and the White House and has made undoing the ACA a top promise for the past six years.

White House top aides had said a vote was likely this week.

Tuesday morning, Rep. Fred Upton (R., Mich.), a former House Energy and Commerce Committee chairman who is widely respected among House Republicans, told a Michigan radio station he couldn't support the bill in its current form.

"There are a good number of us that have raised real red flags and concerns," Mr. Upton said. "It's not going to get my 'yes' vote the way that it is."

Mr. Upton's opposition is a significant blow to Speaker Paul Ryan (R., Wis.) and other Republican leaders because the Michigan lawmaker was one of the main authors of previous bills that would repeal the ACA. He served on the task force that helped craft Mr. Ryan's health plan last year and has been a strong proponent of toppling the 2010 law.

On Monday, Rep. Billy Long, a Missouri Republican who doesn't often break ranks with GOP leaders, also said he couldn't support the bill.

GOP leaders have been struggling to craft legislation that repeals the ACA aggressively enough to appease conservatives while maintaining enough of its consumer protections to preserve support from centrist Republicans. Tuesday's developments suggest that task may be beyond reach.

Republican lawmakers in swing districts have been especially concerned over an amendment that could let states opt out of parts of the ACA. It would allow insurers in some states to charge higher premiums to people with pre-existing health conditions who let their coverage lapse. But many Republicans, including Messrs. Long and Upton, worried that this would break their promise on those ACA protections.

"I've supported the practice of not allowing pre-existing illnesses to be discriminated against from the very get-go," Mr. Upton said Tuesday. "This amendment torpedoes that, and I told leadership that I cannot support this bill with this provision in it."

It isn't clear if House GOP leaders would be willing to change the bill further to appease centrists' concerns, and in any case doing so could cost them the hard-fought support of conservatives. The House Freedom Caucus, a group of about three dozen conservatives, endorsed the bill last week after balking at its earlier version, and any new changes could prompt them to flee.

Mr. Ryan defended the bill's treatment of people with preexisting conditions on Tuesday, saying the GOP plan offered "a few layers" of protections. "What's important is we want to have a situation where people can afford their health insurance," Mr. Ryan told reporters.

House GOP leaders this week had launched an effort to sway the holdout centrists by assuring them the Senate would dramatically change the bill, beefing up money for a program that helps consumers with high medical costs obtain insurance and restoring some of the bill's steep cuts to Medicaid.

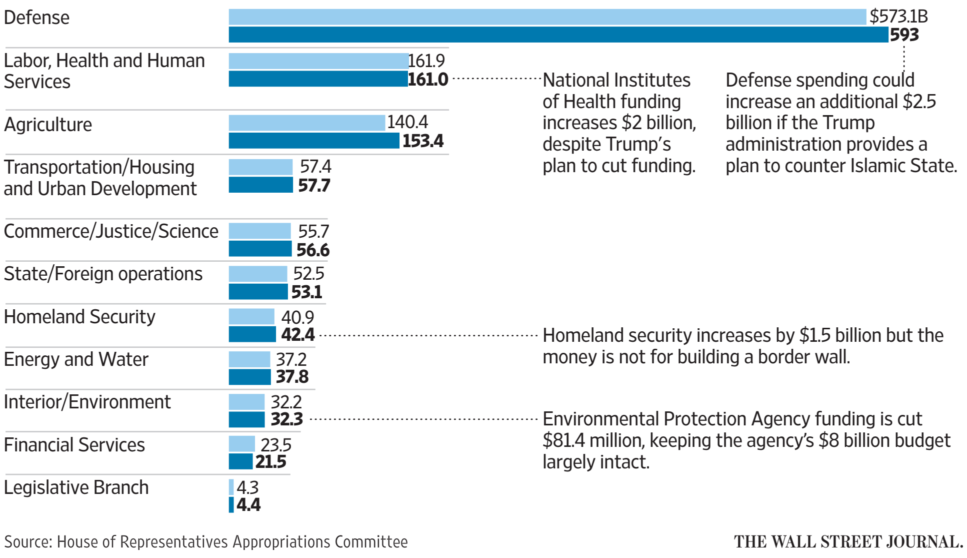
That push seemed to work with some lawmakers. Rep. Bill Johnson (R., Ohio) told reporters Tuesday that he now supported the bill after he "finally got through dissecting it all." Mr. Johnson had said Monday night he was still reviewing it.

But GOP leaders failed to convince many centrists. In one measure of the anxiety over the bill's political ramifications, many members of the House GOP whip team—the lawmakers charged with counting and drumming up votes for Republican bills—remain publicly undecided.

—Natalie Andrews contributed to this article.

Government Funding Bill Levels, Highlights

The proposal includes many measures sought by each party and does not contain any 'poison pill' riders that would have likely caused Democrats' opposition.



Rep. Fred Upton is among 21 House Republicans against the ACA bill.

TRUMP

Continued from page A1

Mr. Mulvaney said the White House believed Democrats were trying to drive the president to a shutdown and he had resisted.

"He beat them on that at the very highest level," Mr. Mulvaney said. "The real winners were the American people and the president."

But the call was beset by technical troubles, and Mr. Mulvaney was able to offer few assurances to temper Mr. Trump's threat of a shutdown, which could leave Republican House and Senate candidates vulnerable in 2018 races if one occurred.

"Right now I'm not worried about the shutdown, I'm worried about the deal that's in front of us. But I think that the president's tweet was that we might need a shutdown at some point," Mr. Mulvaney said with his next few words inaudible.

"We've averted a government shutdown in a way that allows the president to fund his priorities, and I think that's the story now....We have a lot of things to do between now and September."

Before Mr. Mulvaney could take additional questions, he was drowned out by a chorus of beeps and a sequence of different strains of hold music. That persisted for several minutes, amid repeated comments of "we're breaking up" before the call was terminated.

Mr. Trump also touted the five-month spending-bill deal in a Rose Garden ceremony Tuesday honoring members of the Air Force Academy football team, describing it as an "under the radar" victory.

"This is what winning looks like," the president said.

Like Mr. Mulvaney, Mr. Trump said Republicans boosted military spending and broke the pattern of matching military spending increases with nondefense boosts. He noted provisions on health care for coal miners and school choice in Washington, D.C., and said he would still get his border wall.

"Make no mistake, we are beginning to build the wall," the president said.

He added that he had denied Democrats the health-insurance funding they had sought.

CAPITAL ACCOUNT | By Greg Ip

A Reality Check on Cuts and Growth

Last week, President Donald Trump proposed slashing the corporate tax rate to 15% as the centerpiece of a tax plan designed to boost economic growth.

He is in good company. Between 2000 and 2016, most of the U.S.'s largest trading partners cut their corporate rates. But their experience offers a reality check. There is little compelling evidence any enjoyed substantially faster growth as a result, and certainly not on the scale of Mr. Trump's ambitions; he wants to push the U.S. long-term growth rate to 3% from its current 2%.

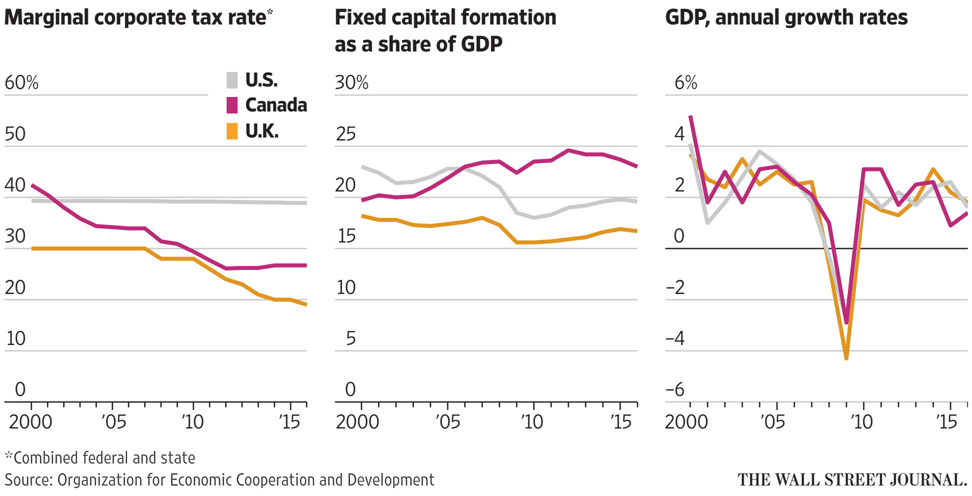
This doesn't undermine the case for a lower corporate rate: All else equal, it almost certainly would help. But it is a warning to administration officials who are counting on rate cuts to generate so much growth that they pay for themselves. Many forces operate on the economy, including demographics, the business cycle, technology and regulation. Taxes are just one factor, and they are often less potent than advocates advertise.

The theory is straightforward and uncontroversial. A tax cut makes it cheaper to finance investment in new projects. More spending on equipment, buildings and intellectual property should contribute to growth in the short run and create lasting payoffs by boosting worker productivity in the long run.

In 2000, the U.S. federal rate of 35%, combined with state taxes, was in the middle of the advanced-economy pack. Today, it is the highest in the 35-nation Organization for Economic Cooperation and Development because so many other countries have cut theirs.

Growing Pains

Canada and Britain have slashed their corporate tax rates but neither has seen a significant improvement in growth.



Britain reduced its corporate rate to 19% now from 30% in 2007. A 2013 study by the British Treasury predicted the tax cuts since 2010 would eventually boost the level of gross domestic product by 0.6%. That is certainly worth having, but spread out over, say, six years, would boost the growth rate by a barely noticeable 0.1 percentage point.

British investment as a share of GDP is actually lower than before 2007, and productivity growth—the ultimate determinant of living standards and where higher investment should leave its mark—averaged 0.6% from 2010 to 2015, according to the OECD, one of the worst among major countries. Treasury noted that Britain has been hit by the euro crisis, the financial crisis and surging oil prices, all of which likely delayed the benefits of the corporate tax changes.

Canada cut its corporate rate from 28% in 2000 to 21% in 2004. While growth from 2000 to 2004 was about half a percentage point faster than the prior decade, it has since slowed. Canada's annual productivity growth since 2000 has been about 1%, slower than in the 1990s.

Jack Mintz, a tax expert at the University of Calgary, said Canada would have grown more slowly without the tax changes. Aging alone, he said, has knocked a percentage point off underlying growth since the 1990s. Nonetheless, he said, Canada's lackluster performance flummoxes him.

Several studies find that tax cuts boost investment. One study of Canada's tax cuts teased out the effect by comparing service industries, which benefited from the cuts with manufacturing, which already enjoyed a low rate and thus had less to gain. Services investment was highly responsive.

A 2004 study of 85 countries by Andrei Shleifer of Harvard University and four others suggests that a 10-percentage-point reduction in the effective corporate tax rate raises investment's share of gross domestic product by 2 percentage points.

Still, while these studies suggest lower corporate taxes have the predicted effect on investment, they don't show national growth rose as a result.

Of course, no two tax cuts are alike. Other countries may not provide a reliable road map for what awaits the U.S. Many raised other levies, such as the value added tax, to pay for corporate rate cuts. Mr. Trump, a Republican, hasn't proposed significantly raising any taxes other than limiting some personal tax breaks, and indeed would cut personal income-tax rates, which in theory incentivizes more work.

His plan comes with another caveat: It would be paid for with a dramatic increase in government deficits, which in theory should raise interest rates and crowd out the private investment, neutralizing some of the benefits of lower taxes. Interest rates haven't responded to massive government deficits lately because private investment has been so lackluster.

If those dynamics change, Mr. Trump's growth plans could face yet another impediment.

GOP Sees Window For Tax-Cut Fix

By Richard Rubin

WASHINGTON—President Donald Trump has said he wants to cut taxes, big-league, and Republicans are having trouble squeezing his ambitions into congressional rules forbidding bigger deficits after a 10-year budget-scoring window.

Some lawmakers are exploring a way around that problem: Make the window bigger.

Sen. Pat Toomey (R., Pa.) last week suggested a "longer horizon" to overcome obstacles posed by the process known as reconciliation, which lets a tax cut pass on a majority Senate vote but prevents additions to long-run deficits. The size of the window would also be changed through the budget process and wouldn't require more than a simple majority; Republicans hold 52 seats in the chamber.

"They're clearly thinking about it," said Rohit Kumar, a principal in the tax-policy group at PwC LLP and a former aide to Senate Majority Leader Mitch McConnell (R., Ky.). "There's no set number of years that it has to be or can be," said Mr. Kumar, referring to the window. "So there's flexibility there."

A senior administration official said last week that no rule requires the window to be 10 years long.

A 15-year, 20-year or 30-year budget window could let Republicans pass a temporary tax cut that is long enough to give companies confidence to invest but short enough so its fiscal effects peter out by the 2030s or 2040s.

That would be a departure from the current framework. If a tax plan leaves a budget hole more than 10 years after it becomes law, it usually requires 60 votes in the Senate to pass. Without that, lawmakers may need to set an expiration date at the end of that 10-year window, something that happened to 2001 and 2003 tax cuts under former President George W. Bush, a Republican. Most of those cuts became permanent law, but some did lapse in 2013. One way to get deeper, longer-lasting cuts is to extend the window.

Republicans haven't made a decision yet on possibly extending the window's size. A Senate GOP aide said the plan for now is to use the 10-year window.

Some forces in the party and the corporate world want permanent policy and would be wary of a longer window as a tool for a temporary tax cut.

"Pro-growth tax reform must be permanent," the Alliance for Competitive Taxation, a group whose members include Johnson & Johnson and Verizon Communications Inc., wrote to Mr. Trump on Monday. "A tax code that expires after a few years will not provide businesses with the certainty they need to invest and restart the engine of the U.S. economy."

Republicans say they are aiming for a permanent, revenue-neutral policy.

Republicans on the House Ways and Means Committee said Sunday that they are aiming for a permanent, revenue-neutral policy. That presumably wouldn't require a longer window—though a longer window wouldn't necessarily be incompatible with their plans.

Permanent policy is important, Ways and Means Chairman Kevin Brady (R., Texas) told reporters Monday as committee Republicans wrapped up a two-day policy session. "That's where we get the greatest growth for the greatest number of years."

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Kushner Didn't Disclose Startup Stake

Investments show ties to Goldman Sachs and George Soros, as well as a number of loans

Jared Kushner, the president's son-in-law and senior adviser, didn't identify on his government financial-disclosure form that he is currently

By Jean Eaglesham, Juliet Chung and Lisa Schwartz

a part-owner of a real-estate finance startup and has a number of loans from banks on properties he co-owns, according to securities filings.

Mr. Kushner's stake in Cadre—a tech startup that pairs investors with big real-estate projects—means the senior White House official is currently a business partner of Goldman Sachs Group Inc. and billionaires including George Soros and Peter Thiel, according to people close to the company.

The Cadre stake is one of many interests—and ties to large financial institutions—that Mr. Kushner didn't identify on his disclosure form, according to a Wall Street Journal review of securities and other filings. Others include loans totaling at least $1 billion, from more than 20 lenders, to properties and companies partowned by Mr. Kushner, the Journal found. He has also provided personal guarantees on more than $300 million of the debt, according to the analysis.

Jamie Gorelick, a lawyer representing Mr. Kushner, said in a statement that his stake in Cadre is housed in a company he owns called BFPS Ventures LLC. His ownership of BFPS is reported in his financial-disclosure form, although it doesn't mention Cadre.

Ms. Gorelick said the Cadre stake is described in a revised version of his financial-disclosure form that will be made public after it has been certified by ethics officials. She said Mr. Kushner has previously discussed his Cadre ownership with the Office of Government Ethics and that Mr. Kushner has "resigned from Cadre's board, assigned his voting rights and reduced his ownership share."

A spokesman for the Office of Government Ethics didn't respond to a request to comment.

Ms. Gorelick said that it is "very normal" for a financial-disclosure form to be revised and that the form was prepared by Mr. Kushner's lawyers on his behalf. A White House spokeswoman referred questions to Mr. Kushner's lawyer.

Trevor Potter, a Republican former chairman of the Federal Election Commission, and other ethics experts said investments such as Mr. Kushner's ownership of Cadre typically need to be disclosed.

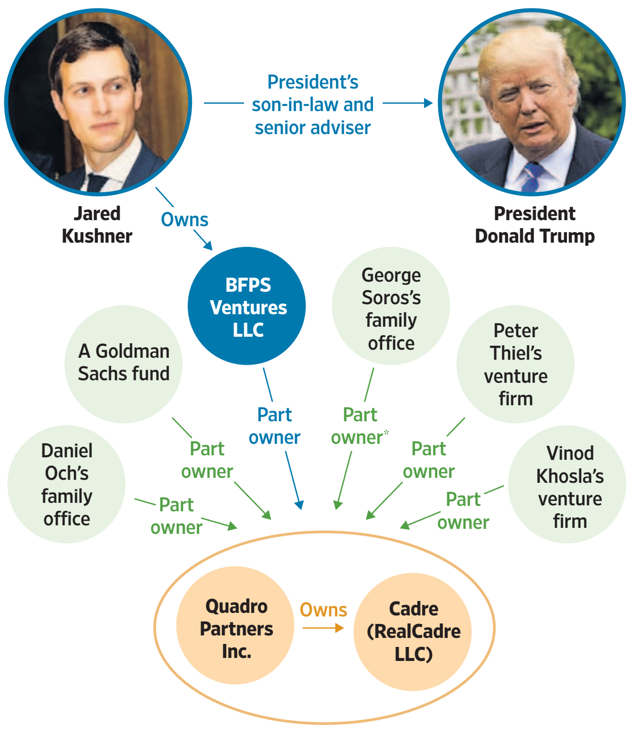
They said Mr. Kushner didn't appear to violate disclosure rules by not publicly reporting his business-related debts and guarantees. But they said such arrangements ideally should be disclosed, in part because they could force Mr. Kushner to recuse himself from certain issues involving the lenders.

"Anything that presents a potential for the conflict of interest should be disclosed so that the public and the press can monitor this," Mr. Potter said.

Ethics experts' concern is that Mr. Kushner's business connections could jeopardize his impartiality in certain areas and that, absent disclosures, the public is in the dark about potential conflicts.

Cadre's Connections

Jared Kushner, a senior White House official, has a stake in real-estate company Cadre, as do Goldman Sachs and billionaires such as George Soros.



*Soros also provided a $250 million credit line.
Sources: Financial Industry Regulatory Authority; Mr. Kushner's lawyer; Cadre; people close to Cadre; Associated Press (Kushner photo); Agence France-Presse/Getty Images (Trump photo)
THE WALL STREET JOURNAL.

Mr. Kushner's rapidly expanding responsibilities range from working on a Middle East peace deal to making the federal government operate more efficiently. As a senior federal official, Mr. Kushner is bound by ethics laws that require him to recuse himself from matters that would directly affect his financial interests.

Ms. Gorelick, who was deputy attorney general in former President Bill Clinton's administration, said Mr. Kushner will "recuse consistent with government ethics rules."

Mr. Kushner, the 36-year-old scion of a real-estate family, agreed with federal ethics officials to divest himself of more than 80 assets after he and his wife, Ivanka Trump, were hired by her father, President Donald Trump, to be senior aides. White House officials have said some of the sales were needed to avoid potential conflicts between Mr. Kushner's far-reaching job duties and his personal financial interests.

He is retaining more than 200 other assets, worth a total of at least $116 million, according to his disclosures. These are mostly apartments and office blocks around the U.S. Like his father-in-law, Mr. Kushner has declined to put these assets in a blind trust, which ethics experts regard as the cleanest way to avoid conflicts of interest. Someone close to Mr. Kushner said there are practical problems that make a blind trust not a realistic option.

Mr. Kushner co-founded Cadre in 2014 with his brother, Joshua Kushner, and Ryan Williams, a 29-year-old friend and former employee of Kushner Cos., the family-controlled business that Mr. Kushner ran until recently. Cadre markets properties to prospective investors, who can put their money into specific buildings or into an investment fund run by Cadre, which collects fees on each deal.

To get off the ground, Cadre turned to a Goldman Sachs fund and a number of high-profile investors. Among them were the venture-capital firms of Mr. Thiel, Silicon Valley's most prominent supporter of the GOP president, and Vinod Khosla, a co-founder of Sun Microsystems Inc., according to Cadre's website. Other backers include Chinese entrepreneur David Yu, co-founder with Alibaba Group Holding Ltd.'s Jack Ma of a Shanghai-based private-equity firm, hedge-fund manager Daniel Och and real-estate magnate Barry Sternlicht, people close to Cadre said.

Cadre also secured a $250 million line of credit from the family office of George Soros, a top Democratic donor whom Mr. Trump criticized during his presidential campaign, the people close to the company said. Mr. Soros's family office is also an investor in Cadre.

The investors declined or didn't respond to requests to comment on their backing of Cadre, but a person familiar with Mr. Soros's family office said it had invested in early 2015 before Mr. Trump declared his presidential candidacy.

Cadre has solicited money from investors for several Kushner Cos. real-estate projects, according to information sent to prospective investors and reviewed by the Journal. Jared Kushner personally has stakes in some of the real-estate projects for which Cadre has raised money, according to Cadre documents and his disclosure form.

While Mr. Williams acts as the public face of Cadre, Mr. Kushner remains one of the owners, with the power to "influence the [firm's] management or policies," according to the latest public information on file with the Financial Industry Regulatory Authority. Jared Kushner's company JCK Cadre LLC is shown as owning 25% to 50% of Quadro Partners Inc., which owns at least 75% of RealCadre LLC, which does business as Cadre. Mr. Kushner has reduced his ownership stake to less than 25%, his lawyer Ms. Gorelick said.

Mr. Williams, chief executive of Cadre, said the company has been working with regulators to update its public filings to "reflect Jared's nonoperational, nonmanagement relationship with the company, which has been in place since the inauguration."

—Coulter Jones contributed to this article.

Former EEOC Lawyer Eyed for Civil-Rights Post

By Beth Reinhard

The White House is considering Eric Dreiband, who filed discrimination lawsuits as the top lawyer at the Equal Employment Opportunity Commission and has also defended big businesses from such lawsuits, to lead the civil-rights division at the Justice Department, according to people familiar with the matter.

Mr. Dreiband now works at Jones Day, a law firm that has become a popular wellspring for the new administration and supplied many of the lawyers who sued the administration of former President Barack Obama over its health-care law. Mr. Dreiband was part of the legal team that represented Catholic plaintiffs objecting to the contraceptive coverage under the law.

Mr. Dreiband also represented the University of North Carolina system when it was sued by the Justice Department over a state law requiring transgender people to use public bathrooms matching the gender listed on their birth certificate. The university system argued last year that it didn't intend to enforce the law.

Mr. Dreiband didn't respond to requests to comment.

The civil-rights division at the Justice Department, which will celebrate its 60th anniversary this year, has broader authority than the EEOC to enforce federal laws barring discrimination and to investigate alleged violations of voting rights and civil liberties. Former Attorney General Eric Holder repeatedly called the division "the crown jewel" of the Justice Department.

If nominated by President Donald Trump and confirmed by the Senate, Mr. Dreiband, whose potential selection was reported last month by National Public Radio, would lead the office at a time when hate crimes are on the rise.

The Senate Judiciary Committee was holding a hearing Tuesday on the recent increase in religious hate crimes, which has included dozens of bomb threats to Jewish Community Centers.

The former acting chief of the division under Mr. Obama, Vanita Gupta, is among those scheduled to testify. She has sharply criticized the direction of the civil-rights division under Attorney General Jeff Sessions, who has called for a pullback from investigating police departments accused of civil-rights abuses and has withdrawn from part of a voting-rights case in Texas.

STEPHEN VOSS FOR THE WALL STREET JOURNAL

Eric Dreiband, a former Equal Employment Opportunity Commission lawyer, is a candidate for a top Justice Department post.

Mr. Sessions has suggested that federal oversight of police departments has made them less aggressive in fighting crime and helped fuel a surge in murders in some big cities.

Mr. Dreiband's views on policing and voting rights aren't known publicly, and that could be a point of contention for Senate Democrats and liberal activists, along with Mr. Dreiband's involvement in litigation against the Affordable Care Act.

David Lopez, who served in the same job at the EEOC under Mr. Obama, said nothing in Mr. Dreiband's record provides "any glimpse about whether he would be a rubber stamp or counterweight to General Sessions' stated goal to turn back the clock in areas of voter disenfranchisement, police-community relations and the broad gamut of pressing civil-rights issues requiring an active and vigilant civil rights division."

Leslie Silverman, a former EEOC commissioner, said he is well-suited to the job.

"He's a lawyer's lawyer with incredible integrity," she said. "He strongly believes in civil-rights laws and wants to see them fairly applied."

—Louise Radnofsky contributed to this article.

U.S. WATCH

SOUTH CAROLINA

Ex-Policeman to Plead Guilty in Shooting

The former North Charleston, S.C., police officer who shot unarmed black motorist Walter Scott has agreed to a plea deal on federal civil-rights violations, according to a person familiar with the case, a week before jury selection was to start.

Michael Slager was expected to enter a guilty plea Tuesday in District Court in Charleston, S.C. It is unclear what the plea deal entails, but it would resolve charges pending in both federal and state courts, according to the person familiar with the case. State prosecutors had said they expected to retry Mr. Slager, after a judge declared a mistrial in a five-week state trial on homicide charges in December.

MIC SMITH/ASSOCIATED PRESS

Michael Slager, right, pictured in December in Charleston, S.C.

Mr. Slager, a white 35-year-old, was charged with violating Mr. Scott's civil rights by fatally shooting him after an April 2015 traffic shop. The shooting was captured on cellphone video.

Attorneys for Mr. Slager and the Scott family couldn't be reached, nor could representatives for the Charleston solicitor and the U.S. attorney.

—Valerie Bauerlein and Del Quentin Wilber

MILITARY ACADEMIES

Athletes Can't Turn Pro, Bypass Service

Athletes from U.S. military service academies no longer will be allowed to bypass active military service and go straight into professional sports leagues, the Pentagon said. The Defense Department reversed a decision made in 2016 that allowed academy students with exceptional sports talent to bypass active duty and serve out their time in the military reserves to play in professional leagues.

Athletes will be able to get a waiver to join sports teams after fulfilling a two-year active-duty commitment, but would no longer allow them to entirely bypass their active-duty obligation.

The Air Force Academy, which among military schools was the only one with a graduate ready to participate in this year's National Football League draft, notified the NFL of the change in Pentagon policy just ahead of last weekend's draft.

Air Force Academy cadet Jalen Robinette, a star wide receiver, was the sole draft prospect, the academy said. He went undrafted and wasn't available to comment.

—Ben Kesling

Consumers Appear Ready to Spend Again

By Josh Mitchell

WASHINGTON—Americans' spending grew steadily in March after accounting for inflation, positioning the economy to rebound from another winter slowdown.

But consumer prices fell, a sign of underlying weakness that could give the Federal Reserve pause as it considers further increases in its benchmark interest rate.

Personal consumption rose 0.3% after inflation, the Commerce Department said Monday. That followed two months of declines. Without accounting for inflation, spending was flat.

The figure, combined with gains in Americans' incomes, offers early evidence the economy's first-quarter slowdown may have been a blip and that growth could pick up this spring. Weak consumer spending led U.S. economic output to grow a tepid 0.7%, at an annual rate, in January through March, but Friday's report hinted at momentum at the end of the quarter.

"The fundamentals on robust consumer spending are in place, such as elevated levels of consumer confidence, rising real disposable income, and increasing household net worth," IHS Markit economist Chris G. Christopher Jr. said in a note to clients.

Some economists believe temporary factors led to weak spending in the first quarter, including a warm winter that drove down Americans' heating bills and a delay in tax refunds that gave them less money to spend. Spending is expected to pick up in the spring largely because of rising incomes.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

LEND

Continued from Page One
nues will never return to pre-crisis levels.

Goldman ranks among Wall Street's top players in its core businesses, such as advising on corporate mergers and underwriting stock sales, offering little room for growth. In lending, "we can only go up," said Stephen Scherr, who oversees the effort as CEO of Goldman Sachs Bank USA.

Loans outstanding across Goldman have doubled to $95 billion since 2011, filings show. Real-estate loans are up 10-fold. Business lending has tripled, while loans in its private-wealth division, secured by everything from stock portfolios to rare artwork, have quadrupled. Goldman doesn't report revenues tied to lending, which remains a small part of its overall business.

"It's not quite Bailey Savings & Loan," said Glenn Schorr, a research analyst who covers banks, "but it's getting closer."

MICHAEL BUCHER/THE WALL STREET JOURNAL; MICHAEL NAGLE/BLOOMBERG NEWS (BLANKFEIN)

In lending, 'we can only go up,' says Stephen Scherr, who oversees the lending effort as CEO of Goldman Sachs Bank USA.

Cultural shifts

The pivot has brought cultural shifts to a firm ruled by hard-charging deal makers and traders. Mr. Scherr recruited executives from finance arenas foreign to Goldman's world—from Discover Financial Services, Capital One Financial Corp., regional banks and online lenders.

Into a firm known for courting the financial elite, he hired executives skilled at selling to the masses—from underwear retailer Jockey International, food-delivery app GrubHub Inc., concert promoter Live Nation Entertainment Inc. In January, Goldman reorganized several hundred employees into a new division reporting to Mr. Scherr named Consumer and Commercial Banking.

Some Goldman investment bankers have privately grumbled at being cast as small-town lenders. Other current and former executives say the push is misguided, exposing Goldman to a new risk—the American borrower—in hopes of collecting a few nickels on the dollar.

Goldman's lending push comes as the financial system is awash in capital and demand for new loans is starting to flag. What's more, lenders such as Citigroup Inc. and J.P. Morgan Chase & Co. have deep relationships with CFOs and treasurers, who typically decide which banks to borrow from.

Last month, Goldman got a reminder of why it must find new ways to make money. Its trading desk stumbled badly, reporting weak quarterly numbers that Chief Financial Officer R. Martin Chavez said "served as a reminder of the benefits of having a diversified global client franchise."

Goldman's push to lend—still in its early days—further blurs the lines that separated investment banks like it from commercial banks. The former made money on their wits, brokering deals and trading securities; the latter took depositors' cash and lent it, pocketing the difference.

Goldman began as a lender. In the 1870s, its immigrant founder Marcus Goldman sold short-term credit known as commercial paper to merchants along Manhattan's wharves, tucking the bills into the band of his silk hat.

As the firm grew, it focused on brokering deals and trading big slugs of stock, arenas where the fees were larger and the field less crowded. Goldman's specialty was turning over capital quickly, squeezing profit from the same dollar again and again. By contrast, lending money locked it up for years.

After Congress in 1999 repealed a Depression-era law that had kept the two separate, J.P. Morgan, Citigroup and other commercial banks barreled into Goldman strongholds such as trading and underwriting, where margins were fatter.

Goldman decided not to reciprocate and challenge its com-

'We're a bank,' says Goldman Sachs CEO Lloyd Blankfein. 'We should act like one.'

mercial cousins on their turf. It lacked a big cache of retail deposits to fund loans cheaply, and its executives tended to view lending as pedestrian.

While rivals sent armies of lending specialists to Main Street, Goldman's M.B.A.s and Ph.D. "quants" stuck to doling out high-touch services to companies, hedge funds and governments. The firm rode one Wall Street wave after another to huge profits—institutional stockbroking, the dot-com rush, the explosion of financial derivatives, the private-equity boom.

It did make occasional loans, principally to wealthy or corporate clients it hoped to keep close.

The first seeds of change were sown over a hectic September 2008 weekend. With its shares tanking and clients pulling cash, Goldman ceased to be an investment bank. Under pressure from the Federal Reserve, it legally converted to a commercial bank, gaining access to cheap government cash that calmed panicky investors.

Goldman welcomed the lifeline but had little interest in retail or commercial banking. Some executives debated trying to shed the firm's new status, which had brought additional federal oversight. The newly created banking entity sat mostly empty.

The postcrisis world proved a harder place to make money, amid new regulation, a global recession and low interest rates. Bond-trading revenues, a huge driver of profits, fell to $8.7 billion in 2013 from $21.9 billion in 2009. Mr. Blankfein, CEO since 2006, began pushing executives to find ways to grow.

Some floated the notion of moving into traditional lending, but there was still resistance. David Viniar, Goldman's longserving chief financial officer, was skeptical of lending, according to people familiar with Mr. Viniar's position. He kept a toaster in his office as a reminder of Main Street banking gimmicks to avoid. Mr. Viniar left the post in 2013, remains on Goldman's board and supports the firm's current efforts.

At a management off-site in the Hamptons in the summer of 2014, executives batted around ideas for growth, according to people familiar with the meeting. Some made a case for looking for new revenues by using Goldman Sachs Bank USA, the legal entity created at regulatory gunpoint in 2008.

Goldman was being regulated like a Main Street bank, they argued, but wasn't reaping the benefits. What's more, they said, politicians had many Wall Street activities in their crosshairs but tended to view lending as a social good, helping small businesses thrive and families make ends meet.

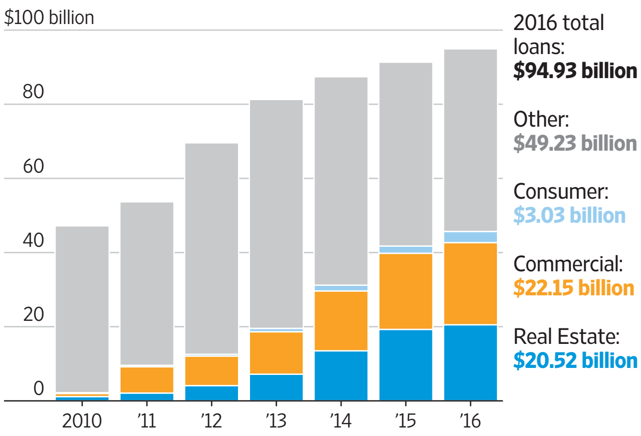
"The feeling was that nobody was going to get hauled in front of Congress" for writing simple loans, one executive remembers. Several Goldman officials had testified in Washington about the bank's crisis-era mortgage-trading activities,.

The new team

Mr. Scherr, whom Mr. Blankfein tapped to lead the effort, began assembling a team. He recruited Harit Talwar from Discover, the credit-card giant, and Dustin Cohn, Jockey's head of marketing.

Credit Score

Goldman Sachs, once content to leave loans to other firms, has moved into a range of new lending businesses.



Source: the company
THE WALL STREET JOURNAL.

Goldman launched a business last fall to make online loans of a few thousand dollars to individuals. Named Marcus, after Goldman's silk-hat-wearing, credit-selling founder, it targets borrowers carrying high levels of credit-card debt and offers to refinance at lower rates. It has lent about $1 billion in its first six months.

Years ago, Goldman would likely have "securitized" the loans, bundling them, slicing them up and selling the pieces. That would have freed up those loan dollars to be used elsewhere and earned lucrative fees for Goldman's traders. In perhaps the most striking sign of Goldman's newfound taste for plain-vanilla banking, the firm plans to keep the loans and pocket the interest payments.

"It's hard to get more boring than that," said Mr. Schorr, the analyst.

Goldman's lending push also extends into its investment bank, which advises companies on mergers and fundraising. It is the firm's second-largest division by revenue and its most profitable.

For decades, Goldman's investment bankers specialized in negotiating the sale of their clients to corporate buyers. Fees on the "sell side" are predictable, but usually lower than those earned by the acquiring company's banks, which raise debt to fund takeovers. Goldman earned $56 million for advising Botox maker Allergan on its 2015 sale; J.P. Morgan earned more than $200 million arranging a loan for the buyer, Actavis PLC.

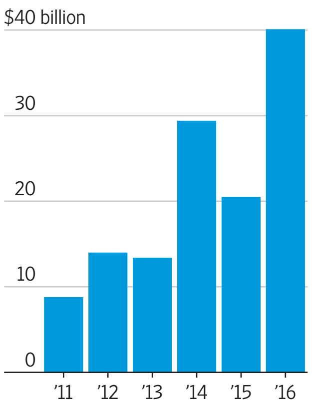
Goldman has subtly pivoted in such deals, angling for a larger share of the fees that come from providing the money, not just advice, for deals. "That was the white space on the map," said John Waldron, who runs the investment-banking unit in the U.S.

In late 2015, when Goldman's top retail-industry banker, Kathy Elsesser, was talking to Newell Rubbermaid Inc. about buying rival Jarden Corp., she brought colleagues who specialized in raising debt to early meetings. Their message, according to people who attended: "We can do this. You don't have to go to" a big commercial lender.

The $10.5 billion check Goldman wrote Newell to finance the deal was the bank's single largest loan ever. That was topped last summer by an $11.4 billion loan commitment backing Bayer AG's acquisition of Monsanto Co. Goldman ranked third last year in arranging loans for U.S. deals, up from ninth in 2012, according to Dealogic.

A Lender Be

Value of loans arranged by Goldman Sachs to finance U.S. deals



Source: Dealogic
THE WALL STREET JOURNAL.

Goldman is even entering the unsexy world of extending revolving loans, a form of rainy-day credit to corporate clients. It is one of the worst businesses on Wall Street because fees are low and companies tend to draw on the loans only when in trouble. Banks make these "relationship loans" in hopes of building client loyalty for better work later.

Goldman historically declined to play that game, even when marquee assignments were at stake. In 2001, it didn't participate in a loan Kraft Foods was raising. Some Goldman executives suspected it cost Goldman a coveted role on Kraft's IPO that year, then the second-largest in history.

That wouldn't happen today, said Susie Scher, Goldman's top banker for investment-grade debt. "It's a cultural shift," she said. "The mentality now is that we have to lend to support our clients."

Funding the firms' loans is a growing stash of deposits. Goldman for years financed activities by borrowing against holdings of securities, a strategy that left it exposed during the financial crisis. It branched out in 2016, buying an online savings-account platform from General Electric Co. and began taking retail deposits for the first time. Meanwhile, it has been gathering more of its corporate and wealthy clients' extra cash.

Deposits have increased to $124 billion in 2016 from $28 billion in 2008, still a fraction of J.P. Morgan's $1.4 trillion.

More lending initiatives are planned. Goldman executives have discussed adding trade finance, which companies use to import and export goods, and are looking for new ways to lend to individuals, perhaps by making car loans or advancing money for online purchases, people familiar with the firm said.

Still, it is slow going overall. When AT&T Inc. needed $40 billion in debt to buy Time Warner Inc., it called J.P. Morgan and Bank of America Corp. Goldman executives chafed at the miss, said people familiar with the bank, which left it out of 2016's biggest takeover.

There is also a danger that Goldman, hungry for market share, takes on risky assignments. Two financing deals for private-equity buyouts last year earned Goldman a formal reprimand from banking regulators who felt the companies would carry too much debt. A third was rejected by bond investors, who forced Goldman's client to pay a higher interest rate.

And lending to consumers can be risky, especially because Goldman is targeting those heavily in debt. Goldman is entering the space amid cracks in the market: Store-card issuer Synchrony Financial and Capital One both set aside hundreds of millions of extra dollars last quarter to cover an expected rise in delinquencies.

"If you are driven by investment-banking mentality, retail banking, in the main, is different," said Deanna Oppenheimer, who ran Barclays PLC's retail operations and now runs a financial-services consulting firm. "The products are simple, but the complexity is in the scale, and it's not a slam-dunk that they get that right."

FISH

Continued from Page One
ings.

For a $90-a-head tasting dinner in March, Chef Wells bought a whole 10-pound snakehead at $5 a pound. Because the fish is coated in thick slime, he first toweled it down so he could safely butcher it. He then marinated the meat in citrus for a ceviche that he served up to about 45 diners.

Diner Chris Czyryca gave it three stars out of five. "I don't think it's going to knock any high-end fish off the menu anytime soon," he said, "but it's certainly not something I would turn my nose up at."

Sherry Eltermann, a 46-year-old nurse, passed. "It doesn't sound really appetizing," she said, wrinkling her nose.

Scientists say the state isn't anywhere close to eating its way out of the problem. The torpedo-shaped fish scares many people. It has a lot of teeth. It can survive for a few days out of water and some types can wriggle short distances on land. It gets big, too, topping 18 pounds. Breathless media coverage powered visions of a beast devouring anything in its path, wet or dry.

"People were worried they were vipers or something [and] had venom in their teeth," said Joseph Love, a biologist with the Maryland Department of Natural Resources, who said there is no sign snakeheads have hurt biodiversity even as they have spread throughout the bay.

Virginia state biologist John Odenkirk said fears elevated so fast that people balked at letting their dogs swim in the water. He admits getting caught up in the initial madness, fearful that the "apex predator" would upend the ecosystem: "I was like, holy crap, the sky is going to fall, this is really, really bad."

Josh Newhard, a fish biologist with the U.S. Fish and Wildlife Service, said there are populations of northern snakehead in New York, Pennsylvania, New Jersey and Delaware, but that they haven't expanded as far or as fast as the Potomac population has. He also said Arkansas has worked to eradicate snakeheads from a Mississippi River tributary.

Hollywood took note and spun tales of mutant monsters terrorizing swimmers and boaters in TV movies like "Snakehead Terror" and "Frankenfish," in which one character intones: "We are fish food."

Bow fisherman Emory "Dutch" Baldwin took it as a challenge. He started hunting the fish for sport eight years ago, never imagining anyone might eat it. He fed his catch to coyotes, foxes and buzzards.

Then a nail-salon owner of Asian descent, who heard about Mr. Baldwin's snakehead hunting from an employee, asked if Mr. Baldwin could get him the fish.

"Lightbulb went off in my head," he said. Mr. Baldwin, a crane operator in Washington, now supplies shops and chefs in Washington and Maryland, and eats what he doesn't sell. "Absolutely delicious," he said, though he isn't ready to try the fish's cheek meat, which he hears is scallop-like.

BRENDAN SMIALOWSKI/AGENCE FRANCE-PRESSE/GETTY IMAGES

A snakehead is weighed at a 2013 Maryland fishing tournament.

Converting the invader into a main course became all the rage in certain restaurant circles, said Victor Albisu, chef and owner of Del Campo, a South American grill in Washington. The fish's reputation as a piscine menace added to the allure for adventurous diners, he said.

"It's got the Bigfoot kind of aura about it," he said.

The push to market snakehead has a few hurdles. Mr. Albisu said the fish can be hard to get. Not a lot of people catch it, and the price is high. Mr. Wells said he has seen fillets go for $17 a pound, and one Washington seafood stall sells them for $22 a pound.

Tim Sughrue, vice president of Congressional Seafood, a wholesaler in Jessup, Md., that sells to 500 restaurants from Richmond, Va., to Philadelphia, has struggled to interest his customers. "I've tried and tried and tried. I can't get anybody to bite," he said, adding he thinks the reason is the way the fish has been portrayed in the media.

The name isn't helpful, said Spike Gjerde, co-owner of Baltimore's farm-to-table restaurant Woodberry Kitchen, who has served the fish smoked, beer-battered and blackened as the headliner of a $30 entree.

Scott Drewno, a snakehead fan ending a stint as chef at The Source, an Asian-themed restaurant in Washington, said it could use help from "the people that branded kale."

It wouldn't be the first fish to reach the seafood counter under an assumed name. Orange roughy started as slimehead. Patagonian toothfish is better known as Chilean sea bass.

"Snakehead seems so like a bad word," said charter captain Mike Starrett. He said he coined the name "Potomac pike" eight years ago and still hears fellow anglers use it.

In 2014, Charles County, Md., held a naming contest and chose "spotted channa," a nod to the species' scientific name, Channa argus. County Commissioner Ken Robinson is the self-described "wacko" who dreamed up the competition. "No question, it has not caught on," he said.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

The Big Debate On Hearing Aids

As demand rises, should people be able to buy them over-the-counter at the drug store? Federal lawmakers are considering it

◀ Starkey Hearing Technologies makes the traditional Muse hearing aid. The company doesn't set the prices for dispensers, but it sells for approximately $1,500 to $3,000 a hearing aid.

The BEAN costs $214 a piece, and fits in the outer ear. Its buyers often experience age-related hearing loss.

Bose makes conversation-enhancing headphones that sell for $499.95. Bose and others may not currently market devices as hearing aids.

SHOULD HEARING AIDS be sold at local pharmacies like a pair of reading glasses?

It is a question that federal lawmakers are now considering with bipartisan legislation to create a new category of hearing aids sold over-the-counter for people with mild to moderate hearing loss.

Patient advocate groups like the Hearing Loss Association of America say the proposed legislation would increase access to hearing aids, which cost an average of nearly $5,000 for a pair. Hearing aids aren't covered by Medicare and typically not paid for by many private insurance companies either. The price includes the fitting and tuning of the device done by an audiologist or hearing aid dispenser.

Medicare doesn't cover the cost of hearing aids because a statute from the 1960s specifically prohibited paying for them. At the time, there was little awareness of the impact of hearing loss on health outcomes and the few available hearing aids weren't very good or expensive, said Frank Lin, an associate professor of otolaryngology-head & neck surgery at Johns Hopkins University who researches the link between hearing loss and the increased risk of dementia.

Because private insurance companies typically follow Medicare's lead, they also haven't covered the cost of hearing adds though some plans are starting to, he said. (Medicare doesn't cover the cost of eye exams or eyeglasses either. Private insurance varies on vision coverage.)

An estimated 30 million Americans have some degree of hearing loss and the numbers are growing. A study published last month by **Johns Hopkins University** researchers predicted that the number of U.S. adults with hearing loss will nearly double by 2060. Yet it is estimated that 67% to 86% of people who would benefit from using a hearing aid don't use them.

Patricia Holland was among them. When she first noticed age-related hearing loss, she waited about three years to buy a hearing aid because of the sticker shock.

"I only bought a hearing aid in one ear because the cost was so high but you really need two for balance," said Ms. Holland, a 79-year-old retiree living in Waltham, Mass. Five years later she finally bought a second hearing aid.

The momentum for OTC hearing aids began with a **National Academies of Sciences, Engineering and Medicine** report published last year calling for more efforts to provide adults with affordable hearing aids. The report recommended that the U.S. Food and Drug Administration remove the regulation that requires either a medical evaluation or that individuals sign a waiver that they aren't getting one before purchasing a hearing aid, a move the FDA subsequently made.

It also called for the creation of a new category of OTC wearable hearing devices—separate from hearing aids used for more severe hearing loss. That is what the current proposed bill would do, while also directing the FDA to devise safety and effectiveness standards for the new class of hearing aids. Technology companies with personal sound amplification products—called PSAPS—that are already commercially available, often at lower prices than traditional hearing aids, are a big proponent of the legislation as it would enable them to market their products for hearing loss.

Barbara Kelley, executive director of the patient advocacy group the Hearing Loss Association of America, says every day they get up to eight emails or calls from people saying they can't afford to buy hearing aids.

"Cost is a barrier," she said. "Stigma is a barrier. Access to care is a barrier. People with mild to moderate hearing loss aren't even taking the steps to get hearing health care." She noted that research has shown that untreated hearing loss is associated with many other health conditions, such as increased risk of falls, anxiety, isolation and cognitive declines.

The traditional hearing aid industry—controlled by about half-a-dozen companies—is against the bill while audiologist groups have concerns. "Hearing loss is a health issue," said Brandon Sawalich, senior vice president of Starkey Hearing Technologies, the only U.S.-based manufacturer of hearing aids, and chairman of the board of the Hearing Industries Association, a trade group. "Going about it with self-diagnosis and self- treatment is not a responsible way to approach hearing loss."

The HIA would support OTC hearing aids for mild hearing loss, said Mr. Sawalich, but not moderate hearing loss.

Ian Windmill, president of the American Academy of Audiology, a professional organization of audiologists, said the group hasn't taken an official position on the proposal yet but has some concerns and wants to make sure consumers are properly informed on the different devices and what they are for.

Manufacturers of PSAPS, made by technology companies like **Doppler Labs** and Bose, are usually smaller than traditional hearing aids, can be adjusted by smartphone apps and are significantly cheaper, usually less than $500 per ear. But the companies currently aren't allowed to market their products for hearing loss because they are not medical devices approved by the FDA.

"Consumers with mild hearing challenges don't often want to get a hearing test and go to an audiologist and get a prescription for a costly hearing aid," said Julie Kearney, vice president of regulatory affairs for the **Consumer Technology Association**, a trade association with 2,200 members, that represents companies that make PSAPs.

CLOCKWISE FROM TOP RIGHT: GETTY IMAGES/ISTOCKPHOTO; BOSE; ETYMOTIC RESEARCH, INC.; STARKEY HEARING TECHNOLOGIES

TALK RADIO

THE WOMAN BEHIND HOWARD STERN

BY JOE FLINT

GETTY IMAGES (2)

Marci Turk, above, has worked with radio star Howard Stern, left, since 2012, and has helped reshape the host's image.

SHE IS RARELY mentioned on-air. She doesn't have a funny nickname like producer Gary Dell'Abate's "Baba Booey" nor is she endlessly teased and tormented like staff writer Benjy Bronk. Not even many longtime listeners know her name.

But to anyone close to Howard Stern, the self-proclaimed king of all media, Marci Turk is "The Howard Whisperer." The chief operating officer of Mr. Stern's **Sirius** XM Satellite radio operations, Ms. Turk has become something of a gatekeeper to the radio star and one of his most trusted advisers.

As Mr. Stern tries to broaden his appeal and soften his image, some fans are complaining Ms. Turk has cleaned up the shock jock and made him safe for the kind of celebrities he used to mock. With Mr. Stern devoting more of his show to being a serious interviewer, Ms. Turk is often accused in chat rooms of making him more politically correct. In February, for example, Mr. Stern spent 90 minutes interviewing "Girls" star and creator Lena Dunham who later called him a "feminist." Musician Sheryl Crow and actor Steve Martin have been guests. Lengthy celebrity interviews mean less time for his usual high jinks.

Mr. Stern mentioned Ms. Turk on air two weeks ago in a diatribe at listeners who miss the old Howard. "The new thing from the people who now hate me is, 'oh Howard changed because of Marci Turk ... he got this woman in there and she calls the shots on the show and she won't let him do this or that,' " Mr. Stern said on his April 19 show. The show's subjects, he continued are "where I want to go."

"It seems like all the drama around her has to do with the longstanding Howard Stern aficionados," says Eric Sherman, a longtime talent manager whose clients have included Aerosmith lead singer Steven Tyler, who has often appeared on the show. "Under her watch, he has excelled," he adds.

Mr. Stern, Ms. Turk and Mr. Dell'Abate didn't respond to requests for comment.

The 63-year-old Mr. Stern has two Sirius satellite radio channels. Howard 100 carries his now three-days-a-week program; Howard 101 is primarily a highlight reel, featuring shows going as far back as his days at WXRK-FM New York in the 1980s and 1990s. Sirius has over 31 million subscribers but doesn't break out Mr. Stern's audience. However he is their biggest star.

While Mr. Stern has made practically all of his crew part of the show, Ms. Turk has remained mostly behind the scenes. She has been working with Mr. Stern since 2012. At that time, Mr. Stern was growing frustrated with managing all the details of his show, people close to him say. He had recently joined the **NBC** show "America's Got Talent" as a judge.

Mr. Stern also was seeking to elevate his show and create a friendly atmosphere for lengthy interviews with actors and musicians. He has said on-air that he had gone just about as far as he could go interviewing a steady stream of strippers and adult-film stars. So Mr. Stern called David Allen, author of "Getting Things Done: The Art of Stress-Free Productivity" and asked for help.

"He contacted our offices directly and asked, 'hey do you have any coaches,' " says Mr. Allen, who directed him to Ms. Turk who had been working out of **David Allen** Co.'s New York office.

In December 2012, Mr. Stern summoned his staff to an auditorium in the McGraw Hill building in Midtown Manhattan, which is home to Sirius XM. Mr. Stern berated his staff for not getting his show to the next level, people in attendance say. Ms. Turk didn't attend, but Mr. Stern mentioned that he was bringing her on in a senior role.

Ms. Turk moved to lead outreach to bigger stars and their publicists to entice them to come on the show and convince them it was a safe environment. During his April 19 show, Mr. Stern said he had strippers and naked women on for years and "you've got to constantly change up the show and constantly work on what you find funny."

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

OPINION

REVIEW & OUTLOOK

Pre-Existing Confusion

Insurance coverage for pre-existing health conditions can be confusing, as President Trump and a journalist showed in a television interview over the weekend. Allow us to explain how the GOP reform would work in practice and why pre-existing conditions have been exaggerated as a political problem.

> Here's how the House health reform will cover high-risk patients.

Mr. Trump told CBS's John Dickerson that "I watch some of the news reports, which are so unfair, and they say we don't cover pre-existing conditions, we cover it beautifully." Mr. Dickerson seemed surprised: "Okay. Well, that's a development, sir. So you're saying it's going to be pre-existing to everybody?" Mr. Trump said the House bill had "evolved" but as usual didn't explain how.

House conservatives rebelled over the original version of the American Health Care Act, which only partially deregulated insurance markets. The bill maintained the rule known as guaranteed issue, which requires insurers to cover all applicants regardless of medical history. It also relaxed community rating, which limits how much premiums can vary among beneficiaries.

The media and the left thus claim that conservatives want to allow insurers to charge sick people more, and some conservatives agree, which spooks the moderates. But the latest compromise between conservatives and centrists doesn't repeal guaranteed issue or community rating. It keeps these regulations as the default baseline, and states could apply for a federal waiver if they want to pursue other regulatory relief.

But the waivers aren't a license to leave cancer survivors without insurance. States can only receive a waiver if they avail themselves of the bill's $100 billion fund to set up high-risk pools. These state-based programs, which were run in 35 states until they were preempted by ObamaCare, subsidize coverage for older and sicker patients. This helps these individuals and keeps coverage cheaper for everyone else.

Why might a Governor prefer such an arrangement over the ObamaCare status quo? Well, the law's price controls are a raw deal for most consumers, which leads to a cycle of rising premiums and falling enrollment. Average premiums rose by 40% or more in 11 states this year, and insurance markets in states like Tennessee, Kentucky and Minnesota are in crisis.

Community rating and guaranteed issue also punish the sick by degrading quality. When insurers can profit by being the best plan for, say, cancer or diabetes, they invest in such care. When both the healthy and sick pay the same rates, the incentive is to load up on healthier people and discourage people with expensive ailments or chronic conditions from enrolling by using higher copays, narrow provider networks or tiered prescription drug formularies.

In a recent study of the Affordable Care Act, Daniel Prinz and Timothy J. Layton of Harvard and Michael Geruso of University of Texas-Austin conclude that insurers are using benefit designs to screen for unprofitable consumers. The result is that people with expensive conditions cannot obtain adequate coverage.

Pre-existing conditions are an understandably emotional issue, because people fear losing their plan or a financial catastrophe if they develop a serious health problem. But only about 4% of the population under age 65 is high risk. ObamaCare's Pre-Existing Conditions Insurance Plan was created from 2010 to 2014 as a transition until the entitlement debuted nationwide: Anyone could sign up for heavily subsidized coverage if they were denied in the private market. Enrollment topped out at merely 115,000 people in 2013.

This debate is also distorted by a misunderstanding of health risks. The actuarial probability that a healthy person will become sick is already priced into premiums, meaning it is true insurance for unknown future health outcomes. People with pre-existing conditions don't need insurance—they need help paying for expensive treatment that is already known.

High-risk pools are a fairer and more equitable solution to this social problem, rather than hiding the cost by forcing other people to pay premiums that are artificially higher than the value of the product. The waivers also include protections for people who renew continuous coverage from major premium increases if they become ill.

Liberals are inflating the pre-existing conditions panic with images of patients pushed out to sea on ice floes, but the GOP plan will ensure everyone can get the care they need. Republicans can win this argument, but first they need to join the debate and explain their ideas.

Barack Obama, Capitalist

Poor Barack Obama. The fellow governs for eight long years as the most progressive U.S. President since LBJ, and now his former left-wing fans are upset that he wants to enjoy the fruits of capitalism as a private citizen.

> Let the man make a buck, as long as he pays the top marginal rate.

Our liberal friends are disappointed—the tone is more sorrow than anger—that the former progressive hero has decided to give speeches for big money. One reported payday was $400,000 from the Wall Street firm Cantor Fitzgerald, and there may be more.

Senator and progressive ethicist Elizabeth Warren took a shot at Mr. Obama in an interview with the Guardian published Monday, saying that he and other politicians are out of touch with "the lived experiences of most Americans." The left-wing press is fretting that the former President is either tone-deaf or cashing in on his former office, or some other quality they usually associate with greedy Republicans.

But why begrudge the man his right to make a living? Mr. Obama is a relatively young man with two daughters to put through college, and speech-making is something he knows how to do. There's also some rough justice in Mr. Obama experiencing the bite of the high tax rates he imposed on Americans. If he wants to appease his critics, Mr. Obama can always write a check to the U.S. Treasury for whatever he saves from the coming Republican tax cut.

Chobani vs. Alex Jones

The First Amendment protects the right of free speech in the U.S., but defamation laws protect the innocent against malicious falsehoods. As false and often scurrilous news proliferates on the internet, those values are in tension more than ever, as the case of *Chobani v. Alex Jones* shows.

> The yogurt maker hits the media provocateur with a defamation suit.

Chobani sued Mr. Jones, the right-wing provocateur, last week in Idaho state court for malicious false statements that tied the Greek yogurt maker to a sexual assault it had nothing do with. The case has political overtones because of Mr. Jones's campaign against Muslim refugees, but it could have larger import as a case of a company fighting back against media falsehoods to maintain its public reputation.

The story began with a June 2, 2016 attack on a five-year-old girl in Twin Falls. The mentally disabled girl was sexually assaulted in an apartment complex by three boys, ages 7, 10 and 14. The youngest of the boys immigrated from Iraq, the other two from Eritrea.

This was horrifying enough, but Mr. Jones then turned his considerable media operation on the story. An InfoWars video reporting the assault was linked to by the Drudge Report under the headline, "REPORT: Syrian 'Refugees' Rape Little Girl at Knifepoint in Idaho." Never mind that there was no knife or Syrians, and the sexual assault, though heinous, was not rape. The boys have pleaded guilty and await sentencing.

What does this have to do with yogurt? Well, Chobani runs a plant in Twin Falls that employs refugees. Chobani's founder, Hamdi Ulukaya, is an immigrant from Turkey who is proud of giving jobs to refugees—and is not shy about advertising that he does.

Mr. Jones has a right to disagree with Mr. Ulukaya's support for refugee programs. But here's how InfoWars News put it in a tweet promoting the video: "Idaho Yogurt Maker Caught Importing Migrant Rapists." The Chobani suit alleges that the video was republished that day "in a wide range of YouTube channels with the same headline."

The video provides no support for the headline's contention. Chobani has no link to the boys who assaulted the five-year-old. The company says none of its refugee workers has raped anyone. But the company says it has faced boycott calls following the tweet and video.

"The defamatory statements plainly and unambiguously impute conduct on the part of Chobani that amounts to a criminal offense," says the lawsuit. "Defendants falsely accuse Chobani of 'importing migrant rapists' and bringing 'crime and tuberculosis' into the community, among other false statements. Such bald accusations of criminal conduct constitute classic examples of defamation *per se*."

The suit adds that Mr. Jones and InfoWars "acted with actual malice," a crucial legal standard when trying to prove defamation against a public figure or company.

In a video responding to the suit, Mr. Jones conceded that Chobani isn't importing migrants and lacks the authority to do so. But he portrayed the suit as part of a larger effort to intimidate him by "the bullies of the Islamic invasion movement."

The Wall Street Journal is often obliged by the facts to write critically about companies, and we know how defamation law can be abused. But the press is typically protected by the law if it works hard to get facts right and corrects errors when they're pointed out. This standard has never been more important in this age of social media when anyone can make false claims that whip around the world and the truth never catches up. The Chobani case will test the legal limits of false reporting.

Macron's Balancing Act

EYE ON EUROPE
By John Vinocur

France's presidential election has exposed voters' comfort with candidates cozily close to Vladimir Putin. At the same time, French marines have completed their deployment in a NATO battle group posted in Estonia as a trip-wire against a Russian invasion. The 300 marines, backed by Leclerc battle tanks, joined a larger British force on April 20 at a base less than 100 miles from Estonia's border with Russia. The French and British units are commanded by an Estonian officer.

For symbolism to counter the palpable Russian threat hanging over the Baltic states, the deployment is an admirable NATO stop sign. But it's an uncomfortable matter for the two candidates in France's final presidential round on Sunday—Emmanuel Macron, the favorite and self-described man of neither left nor right, and Marine Le Pen of the far right-wing National Front.

Ms. Le Pen's silence on the deployment exposes the emptiness of her call for a French departure from NATO and her allegiance to Mr. Putin. For fear of being labeled disloyal to the 300 troops, she can't brand their mission a fool's errand or a military provocation in the face of a Russian army of hundreds of thousands. Ms. Le Pen dares not say she would pull her marines out the day after she's sworn in as president.

Mr. Macron's hesitancy about confronting Russia is different. He shies away from describing Moscow's aggression in Europe as a dangerous and immediate problem. The most recent likely cause? Voting in the presidential election's first round indicates the French prefer to ignore Russian aggression.

The results for the three candidates favoring Mr. Putin—Ms. Le Pen, the Gaullist François Fillon and the hard left's Jean-Luc Mélenchon—gave them a combined 61.09% share of the total votes. Mr. Macron and Socialist Benoît Hamon, neither having embraced the Putin power show, together received 30.37%. This 60-30 gap points to both reflexive anti-American sentiment and admiration for Mr. Putin's exercise of authority, in a France where the homegrown variety is only vaguely apparent.

The need to attract every potential vote in the run-off round may explain Mr. Macron's caution on Russia, and even cast it as prudent. But he looked nervously conciliatory last week when the word "Russia" did not appear in a Macron campaign statement acknowledging that its computers were hacked by Pawn Storm, a group identified by U.S. officials as a Russian state-backed organization.

Mr. Macron has also let slide making any conclusive statement on what U.S. Secretary of State Rex Tillerson called the "complicit or simply incompetent" Russian protective role in Syria's April sarin-gas attack on its own citizens. Nor did Mr. Macron stand with France's Foreign Minister Jean-Marc Ayrault in his accusation that the criminal bombing raids on Syrian civilians in Aleppo in 2016 were "above all the Russians' responsibility."

If Mr. Macron wants to be regarded world-wide as France's candidate of dignity and engagement, he is going to have to show more strength than that. With a victory on May 7, he will become chief of state of a country with nuclear weapons and a seat on the United Nations Security Council. Gauging the vehemence of Russia's push to disassemble the European Union and redraw Europe's post-Soviet boundaries requires firm judgment.

But where are Mr. Macron's convictions on the subject? They move around. Go back to last year. Concerning the Ukraine crisis—and sounding rather like Ms. Le Pen or Messrs. Fillon and Mélenchon—Mr. Macron offered Russia a pass and said it was the West (which refused to supply Kiev with defensive weapons) that had to de-escalate. "We've been constantly on the side of escalation," he claimed, "and that's a very bad thing." He also insisted America must not be allowed "to dictate" French foreign policy, and that Russia "is the partner" with whom France must discuss Syria.

> The French presidential favorite can demonstrate strength by visiting NATO's deployment in Estonia.

An effort at a change in tone has followed, perhaps due to the influence of Defense Minister Jean-Yves Le Drian, an interventionist and likely leading member of a Macron cabinet. The modulation has notably involved Mr. Macron saying that, unlike the U.S., Russia doesn't share France's values and interests. Thanks for the enlightenment.

In talking about his future as president of France last week, Mr. Macron said the first person he would contact is German Chancellor Angela Merkel, who discerns "strength" in him. She might want to take the occasion to describe the great quantities required to deal with Mr. Putin. Mr. Macron also promised that his first trip out of the country would be to "visit the troops."

Election maneuvering apart, if he wants to say something significant about himself as a man of responsibility, the new commander-in-chief's destination ought to be the NATO battlegroup barracks of the French marines in Tapa, Estonia.

Consensus for U.N. Change

By Chris Coons
And Marco Rubio

It's rare, especially these days, for all 100 U.S. Senators—from Bernie Sanders to Ted Cruz, from Elizabeth Warren to Mitch McConnell—to agree on something. But the scourge of anti-Israel bias at the United Nations is such an issue. Last week, every senator signed our letter to Secretary-General António Guterres, urging him to improve the U.N.'s treatment of Israel and eliminate anti-Semitism in all its forms.

While the U.N. has achieved some important successes since its founding 70 years ago, too many of its member states and agencies use the world body as a vehicle for targeting Israel rather than as a forum committed to advancing peace and human rights. This encourages and supports the broader scourge of anti-Semitism, and distracts key U.N. entities from their original missions.

As both the U.N.'s principal founding member and its largest financial contributor, the U.S. must insist on real reforms. We in Congress have a responsibility to conduct rigorous oversight of U.S. engagement at the U.N. and its use of our citizens' tax dollars. We commend Ambassador Nikki Haley for stating that "the U.N.'s anti-Israel bias . . . is long overdue for change." In another hopeful sign, Mr. Guterres recently disavowed an anti-Israel report by the U.N. Economic and Social Commission for Western Asia and demanded that it be withdrawn.

Still, the U.N. continues to fund and maintain many standing committees that serve no purpose other than to attack Israel and inspire the anti-Israel boycott, sanctions and divestment movement. These committees must be eliminated or reformed.

While the U.N. Educational, Scientific and Cultural Organization does important work on Holocaust education and preserving world heritage sites, some member states persist in pushing measures to target Israel and deny Jewish and Christian ties to Jerusalem. Unesco member states must understand that these actions only undermine the credibility of their organization.

The U.N. Relief and Works Agency for Palestine Refugees in the Near East has faced troubling allegations of inciting violence against Israelis and aiding Hamas. If it does not cease these activities, it risks losing support of U.S. lawmakers.

Perhaps most troubling is the Human Rights Council. Charged with drawing the world's attention to gross human-rights violations, its members include some of the world's worst human-rights violators, who devote far too much time to baseless attacks against the Jewish state. The HRC even maintains a permanent item on its agenda targeting Israel—Agenda Item 7. No actual human-rights violator is targeted in this way.

Speaking recently before the HRC in Geneva, Erin Barclay, the U.S. deputy assistant secretary of state for international organization affairs, criticized the council's anti-Israel focus as "unfair and unbalanced," noting that its "obsession with Israel . . . is the largest threat to the council's credibility" and "limits the good we can accomplish by making a mockery of this council."

> It's past time for the U.S. to stop tolerating Turtle Bay's pervasive anti-Israel bias.

The HRC should be the premier international body addressing the many pressing human-rights challenges of our time in countries such as China, Cuba, North Korea, Syria, Russia, South Sudan and Venezuela. We therefore urge specific reforms to end the HRC's imbalanced focus on Israel, including the elimination of Agenda Item 7 and a competitive admission process in order to broaden and better balance membership on the council.

In his April 25, 1945, address to the United Nations, President Harry S. Truman challenged the authors of the U.N. Charter to create an organization rooted in lofty humanitarian principles, dedicated to the benefit of all mankind, and capable of achieving "a just and lasting peace."

For too long the world body has fallen far short of those ideals. We stand ready to lead sustained bipartisan efforts in Congress and with our international partners to eliminate the U.N.'s anti-Israel bias, and to fight anti-Semitism in all its forms.

Mr. Coons, a Delaware Democrat, and Mr. Rubio, a Florida Republican, are U.S. senators.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

OPINION

'Nationalist' Shouldn't Be a Dirty Word

By Walter Russell Mead

If Donald Trump were a liberal Democrat, some of the media's descriptions of "chaos" and "disarray" in the White House probably would be replaced with stories about "creative tension" among a "team of rivals." As it is, the struggle between "nationalists" like Steve Bannon and "globalists" like Gary Cohn is characterized in near-apocalyptic terms. Yet as Mr. Trump told The Wall Street Journal last week, "I'm a nationalist and a globalist." That is good news: Mr. Trump and the Republican Party should be weaving nationalist and globalist themes together rather than picking them apart.

Trump will be successful if he puts U.S. interests first—while still helping to maintain global order.

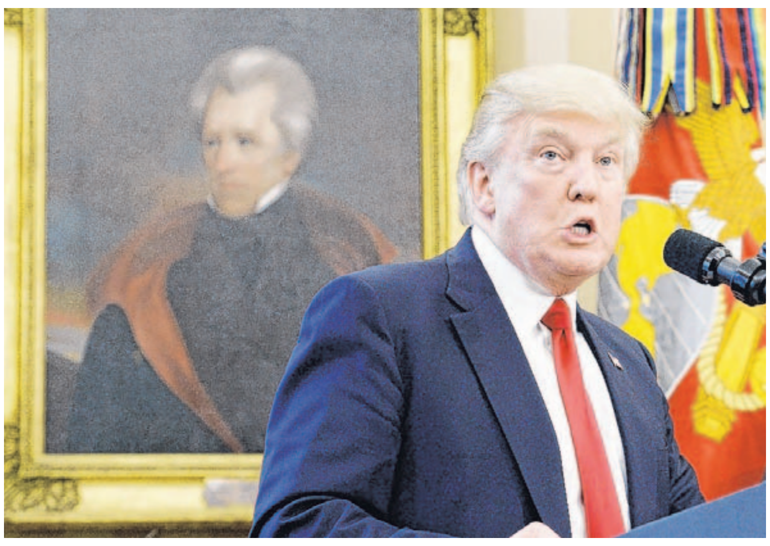
Nationalism—the sense that Americans are bound together into a single people with a common destiny—is a noble and necessary force without which American democracy would fail. A nationalist and patriotic elite produces leaders like George Washington, who aim to promote the well-being of the country they love. An unpatriotic and antinationalist elite produces people who feather their nests without regard to the common good.

Mr. Trump is president in large part because millions of Americans, rightly or wrongly, believed that large sections of their country's elite were no longer nationalist. Flawed he may be, but the president bears an important message, and Trump-hating elites have only themselves to blame for his ascendancy. A cosmopolitan and technocratic political class that neither speaks the language nor feels the pull of nationalist solidarity cannot successfully lead a democratic society.

The president symbolized his nationalist commitment by hanging a portrait of Andrew Jackson in a place of honor in the Oval Office. Now Mr. Trump must stay true to that commitment or he will lose his political base and American politics will spin even further off balance. But life is rarely simple. Jacksonian means will not always achieve Jacksonian goals. Sometimes, they even get in the way.

Jackson learned this when his populist fight against the Second Bank of the United States ultimately led to a depression that turned the country over to his hated Whig rivals. As Mr. Trump comes to grips with the tough international economic reality, he is realizing that not everything the Jacksonians think they want will actually help them. The president has already discovered that ripping up the North American Free Trade Agreement won't help the middle-class voters who put him in office.

Jacksonian voters don't want North Korea to have the ability to threaten the U.S. with nuclear weapons. They also don't want a second Korean War. Reaching the best outcome on Korea could mean giving China a better deal on trade than many Trump voters would desire. Populists like to rail against globalization and world order. Yet the security and prosperity of the American people depend on an intricate web of military, diplomatic, political and economic arrangements that an American president must manage and conserve.


BLOOMBERG

President Trump discusses an executive order on trade, March 31, in front of a portrait of President Andrew Jackson, who served 1829-37.

Mr. Trump is learning that some of the core goals of his Jacksonian program can be realized only by judiciously employing the global military, diplomatic and economic statesmanship associated with Alexander Hamilton. Bringing those two visions into alignment isn't easy. Up until the Civil War, the American party system revolved around the rivalry of the Jacksonian Democrats with the Hamiltonian Whigs. Abraham Lincoln fused Jacksonian unionism with Henry Clay's Hamiltonian vision when he created the modern Republican Party. Theodore Roosevelt and Ronald Reagan revitalized the party of their times by returning to the Jacksonian-Hamiltonian coalition that made the old party grand.

The future of the Trump administration and the Republican Party largely depend on whether the president and his allies can return to these roots. The elements of fusion are there. While Jacksonians are skeptical of corporate power and international institutions, they like economic growth that benefits the middle class, and they strongly believe in an America that stands up for itself and its allies. They are less worried about budget deficits than they are about a strong economy. If the tide is lifting the rowboats, they do not care all that much that the yachts are rising too.

For the coalition to work, Hamiltonians need to realize that the health and cohesion of American society is fundamental to the world order that allows corporations and financial firms to operate so profitably in the global market. In other words, Peoria matters much more than Davos. It was American power and will that built the present world order and ultimately must sustain it. A divided society with an eviscerated middle class cannot provide the stable, coherent leadership that is required.

The U.S. must be simultaneously a nationalist power, focused on the prosperity and security of its own people, and a globalist power working to secure the foundations of international order that Americans need. Mr. Trump appears to understand this truth better than many of his most vituperative critics. The task now confronting the president and his team is to develop and execute a national strategy based on these insights. Nothing in today's world is harder than this, and nothing is more essential.

Mr. Mead is a fellow at the Hudson Institute, a professor of foreign affairs at Bard College, and editor at large of the American Interest.

Fascism Is the Least of France's Worries

By Jonathan Fenby

Is Marine Le Pen a fascist? The politically correct salons of Paris would nod approvingly at such a description. But casting the National Front leader and her followers to the outer pale of political life is a dangerous exercise, as France struggles to escape the logjam that has afflicted it for almost three decades.

One French commentator justified his use of the "fascist" label in characterizing Ms. Le Pen by pointing to an alleged Holocaust denier in her entourage. A Paris court decided that a comedian was within his rights to similarly use the term to identify her. A flier for a left-wing student discussion at a London university shows her with arm upraised, Nazi-style. In 2014 Wolfgang Schäuble, Germany's finance minister, described the Front as a "fascist, extremist party."

No matter how hard Ms. Le Pen seeks to detoxify her party and banish from it the shadow of her father, Jean-Marie Le Pen, its DNA binds itself to a past that most French would prefer to forget. Jean-François Jalkh, tapped to head the party when Ms. Le Pen stepped down to concentrate on her latest presidential campaign, was himself forced to withdraw less than 24 hours later following revelations he once allegedly cast doubt on the use of gas at Nazi concentration camps.

The decision by erstwhile presidential candidate Nicolas Dupont-Aignan, the self-proclaimed Gaullist defender of national sovereignty, to ally with the National Front after he was eliminated with only 4.7% of last month's first-round votes, for many called to mind the right-wing conservatives who sought salvation in alliances with fascism. This at a time when memories of the wartime Vichy regime was for many a freshly reopened wound, as Ms. Le Pen recently attempted to deny France's responsibility in the 1942 round-up of Jews in Paris.

But more than being a divisive candidate, Ms. Le Pen's election to the Élysée Palace on May 7 would be a disaster for the country politically, economically, socially and morally. It would be tempered only by the certainty that there would be no way she could rule the country successfully. But that provides scant comfort as the eurozone's second-biggest member would be plunged into political anarchy, with heavy economic and financial ramifications.

Ms. Le Pen's appeal to voters, which has shaken up France's political landscape since the 2015 regional elections, is based on a hard nationalism backed by promises of a tougher system of law and order and a ban on immigration. That takes the National Front close to the definition of fascism. The party leader's huge talent for stirring up crowds, and the popular reaction she arouses, provide obvious parallels with rabble-rousing dictators. The example of the 1930s is always present, only this time with Muslims taking the place of Jews in the demonology.

Marine Le Pen offers the wrong solutions to problems the country's elites prefer to ignore.

But the facile equation of the National Front with Hitler and Mussolini as a means to dismiss the party serves to divert attention from France's real problems of unemployment, deprivation, ethnic tension and the decline of faith in the state that assail the home of liberty, equality and fraternity.

Ms. Le Pen has the wrong answers in preaching for a nation closed in on itself. Her ban on immigration, for example, would do nothing to address the real problem of second-generation immigrants who feel estranged from society. Protectionism would hardly help a trade-oriented economy. Cutting taxes while boosting state spending would aggravate the longstanding deficit. Cutting free of the European Union would reverse decades of cooperation that have brought France considerable benefit.

If her remedies would only aggravate the country's woes, the questions she asks are the ones the political elite has avoided for decades. It's not simply how Ms. Le Pen will fare this Sunday, but why she is in the run-off at all and why defeat would not hold her back from envisaging a new run at the next election in 2022.

The realities France's political class has long denied are now too big to ignore. Despite offering the wrong remedies, Ms. Le Pen still speaks to the hearts of many French voters. A substantial slice of the disappointed will join with the establishment in backing the young challenger, Emmanuel Macron, in the hopes that a mixture of his self-assured brio and his policies will finally solve deep-rooted problems. That should be enough to take him to the Élysée Palace, though he will then have the challenge of constructing a parliamentary majority.

The worst thing would be for the victors on May 7 to heave a great sigh of relief at having delivered France from fascism, rather than recognizing that the discontents that fueled the rise of the National Front have to be addressed, and fast. Otherwise, Ms. Le Pen will be back, with even more wind in her sails.

Mr. Fenby is author of "The History of Modern France: From the Revolution to the War with Terror" (Simon & Schuster).

Spare the 'Dreamers' a Nightmare by According Them Due Process

By Theodore J. Boutrous Jr. And Jesse Gabriel

President Trump has adopted a sympathetic tone toward the young undocumented immigrants known as Dreamers, who were brought to America as minors. The Obama administration offered them renewable two-year protection from deportation under a policy called Deferred Action for Childhood Arrivals, or DACA. Asked in February about the policy's future, Mr. Trump pledged to "show great heart" in dealing with these "incredible kids." Last month he declared that Dreamers should "rest easy." For his part, Homeland Security Secretary John Kelly has characterized DACA as "a commitment" that must be honored.

But the administration is sending mixed signals. Attorney General Jeff Sessions, asked about Mr. Trump's "rest easy" remarks, resisted the notion. "Well, we'll see," he said. "I believe that everyone that enters the country unlawfully is subject to being deported."

Emboldened and newly aggressive agents of Immigration and Customs Enforcement seem to have their own agenda, too. In February, ICE arrested our client, a young father and two-time DACA recipient named Daniel Ramirez Medina. He was detained for more than six weeks and is now fighting deportation. The agency detained a 22-year-old Mississippi woman, who was in the process of renewing her DACA status, after she spoke out against the detention of her father and brother. A 23-year-old man from California with a cognitive disability is suing the government, saying federal agents summarily deported him mere hours after he was detained—even though he had twice been granted protection under DACA.

DACA began in 2012, when then-Homeland Security Secretary Janet Napolitano, at President Obama's direction, issued a policy memorandum to address noncitizen "young people who were brought to this country as children and know only this country as home." It was framed as an exercise in "prosecutorial discretion," deferring action against Dreamers and allowing them to live and work in the U.S. The policy requires them to pay a fee, provide the government with sensitive personal information, and pass a rigorous background examination. Mindful of Congress's role, the Napolitano memorandum made clear that DACA did not purport to establish a new substantive right or immigration status, since those were matters for the legislative branch.

As the website of Citizenship and Immigration Services indicates, however, a person who is deemed to qualify for DACA is considered "to be lawfully present" in the U.S. and protected from deportation. DACA has enabled nearly 800,000 young people to obtain work permits, attend universities, open bank accounts, start businesses, buy homes and cars, and—for Luis Cortes Romero, our co-counsel in the Ramirez case—graduate from law school and pass the bar.

Mr. Ramirez qualified for DACA in 2014 and then again in 2016, passing background checks both times. Nothing had changed when agents arrested him on the morning of Feb. 10, as he slept in his father's house. Nevertheless, ICE revoked his DACA status and work permit and locked him up.

The president pledged to 'show great heart.' But his administration is sending mixed signals.

Our legal team immediately filed a habeas corpus petition, asking the federal district court in Seattle to set Mr. Ramirez free. On March 28 we were able to persuade an immigration judge to release him on bond as he fights deportation.

Last week we filed an amended complaint in federal court. It argues that the summary revocation of Mr. Ramirez's DACA status was contrary to the government's own established procedures, which require that Dreamers be provided with a "Notice of Intent to Terminate" and "33 days to file a brief or statement contesting" such action. As the Supreme Court explained in another immigration case, *U.S. ex rel. Accardi v. Shaughnessy* (1954), federal agencies must follow their own rules.

We also seek a judicial declaration that DACA status cannot be revoked—and that DACA recipients cannot be arrested, detained and deported—without procedural safeguards such as notice and an opportunity to be heard. The due-process rights enshrined in the Constitution, not to mention fundamental fairness, require no less.

We are not arguing that anyone has a substantive right to DACA, or that the policy creates a new immigration status. As the Napolitano memorandum recognizes, only Congress can establish those things.

Rather, we are making a narrow but important claim: that the government, after coaxing these young people out of the shadows, deeming them "lawfully present," and then promising not to arrest, detain or deport them if they follow the rules, cannot turn around and do just that. The executive branch should be held to the promise it has made. In *Raley v. Ohio* (1959), the Supreme Court condemned this type of bait-and-switch as "the most indefensible sort of entrapment by the State."

Mr. Sessions's Justice Department thus far has defended this ICE entrapment as authorized and appropriate. It therefore seems likely that, unless and until President Trump directs the administration to put his soothing words into action, it is up to the federal courts, applying the Constitution, to ensure that Dreamers can "rest easy."

Mr. Boutrous is global co-chairman of the litigation group at the law firm of Gibson Dunn & Crutcher LLP and Mr. Gabriel is a senior associate at the firm.

THE WALL STREET JOURNAL.
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch, *Executive Chairman, News Corp*
Robert Thomson, *Chief Executive Officer, News Corp*
Gerard Baker, *Editor in Chief*
William Lewis, *Chief Executive Officer and Publisher*
Matthew J. Murray
Deputy Editor in Chief

DEPUTY MANAGING EDITORS:
Michael W. Miller, *Senior Deputy;*
Thorold Barker, *Europe;* **Paul Beckett,** *Washington;* **Andrew Dowell,** *Asia;*
Christine Glancey, *Operations;*
Jennifer J. Hicks, *Digital;*
Neal Lipschutz, *Standards;* **Alex Martin,** *News;*
Shazna Nessa, *Visuals;* **Ann Podd,** *Initiatives;*
Matthew Rose, *Enterprise;*
Stephen Wisnefski, *Professional News*

Paul A. Gigot, *Editor of the Editorial Page;*
Daniel Henninger, *Deputy Editor, Editorial Page*

WALL STREET JOURNAL MANAGEMENT:
Suzi Watford, *Marketing and Circulation;*
Joseph B. Vincent, *Operations;*
Larry L. Hoffman, *Production*

DOW JONES MANAGEMENT:
Mark Musgrave, *Chief People Officer;*
Edward Roussel, *Innovation & Communications;*
Anna Sedgley, *Chief Operating Officer & CFO;*
Katie Vanneck-Smith, *President*

OPERATING EXECUTIVES:
Ramin Beheshti, *Product & Technology;*
Jason P. Conti, *General Counsel;*
Frank Filippo, *Print Products & Services;*
Steve Grycuk, *Customer Service;*
Kristin Heitmann, *Transformation;*
Nancy McNeill, *Advertising & Corporate Sales;*
Jonathan Wright, *International*
DJ Media Group:
Almar Latour, *Publisher;*
Kenneth Breen, *Commercial*
Professional Information Business:
Christopher Lloyd, *Head;*
Ingrid Verschuren, *Deputy Head*

EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036
Telephone 1-800-DOWJONES

DOW JONES | News Corp

Notable & Quotable

From an April 28 article by Richard Bernstein in the New York Review of Books:

Now the National Association of Scholars, a conservative group whose members are mostly American university professors, has issued the most complete report on the [Confucius Institutes] to date, a detailed 177-page document called "Outsourced to China: Confucius Institutes and Soft Power in American Higher Education." The NAS study, which was conducted by Rachelle Peterson, the group's director of research projects, comes to conclusions similar to those of a study by the American Association of University Professors three years ago, and it makes similar recommendations: that the CIs either be closed or reformed. . . .

Among the NAS report's findings are that CI teachers face "pressures to avoid sensitive topics" like Tibet, Taiwan, or China's human rights record; that the teachers, recruited and trained in China, adhere to Chinese restrictions on speech; and that there is an absence of "transparency" in the CIs' operations.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

MY RIDE

The Sneaky Horsepower of a 'Derelict'

Tim Vest, 52, a JetBlue pilot and co-owner of a Ford dealership from Livermore, Calif., on his 1948 Buick "Derelict," as told to A.J. Baime.

The coolest thing about the Derelict is the way it makes people smile. Old people love it because they remember cars from 1948. Young people love it because it reminds them of the movie "Cars." Hot rodders love it because they quickly figure out what it is—something completely different from what it appears.

Derelicts are the dream children of a custom-car builder from Los Angeles named Jonathan Ward, whose company is called Icon. From the outside, the Derelict looks like an old machine with tons of character. Underneath, it is fully modern. Ward has made fewer than a dozen, and each is unique.

He had built a Derelict station wagon for himself, and I loved the idea. He found a 1948 Buick Super 8 on Craigslist, and in 2013, I bought it and had it shipped to his shop. The Buick had not been driven since 1959, and you could see all the patina, the dents and rust, a stain on the fender where someone had left a rag sitting for decades.

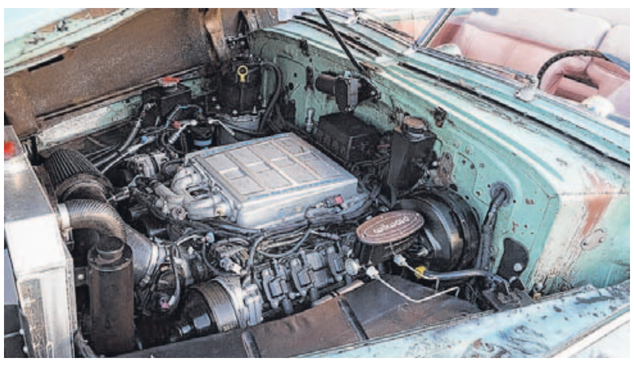
The build took two years. Ward took the body off and scanned it, then had a custom frame made by Art Morrison, a chassis builder. The brakes are Wilwood, the steering is state-of-the-art, and we got high-performance tires. The motor was an important decision. I chose an LS9 Corvette engine, tuned so it puts out over 650 horsepower. We also had a new stereo tucked into the dash under the old one. Back-up camera, navigation, air-conditioning—everything you'd find in a new car.

While the Derelict is not cheap (mine cost well into the six figures), it drives like a new BMW 7 Series. I can motor down Highway 17 into Santa Cruz with two fingers on the wheel. When I shoot past a car on those windy curves, I love to see the expression on the driver's face. He's thinking: What the hell is that?

It's a Buick Derelict—one of a kind.

Contact A.J. Baime at Facebook.com/ajbaime.

ANGELA DECENZO FOR THE WALL STREET JOURNAL

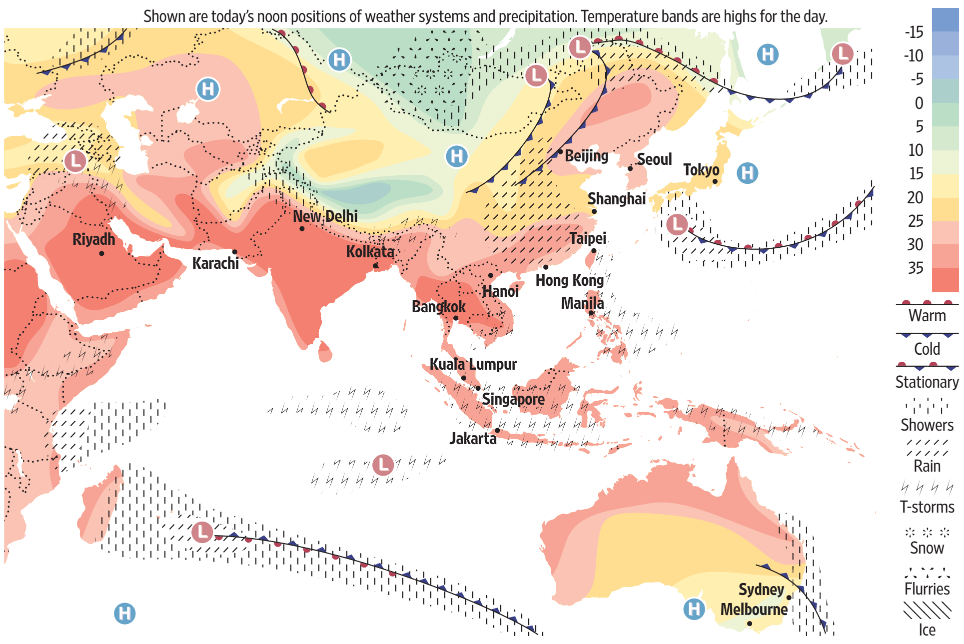


Tim Vest with his Derelict in Livermore, Calif. Outside, it's a beat-up 1948 Buick Super 8. Underneath the body lies powerful modern machinery, including a V-8 Corvette engine, middle right. The car has its original steering wheel, above, but a modern stereo, rear camera, navigation and other electronic goodies.

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



Global Forecasts

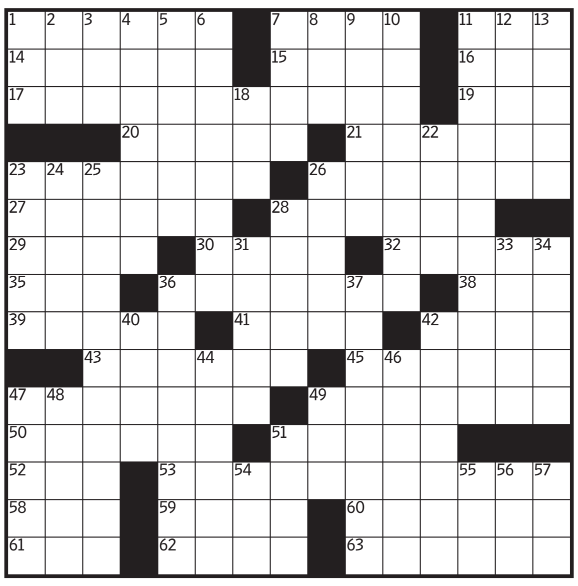
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	14	9	t	12	7	sh
Anchorage	10	5	pc	10	2	c
Athens	27	16	s	27	16	s
Atlanta	28	16	pc	20	10	t
Baghdad	35	19	pc	35	21	pc
Baltimore	18	8	s	18	13	r
Bangkok	37	27	t	37	27	c
Beijing	27	15	pc	27	11	s
Berlin	15	8	c	12	8	sh
Bogota	18	10	r	19	10	r
Boise	23	11	s	29	16	s
Boston	16	6	pc	15	8	s
Brussels	13	8	t	12	7	sh
Buenos Aires	25	13	t	25	15	pc
Cairo	29	18	s	30	18	s
Calgary	19	6	c	24	7	s
Caracas	30	26	c	31	26	pc
Charlotte	26	15	s	24	12	t
Chicago	14	6	pc	10	5	r
Dallas	24	12	r	23	12	s
Denver	14	1	c	20	5	pc
Detroit	16	7	pc	10	6	r
Dubai	38	29	s	39	30	s
Dublin	13	8	pc	13	6	pc
Edinburgh	14	6	pc	14	5	pc
Frankfurt	17	9	t	16	9	t

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Geneva	15	5	r	16	4	t
Hanoi	34	25	s	31	23	c
Havana	31	21	s	32	23	s
Hong Kong	29	24	t	29	24	t
Honolulu	29	22	s	29	23	s
Houston	29	14	t	25	12	s
Istanbul	22	13	s	22	13	s
Jakarta	32	25	t	32	24	t
Johannesburg	22	9	s	22	9	s
Kansas City	11	6	sh	18	8	pc
Las Vegas	33	22	s	36	22	s
Lima	24	19	pc	24	20	pc
London	11	8	c	14	8	c
Los Angeles	30	15	s	29	14	s
Madrid	26	10	s	29	14	pc
Manila	34	27	t	34	27	t
Melbourne	15	4	pc	17	8	s
Mexico City	28	15	pc	27	13	t
Miami	30	25	t	31	25	s
Milan	17	10	t	19	8	t
Minneapolis	18	8	sh	19	6	pc
Monterrey	37	20	pc	29	14	sh
Montreal	11	0	c	15	6	s
Moscow	13	3	pc	10	1	c
Mumbai	33	25	pc	33	25	s
Nashville	25	16	c	19	8	t
New Delhi	39	25	c	40	25	pc
New Orleans	27	16	t	22	13	c
New York City	16	8	s	17	10	pc
Omaha	16	7	sh	20	6	s
Orlando	31	19	pc	32	18	pc

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Ottawa	12	1	pc	15	5	c
Paris	14	7	sh	19	7	sh
Philadelphia	18	7	s	19	11	pc
Phoenix	37	22	s	39	23	s
Pittsburgh	15	7	pc	18	12	r
Port-au-Prince	32	22	pc	33	23	pc
Portland, Ore.	27	14	pc	28	12	t
Rio de Janeiro	27	19	s	27	20	s
Riyadh	40	23	s	40	25	s
Rome	20	10	pc	20	9	pc
Salt Lake City	20	8	pc	24	12	s
San Diego	23	16	pc	23	16	pc
San Francisco	26	13	pc	22	12	s
San Juan	31	25	sh	30	25	sh
Santiago	26	6	s	27	6	pc
Santo Domingo	30	22	pc	30	22	pc
Sao Paulo	24	14	pc	25	16	t
Seattle	23	12	pc	24	12	t
Seoul	30	17	s	27	15	c
Shanghai	23	19	c	25	16	sh
Singapore	31	26	c	31	25	c
Stockholm	13	0	s	12	1	s
Sydney	20	15	pc	20	14	pc
Taipei	30	23	t	31	24	pc
Tehran	26	17	pc	27	16	pc
Tel Aviv	24	16	s	24	15	s
Tokyo	21	15	pc	21	15	pc
Toronto	15	2	pc	9	5	r
Vancouver	16	10	r	19	12	pc
Washington, D.C.	20	10	s	19	14	r
Zurich	13	4	r	16	5	t

The WSJ Daily Crossword | Edited by Mike Shenk



PREPOSITION PLAYERS | By Alex Eaton-Salners

Across

1 Brief siesta
7 FaceTime device
11 Technicians' place
14 Frozen food brand
15 Enthusiast's pub
16 It has a blade
17 Water resistance?
19 Hex- halved
20 Over
21 "Better to reign in Hell, than serve in Heaven" writer
23 God's messenger
26 Preface place, perhaps
27 Selfishness
28 Fourteen-line work
29 Jessica of "Sin City"
30 Set sibling
32 Rockers Burdon and Clapton
35 Yank's foe
36 Move off in different directions
38 Salary ceiling
39 Manner
41 Maui music makers
42 Gull's cousin
43 Leonardo's weapon of choice
45 Mass producer?
47 Shake option
49 Foundation figure
50 Bring out
51 Brolin's "Life in Pieces" co-star
52 Band booking
53 Emulated a Roman senator?
58 Rhine Valley whine
59 Leisurely run
60 Arthur's foster brother
61 It's totally not gross
62 W-4 figs.
63 Beginnings

Down

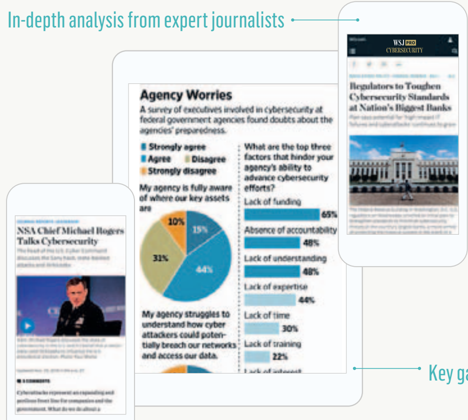
1 Fish-and-chips fish
2 Dep.'s counterpart
3 It comes in black, white, green and red varieties
4 Africa's most populous country
5 Lover of Aphrodite
6 CDC fear
7 Dressy-casual sportswear company
8 ___ mater (brain membrane)
9 Superhero film of 2015
10 Person with a clothes line
11 Area full of illegally parked cars?
12 Hammerin' Hank
13 Lox-curing need
18 Air head?
22 Wolfish look
23 They have teeth
24 Lace tip
25 Jousting feint?
26 Mail, in Marseille
28 Alaska Territory capital until 1906
31 Hot room
33 Something to champion
34 Flurry
36 Roadies' documents
37 Barista's creation
40 Secular
42 Many bridesmaids
44 Service centers?
46 Storm
47 Al Gore, e.g.
48 White Rabbit chaser
49 Pewter component
51 Funny fellows
54 Hauler's unit
55 Squeeze (out)
56 Pec pic
57 Method: Abbr.

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution

©2017 Dow Jones & Co. Inc. All rights reserved. 6DJ4790

In-depth analysis from expert journalists



Key gauges, trends, and data points

Exclusive interviews

STAY AHEAD OF CYBER THREATS

WSJ Pro Cybersecurity is designed to help executives monitor the ever-changing landscape of cybersecurity through a business lens. Our dedicated team of Pro journalists delivers unique, actionable insight on the wide-ranging challenges of cybercrime risk. WSJ Pro Cybersecurity membership includes a daily curated newsletter, along with regular panel discussions, interviews, webinars and white papers.

START YOUR FREE NEWSLETTER TRIAL TODAY
wsj.com/procybersecurity

WSJ PRO CYBERSECURITY

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

TECHNOLOGY: SAMSUNG SET TO TEST SELF-DRIVE VEHICLES B4

BUSINESS & FINANCE

© 2017 Dow Jones & Company. All Rights Reserved.

Yen vs. Dollar 112.0920 ▲ 0.22% | Hang Seng 24696.13 ▲ 0.33% | Gold 1253.40 ▲ 0.01% | WTI crude 48.44 ▼ 0.82% | 10-Year JGB yield 0.020% | 10-Year Treasury yield 2.308%

U.S. Vehicle Sales Show Less Zip

By Adrienne Roberts

Detroit's auto makers signaled their hot streak is rapidly cooling, reporting steep declines that include sluggish demand for the trucks and SUVs that have fueled record profits for domestic players.

General Motors Co. and **Ford Motor** Co. reported declines in April of 5.8% and 7.1%, respectively, compared with the same month last year. The slowdowns are sharper than expected, raising the prospect that U.S. car companies and their foreign rivals may need to curtail production levels to avoid the type of price war that crippled the industry a decade ago.

Fiat Chrysler Automobiles NV reported a 7% decline, as sales at its Jeep Brand—recently among the industry's fastest-growing—continued to tumble.

Toyota Motor Corp., the largest of the Japanese auto makers, reported a 4.4% drop in April sales.

Sales at Toyota's luxury brand Lexus were down 11%.

Overall sales results were expected to decline in April, which had one fewer selling day compared with the same month in 2016. J.D. Power estimated retail sales, which strip out deliveries to fleet buyers, will decrease on an unadjusted basis, offset by somewhat stronger sales to fleets, including rental-car companies.

The research firm said auto makers continue to rely on generous discounts to maintain demand. Still, inventory levels are rising as production lines keep churning out vehicles at a strong pace. Dealers now need 70 days to turn a vehicle, J.D. Power said, the highest level since 2009.

DANIEL ACKER/BLOOMBERG NEWS

After a long run of strong sales, auto makers are now contending with sluggish demand and rising inventories in the U.S.

"With flat retail demand and inventory at record levels, manufacturers will continue to face a difficult choice between maintaining elevated incentives or making production cuts," said Deirdre Borrego, general manager of J.D. Power's automotive data and analytics.

WardsAuto.com expected April's inventory level to mark a fourth straight month above the 4 million mark, which hasn't happened since 2004.

Mark LaNeve, Ford's sales chief, said the company's April sales decline was in a normal range for a plateauing industry. "Our big seasonal selling months are still in front of us," he said. "April is always a tough month to call. But we are in a terrific inventory position."

Analysts estimated that between 1.43 million and 1.48 million vehicles sold in April. Forecasts called for a seasonally adjusted annual rate in the range of 17 million to 17.5 million vehicles, compared with a 17.5 million rate in April 2016.

Among other Asian car makers, **Honda Motor** Co.'s U.S. arm reported a 7% decline in April sales for its Honda and Acura brands, though its truck sales rose modestly.

Nissan Motor Co. reported a 1.5% decline in U.S. sales, even as its SUVs, pickups and Infiniti brand showed gains.

Facebook Battles Claims Of Bias

By Deepa Seetharaman

Last year, a longtime engineer at **Facebook** Inc. gathered data that revealed a controversial finding: Code written by women was rejected much more frequently than code written by their male colleagues, according to people familiar with the matter and screenshots of internal discussions viewed by The Wall Street Journal.

For many female engineers at Facebook, the finding confirmed long-held suspicions that their coding faced more scrutiny than men's.

The results touched off a debate within Facebook over alleged gender bias among some of its most-valued employees: the engineers who build the features used by nearly two billion people every month. Chief Executive Mark Zuckerberg was asked about the findings during a weekly town hall meeting.

The outcry prompted senior Facebook officials to conduct their own review of the engineer's study. In an internal post published a month later, Jay Parikh, Facebook's head of infrastructure, attributed any gap in rejection rates to an engineer's rank, not gender. Many employees interpreted this new analysis as a sign that female engineers weren't rising at the same rate as men who joined the company around the same time.

In a statement to the Journal, a Facebook spokeswoman described the initial analysis as "incomplete and inaccurate—performed by a former Facebook engineer with an incomplete data set." The spokeswoman confirmed Mr. Parikh's analysis, which was based on confidential data unavailable to most employees. The spokeswoman added that there aren't enough women at senior engineering levels at Facebook and across the technology industry.

The Journal wasn't able to independently verify the results of either analysis or assess their methodology.

Like other major tech companies, including **Google** parent **Alphabet** Inc. and **Apple** Inc., Facebook has struggled to increase the share of women and underrepresented minorities in its ranks.

The absence of women is particularly felt in engineering, which from college classrooms to the workplace has been seen as a man's field. Women account for 13% of technical roles at Facebook, according to its latest diversity report.

Engineers write the code that is the bedrock of every feature used by Facebook, from nearly imperceptible tweaks like the color of a button to new features like Face-

Please see CODERS page B2

HEARD ON THE STREET

By Nathaniel Taplin

Hot-Air Model of Chinese Assets

Talk to any young adult in a big Chinese city and the subject of yali, or pressure, will quickly come up. China is without a doubt a high-pressure society: Inequality is intense, pollution and traffic are often unavoidable and family obligations can be overwhelming.

A high-pressure environment is a good metaphor for Chinese markets too. Because of the nation's capital controls, investment options are limited—and regulatory crackdowns have a tendency to push leverage around rather than get rid of it. The curious resurgence in 2017 of Chinese property prices, which spent most of late 2016 slowing only to shoot upward again in February and March, looks to be another example of this dynamic at play.

The property market rebound has coincided with two big domestic policy developments. First, as the economy has improved, regulators have become increasingly vocal about financial market "deleveraging," though actual reduction or leverage ratios is unlikely. A two-year high in interbank interest rates, engineered by the central bank, has rattled bond markets and cut off an equity rally.

Meanwhile, stricter capital controls have helped choke off capital flight: Following two

Please see HEARD page B2

Real Estate Is Big in Japan, Again

This time around, low rates—not speculative loans—are behind the boom

YOSHIO TSUNODA/AFLO/ZUMA PRESS

An office and shopping-mall complex in Tokyo's Ginza district, the site of sharp jumps in land prices, is festooned with balloons.

By Kosaku Narioka

TOKYO—In the nation that spawned the mother of all modern real-estate bubbles three decades ago, market conditions these days feel slightly familiar.

Real-estate loans are at a record, and top buildings are selling for more than 30 times their annual income. Developers are racing to put up more office towers even though the population is decreasing.

Is the dreaded b-word back in Japan? Not really, say local real-estate players, but they caution that the current boom may be reaching its limits.

What distinguishes today from the late 1980s is the nature of the participants in the market and their expectations. Back then, companies in other fields such as electronics or retail made big bets on real estate, borrowing money for speculative projects on the assumption that prices would keep rising fast. When the market turned, that was a recipe for a crash—and a nationwide plague of vacant lots.

Today, the market is largely dominated by real-estate professionals, and their calculation is a simple one: With long-term interest rates in Japan around zero due to years of easing measures by the Bank of Japan, a building that returns 3% or so on an investment should be a fine deal, even if prices don't go higher.

"We love being borrowers here," said Eric Adler, chief executive of **PGIM Real Estate**, which is part of U.S. life insurer **Prudential Financial** Inc.'s investment-management arm. PGIM Real Estate typically borrows 40% to 65% of the price of properties it buys, according to a spokeswoman.

Blue-chip borrowers such as big companies and real-estate investment trusts can borrow at 1% or less for 20 years, says Hideaki Suzuki, head of Japan research at brokerage Cushman & Wakefield.

On a recent visit to Tokyo, Mr. Adler said PGIM Real Estate was interested in buying Tokyo retail and office properties as well as hotels. Over the long run, the firm is looking to increase its investments in Japan to $5 billion from about $1.5 billion, though the pace will depend on "the ability to find good deals at good pricing," he said.

An annual government survey released recently found land prices surged 25% or more last year in several prime locations, such as the site of a Zara store in Tokyo's Ginza shopping district.

New loans to the real-estate sector rose 14% to ¥14.7 trillion ($132 billion) in 2016, according to the Bank of Japan, the highest on record since data became available in 1977.

High-quality Tokyo office space yields 2.9 percentage points over the benchmark

Please see JAPAN page B9

D DIPASUPIL/FILMMAGIC/GETTY IMAGES

Barclays CEO Jes Staley and his wife, Debora Nitzan Staley

Barclays CEO Feuds With KKR

By Jenny Strasburg, Patricia Kowsmann and Max Colchester

Barclays PLC Chief Executive Jes Staley is clashing with one of the bank's most powerful clients, **KKR** & Co., after wading into a messy dispute between the private-equity giant and his brother-in-law, according to people familiar with the matter.

At the center of the dispute is a Brazilian data-center company, **Aceco TI**, founded in 1972 by the family of Mr. Staley's wife, Debora Nitzan Staley. She and her brother, Jorge Nitzan, Aceco's then-chief executive, sold the bulk of their interest in the company to KKR in 2014 in a deal valued at around $700 million. Entities controlled by Ms. Staley and her brother received some $160 million and $80 million respectively as a result of the sale, according to people familiar with it.

A year later, Aceco was unraveling amid Brazil's tumbling economy, and KKR is fighting a pitched legal battle in São Paulo against Mr. Nitzan and the other sellers. KKR, with close to $475 million in Aceco equity at stake, is trying to get its money back.

KKR's beef with Mr. Staley is that the CEO interceded on behalf of his brother-in-law, by trying to help him find an investor late last year, after the 2014 acquisition went sour, and by vouching for him with KKR's two big co-investors in the deal. KKR's view, according to people familiar with it, is that Mr. Staley's actions put Barclays at odds with KKR's interests as a client.

Mr. Staley's view, according to people familiar with it, is that KKR improperly pressured the CEO and is trying to turn a personal situation for the executive into a business matter for the bank. Mr. Staley has told multiple people that he wasn't acting in his capacity as Barclays's CEO when he interceded for his brother-in-law, and that his actions in the dispute were what anyone would do to defend a family member.

Barclays itself had no role in the Aceco deal. A spokesman for Barclays said, "Appropriate senior personnel within Barclays have been kept informed about this matter, and in particular regarding any management interactions with the parties concerned."

Recently, KKR executives have cut Barclays off from some of their business, people familiar with the matter said. A KKR spokeswoman said it has a responsibility to protect the interests of its investors, "who

Please see STALEY page B6

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

Another Fox News Executive Departs

By Joe Flint

The sexual harassment scandal that has engulfed Fox News for nearly a year claimed another casualty Monday with the resignation of Bill Shine, the network's co-president and one of its longest-serving executives.

Mr. Shine will depart in the next several weeks after helping with a transition, Fox News said in a statement. The network also announced a management restructuring.

Mr. Shine's exit continues a string of high-profile departures from Fox News in the wake of a sexual-harassment controversy that has already led the network to part ways with its former chairman and chief executive, Roger Ailes, and prime-time star anchor Bill O'Reilly.

The resignation of Bill Shine continues a string of high-profile departures.

Mr. Shine and Jack Abernethy were promoted to copresidents of the news network last year after the departure of Mr. Ailes, who resigned amid allegations he sexually harassed multiple women at the channel. Mr. O'Reilly exited last month after also being accused of sexual harassment. Both men have denied any wrongdoing.

In lawsuits, some Fox News talent and former executives have alleged that Mr. Shine ignored complaints of bad behavior by Mr. Ailes and enabled an environment that is hostile to women. Fox News has previously denied any wrongdoing by Mr. Shine with regards to harassment at the channel. Mr. Shine couldn't be reached for comment.

In a November regulatory filing, 21st Century Fox said it had costs of about $35 million in the quarter related to "settlements of pending and potential litigations" tied to Mr. Ailes. Apart from that disclosure, former Fox News talent booker Laurie Luhn received a settlement of $3.15 million in 2011. In addition, Fox News and Mr. O'Reilly have paid $13 million in settlements to women going back more than a decade. Another Fox News contributor, Tamara Holder, received a settlement of close to $3 million in March after accusing a Fox News executive of sexual assault.

In a statement, Rupert Murdoch, executive chairman of **21st Century Fox** Inc. and chief executive of Fox News, praised Mr. Shine. "Bill has played a huge role in building Fox news to its present position as the nation's biggest and most important cable channel in the history of our industry. His contribution to our channel and our country will resonate for many years," Mr. Murdoch said.

21st Century Fox and **News Corp**, parent company of The Wall Street Journal, share common ownership.

Mr. Shine was a formidable figure in Fox News's rise, helping to build it into a cable-news ratings and profit machine. He has overseen much of the programming and production for Fox News since its launch in 1996.

Longtime programming chief Suzanne Scott has been named president of programming, and Jay Wallace, executive vice president of news, has been promoted to president of news, the network said.

As recently as two weeks ago, senior 21st Century Fox executives were pushing back against rumors that Mr. Shine's days might be numbered. Last week, Mr. Murdoch had a lunch in public with Mr. Shine and Mr. Abernethy that some industry observers interpreted as a sign of support.

LUCAS JACKSON/REUTERS

Executive Bill Shine was a formidable figure in Fox News's rise, helping to build it into a cable-news ratings and profit machine.

BUSINESS & FINANCE

JAMIE MCCARTHY/WIREIMAGE/GETTY IMAGES

Robert J. Coury, shown in 2015, received one of the largest pay packages disclosed this year for any public company.

Mylan Chairman Lands Huge Pay

Compensation totals about $164 million for year marked by EpiPen controversy

By Mark Maremont And Theo Francis

Mylan NV disclosed that its chairman received nearly $100 million last year, among the largest pay packages disclosed this year for any public company, even as the drugmaker was buffeted in 2016 by a public furor over hefty price increases on its lifesaving EpiPen.

The disclosed pay for Robert J. Coury doesn't include an additional $66.3 million in retirement benefits and other payments that Mr. Coury received last year in connection with what Mylan called his transition from executive chairman to a nonemployee chairman role.

The added sum brings Mr. Coury's total 2016 payday to just shy of $164 million. Although no longer an employee, Mr. Coury will continue to receive $1.8 million a year as a "cash retainer" as part of an agreement struck last year. He also received one million restricted stock units, worth about $37 million at current share prices, most of which vest in mid-2019.

"During Mr. Coury's long tenure, Mylan has delivered strong financial performance and shareholder growth, and his new compensation structure continues to be aligned with the company's stock performance while providing shareholders with the benefit of his continued leadership and guidance in setting Mylan's strategic direction," the company said in a statement.

A Mylan spokeswoman said the added $66.3 million in Mr. Coury's pay had been included in some form in prior years' pay disclosures, but became payable to him last year. The bulk of that was a $50.4 million pension accumulated by Mr. Coury, 56 years old, who joined Mylan in 2002.

Even though Mr. Coury remains chairman, the company paid him a termination benefit of $22.3 million, which included $4.6 million related to three years of continued personal use of company aircraft. This sum was part of the nearly $100 million in disclosed pay.

It isn't unheard of for high-profile chiefs or senior executives to have separation agreements that guarantee them big payouts—and then also negotiate agreements that pay handsomely for being on hand after they step down, said Mark Borges, a compensation consultant at **Compensia** Inc. and a former SEC lawyer.

"It takes what I think is a customary arrangement you see in a lot of companies, and it magnifies it when you have this kind of money at stake," Mr. Borges said.

Even before Mr. Coury's big 2016 payday, Mylan in the five years ended in 2015 had the second-highest executive compensation among all U.S. drug and biotech firms, paying its top five managers a total of nearly $300 million, according to a Wall Street Journal analysis published last September.

The drugmaker says his pay is 'aligned with the company's stock performance.'

Mylan Chief Executive Officer Heather Bresch, who testified before Congress last year over the EpiPen pricing controversy, received a 2016 pay package of $13.8 million, down from $18.9 million in 2015.

Mylan came under fire last year over repeated price increases for the EpiPen, its only big-selling branded product, which delivers an emergency shot of epinephrine to counter severe allergic reactions.

The EpiPen at the time carried a list price of $608 for a two-pen pack, double its price in early 2014 and up nearly 550% since 2007, according to Truven Health Analytics.

Mylan has since launched a cheaper, generic version of EpiPen, and Ms. Bresch has said part of the blame for the price increases should fall on middlemen and opaque pricing in the pharmacy-supply chain.

As for Mr. Coury's pay package, "any parent who has had to shell out money for an EpiPen, this would be shocking to them, I think," said Michelle Leder, founder of securities-filings research firm footnoted.com. She said the company could have disclosed the different components of his pay more clearly.

Mylan also disclosed that lead director Rodney Piatt won't stand for re-election at its June annual meeting. Land deals involving Mr. Piatt and Mylan are being probed by the Securities and Exchange Commission following a 2015 page one article by The Wall Street Journal on the topic.

Mylan said it reimbursed Mr. Piatt $590,000 for legal fees connected to the SEC probe in 2016, and expects more such fees in 2017. The company thanked Mr. Piatt and two other retiring directors for their service, nominated one new director, and said it was shrinking its board to 11 directors. Mr. Piatt didn't immediately respond to a phone message and email seeking comment.

CODERS

Continued from the prior page

book Stories. Each of these changes is subject to a code review by colleagues, a process similar to peer-review in academia. The code shapes the user's experience, and experts say the absence of diverse viewpoints on a coding team can lead to a product ignoring the needs of certain categories of users.

"Especially for mass consumer products, there are just going to be blind spots," said Tracy Chou, a diversity advocate and former software engineer at **Pinterest** Inc.

The initial analysis found that female engineers received 35% more rejections of their code than men, according to screenshots of the engineer's report posted last September. The engineer, who was described as having been at Facebook several years, said she conducted her analysis "so that we can have an insight into how the review process impacts people in various groups," according to screenshots of her internal post.

She said she analyzed five years of data to come to her finding about the higher rejection rate of code written by women. The engineer, whose identity couldn't be learned, pulled from Facebook's open repository of code-review data, which included details such as an engineer's tenure at the company as well as his or her team, city and gender.

SCOTT CARSON/ZUMA PRESS

Facebook officials have conducted their own review of an engineer's study on alleged gender bias at the company.

Women also waited 3.9% longer to have their code accepted, and got 8.2% more comments and questions, according to the analysis.

Questioned about the engineer's report at a weekly Q&A with employees, Mr. Zuckerberg responded that gender bias was "an issue," said one person who observed the exchange.

The follow-up Facebook analysis, shared internally by Mr. Parikh in October, played down the gender gap, attributing the higher rejection rates to an engineer's level. Facebook used confidential human-resources data such as an engineer's rank; the first study used the length of time an engineer worked at Facebook.

Engineering roles at Facebook are broken into eight levels, starting at E3 and going up to E10.

When factoring in level, the difference in rejection rates based on gender "shows no statistically significant difference," wrote Mr. Parikh in the post.

Experts and former employees say both studies had flaws. The first may not have taken into account an engineer's previous experience before joining Facebook, while the official analysis failed to offer enough data to conclusively rule out gender bias.

Employees responded to Mr. Parikh's post by asking Facebook to share more detailed data, such as the percentage of female engineers at every level. The new analysis, they said, suggested that women were being held at levels where their code is rejected more often. "Thanks for this analysis but I find these results deeply disturbing," one employee wrote.

Facebook declined, saying it couldn't share private employee information.

In his post, Mr. Parikh acknowledged that the small discrepancy was "still observable and felt by many of you." He urged employees to take a voluntary training course to help employees identify and offset inherent prejudices.

"Consider the ways you could be a bias interrupter in your daily life," he wrote.

HEARD

Continued from the prior page

years of declines, China's foreign-exchange reserves began rising again in February. Domestic credit growth has slowed, but remains elevated. Total financing to the real economy (including local government debt) was up more than 15% on the year in March, just marginally below the 17% peak in 2016.

All that money must go somewhere. With stocks and bonds under pressure, and sending money abroad to buy Italian soccer clubs and dollar bonds getting tougher, cash is heading back to Chinese investors' old standby: real estate.

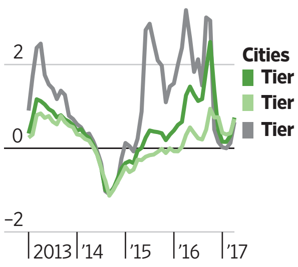
If the renewed momentum in the property market were sustainable, that would be a big shot in the arm for China. The problem is that all the money being squeezed into real estate and out of stocks and bonds could just as easily run out once the current crackdown loses steam and regulatory spotlights focus again on curbing real-estate speculation.

And the fundamentals for Chinese property look more mixed than justified by the recent price rally. Actual real-estate investment ticked up marginally in March to 9.4% growth on the year, but remained well below its October 2016 peak of over 13%. Steel and other commodity prices have also been under pressure in recent weeks, raising questions about the strength of real demand in China, which consumes about half the world's steel. Weak purchasing managers indexes out this week add to these worries.

Too much pressure inevitably leads to cracks.

Full House

Chinese housing prices, change from a month earlier



Source: CEIC data
THE WALL STREET JOURNAL.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Congress Warns Airlines

Air carriers asked to fix customer service or face new regulation in wake of incident

By Susan Carey
And Doug Cameron

Lawmakers on Tuesday warned U.S. airlines they faced more regulation if they didn't follow through with pledges to improve customer service following the widespread outcry over the ill-treatment of a **United Continental Holdings** Inc. passenger last month.

Oscar Munoz, United's chief executive, was one of four airline representatives facing bruising questioning from lawmakers at a congressional hearing about customer-service polices. It was his first public appearance since the forcible removal of a passenger from an overbooked United Express flight.

Members of the House Transportation and Infrastructure Committee lined up to criticize airlines' performance, and called on them to put "their house in order."

"You are the brave few," committee chairman Rep. Bill Shuster (R., Pa.) told the airline representatives, adding that he had invited all the major carriers.

"I don't believe in regulation, but Congress will not hesitate to act," he said. "If we don't see meaningful improvements, I can assure you that you won't like the outcome."

Domestic airline service was largely deregulated in 1978, allowing carriers to operate any route and set their own fares. Industry changes such as baggage fees and incidents such as lengthy airport tarmac delays have triggered some small moves to add back rules and calls for more sweeping oversight. Rep. Duncan Hunter (R., Calif.) on Tuesday questioned the level of competition in the industry. Committee members said they have asked the Government


CHIP SOMODEVILLA/GETTY IMAGES

United CEO Oscar Munoz, left, and Chairman Scott Kirby attended a committee hearing on Tuesday.

Accountability Office to conduct a probe on airline customer service, including disclosures made to passengers and their contractual rights. The U.S. Department of Transportation launched a review of United's booking policies in the wake of the incident.

The hearing comes several days after United said it would change a number of its policies affecting overbooking and

Lawmakers lined up to criticize airlines, calling on them to "their house in order."

passenger removal, after reaching a settlement for an undisclosed amount with the passenger, David Dao, who was injured when he was dragged off the plane by Chicago aviation law-enforcement officers.

"This is a turning point for United," said Mr. Munoz at the hearing. "Ultimately, our actions will speak louder than words." The CEO pledged again to make changes, starting with several immediate policy amendments already in place, and other initiatives that will roll out soon. "We had a horrible failure three weeks ago," he said. "This is not our company. This is not our industry. We will work incredibly hard to regain your trust."

Since the incident in early April, which was posted on social media and sparked global outrage, airlines across the industry have come under scrutiny and begun taking steps to address customer dissatisfaction with policies such as involuntary bumping.

United has also moved to make broader corporate changes, and a decision to no longer give Mr. Munoz the chairmanship next year. He was accompanied at the hearing by Scott Kirby, United's president and the top operational executive at the airline.

Lawmakers have lined up with calls for a revamped passenger bill of rights or proposed legislation to tackle issues raised by the United incident and wider consumer concerns about crowded planes and mounting fees for checked luggage and ticket changes.

Also speaking at the hearing were senior executives of **Alaska Air Group** Inc. and **Southwest Airlines** Co., as well as an aviation consultant for the Consumers Union.

American Airlines had its own incident last month, when one of its flight attendants and a passenger with two small children got into a disagreement over the woman's stroller—an incident that was captured on social media.

Southwest said last week that it would end overbooking by the end of June, citing the United incident for a decision to move faster to get rid of the policy.

Joseph Sprague, Alaska's senior vice president of external relations, said the airline is examining potentially ending its practice of overbooking.

BP Swings to Profit As Oil Sector Fuels Investor Optimism

By Sarah Kent

LONDON—**BP PLC** was the latest big oil company to report a sharp increase in profit Tuesday, adding to optimism that the sector may have moved past its worst period following the dramatic slump in energy prices.

The British oil giant said it swung to profit in the first quarter, benefiting from a roughly 60% increase in prices since the first quarter of 2016 and higher production volumes.

The results were the latest in a flurry of upbeat earnings from the world's biggest oil companies, several of which have enjoyed their most successful quarter in more than a year. The improvement has left investors hopeful that the sector may be recovering following the tumble in oil prices after the summer of 2014.

Last week, Exxon Mobil Corp. reported its best quarter since 2015. Chevron Corp. posted a profit of $2.7 billion, after reporting a loss for 2016 and France's **Total** SA said its profit surged 77% in the first three months of 2017. **Royal Dutch Shell** PLC is due to report later this week.

BP said Tuesday its replacement cost profit—a number analogous to the net income that U.S. oil companies report—was $1.4 billion in the first quarter, compared with a loss of $485 million in the comparable period a year earlier.

The results were some of the company's strongest since it announced a massive $20 billion deal to settle outstanding claims relating to its Gulf of Mexico blowout.

The company's shares rose 1.9% in London trading.

The pretax bill for the 2010 disaster that killed 11 workers and spilled millions of barrels of oil into the sea has reached nearly $63 billion, BP said.

The payments relating to the spill are expected to total between $4.5 billion and $5.5 billion in 2017, before falling to around $2 billion in 2018.

The company reported robust operating cash flow in the first quarter, which is expected to continue to improve. Excluding payments related to the oil spill, the company's cash flow from operations improved to $4.4 billion in the first quarter, helping it maintain a dividend of 10 cents a share.


RONALDO SCHEMIDT/AFP/GETTY IMAGES

BP reported robust cash flow.

This will reassure investors, who received a jolt in February when the company said it needed oil prices to rise to $60 a barrel to break even. That number is expected to drift closer to $55 a barrel in 2017. Cash flow is also seen strengthening as part of BP's plan to bring on seven new projects this year.

The company sees oil trading at $50 to $55 a barrel in 2017, likely capped by stronger shale production in the U.S., Chief Financial Officer Brian Gilvary said, despite efforts by the **Organization of the Petroleum Exporting Countries** to curb output and boost prices.

Dutch Bicycle Maker Halts Takeover Talks

By Ben Dummett

Dutch bicycle maker **Accell Group** NV said Tuesday that it had ended takeover talks for a proposed a €872 million ($950.5 million) bid from closely held rival Pon Holdings, arguing that it was too low and wouldn't win enough shareholder support even after the original offer was raised.

The proposed deal is the latest of several European transactions at risk of failing amid opposition from either the target company's employees or management, or from shareholders of the acquiring company. These struggles come as European and North American equity markets are up strongly this year, demonstrating the challenges of deal making even when sentiment is bullish.

Pon, one of the Netherlands' biggest family businesses, first disclosed its takeover proposal last month, initially offering €847.4 million, or €32.72 in cash, which included a €0.72 dividend, for each Accell share.

It then raised the offer by about 3% to €872 million, or €33.72, including the dividend, as part of the negotiations, attracted to the strategic fit of merging the companies' bicycle operations.

The deal would have created one of the world's biggest bicycle makers, generating combined revenue of about €1.8 billion from world-wide sales of about 2.3 billion leisure, electric, mountain and other specialized bikes, while bringing together such well-known brands as Raleigh, Diamondback, Cervelo and Santa Cruz.

In addition to bicycles, Pon, whose roots date back to 1895, oversees a range of other businesses including the importing of Porsche and other high-end car brands, and the supply of industrial equipment to the recycling and other industries.

Pon said its latest offer represented a 55% premium to the three-month average of Accell's closing share price on March 16.

But Accell, based in Heerenveen, the Netherlands, said Tuesday that its stand-alone strategy of focusing on offering multiple brands, and taking advantage of partnerships and digital platforms to reach a broader customer base, will generate more shareholder value.

Infosys to Hire U.S. Workers

By Newley Purnell

An Indian outsourcer said Tuesday it plans to hire some 10,000 American workers in the U.S. over the next two years, a move that comes amid increased scrutiny of Indian tech firms for their heavy use of the H-1B visa program for highly skilled foreign workers.

Bangalore-based **Infosys** Ltd., India's second-largest outsourcer by sales, said it would open four work centers in the U.S., the first of which will open in August in Indiana, where Vice President Mike Pence was formerly governor.

The company wants to hire 2,000 workers there by 2021.

Infosys said it wants to help serve clients in the financial services, manufacturing, retail and other sectors, and that it would hire both seasoned information-technology professionals and recent graduates, providing training in technologies such as cloud computing and artificial intelligence.

"It's so good to welcome Infosys to Indiana," Gov. Eric J. Holcomb said in a statement.

Indian firms like Infosys and **Tata Consultancy Services** Ltd., the country's largest IT services firm by revenue, depend on the H-1B program to send tens of thousands of workers every year to the U.S.

Critics, like President Donald Trump, say the practice takes jobs away from Americans. Outsourcing firms say they can't find enough workers with the right technical skills in the U.S.

Olam

OLAM INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199504676H)

ANNOUNCEMENT

ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF WARRANTS PURSUANT TO THE CAPITAL DISTRIBUTION

Olam International Limited (the "**Company**") refers to the issue of US$750 million in principal amount of 6.75 per cent. bonds due 2018 (the "**Bonds**"), with free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company (the "**New Share**") at an exercise price of US$1.291 for each New Share. The Company has fully redeemed the Bonds. The current number of warrants in issue is 427,675,422 at an adjusted exercise price of US$1.14.

The Company further refers to its announcements dated 28 February 2017 and 25 April 2017 in connection with the payment of a second and final dividend at S$0.03 per one ordinary share in respect of the financial year ended 31 December 2016 (the "**Dividend**") in the capital of the Company (the "**Announcement**").

*Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as in the Announcement and the terms and conditions of the Warrants (the "**Conditions**").*

The Directors have decided that adjustments be made to the Exercise Price and the number of the Warrants as a result of the payment of the Dividend, and that such adjustments should be calculated in accordance with the provisions of Condition 5.2.3. Accordingly, the Exercise Price and the number of Warrants held by each Warrantholder shall be amended as set out below. Pursuant to Condition 5.2.3, the adjustment to the Exercise Price and the number of Warrants will be effective from 5 May 2017 (being the date immediately after the books closure date for the Dividend) (the "**Effective Date**"). DBS Bank Ltd., being the Independent Investment Bank appointed for the purposes of these adjustments, has certified that the adjustments to the Exercise Price and the number of Warrants have been made in accordance with Condition 5.2.3.

Adjustment to the Exercise Price

New Exercise Price = $\frac{A - B}{A} \times X$

Where

A = S$2.088, being the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution was announced

B = S$0.030, being the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share; and

X = US$1.14, being the existing Exercise Price

The adjusted Exercise Price pursuant to the Capital Distribution (rounded downwards to the nearest U.S. cent) is therefore **US$1.12** per Share.

Adjustment to the number of Warrants

Adjusted number of Warrants = $\frac{A}{A - B} \times W$

Where

A = S$2.088, being the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution was announced

B = S$0.030, being the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share; and

W = 427,675,422 being the existing number of Warrants held.

The indicative number of additional Warrants (the "**Additional Warrants**") to be issued pursuant to the Capital Distribution (rounded upwards to the nearest whole Warrant) is 6,234,336 and the indicative adjusted aggregate number of Warrants is 433,909,758. The actual number of Additional Warrants to be issued will only be determined after CDP has completed the crediting of the Additional Warrants into the securities accounts of investors who are Warrantholders as at 5.00 p.m. on 4 May 2017, being the date immediately preceding the Effective Date. A subsequent announcement on the actual number of Additional Warrants to be issued prior to the listing of the Additional Warrants will be made by the Company at the appropriate time.

An application will be made to the SGX-ST for permission to issue and for the listing of and quotation for the Additional Warrants and New Shares to be issued by the Company upon the exercise of the Additional Warrants on the Main Board of the SGX-ST. The Company will make an appropriate announcement upon receipt of the in-principle approval of the SGX-ST.

BY ORDER OF THE BOARD
Shekhar Anantharaman
Executive Director & Group Chief Operating Officer
25 April 2017
Singapore

IMPORTANT NOTICE
This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any portion of the Rights Issue in the United States or to conduct a public offering of securities in the United States. Neither this notice nor any portion hereof may be sent or transmitted into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Salesforce Launches Fund for Startups

By Jay Greene

Salesforce.com Inc. is pumping $100 million into its fourth investment fund, aimed at helping startups develop apps that work with its business software services.

Salesforce Ventures, the company's corporate investment arm, launched the new Salesforce Platform Fund on Tuesday to support early-stage companies, with the goal of "building an ecosystem of partners around us," said John Somorjai, executive vice president of corporate development and Salesforce Ventures.

Salesforce is among several tech companies with venture funds that invest in startups for varying reasons. The venture arms of Salesforce, **Qualcomm** Inc. and Microsoft Corp. tend to focus more on the strategic return to their respective companies. Others, such as **Intel Capital** and **Alphabet** Inc.'s GV, are set up like traditional venture-capital funds with the chief goal of delivering financial returns.

More generally, corporate venture capital has gained popularity in recent years as old-line companies have sought to keep up with shifts in technology. Boeing Co., Kellogg Co. and Campbell Soup Co. have all set up venture funds in the past year.

Past Salesforce investments include web-storage company Box Inc., document-sharing startup DocuSign Inc., and communications software maker Twilio Inc., all of which have services that run on Salesforce's cloud-computing platform.

The company has invested in more than 200 startups since 2009, with nearly 50 of those being acquired and eight holding initial public offerings.

Salesforce focuses on startups that already have customers, Mr. Somorjai said.

The company's investments, made alongside venture-capital firms, have ranged between $250,000 and $10 million. Salesforce takes ownership stakes under 10% and doesn't seek board seats.

The new fund aims to provide a boost to companies fueling Salesforce's growth.

The company recently stepped up efforts to weave artificial intelligence into its services, and that interest will carry over to its investments.

Samsung to Test Self-Drive Cars

Company gets South Korea's approval to try out its technology on Hyundai-made vehicle

By Timothy W. Martin

JEON HEON-KYUN/EUROPEAN PRESSPHOTO AGENCY

Samsung Electronics headquarters in Seoul. Road tests will help the company develop deep-learning algorithms for autonomous vehicles.

SEOUL—**Samsung** Electronics Co. received regulatory approval to test a self-driving car in its home market, a reflection of the South Korean technology company's growing ambitions in the auto industry.

South Korea's Ministry of Land, Infrastructure and Transport gave Samsung approval to test its self-driving technology on roads in a statement dated Monday, noting the world's largest smartphone maker's advancements in artificial intelligence.

Samsung's technology will be used on a **Hyundai Motor** Co.-made vehicle, the ministry said.

It is unclear where the self-driving car with Samsung's technology will be tested, but the South Korean government has allowed autonomous vehicles access to most public roads since November, in addition to a government-run facility.

Samsung confirmed it received approval to test drive an autonomous vehicle using software made by Samsung Advanced Institute of Technology, the conglomerate's research-and-development arm.

Tech companies are circling the auto industry, hoping to provide the software or algorithms needed to propel driverless cars.

Their interest hasn't generally extended to making the vehicles, but rather supplying the technology or components.

The road tests will help Samsung develop its deep-learning algorithms for self-driving operations, but the company has no plans to enter the car-manufacturing business, a spokesman said.

Samsung has identified the automotive sector as a critical area for growth, as cars are increasingly outfitted with multimedia platforms and high-tech software—a potential windfall for Samsung's displays and semiconductor businesses. The Suwon, South Korea-based firm made a splashy entry into the field when it struck an $8 billion deal to buy automotive supplier Harman International Industries Inc. Harman became a subsidiary of Samsung in March.

Samsung and Harman executives had said in January that the two companies would use each other's strengths to try to build an autonomous-car platform that could be sold to auto makers, either as a total system or in smaller parts.

Samsung rival Apple Inc. is in the early phase of testing autonomous-vehicle technology on roads. Both legacy auto players and newer entrants, such as Alphabet Inc.'s Waymo and Tesla Inc., are heavily investing in similar technology.

Global sales growth has slowed for smartphones in recent years, pushing technology companies such as Samsung into new fields. This has sparked a race to create digital ecosystems linking people's cars, kitchens and living rooms, with much of it controlled using a smartphone.

The Hyundai car using Samsung's algorithms is equipped with sensors that recognize road conditions and obstacles, according to the ministry.

Samsung plans to develop a self-driving algorithm that can be trusted in bad weather, according to the release.

Samsung was the 19th company to receive a permit testing autonomous vehicles since February 2016, the government agency said.

—Min Sun Lee contributed to this article.

Microsoft Boosts Laptop Offerings

By Jay Greene

DREW ANGERER/GETTY IMAGES

Microsoft CEO Satya Nadella at Tuesday's launch event for new high- and low-end laptops.

Microsoft Corp. and its partners unveiled new laptops aimed at challenging **Alphabet** Inc.'s Google at the low-end of the education market and **Apple** Inc. at higher prices.

The marquee device was Microsoft's new Surface Laptop, a sleek $999 device that comes in four colors and is meant to compete with Apple's MacBook Air.

Microsoft's partners, including **Acer** Inc., **Lenovo Group** Ltd. and HP Inc., also rolled out new low-cost laptops for students and teachers starting at $189. Those devices are aimed helping Microsoft catch up in the education market, which Google has seized with its Chrome operating system designed for low-cost laptops.

Devices running Chrome OS accounted for 58% of operating-system shipments to the U.S. kindergarten-through-12th-grade market in 2016, according to Futuresource Consulting Ltd. Windows registered a 22% share. All of the new devices run Windows 10 S, a new variant of Microsoft's flagship operating system. The new OS only permits users to run apps obtained through Microsoft's online Windows Store, which the company says makes the devices more secure and easier to manage.

At the unveiling in New York on Tuesday, Terry Myerson, executive vice president of the Windows and Devices Group, said the S stands for "streamlined, significant performance, security." He added, "I personally like to think of it as the soul of today's Windows."

The new devices come after Microsoft revealed its struggles with Surface computers in the quarter ended March 31. Revenue for the hardware line plummeted 26% in the quarter as Microsoft wrestled with older models in the market, as well as increased price competition.

San Francisco Eases Home-Share Curbs

By Greg Bensinger

Home-sharing sites **Airbnb** Inc. and **Expedia** Inc.'s HomeAway have reached a settlement with San Francisco that makes it easier for rental hosts to register with the city and helps the companies avoid costly fines.

The settlement ends a lawsuit filed in June by the two sites over rules that impose fines of $1,000 a day for each host who isn't properly registered with the city to use their short-term rentals.

The companies argued the ordinance—which requires hosts to register in person and present evidence to the websites—is too onerous and results in too many violations. Only about 2,100 hosts on Airbnb and HomeAway have registered with the city since the legislation was passed in 2015, compared with some 8,000 San Francisco hosts on Airbnb alone.

Under the settlement, the fines will still exist, but Airbnb and HomeAway will be in control of the registration process. Hosts will register through the company websites, which will then pass the information along to city officials for verification. The companies view this as a win because it should speed up the process and presumably removes obstacles for hosts signing up.

The sites also will provide the city with a monthly accounting of listings, and they agreed to cancel future bookings and deactivate listings when the city finds invalid registrations.

San Francisco, Airbnb's hometown, passed the legislation in 2015 partly to prevent hosts with multiple dwellings from listing on the sites and keeping long-term housing off the market. The city said it can compel the home-sharing sites to deactivate hosts who are improperly registered.

The San Francisco Board of Supervisors will have to endorse the deal for it take effect. The timing is unclear.

Regulators have long targeted Airbnb over concerns its business allowing homeowners to rent their homes or spare rooms squeezes out locals by making it more lucrative to cater to tourists than to lease dwellings to long-term residents. The company has argued that its site is primarily used by well-meaning homeowners seeking to earn extra cash, rather than illegal hotel operators.

The settlement eliminates a hurdle for Airbnb as it considers an eventual initial public stock offering. The company in March was valued at $31 billion by its investors, which include venture firms like Sequoia Capital and Andreessen Horowitz and mutual-fund companies such as **Fidelity Investments** and T. Rowe Price Group Inc.

Chris Lehane, head of Airbnb's policy team, said the settlement would ensure "a regulatory framework that is effective."

"We really want to be able to move on and talk about other things," said Mr. Lehane. He said he expected the city's new registration system to be in place by 2018.

"HomeAway is pleased to have reached an agreement with the city to create a more convenient means for owners to comply with the local rules," a HomeAway spokesman said in a statement.

For its part, City Attorney Dennis Herrera praised the deal in a statement, calling it "a game changer" and saying the agreement "helps protect the city's precious housing supply."

Airbnb has similar arrangements in place in New Orleans, Denver and Chicago where hosts can comply with city rules using the company's site.

Airbnb received more good news over the weekend when a New York state legislator introduced a bill that would carve exceptions into the state's housing laws to allow for more Airbnb rentals.

JUSTIN SULLIVAN/GETTY IMAGES

Under the settlement, San Francisco will get a monthly accounting of listings from home-sharing sites.

Critics of Net Neutrality Are Dealt a Legal Setback

By John D. McKinnon

WASHINGTON—A federal court declined to reconsider telecommunications companies' challenge to Obama-era net-neutrality rules on Monday, setting the stage for a likely appeal to the Supreme Court.

The widely anticipated rejection came just days after Federal Communications Commission Chairman Ajit Pai laid out his proposal for rolling back the net-neutrality rules, giving the industry a big win. But the telecom firms and their allies are still looking to the courts for backing in their opposition to the net-neutrality regulations. That could give them more legal protection whenever Democrats retake power.

TechFreedom, a conservative advocacy group that had joined in the appeal, said the decision "clears the way for TechFreedom and other parties challenging the order to take their case to the Supreme Court."

It said the case could become a vehicle for rolling back agencies' powers. But some legal experts question whether the high court will accept an appeal, given that the FCC is beginning its own rollback.

The FCC's 2015 net-neutrality rules were aimed at requiring internet-service providers such as cable and wireless firms to treat all traffic equally. The carriers say they support basic net-neutrality principles, but opposed the FCC's action as regulatory overreach. Many internet firms and consumer groups view the rules as vital for competition on the internet.

On Monday, the U.S. Circuit Court of Appeals for the D.C. Circuit turned down a petition for rehearing of the telecom companies' appeal by all the judges. The rehearing petition followed a decision upholding the rules last year by a three-judge appeals panel.

In a concurring statement on Monday, two judges who sat on the panel, Judges Sri Srinivasan and David Tatel, said Mr. Pai's pending proposed rollback of the rules makes further consideration of the appeal "unwarranted."

But conservatives on the appeals court used Monday's announcement to plead for the high court to take the case and side with telecom firms.

"Hopefully, there is a clearer view of the road back to a government of limited, enumerated power from One First Street," said Judge Janice Rogers Brown, referring to the Supreme Court's address in Washington.

Judge Brett Kavanaugh, who also dissented, said the FCC's 2015 rule lacked any basis in federal law, raising an issue that might hold interest for the high court—the question of how far regulatory agencies can go in implementing policy where Congress hasn't carved out clear authority.

In a statement, Mr. Pai said it was "not surprising" the D.C. Circuit would decline the rehearing petition, in light of his rollback proposal last week. He added he agreed with many points made by Judges Brown and Kavanaugh.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

MANAGEMENT

IRAs Are Found Far Short Of Goals

BY LAUREN WEBER

More than 40 years after Congress created individual retirement accounts, a new analysis finds the savings plans aren't fulfilling their mission.

IRAs were intended to give workers without employer-sponsored programs, typically those who work in small businesses or are self-employed, access to tax-advantaged retirement savings plans. But most of the $7.8 trillion parked in IRAs as of 2016's third quarter came from rollovers of employer-sponsored 401(k) accounts, according to an analysis of Internal Revenue Service data by the Center for Retirement Research at Boston College.

Moreover, most IRA contributors also participate in a 401(k) plan at the same time, the center says.

IRAs do little to encourage active saving by the workers for which they were designed, said Anqi Chen, a research associate at the center and co-author, with Alicia Munnell, of the paper analyzing IRAs.

“People are using IRAs mainly as a receptacle for transfers from employer plans or to supplement employer plans,” Ms. Chen said.

Because many workers don't want to leave money in an account administered by a former employer, and it is time-consuming to move the savings into a new employer's 401(k) program, workers often roll those funds into an IRA.

Of the 14% of Americans who put money into IRAs in 2011, the most recent year with data available, 53% had a 401(k) plan at the same time, the researchers found. The IRA contributors had average household earnings of $110,000 and were likely to be white, married and college-educated.

IRAs are barely serving lower-income families who may have some money to save and could benefit from the tax advantages of the accounts, the authors found, based on their analysis of census data.

There are two types of IRAs, traditional and Roth, which, respectively, allow Americans to make tax-deductible contributions to an investment account or allow after-tax savings to increase tax-free. The tax advantages of IRAs phase out for high-earning people.

The authors recommend that federal or state governments return IRAs to their original mission by automatically enrolling workers in the accounts if they don't have access to employer savings programs. Workers currently must select a broker, such as **Vanguard Group** or Fidelity Investments, and open an account on their own if they want an IRA.

How Millennial Bosses Can Gain Trust

For young executives, the challenge is admitting what they don't know and seeking advice from elders

BY JOANN S. LUBLIN


ROBERT NEUBECKER

Sometimes, youth is wasted on young executives. Companies such as **Ford Motor** Co. are recruiting young bosses to jump-start or reinvent businesses. But those leaders often struggle to gain acceptance and trust from skeptical older colleagues.

Caterpillar Inc., **American International Group** Inc. and **SAP SE** have tapped executives in their 30s for senior spots since 2016. And in late January, Ford hired 34-year-old Musa Tariq as its first chief brand officer.

YOUR EXECUTIVE CAREER

Mr. Tariq, who was most recently global marketing and communications director for **Apple** Inc.'s retail division, is helping the No. 2 U.S. auto maker shake up its 113-year-old business model and shift into new transportation services. Ford chose Mr. Tariq based on his reputation “for challenging convention,” says Chief Executive Mark Fields. Being young “was OK, too.”

Mr. Tariq is the youngest of his 44 fellow corporate officers. Ford's top ranks previously had been largely populated with lifers who worked their way up, Mr. Fields says. The CEO adds that he has tried to stem possible resentment of the young newcomer by ensuring members of top management interviewed and helped integrate Mr. Tariq.

Demand for young executives is growing, especially in areas like digital commerce and artificial intelligence, executive coaches and recruiters say. As a result, more workers find themselves reporting to younger bosses. Nearly four in 10 U.S. employees worked for someone younger in 2014, up from 31% in 2010, concluded surveys conducted for CareerBuilder, a job site.

A young star's appointment to upper management can be unsettling for older managers whose career trajectories have been less meteoric. Individuals with younger supervisors must demonstrate their relevance in the workplace.

For youthful bosses, leadership specialists say the challenge is admitting what they don't know and humbly seeking advice from their elders.

Young executives struggle to win acceptance from older associates, who expect them to be arrogant and make mistakes, says Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School. He co-wrote the book, “Managing the Older Worker.”

Anyone with a younger boss should say, “I know a lot of stuff and I'd like to be your partner in execution,” Mr. Cappelli recommends.

Jessica Bigazzi Foster, head of the executive development global practice for RHR International LLP, a leadership advisory firm, says her employer is getting more assignments to coach young executives, especially those hired from outside a firm.


Ford Motor hired 34-year-old Musa Tariq as its first chief brand officer in late January.

At Ford, Mr. Fields encouraged senior executives to teach Mr. Tariq how to navigate the bureaucracy. Mr. Fields says he meets with Mr. Tariq regularly for informal coaching about issues such as finding key internal allies.

Among his early tips for the new branding chief: Travel the world and “get to know [Ford] people on a personal level.” Ford said Mr. Tariq was unavailable for interviews.

Matt Anderson was 35 when he joined Arrow Electronics Inc. as its first chief digital officer in 2014, charged with accelerating the electronics distributor's transformation into digital products and services.

Mr. Anderson says he worked hard to forge a strong bond with Andy King, a then 51-year-old Arrow executive whom the company's CEO respected for his successful command of its biggest unit's operations in Europe, the Middle East and Africa. Mr. Anderson proposed that he and Mr. King “work together and help each other succeed.”

When Mr. Anderson became the youngest-ever partner of management consultancy Booz & Co. at age 30, older colleagues were resentful, he says. One co-worker privately griped that the new partner “impressed one or two people, but he won't be able to achieve the revenue needed,” Mr. Anderson says.

Mr. King, now president of Arrow's global components business, says he has advocated on behalf of Mr. Anderson and his team because the younger man offered a fresh perspective and went out of his way to collaborate.

“Working together, we've found new ways to invest in and grow Arrow's online design and sales capabilities,” Mr. King says. At Arrow, he adds, results count more than age.

Briana J. Mullenax was 35 when she advanced to partner from senior manager last May at LBMC PC, an accounting firm in Nashville, Tenn. A senior manager in her 50s subsequently turned chilly, refusing to offer ideas during several meetings led by Ms. Mullenax.

She says her former peer, whom she doesn't supervise, had viewed herself as superior to Ms. Mullenax because of her age and experience.

Amy Lynch, a generational researcher who knows Ms. Mullenax, blames her relative youth for ignoring a baby boomer's concerns “about formality, dignity and privacy.”

Ms. Mullenax reluctantly agrees. “My generation tends to be more informal overall in work,” she says. That's “sometimes harder for older generations to understand.”

BUSINESS WATCH

LABOR

Writers' Strike Averted With Deal

Labor negotiations between screenwriters and entertainment producers resulted in an unexpected Hollywood ending.

After weeks of acrimonious talks between the Writers Guild of America and the **Alliance of Motion Picture and Television Producers**, a tentative new deal was reached Tuesday morning shortly after the clock ran out on the old pact.

Hollywood has been on edge fearing a work stoppage that would have put nearly 12,000 writers on strike and paralyzed the entertainment industry and a significant section of the Southern California economy.

The last writers' strike, a 100-day stoppage nearly 10 years ago, cost the entertainment industry and California economy $2 billion, according to the Milken Institute.

Instead, a new three-year agreement could keep TV shows and movies in production. The issues that had divided the two sides included a basic wage increase for all writers and the length of exclusive contracts between writers and shows. Writers also wanted the minimum writing fees for streaming and cable services to be on a par with the minimum fees for a broadcast network.

The Writers Guild is expected to brief its members on the new accord on Thursday.

—Joe Flint and Erich Schwartzel

GENERAL MOTORS

Auto Maker to Take Venezuelan Charge

General Motors Co. will take a $100 million charge as it writes off its operations in Venezuela, where authorities last month unexpectedly seized its production plant on a court order, the company said Tuesday.

The company has ceased all operations since the April 18 takeover of its facilities but said in a statement that it is open to discussing with the Venezuelan government the possibility of restarting production “with a new, viable business model.”

Car output, along with most industrial activity, has plummeted in the South American country amid a punishing economic crisis where companies and individuals lack access to hard currency because of the leftist government's rigid controls. Unable to pay for imports, GM's Venezuela unit hasn't assembled a vehicle since December 2015, data from the Venezuelan car makers' association shows.

—Kejal Vyas

AETNA

Insurer to Scale Back On Health Exchanges

Aetna Inc. will again scale back its presence in the Affordable Care Act exchanges in 2018, saying it expects losses on the business this year despite sharply reduced enrollment in its individual plans.

The health insurer's disclosure came as it swung to a loss in the most recent quarter in the aftermath of its failed merger with **Humana** Inc.

Individual plans are a small share of Aetna's business, and the insurer had already scaled back its exchange presence to four ACA marketplaces currently, down from 15 last year.

In all for the first quarter, Aetna reported a loss of $381 million, or $1.11 a share, compared with a year-earlier profit of $737 million, or $2.08 a share. Revenue fell 3.4% to $15.17 billion. On an adjusted basis, the company earned $2.71 a share. Analysts polled by Thomson Reuters were expecting earnings of $2.37 a share.

—Anna Wilde Mathews and Imani Moise

Micro Trends, Macro Context. In Minutes.

THE DAILY SHOT
Speed-read the markets

Get a complete look at the trends moving global markets with The Daily Shot. WSJ's latest member-exclusive newsletter delivers a sophisticated, impartial view in 30-plus charts, every morning. Sign up at WSJ.com/dailyshot

THE WALL STREET JOURNAL.
Read ambitiously

© 2017 Dow Jones & Co., Inc. All rights reserved. 6DJ5150

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

President to Name U.S. Bank Regulator

Currency comptroller chief to be replaced; move signals direction of financial oversight

By Ryan Tracy

WASHINGTON—The Trump administration, looking to make its first major imprint on U.S. banking regulators, is preparing to replace Comptroller of the Currency Thomas Curry as chief overseer of federally chartered banks, according to people familiar with the matter.

President Donald Trump could soon replace Mr. Curry with an acting head of the agency, who would serve until a new comptroller is confirmed, these people said. The change could happen as soon as this week, they said.

A White House spokeswoman declined to comment, as did a spokesman for Mr. Curry.

The comptroller oversees hundreds of bank supervisors stationed inside large U.S. financial firms, making the job one of the most powerful U.S. bank regulators. Mr. Trump has said he wants to remove regulations affecting banks, but his influence has been limited so far: Appointees of President Barack Obama still serve in every major bank regulatory post, including at the Federal Reserve and Consumer Financial Protection Bureau.

Mr. Curry was appointed by Mr. Obama to a five-year term that expired in April. Mr. Curry can continue serving until the administration replaces him, and he has said he intends to do so.

People familiar with the matter said Mr. Trump is considering for the job Joseph Otting, a former banker who worked with Treasury Secretary Steven Mnuchin at OneWest Bank. Mr. Otting hasn't been formally nominated for the job, which requires Senate confirmation.

In the meantime, Mr. Trump has the power to put his stamp on the comptroller's office under the National Bank Act, the law that created the office in the 1860s. The law gives the president wide latitude to remove the comptroller "upon reasons to be communicated by him to the Senate," and effectively gives the Treasury secretary power to designate an acting comptroller.

The administration is considering naming as acting comptroller Keith Noreika, a banking lawyer at Simpson Thacher & Bartlett LLP, according to people familiar with the matter.

Mr. Otting couldn't be reached for comment.

Mr. Noreika didn't respond to requests for comment. He served on Mr. Trump's transition team as a volunteer at the Treasury.


MICHAEL NAGLE/BLOOMBERG NEWS
Thomas Curry, comptroller of the currency for the U.S. Department of Treasury, is to be replaced.

Mr. Trump has broadly struck a deregulatory tone that has boosted bank stocks and expectations of policies that will give financial firms more leeway than they enjoyed under Mr. Obama. Without financial regulators in place, however, the practical influence of his electoral win has been limited.

The Treasury Department, for example, is conducting a broad review of financial regulations with an eye toward undoing Obama-era financial rules, but the power to alter rules rests mostly with other agencies.

At the Fed, the key post of vice chairman in charge of bank oversight remains vacant. Mr. Trump hasn't appointed anyone to that post despite repeated assurances by administration officials that they would act quickly to fill it. The seven-member Fed governing board has three vacancies, including the vice chairman's job.

Some critics of the CFPB have hoped Mr. Trump would fire its director, Richard Cordray, but he hasn't done so. Such a move would likely spark a big political fight with Democrats.

A federal lawsuit is pending that involves a question on whether the president has the power to remove the director at will.

Regulators over the financial markets also are awaiting administration leadership. Mr. Trump's nominee for chairman of the Securities and Exchange Commission, securities lawyer Jay Clayton, advanced closer to final confirmation on Monday by the Senate, with a final vote expected later this week. The SEC has two additional vacancies on its five-member commission.

Mr. Trump also has nominated Christopher Giancarlo to head the Commodity Futures Trading Commission, and he is awaiting Senate action.

Mr. Giancarlo began serving as acting CFTC chairman the day of Mr. Trump's inauguration on Jan. 20. The CFTC has three additional openings.

Mr. Noreika could begin work immediately at the OCC but is expected to serve temporarily, these people said. That is because the person nominated to be comptroller likely couldn't simultaneously hold that job in an acting capacity.

Mr. Curry, a former state regulator, has used the comptroller's post to harangue large U.S. banks about risky lending, anti-money-laundering systems, community reinvestment and other matters.

He has also recently moved to begin allowing financial technology firms more leeway in applying for federal banking charters.

Mr. Trump's choice for the job is expected to take a less aggressive tack on bank oversight, in line with the administration's view that Obama-era regulators placed too many restrictions on banks.

STALEY

Continued from page B1

we believe were defrauded in the sale of Aceco." She continued, "We would also note that we have been a longtime client of Barclays, which comes with its own responsibilities for Barclays." Since 2010, KKR has paid Barclays $190 million in investment-banking fees, according to Dealogic data.

Mr. Nitzan, through a São Paulo-based spokesman, called accusations of fraud "baseless." "Mr. Nitzan is confident that the truth will prevail and that the accusations will be fully clarified in arbitration," the spokesman added.

Mr. Staley, an American, worked in Brazil early in his banking career in the 1980s, met his wife there and has known her family for decades. He came to Barclays as chief executive in late 2015.

In a separate matter, U.K. regulators have been investigating the CEO after he tried to unmask a whistleblower who complained about one of Mr. Staley's top hires at Barclays. The board last month said it would commission independent reviews of the bank's controls and whistleblowing program. Mr. Staley has apologized to Barclays's board and in an email to staff last month said, "I got too personally involved."

KKR's acquisition of a controlling stake in Aceco was its first direct investment in Brazil. Aceco has built more than 800 data storage and processing centers in Brazil and Latin America; Mr. Nitzan and Ms. Staley each owned 26%, according to Aceco documents, and private-equity firm General Atlantic LLC held the remaining 48%. General Atlantic received some $290 million for its stake, according to people familiar with the 2014 sale. KKR got 87% of the company and Mr. Nitzan, who remained CEO, kept 12.5%.

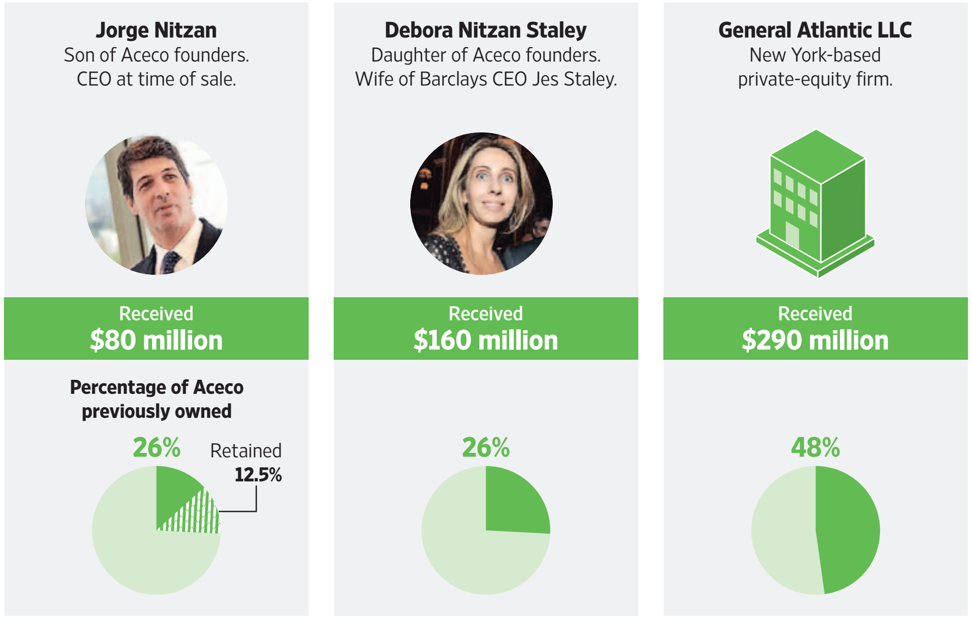
In May 2015, KKR's head of Latin America in São Paulo got an anonymous email alleging Aceco's books had been manipulated since 2012, according to people familiar with the matter. The emailer also went to Brazilian police, alleging Aceco had bribed government officials with senior management's knowledge, these people said.

A KKR-commissioned accounting and legal investigation determined many of the anonymous emailer's allegations had merit, according to a report reviewed by The Wall Street Journal. It found Aceco made payments to some entities now embroiled in the sprawling bribery and corruption scandal in Brazil known as Car Wash.

KKR fired Mr. Nitzan in late 2015. And last year it marked its equity investment in Aceco down to zero, according to people familiar with the decision. Aceco officials didn't return calls.

KKR's Targets

Who got what from the 2014 sale of Brazilian data-center company Aceco TI.



Note: Approximate proceeds to vehicles controlled by the parties.
Sources: Aceco documents, people close to the deal Photos: Bloomberg News; Regis Filho/Valor THE WALL STREET JOURNAL.

The spokesman for Mr. Nitzan denies he was involved in fraud. KKR, he said, acquired control of Aceco "just before the worst recession in the history of the Brazilian economy," which hurt Aceco's finances and made KKR regret its investment and want to reverse it. The spokesman, on behalf of Ms. Staley, noted she inherited her Aceco stake and had no management role. A General Atlantic spokeswoman declined to comment.

Jockeying for control of Aceco and its assets intensified last fall, after the company fell behind on payments affecting $85 million in debt. An entity now fully owned by Mr. Nitzan bought a slug of debt in the Aceco holding company that was created as part of the 2014 deal—which could have allowed him, as a creditor, to regain control of Aceco. KKR was taken by surprise, people familiar with the events said, and the company and Mr. Nitzan are waging battle over ownership in Brazilian courts.

> *KKR's controlling stake in Aceco was its first direct investment in Brazil.*

Meanwhile, in September, KKR's private-equity chief for the Americas based in New York, Alexander Navab, placed a call to Mr. Staley to lay out KKR's side in the conflict and see if Mr. Staley could influence Mr. Nitzan, according to people familiar with the call.

The call was brief, and Mr. Staley didn't agree to intercede, people familiar with the matter said. KKR executives hoped Mr. Staley would get back to them. A person close to Mr. Staley said he viewed the call as confrontational.

Soon afterward, Mr. Staley suggested to a longtime friend, Timothy Collins of New York-based **Ripplewood Advisors** LLC, that he consider investing in Aceco. Mr. Staley described Mr. Nitzan as a "good guy," according to people familiar with the conversation.

In December, as Mr. Collins explored such an investment, he contacted KKR—and was surprised when, through an intermediary, KKR suggested he steer clear, according to some of the people familiar with the talks.

With the ownership of Aceco in dispute, KKR viewed any deal involving Mr. Nitzan and an outside ally as limiting KKR's legal options, people familiar with KKR's thinking said. Mr. Collins stayed away.

Meanwhile, KKR learned that Mr. Staley, while traveling on Barclays business, had discussed Aceco in private conversations with two KKR co-investors, the Teacher Retirement System of Texas and GIC, Singapore's sovereign-wealth fund, according to people familiar with the matter.

Answering questions from senior executives at the funds, Mr. Staley told them he was standing by Mr. Nitzan, who he didn't believe would commit fraud, people familiar with the conversations said. Mr. Staley's view was that KKR had bought a good company but at a bad time. A person familiar with Mr. Staley's thinking said that when the executives asked him about the allegations about his brother-in-law, he felt he should give them honest answers.

GIC and the Texas pension fund declined to comment.

After learning of these conversations, KKR executives discussed whether to call the Barclays board to complain, a person familiar with the matter said. Instead, in mid-March, KKR's Mr. Navab called Mr. Staley again.

Mr. Navab noted KKR hadn't heard from Mr. Staley after their September call, yet Mr. Staley had intervened on behalf of Mr. Nitzan, people familiar with the call said. Mr. Staley was vehement that he would continue standing by his family, the people said.

Trump to Contemplate Breakups of Big Lenders

By Akane Otani And Ryan Tracy

President Donald Trump turned his attention to breaking up Wall Street banks, a campaign promise that has yet to materialize despite frequent chatter on the subject.

Financial stocks were little changed after Mr. Trump said Monday that he is considering splitting apart giant U.S. banks.

"I'm looking at that right now," Mr. Trump told Bloomberg. "There's some people that want to go back to the old system, right? So we're going to look at that."

Financial stocks in the S&P 500 initially pared gains on Mr. Trump's comments, then recovered and finished up 0.5%, outperforming the S&P 500, which rose 0.2%.

The muted reaction wasn't surprising, said Mohit Bajaj, director of ETF trading solutions at brokerage WallachBeth Capital.

"You get this initial knee-jerk reaction and then people dust it off," Mr. Bajaj said. "It's just Trump being his typical self. You hope that some things are true and some things are false, but you don't know if he really means what he says."

Bank stocks have been among the biggest beneficiaries of perceptions that Mr. Trump will improve U.S. economic growth, in part by loosening regulations on banks.

In recent weeks, some obstacles to implementing that agenda have materialized, cooling off the bank-stock rally that started right after the U.S. election.

The Republican Party in its 2016 platform and Mr. Trump while on the campaign trail promised to restore a version of the Glass-Steagall Act, a law repealed in 1999 that separated traditional commercial banking from investment banking.

Administration officials, including Treasury Secretary Steven Mnuchin and Gary Cohn, director of the White House National Economic Council, also have expressed support for the idea.

Advertisement INTERNATIONAL INVESTMENT FUNDS

[Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
■ Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	OT	OT	MUS	04/21	USD	310167.83	2.7	7.3	-5.0
Value Partners *Investing through discipline*									
■ Website: Https://Www.Valuepartners-Group.Com/ Tel: (852) 2143 0688									
China A-Share Fund Cls A AUD H	OT	OT	HKG	04/28	AUD	12.75	8.1	14.7	-5.5
China A-Share Fund Cls A AUD UnH	OT	OT	HKG	04/28	AUD	11.77	7.7	13.3	-5.6
China A-Share Fund Cls A CAD H	OT	OT	HKG	04/28	CAD	11.79	8.0	13.4	-6.6
China A-Share Fund Cls A EUR H	OT	OT	HKG	04/28	EUR	12.35	7.5	11.9	-6.6
China A-Share Fund Cls A EUR UnH	OT	OT	HKG	04/28	EUR	12.30	6.7	14.4	NS
China A-Share Fund Cls A GBP H	OT	OT	HKG	04/28	GBP	12.37	7.4	15.7	-5.5
China A-Share Fund Cls A GBP UnH	OT	OT	HKG	04/28	GBP	14.07	5.0	24.2	0.0
China A-Share Fund Cls A HKD H	OT	OT	HKG	04/28	HKD	12.58	7.8	13.5	-6.3
China A-Share Fund Cls A HKD UnH	OT	OT	HKG	04/28	HKD	12.48	11.9	10.1	-7.1
China A-Share Fund Cls A NZD H	OT	OT	HKG	04/28	NZD	12.57	8.4	15.1	-5.0
China A-Share Fund Cls A NZD UnH	OT	OT	HKG	04/28	NZD	11.24	12.9	12.4	NS
China A-Share Fund Cls A RMB (CNH)	OT	OT	HKG	04/28	CNH	13.74	9.6	17.0	-3.4
China A-Share Fund Cls A USD	OT	OT	HKG	04/28	USD	12.41	11.5	10.8	-7.2
China A-Share Fund Cls A USD H	OT	OT	HKG	04/28	USD	12.54	7.9	13.8	-6.2
China Greenchip-A Units	AS	EQ	CYM	04/28	HKD	58.75	15.5	21.5	-9.8
China Greenchip-A Units AUD H	AS	EQ	CYM	04/28	AUD	9.94	15.7	22.3	-10.3
China Greenchip-A Units CAD H	AS	EQ	CYM	04/28	CAD	9.65	15.4	20.8	-11.1
China Greenchip-A Units NZD H	AS	EQ	CYM	04/28	NZD	10.21	15.8	22.9	-9.4
China Greenchip-A Units USD	AS	EQ	CYM	04/28	USD	9.69	15.1	21.1	-10.8
China Greenchip-A2 QDIs Units	AS	EQ	CYM	04/28	HKD	10.66	15.5	21.4	-9.9
GC Hi Yield Inc - Cls A MDIs GBP H	OT	OT	CYM	04/28	GBP	9.94	7.5	18.7	11.4
GC Hi Yield Inc-Cls A MDIs AUD H	OT	OT	CYM	04/28	AUD	9.50	8.1	20.9	13.4
GC Hi Yield Inc-Cls A MDIs CAD H	OT	OT	CYM	04/28	CAD	9.57	7.7	19.4	11.8
GC Hi Yield Inc-Cls A MDIs NZD H	OT	OT	CYM	04/28	NZD	9.85	8.3	21.6	14.2
GC Hi Yield Inc-Cls P HKD Acc sh	OT	OT	CYM	04/28	HKD	15.27	8.3	20.3	12.3
GC Hi Yield Inc-Cls P HKD MDIs sh	OT	OT	CYM	04/28	HKD	9.49	8.2	20.3	12.3
GC Hi Yield Inc-Cls P MDIs SGD H	OT	OT	CYM	04/28	SGD	10.41	7.8	19.7	12.4
GC Hi Yield Inc-Cls P USD Acc sh	OT	OT	CYM	04/28	USD	15.34	8.0	19.9	12.1
GC Hi Yield Inc-Cls P USD MDIs sh	OT	OT	CYM	04/28	USD	9.52	7.9	19.9	12.1
GC Hi Yield Inc-ClsA MDIs EUR H	OT	OT	CYM	04/28	EUR	10.39	7.2	17.8	10.7
Hi-Div Stk Cls A RMB H Acc	OT	OT	HKG	04/28	CNH	11.43	14.3	18.2	-0.9
Hi-Div Stk Cls A RMB UnH Acc	OT	OT	HKG	04/28	CNH	13.63	11.3	21.6	1.7
Hi-Div Stk Cls A1	OT	OT	HKG	04/28	USD	80.98	12.9	15.7	-2.9
Hi-Div Stk Cls A2 AUD H MDIs	OT	OT	HKG	04/28	AUD	9.64	12.8	15.7	-2.7
Hi-Div Stk Cls A2 CAD H MDIs	OT	OT	HKG	04/28	CAD	9.78	12.9	14.8	-3.9
Hi-Div Stk Cls A2 GBP H MDIs	OT	OT	HKG	04/28	GBP	9.24	13.8	14.8	-4.2
Hi-Div Stk Cls A2 HKD MDIs	OT	OT	HKG	04/28	HKD	10.07	13.3	16.2	-2.8
Hi-Div Stk Cls A2 MDIs	OT	OT	HKG	04/28	USD	10.99	12.7	15.5	-3.0
Hi-Div Stk Cls A2 NZD H MDIs	OT	OT	HKG	04/28	NZD	9.88	13.1	16.4	-1.5
Hi-Div Stk Cls A2 RMB H MDIs	OT	OT	HKG	04/28	CNH	9.63	15.2	18.9	-0.7
Hi-Div Stk Cls A2 RMB UnH MDIs	OT	OT	HKG	04/28	CNH	10.02	11.6	22.8	2.0
Hi-Div Stk Cls A2 SGD H MDIs	OT	OT	HKG	04/28	SGD	10.60	NS	NS	NS
Intel-China Converg Fund-A AUD H	AS	EQ	CYM	04/28	AUD	10.11	14.9	17.3	NS
Intel-China Converg Fund-A CAD H	AS	EQ	CYM	04/28	CAD	11.09	9.0	12.2	NS
Intel-China Converg Fund-A NZD H	AS	EQ	CYM	04/28	NZD	11.33	10.4	12.2	NS
Intel-China Converg Fund-A Units	AS	EQ	CYM	04/28	USD	150.60	12.9	16.5	-11.6
Intel-Chinese Mainland Foc Fund	AS	EQ	CYM	04/28	USD	43.48	17.4	22.4	-8.2
VP Classic-A Units	AS	EQ	HKG	04/28	USD	292.80	15.0	23.7	-6.0
VP Classic-B Units	AS	EQ	HKG	04/28	USD	131.57	14.8	23.1	-6.5
VP Classic-C Units	AS	EQ	HKG	04/28	USD	16.61	14.9	23.3	-6.6
VP Classic-C Units AUD H	AS	EQ	HKG	04/28	AUD	13.70	14.7	24.2	-5.9
VP Classic-C Units CAD H	AS	EQ	HKG	04/28	CAD	13.27	14.6	23.6	-7.5
VP Classic-C Units HKD H	AS	EQ	HKG	04/28	HKD	11.26	14.3	21.9	NS
VP Classic-C Units NZD H	AS	EQ	HKG	04/28	NZD	13.78	14.3	23.3	-4.8
VP Classic-C Units RMB	AS	EQ	HKG	04/28	CNH	11.63	11.6	28.1	NS
VP Classic-C Units RMB H	AS	EQ	HKG	04/28	CNH	11.24	17.0	26.2	NS
VP Multi-Asset Fund Cls A HKD	OT	OT	HKG	04/28	HKD	10.21	6.1	NS	NS
VP Multi-Asset Fund Cls A USD	OT	OT	HKG	04/28	USD	10.34	5.8	7.7	NS
VP Taiwan Fund	AS	EQ	CYM	04/28	USD	18.83	12.4	27.5	5.9

For information about listing your funds, please contact: Freda Fung tel: +852 2831 2504; email: freda.fung@wsj.com

LIST YOUR FUNDS

In print & online. Contact:

wsja.advertising@dowjones.com

THE WALL STREET JOURNAL.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Berkshire Pressed on Political Spending

Shareholder advisory firms say company led by Buffett should disclose contributions

By Nicole Friedman

RYAN SODERLIN/ASSOCIATED PRESS

Warren Buffett spoke with CNBC in February. Berkshire's board opposes a resolution on disclosure.

Berkshire Hathaway Inc. has largely avoided politics, but the pressure for more disclosure is increasing.

Shareholder advisory firms Glass Lewis & Co. and Institutional Shareholder Services Inc. are recommending that Berkshire shareholders approve a resolution asking for a twice-yearly report on the company's political contributions and expenditures. Berkshire is run by billionaire Warren Buffett, a longtime Democrat.

Berkshire's board opposes the resolution, arguing that political contributions make up less than 0.1% of Berkshire's annual expenditures and the parent company doesn't make any contributions.

Berkshire subsidiaries including BNSF Railway and Berkshire Hathaway Energy do make political contributions. The vote on the matter will be finalized Saturday at the company's widely attended annual meeting in Omaha, Neb.

Glass Lewis and ISS say the company's current disclosures are insufficient and the board's oversight of political spending is unclear.

"Berkshire Hathaway—the parent company—has never made a contribution to any presidential candidate (nor any other political candidate) during my 52 years as CEO," Mr. Buffett said in an email. "I am sure that some of our subsidiaries—in particular those in heavily regulated industries—make political contributions and employ lobbyists. I do not participate in these decisions and Berkshire parent has never, to my knowledge, used a lobbyist."

Mr. Buffett said he and Berkshire's vice chairman, Charles Munger, have never solicited political contributions from a Berkshire employee or vendor.

"Over the decades, I've learned of a couple of our executives that were doing so and have told them to stop," he said.

The resolution was proposed by Clean Yield Asset Management on behalf of shareholders Tom Beers and Mary Durfee.

Clean Yield has proposed similar resolutions at other companies.

Political-contribution reporting is a common topic for shareholder resolutions, and Glass Lewis said it supported about half of such proposals last year. ISS said its policy is to generally support increased disclosure of political spending.

Shareholder resolutions are unlikely to pass at Berkshire, where Mr. Buffett, the company's chairman, controls 32.7% of the voting power. In his recent annual letter to shareholders, Mr. Buffett said that the proponents of shareholder resolutions "will be given a reasonable amount of time to state their case" at the meeting.

Mr. Buffett weighs in on political issues from time to time and donates his own money—not Berkshire's—to causes and candidates he supports. He also donates $5,000 a year to BNSF's political-action committee, he said.

He campaigned for Hillary Clinton and criticized President Donald Trump before November's presidential election. But since then, he has mostly stuck to conciliatory remarks.

A few days after the election, Mr. Buffett told CNN that Mr. Trump "deserves everybody's respect."

He has spoken positively about immigration in recent months but hasn't directly addressed the current administration's actions.

Mr. Munger criticized Mr. Trump before the election but has offered measured praise since then.

"The Trump administration has learned a hell of a lot," Mr. Munger said in an interview last month. "It isn't like they're a bunch of crazy idiots. So I'm encouraged."

Berkshire was a big beneficiary of the postelection stock rally, with its shares climbing to records.

Some of the Trump administration's proposed policies could benefit Berkshire, including a lower corporate tax rate and increased infrastructure spending. Mr. Buffett said he expects to receive questions about such policies at the annual meeting, and that "the answers are not always simple."

But Mr. Munger said that Berkshire has no official position on political issues and he doesn't expect to talk much about politics at the annual meeting.

"The TV is politics all day. Why would we want to turn the Berkshire meeting into politics?" he said. "Berkshire is the least political company you're going to find."

Mastercard Posts Better-Than-Expected Results

By AnnaMaria Andriotis

Mastercard posted higher-than-expected revenue and earnings per share for the first quarter because of an increase in transactions and volume growth on its network.

The card network also reported an increase in expenses as it continues to invest in digital payment technology and security features to bring down fraud in the card space.

Net revenue totaled $2.73 billion, up 12% from a year before. Earnings per share came in at $1, or $1.01 when adjusted to exclude an item related to Canadian merchant litigation. Analysts expected $2.65 billion in revenue and 95 cents in earnings per share. Net income totaled $1.1 billion, just shy of analyst estimates.

Net revenue increased in part because of a rise in the dollar amount of transactions processed over Mastercard's network. Gross dollar volume passing over the network world-wide was $1.18 trillion, up 5% from a year prior. Net revenue also increased due to a rise in card transaction volume from cardholders traveling abroad, for which Mastercard derives larger fees.

Net revenue increases were partially offset by a rise in rebates and incentives. They rose 23% from the first quarter of last year to $1.28 billion, although that was below some analysts' expectations.

Mastercard pays incentives for new agreements with banks that issue cards for transactions that run over its network. Those incentives can include marketing costs. There were 2.4 billion Mastercard cards in existence as of the first quarter, up 5% from a year before.

Mastercard Chief Executive Ajay Banga said on an earnings call that the company in the U.S. renewed certain card agreements with Capital One, Bank of the West and Citizens Financial.

While revenue rose, so did expenses; at $1.2 billion they were up 12% from the year-earlier period. That was the result of continuing investment in digital, including digital-payment platform Masterpass. This platform is meant to speed up consumers' purchases.

The biggest increase in expenses occurred in advertising and marketing. Those costs were also connected to ongoing efforts to expand Masterpass usage.

Mastercard completed the acquisition of VocaLink last week after a U.K. regulator cleared the way for the deal earlier in April. VocaLink is one of the primary ATM network providers in the U.K., and its technology also allows for real-time payments from one account to another.

That leaves the door open for new types of consumer payment scenarios to occur over Mastercard's system.

"We believe that the combination of card rails and account rails will enable us to look at payments more holistically that have to be done in the retail space," the business-to-business space and the person-to-person space, finance chief Martina Hund-Mejean said in an interview.

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

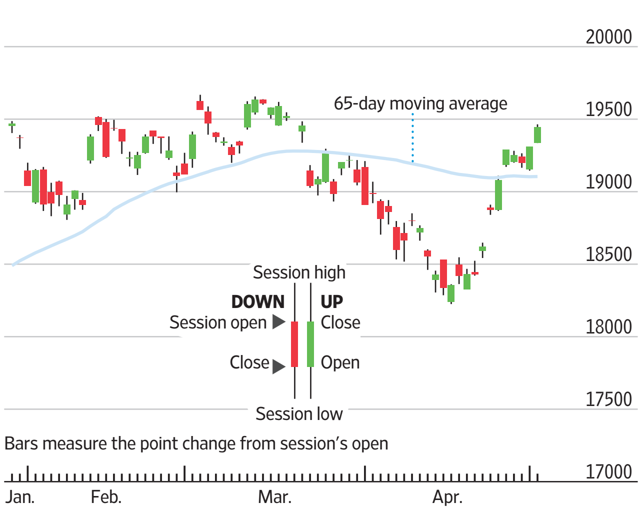
MARKETS DIGEST

Nikkei 225 Index

19445.70 ▲135.18, or 0.70%

High, low, open and close for each trading day of the past three months.

Year-to-date	▲1.73%	
52-wk high/low	19633.75	14952.02
All-time high	38915.87	12/29/89



STOXX 600 Index

389.53 ▲2.89, or 0.75%

High, low, open and close for each trading day of the past three months.

Year-to-date	▲7.78%	
52-wk high/low	389.53	308.75
All-time high	414.06	4/15/15

S&P 500 Index

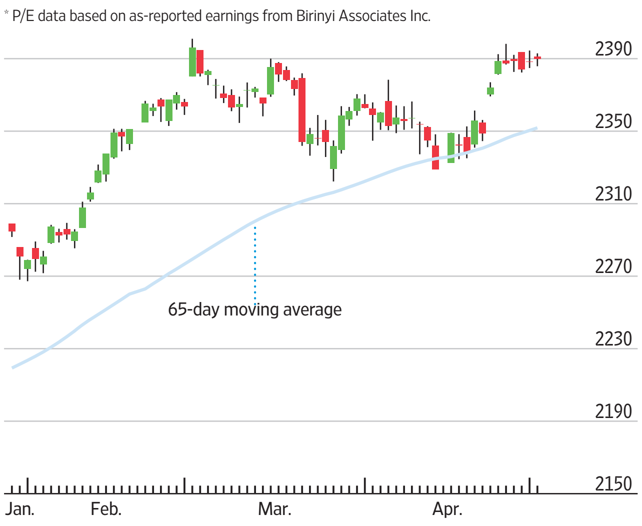
Data as of 12 p.m. New York time

2389.89 ▲1.56, or 0.07%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.17	24.12
P/E estimate *	18.42	17.65
Dividend yield	1.97	2.19
All-time high:	2395.96, 03/01/17	

* P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2740.02	6.45	0.24	2193.75	2741.83	8.4
	MSCI EAFE	1847.30	8.54	0.46	1471.88	1956.39	7.6
	MSCI EM USD	988.41	8.65	0.88	691.21	1044.05	24.5
Americas	**DJ Americas**	575.13	0.19	0.03	480.90	577.99	6.4
Brazil	**Sao Paulo Bovespa**	66578.72	1175.47	1.80	48066.67	69487.58	10.5
Canada	**S&P/TSX Comp**	15617.07	41.44	0.27	13535.54	15943.09	2.2
Mexico	**IPC All-Share**	49594.71	333.38	0.68	43902.25	50147.04	8.7
Chile	**Santiago IPSA**	3729.07	40.60	1.10	2998.64	3786.05	15.7
U.S.	**DJIA**	20947.97	34.51	0.17	17063.08	21169.11	6.0
	Nasdaq Composite	6094.70	3.10	0.05	4574.25	6102.72	13.2
	S&P 500	2389.89	1.56	0.07	1991.68	2400.98	6.7
	CBOE Volatility	10.31	0.20	1.98	9.90	26.72	–26.6
EMEA	**Stoxx Europe 600**	389.53	2.89	0.75	308.75	389.53	7.8
	Stoxx Europe 50	3197.87	19.72	0.62	2626.52	3199.61	6.2
France	**CAC 40**	5304.15	36.82	0.70	3955.98	5305.95	9.1
Germany	**DAX**	12507.90	69.89	0.56	9214.10	12511.17	8.9
Israel	**Tel Aviv**	1398.75	...	Closed	1372.23	1490.23	–4.9
Italy	**FTSE MIB**	20733.25	124.09	0.60	15017.42	20883.66	7.8
Netherlands	**AEX**	525.48	4.35	0.83	409.23	526.25	8.8
Russia	**RTS Index**	1120.22	5.79	0.52	873.58	1196.99	–2.8
Spain	**IBEX 35**	10820.30	104.50	0.98	7579.80	10828.80	15.7
Switzerland	**Swiss Market**	8868.56	55.89	0.63	7475.54	8868.56	7.9
South Africa	**Johannesburg All Share**	53915.64	98.33	0.18	48935.90	54704.22	6.4
Turkey	**BIST 100**	94355.91	–299.40	–0.32	70426.16	95358.76	20.8
U.K.	**FTSE 100**	7250.05	46.11	0.64	5788.74	7447.00	1.5
Asia-Pacific	**DJ Asia-Pacific TSM**	1579.00	6.65	0.42	1308.52	1581.47	11.0
Australia	**S&P/ASX 200**	5950.40	–6.10	–0.10	5103.30	5956.50	5.0
China	**Shanghai Composite**	3143.71	–10.95	–0.35	2806.91	3288.97	1.3
Hong Kong	**Hang Seng**	24696.13	81.00	0.33	19694.33	24698.48	12.3
India	**S&P BSE Sensex**	29921.18	2.78	0.01	25101.73	30133.35	12.4
Indonesia	**Jakarta Composite**	5675.81	–9.49	–0.17	4704.22	5726.53	7.2
Japan	**Nikkei Stock Avg**	19445.70	135.18	0.70	14952.02	19633.75	1.7
Malaysia	**Kuala Lumpur Composite**	1778.47	10.41	0.59	1614.90	1778.47	8.3
New Zealand	**S&P/NZX 50**	7422.49	40.27	0.55	6664.21	7571.11	7.9
Pakistan	**KSE 100**	48689.42	–611.48	–1.24	34897.30	50192.36	1.8
Philippines	**PSEi**	7703.10	42.09	0.55	6563.67	8102.30	12.6
Singapore	**Straits Times**	3211.11	35.67	1.12	2729.85	3211.11	11.5
South Korea	**Kospi**	2219.67	14.23	0.65	1925.24	2219.67	9.5
Taiwan	**Weighted**	9941.27	69.27	0.70	8053.69	9972.49	7.4
Thailand	**SET**	1564.12	–2.20	–0.14	1381.69	1591.00	1.4

Source: SIX Financial Information; WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points: Latest	Previous	Month Ago	Year ago	Yield: Previous	Month ago	Year ago
5.250	**Australia** 2	**1.681**	**41.5**	39.1	50.4	**108.6**	**1.673**	1.758	**1.883**
4.750	10	**2.610**	**30.1**	26.1	31.6	**65.9**	**2.581**	2.702	**2.533**
3.000	**Belgium** 2	**-0.555**	**-182.1**	-183.8	-178.2	**-126.1**	**-0.556**	-0.528	**-0.464**
0.800	10	**0.757**	**-155.2**	-153.8	-154.7	**-139.0**	**0.782**	0.839	**0.484**
0.000	**France** 2	**-0.453**	**-171.9**	-173.8	-172.4	**-119.2**	**-0.457**	-0.470	**-0.395**
1.000	10	**0.818**	**-149.0**	-147.9	-142.7	**-126.9**	**0.841**	0.959	**0.606**
0.000	**Germany** 2	**-0.719**	**-198.4**	-200.9	-199.6	**-128.3**	**-0.727**	-0.742	**-0.485**
0.250	10	**0.330**	**-197.9**	-199.7	-205.7	**-162.4**	**0.323**	0.329	**0.250**
0.300	**Italy** 2	**-0.084**	**-135.0**	-136.4	-131.5	**-83.3**	**-0.082**	-0.061	**-0.035**
2.200	10	**2.298**	**-1.0**	-3.8	-24.3	**-39.4**	**2.282**	2.143	**1.481**
0.100	**Japan** 2	**-0.201**	**-146.7**	-148.6	-144.7	**-103.7**	**-0.204**	-0.193	**-0.240**
0.100	10	**0.020**	**-228.9**	-230.5	-231.7	**-198.4**	**0.016**	0.069	**-0.110**
4.000	**Netherlands** 2	**-0.635**	**-190.1**	-194.0	-196.6	**-126.1**	**-0.659**	-0.712	**-0.464**
0.750	10	**0.546**	**-176.2**	-177.1	-180.9	**-152.5**	**0.549**	0.577	**0.349**
4.750	**Portugal** 2	**0.355**	**-91.1**	-91.9	-139.9	**-42.6**	**0.363**	-0.145	**0.372**
4.125	10	**3.544**	**123.6**	120.8	126.0	**109.1**	**3.528**	3.645	**2.966**
2.750	**Spain** 2	**-0.268**	**-153.4**	-152.5	-144.0	**-86.7**	**-0.244**	-0.186	**-0.069**
1.500	10	**1.647**	**-66.1**	-68.5	-74.0	**-29.4**	**1.635**	1.645	**1.581**
4.250	**Sweden** 2	**-0.653**	**-191.9**	-195.6	-186.5	**-120.1**	**-0.675**	-0.611	**-0.404**
1.000	10	**0.594**	**-171.5**	-175.3	-178.5	**-101.0**	**0.567**	0.601	**0.865**
1.750	**U.K.** 2	**0.084**	**-118.2**	-120.8	-112.5	**-27.6**	**0.074**	0.129	**0.522**
4.250	10	**1.090**	**-121.8**	-123.2	-124.4	**-27.5**	**1.088**	1.142	**1.600**
1.250	**U.S.** 2	**1.266**	**...**	...	...	**...**	**1.282**	1.254	**0.798**
2.250	10	**2.308**	**...**	...	...	**...**	**2.320**	2.386	**1.874**

Commodities

Prices of futures contracts with the most open interest — 12 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 4/28/2017

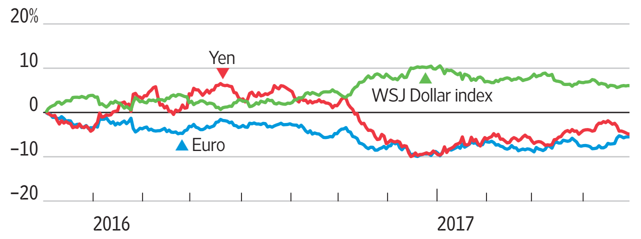
Commodity	Exchange	Last price	One-Day Change Net	One-Day Change Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	373.00	-4.50	-1.19%	393.75	360.75
Soybeans (cents/bu.)	CBOT	970.50	0.25	0.03%	1,092.50	941.25
Wheat (cents/bu.)	CBOT	456.25	0.25	0.05	488.75	416.00
Live cattle (cents/lb.)	CME	127.125	3.000	2.42	127.125	103.150
Cocoa ($/ton)	ICE-US	1,809	-3	-0.17	2,270	1,756
Coffee (cents/lb.)	ICE-US	135.10	-0.75	-0.55	161.55	128.65
Sugar (cents/lb.)	ICE-US	16.11	-0.07	-0.43	20.81	15.35
Cotton (cents/lb.)	ICE-US	78.82	-0.13	-0.16	80.27	71.86
Robusta coffee ($/ton)	ICE-EU	1991.00	45.00	2.31	2,283.00	1,871.00
Copper ($/lb.)	COMEX	2.6340	-0.0265	-1.00	2.8400	2.4905
Gold ($/troy oz.)	COMEX	1256.50	1.00	0.08	1,297.40	1,152.20
Silver ($/troy oz.)	COMEX	16.865	0.023	0.14	18.725	16.100
Aluminum ($/mt)*	LME	1,938.00	-24.00	-1.22	1,972.00	1,688.50
Tin ($/mt)*	LME	19,780.00	-45.00	-0.23	21,225.00	18,760.00
Copper ($/mt)*	LME	5,714.00	2.00	0.04	6,156.00	5,518.00
Lead ($/mt)*	LME	2,245.00	40.00	1.81	2,445.00	2,022.00
Zinc ($/mt)*	LME	2,625.00	5.00	0.19	2,958.50	2,555.00
Nickel ($/mt)*	LME	9,530.00	305.00	3.31	11,095.00	9,225.00
Rubber (Y.01/ton)	TCE	221.70	6.10	2.83	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2546.00	38.00	1.52	3,004.00	2,450.00
Crude oil ($/bbl.)	NYMEX	48.44	-0.40	-0.82	57.95	47.58
NY Harbor ULSD ($/gal.)	NYMEX	1.4843	-0.0035	-0.24	1.7833	1.4766
RBOB gasoline ($/gal.)	NYMEX	1.5317	0.0045	0.29	1.9012	1.5142
Natural gas ($/mmBtu)	NYMEX	3.202	-0.013	-0.40	3.5410	2.8170
Brent crude ($/bbl.)	ICE-EU	51.19	-0.33	-0.64	60.09	50.29
Gas oil ($/ton)	ICE-EU	449.25	-0.50	-0.11	526.50	446.75

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on May 2

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Tue in US$	Tue per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0654	15.2952	**–3.6**
Brazil real	0.3159	3.1657	**–2.7**
Canada dollar	0.7279	1.3739	**2.2**
Chile peso	0.001497	667.80	**–0.3**
Colombia peso	0.0003393	2946.94	**–1.8**
Ecuador US dollar-f	1	1	**unch**
Mexico peso-a	0.0533	18.7768	**–9.4**
Peru sol	0.3078	3.2493	**–3.1**
Uruguay peso-e	0.0356	28.110	**–4.2**
Venezuela bolivar	0.099960	10.00	**0.1**
Asia-Pacific			
Australia dollar	0.7522	1.3294	**–4.3**
China yuan	0.1450	6.8969	**–0.7**
Hong Kong dollar	0.1285	7.7811	**0.3**
India rupee	0.0156	64.1699	**–5.6**
Indonesia rupiah	0.0000751	13312	**–1.6**
Japan yen	0.008921	112.09	**–4.2**
Kazakhstan tenge	0.003170	315.43	**–5.5**
Macau pataca	0.1245	8.0330	**1.5**
Malaysia ringgit-c	0.2314	4.3218	**–3.7**
New Zealand dollar	0.6922	1.4447	**0.04**
Pakistan rupee	0.0095	104.785	**0.4**
Philippines peso	0.0200	50.025	**0.8**
Singapore dollar	0.7168	1.3951	**–3.6**
South Korea won	0.0008851	1129.79	**–6.5**
Sri Lanka rupee	0.0065764	152.06	**2.4**
Taiwan dollar	0.03332	30.015	**–7.5**
Thailand baht	0.02899	34.490	**–3.7**
Europe			
Bulgaria lev	0.5578	1.7928	**–3.5**
Croatia kuna	0.1462	6.841	**–4.6**
Euro zone euro	1.0913	0.9164	**–3.6**
Czech Rep. koruna-b	0.0406	24.651	**–4.0**
Denmark krone	0.1467	6.8149	**–3.6**
Hungary forint	0.003495	286.14	**–2.8**
Iceland krona	0.009418	106.18	**–6.0**
Norway krone	0.1164	8.5945	**–0.6**
Poland zloty	0.2595	3.8533	**–8.0**
Russia ruble-d	0.01754	57.007	**–7.0**
Sweden krona	0.1133	8.8272	**–3.1**
Switzerland franc	1.0081	0.9920	**–2.6**
Turkey lira	0.2839	3.5226	**–0.03**
Ukraine hryvnia	0.0377	26.5450	**–2.0**
U.K. pound	1.2918	0.7741	**–4.4**
Middle East/Africa			
Bahrain dinar	2.6525	0.3770	**–0.05**
Egypt pound-a	0.0552	18.1043	**–0.2**
Israel shekel	0.2772	3.6080	**–6.2**
Kuwait dinar	3.2849	0.3044	**–0.4**
Oman sul rial	2.5974	0.3850	**0.01**
Qatar rial	0.2746	3.642	**0.04**
Saudi Arabia riyal	0.2666	3.7505	**–0.01**
South Africa rand	0.0752	13.3026	**–2.9**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.75	–0.04	–0.05	**–3.43**

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on May 2

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.3294	1.7170	1.3401	0.0119	0.1708	1.4505	0.9676	...
Canada	1.3739	1.7745	1.3847	0.0123	0.1766	1.4990	...	1.0334
Euro	0.9164	1.1838	0.9237	0.0082	0.1178	...	0.6670	0.6893
Hong Kong	7.7811	10.0523	7.8446	0.0694	...	8.4918	5.6637	5.8537
Japan	112.0920	144.8200	113.0200	...	14.4060	122.3600	81.6100	84.3400
Switzerland	0.9920	1.2814	...	0.0088	0.1275	1.0826	0.7222	0.7464
U.K.	0.7741	...	0.7804	0.0069	0.0995	0.8450	0.5635	0.5823
U.S.	...	1.2918	1.0081	0.0089	0.1285	1.0913	0.7279	0.7522

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**0.99278%**	0.43590%
Three month	**1.17372**	0.63290
Six month	**1.43239**	0.90715
One year	**1.78011**	1.23180
Euro Libor		
One month	**-0.40143%**	-0.34929%
Three month	**-0.36214**	-0.27386
Six month	**-0.26157**	-0.15514
One year	**-0.14329**	-0.02914
Euribor		
One month	**-0.37400%**	-0.34300%
Three month	**-0.32900**	-0.25100
Six month	**-0.24900**	-0.14200
One year	**-0.12100**	-0.01200
Yen Libor		
One month	**-0.02314%**	-0.05114%
Three month	**-0.00043**	-0.02257
Six month	**0.02429**	0.00621
One year	**0.13214**	0.10100
	Offer	Bid
Eurodollars		
One month	**1.1000%**	1.0000%
Three month	**1.2000**	1.1000
Six month	**1.3500**	1.2500
One year	**1.6000**	1.5000
	Latest	52 wks ago
Prime rates		
U.S.	**4.00%**	3.50%
Canada	**2.70**	2.70
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.00%
Britain	**0.25**	0.50
Switzerland	**0.50**	0.50
Australia	**1.50**	2.00
U.S. discount	**1.50**	1.00
Fed-funds target	**0.75-1.00**	0.25-0.50
Call money	**2.75**	2.25
Overnight repurchase rates		
U.S.	**0.98%**	0.42%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

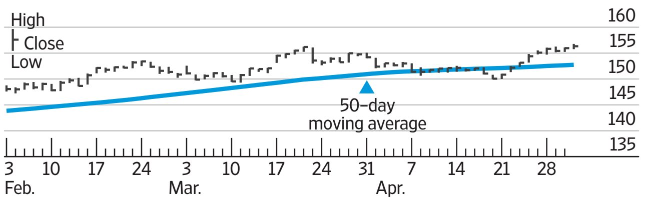
Top Stock Listings

12 p.m. New York time

Cur	Stock	Sym	Last	% Chg	YTD% Chg
Asia Titans					
HK$	AIAGroup	1299	54.75	1.67	25.14
¥	AstellasPharma	4503	1434.50	0.21	-11.64
AU$	AustNZBk	ANZ	32.25	-2.12	6.02
AU$	BHP	BHP	23.76	-0.50	-5.19
HK$	BankofChina	3988	3.75	-0.53	9.01
HK$	CKHutchison	0001	97.75	0.62	11.21
HK$	CNOOC	0883	8.97	-1.10	-7.53
AU$	CSL	CSL	132.94	0.11	32.40
¥	Canon	7751	3750.00	0.73	13.81
¥	CentralJapanRwy	9022	18635	0.38	-3.09
HK$	ChinaConstructnBk	0939	6.30	-0.32	5.53
HK$	ChinaLifeInsurance	2628	23.65	...	17.08
HK$	ChinaMobile	0941	82.85	-0.12	0.79
HK$	ChinaPetro&Chem	0386	6.24	-0.95	13.45
AU$	CmwlthBkAust	CBA	86.83	-0.72	5.36
¥	EastJapanRailway	9020	10090	-0.20	-0.10
¥	Fanuc	6954	22520	1.01	13.65
¥	Hitachi	6501	623.50	-0.02	-1.34
TW$	Hon Hai Precisn	2317	100.00	1.21	18.76
¥	HondaMotor	7267	3235.00	-0.31	-5.27
KRW	HyundaiMtr	005380	151000	4.86	3.42
HK$	Ind&Comml	1398	5.07	-0.20	9.03
¥	JapanTobacco	2914	3735.00	0.24	-2.84
¥	KDDI	9433	2956.50	-0.44	-0.10
¥	Mitsubishi	8058	2437.50	0.49	-2.11
¥	MitsubishiElectric	6503	1609.00	-0.19	-1.26
¥	MitsubishiUFJFin	8306	715.90	0.59	-0.60
¥	Mitsui	8031	1599.00	1.11	-0.50
¥	Mizuho Fin	8411	206.70	0.73	-1.48
¥	NTTDoCoMo	9437	2680.50	0.11	0.66
AU$	NatAustBnk	NAB	34.01	-0.23	10.89
¥	NipponTeleg	9432	4839.00	0.64	-1.49
¥	NissanMotor	7201	1076.50	1.13	-8.42
¥	Panasonic	6752	1339.00	0.11	12.57
HK$	PingAnInsofChina	2318	43.70	-0.23	12.63
$	RelianceIndsGDR	RIGD	42.45	-1.85	34.55
KRW	SamsungElectronics	005930	2245000	0.63	24.58
¥	Seven&I Hldgs	3382	4745.00	1.28	6.56
¥	SoftBankGroup	9984	8478.00	0.25	9.18
¥	Sony	6758	3853.00	-0.52	17.65
¥	Sumitomo Mitsui	8316	4153.00	0.73	-6.88
HK$	SunHngKaiPrp	0016	117.40	0.60	19.80
TW$	TaiwanSemiMfg	2330	196.50	1.03	8.26
¥	TakedaPharm	4502	5376.00	0.50	11.19
HK$	TencentHoldings	0700	248.40	2.05	30.94
¥	TokioMarineHldg	8766	4751.00	0.57	-0.94
¥	ToyotaMtr	7203	6143.00	1.67	-10.69
AU$	Wesfarmers	WES	43.31	-0.69	2.78
AU$	WestpacBanking	WBC	34.98	-0.91	7.30
AU$	Woolworths	WOW	27.35	1.18	13.49
Stoxx 50					
CHF	ABB	ABBN	24.41	0.21	13.64
€	ASMLHolding	ASML	123.45	1.73	15.75
€	AXA	CS	24.91	1.65	3.88
€	AirLiquide	AI	112.35	1.58	6.34
€	Allianz	ALV	176.10	0.74	12.17
€	AB InBev	ABI	102.70	1.28	2.14
£	AstraZeneca	AZN	4656.00	0.40	4.92
€	BASF	BAS	89.54	0.09	1.39
€	BNP Paribas	BNP	65.77	1.53	8.62
£	BT Group	BT.A	302.50	-0.74	-17.55
€	BancoBilVizAr	BBVA	7.44	1.24	17.16
€	BancoSantander	SAN	6.06	1.15	22.12
£	Barclays	BARC	209.85	-1.13	-6.09
€	Bayer	BAYN	110.95	-2.33	11.92
£	BP	BP.	449.60	1.60	-11.77
£	BritishAmTob	BATS	5266.00	0.98	13.95
€	Daimler	DAI	67.96	-0.64	-3.90
€	DeutscheTelekom	DTE	16.30	1.24	-0.34
£	Diageo	DGE	2251.50	0.22	6.71
€	ENI	ENI	14.30	0.21	-7.56
£	GlaxoSmithKline	GSK	1572.00	1.42	0.64
£	HSBC Hldgs	HSBA	639.90	0.53	-2.59
€	INGGroep	INGA	15.12	1.17	13.09
£	ImperialBrands	IMB	3763.00	-0.50	6.22
€	IntesaSanpaolo	ISP	2.68	0.15	10.39
€	LVMHMoetHennessy	MC	228.05	0.68	25.72
£	LloydsBankingGroup	LLOY	69.20	...	10.70
€	LOreal	OR	184.45	0.88	6.37
£	NationalGrid	NG.	1007.00	0.70	5.82
CHF	Nestle	NESN	77.20	0.72	5.68
CHF	Novartis	NOVN	77.00	0.59	3.91
DKK	NovoNordiskB	NOVO-B	264.70	1.19	3.93
£	Prudential	PRU	1737.50	1.25	6.76
£	ReckittBenckiser	RB.	7126.00	0.21	3.49
£	RioTinto	RIO	3046.00	-0.52	-3.56
CHF	RocheHldgctf	ROG	262.60	0.88	12.90
£	RoyDtchShell A	RDSA	2012.00	0.47	-10.28
€	SAP	SAP	92.80	0.79	12.06
€	Sanofi	SAN	87.58	1.12	13.89
€	SchneiderElectric	SU	72.30	-0.28	9.36
€	Siemens	SIE	132.70	0.84	13.61
CHF	Syngenta	SYNN	462.50	0.02	14.91
€	Telefonica	TEF	10.32	1.62	17.01
€	Total	FP	46.84	-0.69	-2.89
CHF	UBSGroup	UBSG	17.11	0.65	7.27
€	Unilever	UNA	48.60	0.96	24.26
£	Unilever	ULVR	4030.00	1.46	22.40
€	Vinci	DG	78.05	-0.06	20.63
£	VodafoneGroup	VOD	201.90	1.43	1.03
CHF	ZurichInsurance	ZURN	273.70	-0.62	-2.39
DJIA					
$	AmericanExpress	AXP	79.33	0.13	7.09
$	Apple	AAPL	147.72	0.78	27.54
$	Boeing	BA	183.69	0.71	17.99
$	Caterpillar	CAT	101.83	-0.17	9.80
$	Chevron	CVX	106.23	0.29	-9.75
$	CiscoSystems	CSCO	34.06	0.26	12.71
$	Coca-Cola	KO	43.20	-0.06	4.18
$	Disney	DIS	114.35	-0.33	9.72
$	DuPont	DD	79.79	0.38	8.71
$	ExxonMobil	XOM	82.34	0.34	-8.77
$	GeneralElec	GE	28.95	0.02	-8.40
$	GoldmanSachs	GS	224.31	-0.24	-6.32
$	HomeDepot	HD	154.69	0.31	15.37
$	Intel	INTC	36.88	1.58	1.70
$	IBM	IBM	158.91	0.05	-4.26
$	JPMorganChase	JPM	86.39	-0.77	0.12
$	J&J	JNJ	123.19	-0.12	6.93
$	McDonalds	MCD	141.03	-0.09	15.86
$	Merck	MRK	62.58	0.31	6.29
$	Microsoft	MSFT	69.50	0.14	11.85
$	Nike	NKE	54.88	-0.20	7.97
$	Pfizer	PFE	33.30	-1.42	2.52
$	Procter&Gamble	PG	86.50	-0.68	2.88
$	3M	MMM	196.08	0.65	9.81
$	Travelers	TRV	120.82	-0.30	-1.31
$	UnitedTech	UTX	119.31	0.33	8.84
$	UnitedHealth	UNH	173.85	-0.42	8.63
$	Visa	V	92.55	1.41	18.62
$	Verizon	VZ	45.91	0.05	-14.00
$	Wal-Mart	WMT	75.51	0.37	9.24

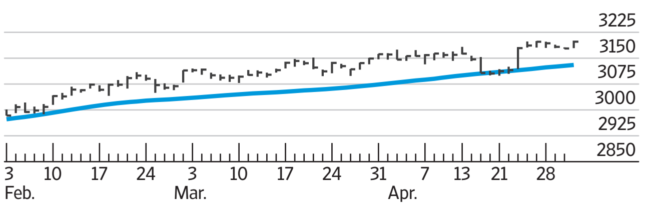
Asia Titans 50

Last: **156.33** ▲ 0.37, or 0.24% — YTD ▲ **10.9%**



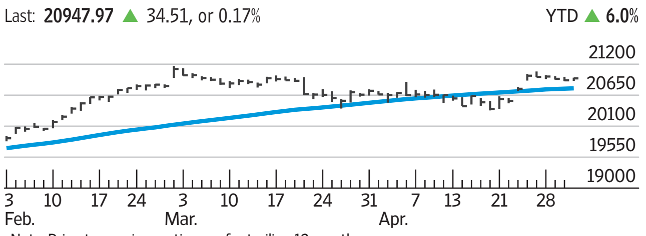
Stoxx 50

Last: **3197.87** ▲ 19.72, or 0.62% — YTD ▲ **6.2%**



Dow Jones Industrial Average

Last: **20947.97** ▲ 34.51, or 0.17% — P/E: 20 — YTD ▲ **6.0%**



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

Osaka Bets on 'Dream' Casino Projects

But Japan's turn to gambling faces opposition, heightened global competition

By Megumi Fujikawa

OSAKA, Japan—This commercial city has long been second to Tokyo. Now, with Japan weighing whether to approve casino projects that could cost some $10 billion to build, Osaka is wagering it can be No. 1 in gambling and entertainment.

The city's hopes center on Yumeshima, or "dream island," a man-made patch in Osaka Bay where it says about 170 acres lie waiting for a casino-centered resort.

"Osaka is geographically advantageous because it's only one hour away from popular tourism destinations like Nara and Kyoto," said Osaka Gov. Ichiro Matsui in an interview. "We also have a lot of unused land. We plan to make Yumeshima into Osaka's base for entertainment."


BUDDHIKA WEERASINGHE/GETTY IMAGES

Yumeshima Island, or 'dream island,' in Osaka Bay. Local leaders have announced plans to develop a casino-centered resort there.

Japan's turn to casinos, many years in the making, has become less of a sure bet in an era when gambling meccas have multiplied around the world. In the U.S., states once saw casinos as a path to riches, but with the market getting more crowded, some traditional casino states such as New Jersey have taken a big hit.

East Asia, while not nearly as crowded, already has two major gambling destinations—the Chinese territory of Macau and Singapore—putting pressure on new entrants like Japan to differentiate themselves.

The casino business raises heated opposition in Japan, stoked in part by concerns about gambling addiction. About 60% of Osaka's citizens don't want a casino, according to a recent survey by the Asahi newspaper and Asahi Broadcasting Corp.

Still, the government of Prime Minister Shinzo Abe is pushing ahead. Parliament last December passed a law opening a path to the legalization of casinos, and further legislation, expected by this year or early 2018, will give the final go sign if passed.

Global casino chiefs say they are ready to spend $10 billion or more to set up shop in Japan. Some operators, including Melco Crown Entertainment Ltd. and **MGM Resorts International**, have released conceptual drawings of the resorts they want to build on Osaka's "dream island."

Advocates of legalization avoid the term casino in favor of "integrated resort." While Japanese may envision a "smoky" place "from the 1950s with a lot of crime," in the words of Wynn Resorts Ltd. executive Ian Coughlan, he and others say the integrated resorts would also feature hotels, restaurants and shopping.

Analysts expect Japan to start with two to three casinos—perhaps modeled after Singapore, which has one casino-centered resort focusing on business conventions and a second one aimed at family vacations. Mr. Matsui says he thinks the first casino in Osaka can open by 2023.

Osaka is the only big city in Japan with real estate set aside for a casino. The island created by landfill eventually could hold multiple resorts, said Global Market Advisors, a Las Vegas-based gaming industry consultant, in a report.

It added that Osaka could generate more than $10 billion a year in gambling revenue someday, compared with $5 billion from Singapore's two casinos.

If so, visitors from South Korea, Taiwan, Southeast Asia and, above all, mainland China will be the ones to make it happen. Already, Osaka is teeming with Asian visitors. Nearby Kansai International Airport has become the nation's biggest hub for budget carriers, and about 90% of foreign visitors passing through it are from Asia.

Industry executives say any casino in Japan would likely have an international operator, with U.S. companies such as Wynn Resorts and Las Vegas Sands Corp. top contenders.

Osaka has been a trading hub for more than 1,000 years, and for much of that time outshone the region around what is now called Tokyo. Today, most major corporations are based in Tokyo, and Osaka is reorienting itself.

Development is speeding up in the center of the city as well. The north side of Osaka Station—the city's biggest transit center—is getting a multibillion-dollar makeover, and a nearly 1,000-foot skyscraper, Japan's tallest building excluding broadcast towers, opened in 2014.

The city already has one big entertainment attraction, the Universal Studios Japan theme park that opened in 2001. Now owned by Comcast Corp., it brought in 15 million visitors in the year ended in March, and it is just a 10-minute car ride from Yumeshima, the proposed casino island.

"As an [integrated resort] operator that focuses on entertainment, attractions, culture and arts, I think there's no better region for us than Osaka," said Melco Crown's chief executive, Lawrence Ho, in February.

No Land for Hotel? Convert Offices

By Kosaku Narioka

TOKYO—American real-estate developer Seth Sulkin thought the surge of tourism in Japan meant the time was right to build more hotels, but he was having trouble finding empty lots in the country's packed cities.

One answer: Buy office buildings and convert them. In November, in a 10-story building that once housed offices, a 205-room hotel under **Marriott International** Inc.'s boutique Moxy brand is set to open near the temple in Asakusa, a top Tokyo tourist destination.

"It's very difficult to buy land and buildings now," says Mr. Sulkin, chief executive of **Pacifica Capital** KK, which developed the more than $50 million project. He says the property will target younger travelers and charge about $150 a night to start.

A building that draws in T-shirted foreign visitors instead of suited salarymen offers a glimpse into Japan's changing economy.

While the country's domestic labor force is set to shrink as the population ages, tourists are flooding in, creating more demand for hotels but less for office buildings.

Visitor arrivals hit a record 24 million last year and rose 14% in the first quarter of this year, according to the Japan National Tourism Organization.

The government is targeting 40 million annually by 2020, when Tokyo plays host to the Summer Olympics.

"In many locations, hotels make more money than office buildings," says Mr. Sulkin, whose firm has similar conversion plans for an 11-story office building it bought in March near the Osaka bullet-train station.

Other investors that have converted offices to hotels or plan to include **Fortress Investment Group** LLC, Goldman Sachs Group Inc. and LaSalle Investment Management Inc.


KOSAKU NARIOKA/THE WALL STREET JOURNAL

In Tokyo, a 10-story building that previously housed offices is set to open in November as a hotel, following a trend in Japan.

Revenue per available room, an industry metric, climbed in Japan an aggregate 59% on a local currency basis in the five years through 2016, according to STR, an industry data and analytics firm. The 81% occupancy rate in Japan in the first quarter of this year was higher than the U.S.'s 61% and the U.K.'s 71% despite the average daily room rate of $132 in Japan being higher than U.S.'s $124 and the U.K.'s $104.

Hotel-sales transactions in Japan rose 8% to ¥364 billion ($3.3 billion) last year, the highest level since the global financial crisis, according to Jones Lang LaSalle Inc.'s Hotels & Hospitality Group.

Most of Japan's recently developed hotels offer either budget-style, business lodgings with tiny rooms on one end and large, full-service, luxury accommodations on the other.

Neither type is ideal for middle-class families from China, Taiwan, Hong Kong and South Korea, the sources of most of Japan's visitors.

"There is a huge mismatch between the existing stock and the demand from travelers," says Jon Tanaka, head of Japan real estate for Angelo Gordon & Co. Domestic travel by Japanese baby boomers is another source of growth, he says.

Empty lots are hard to come by in city centers. When land becomes available, competition drives up the price among developers of condos and offices. In a typical conversion project, developers keep the existing structures but renovate and reconfigure the interiors.

Honolulu-based **Trinity Investments** LLC, together with a Japanese partner, is raising about ¥30 billion to establish 20 to 30 hotels over the next few years, and plans to use conversion and renovation for most of them instead of new construction, says Chief Executive Sean Hehir. The partners are working with a Japanese hotel chain to use one of its brands.

"What's important for us is speed to market," says Mr. Hehir.

Conversion isn't always quick, though. Under certain contracts, tenants have strong rights to stay in their space against the wishes of building owners. Also, zoning rules may restrict hotel construction, including if the site is near a school.

Japan Pension Fund Gets Real-Estate Bug

By Peter Grant

Japan's government pension fund, the world's largest with $1.25 trillion in assets, is making its biggest push ever to expand its real-estate portfolio.

The Government Pension Investment Fund in April asked asset managers around the world to submit proposals to run portions of the fund's real-estate investment portfolio. The request was part of a broader move by the fund to expand into so-called alternative assets.

Now, the fund's real-estate holdings are limited to the stock it has purchased in real-estate investment trusts. It is able to invest as much as 5% of its total portfolio in alternative investments, a fund spokeswoman said.

The goal, she said, is to diversify.

Japan is ramping up its real-estate exposure as other investors are ramping down.

The impact from the Japanese fund's planned expansion into real estate won't be felt quickly, in part because Japanese law prohibits it from buying property directly, the spokeswoman said.

Initially, the Government Pension Investment Fund will concentrate on investing through so-called fund of funds, vehicles that take positions in numerous portfolios.

Later, the Japanese fund plans to invest in single funds "when the regulatory environment becomes more conducive to that," she said.

The Japan pension fund isn't the only big player about to step onto the global stage. Many expect Saudi Arabia to get more active as it tries to become less reliant on oil.

The decision by the Japanese fund to start out with a fund-of-funds strategy is unusual. Most new government-backed entrants launch into real estate by buying property directly either by themselves or through special accounts set up by private-equity firms.

Still, many major real-estate investment managers are likely to be interested in working with the Japanese fund.

"A group like this will be on everybody's list to approach to see what they're focused on," said Michael Stark, co-head of the Park Hill Real Estate Group, a placement service for private-equity funds.

JAPAN

Continued from page B1

10-year government bond in Japan, compared with a 1.1 percentage point gap in New York and 2.3 percentage points in London, according to brokerage **Jones Lang LaSalle** Inc. That is because government debt yields more in the U.S. and the U.K.

Major developer **Mori Building** Co. is undertaking one big project after another in the heart of Tokyo, increasing its borrowing 10% from three years ago to ¥968 billion at the end of September 2016.

Mori Building executive Yui Kosaka said the company has been extending the length of its borrowing on the assumption that rates can't fall much further. Interest costs are down even though borrowing is up. "We see this as our chance," Mr. Kosaka said.

Of course, a sharp economic downturn could still cause pain. This is especially true for investors who are buying land or fixer-upper properties expecting to boost cash flow.

Already there are signs the expansion may have run its course. Office rents are leveling off even though occupancy rates are high, because tenants figure they have more bargaining power with so many new buildings going up in the next few years. Cushman & Wakefield projects that the rents sought by office landlords will drop about 8% by end-2020.

Office rents are leveling off even though occupancy rates are high.

Some bankers say their tolerance for ever-narrower loan spreads is reaching a limit after years in which they were eager to give favorable terms for real-estate projects.

Michiya Fujii, head of real-estate finance at **Tokyo Star Bank** Ltd., said he believed property values were getting artificially stretched by the availability of cheap loans. The bank trimmed loans in the year ended in March, focusing on longstanding clients.

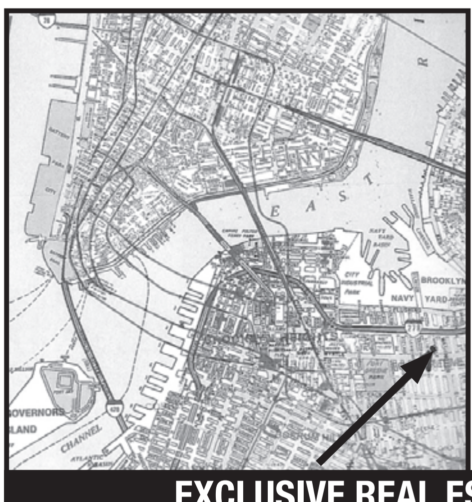
"We don't need to push ourselves anymore," said Mr. Fujii.

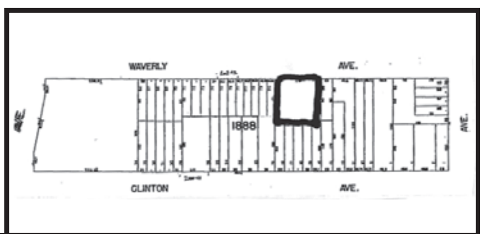
Eiji Sakaguchi, chief executive of brokerage CBRE's Japan unit, said property prices likely hit a peak in the latter part of 2016. But he said he didn't anticipate a sharp downturn because lending practices today are far more conservative than they were in the late 1980s, when bankers would lend more than the property's value.

Even with a glut of new offices, rents would drop about 10%, he said. "That's not a crash."

ADVERTISEMENT

Business Real Estate & Services





EXCLUSIVE REAL ESTATE OPPORTUNITY

In booming Downtown Brooklyn – Clinton Hill Section. No Broker's Fees. Deal Direct with Owner. **This is a rare 100x100 Developable Commercial Property that is available for acquisition.** With a R6B zoning and a F.A.R. of 2.0 this property allows for 20,000 buildable developable square feet. This property is rare and unique in size with a location that is second to none for this area. Note the proximity for this property on the map in the upper left. Just 1 ½ blocks from the Brooklyn Navy Yard. Conveniently situated near all three East River Crossings to New York City. Within 2 miles to some of Brooklyn's best Cultural, Artistic, Botanical, and Public Park offerings. Public transportation, extensive local shopping, and houses of worship for all denominations are all less than a few blocks away. See the photograph on the upper right showing the front of the subject property. This land is the only one of its size in the immediate area as shown on the tax map on the lower right. **This property will allow the successful bidder to be able to develop and then ultimately re-value the land ensuring its investment. Opening Bid - $15M.**

Contact Owner Directly @ 516-233-4830 with bid offers or for additional details and information

For personal non-commercial use only. Do not edit or alter. Reproductions not permitted.
To reprint or license content, please contact our reprints and licensing department at +1 800-843-0008 or www.djreprints.com

MARKETS

Energy Shares Remain Stuck

Slumping crude prices sink stocks even as many producers are posting profits again

By Akane Otani

Energy shares have been the U.S. stock market's worst-performing sector this year, weighed down by slumping crude prices even as many oil-and-gas companies return to profitability.

Shares of energy companies were down 10% in 2017 through Monday, making the sector one of only two S&P 500 groups posting losses this year, along with the telecommunications sector. The broader index had risen 6.7% through Monday.

Oil-and-gas companies' laggard performance marks a reversal from last year, when these companies gained more than any group in the S&P index. A doubling in oil prices from their February lows helped propel the sector 24% higher in 2016, while supply cuts from OPEC members and other major oil-producing nations set a bullish tone going into 2017.

But oil prices had slipped 9.1% this year through Monday as shale producers have ramped up production, raising angst again about an oversupplied market. U.S. crude was down a further 0.8% at $48.43 a barrel midday Tuesday in New York. Investor concerns that energy stocks look overvalued after last year's big run is also hurting shares, analysts said.

Sluggish oil prices can affect a broad range of companies beyond the major oil producers. Long slumps can hurt profits for those dependent on spending by the oil industry, such as steel, equipment and machinery companies, said Mike Wilson, chief U.S. equity strategist at Morgan Stanley.

Many investors have been counting on strong corporate earnings for the first quarter to reverse the recent share price skid. **Exxon Mobil** Corp. and **Chevron** Corp., the U.S.'s biggest oil companies, reported their highest quarterly profits in more than a year last week, driven by the recovery in oil prices from their 2016 lows, revenue from new projects, and cost-cutting measures.

But strong initial results that have mostly beaten analyst expectations have done little to lift energy stocks.

"The uncertainty of the outlook for oil has really put pressure on energy stocks," said Karyn Cavanaugh, senior market strategist at Voya Investment Management.

Another 15 S&P 500 energy companies are scheduled to report results this week, according to FactSet, in addition to global giants **Royal Dutch Shell** PLC and BP PLC.

BP on Tuesday reported a swing to profit of $2.7 billion in the first quarter, after posting a loss a year earlier. It was helped by the oil-price recovery from a year earlier and higher production volumes.

Oil prices rallied late last year after the Organization of the Petroleum Exporting Countries reached a November deal to cut production, with U.S. crude jumping 8.7% between the agreement and year-end.

But this year U.S. refiners have ramped up output and are processing more crude oil than ever before. That has led to big increases in gasoline stockpiles.

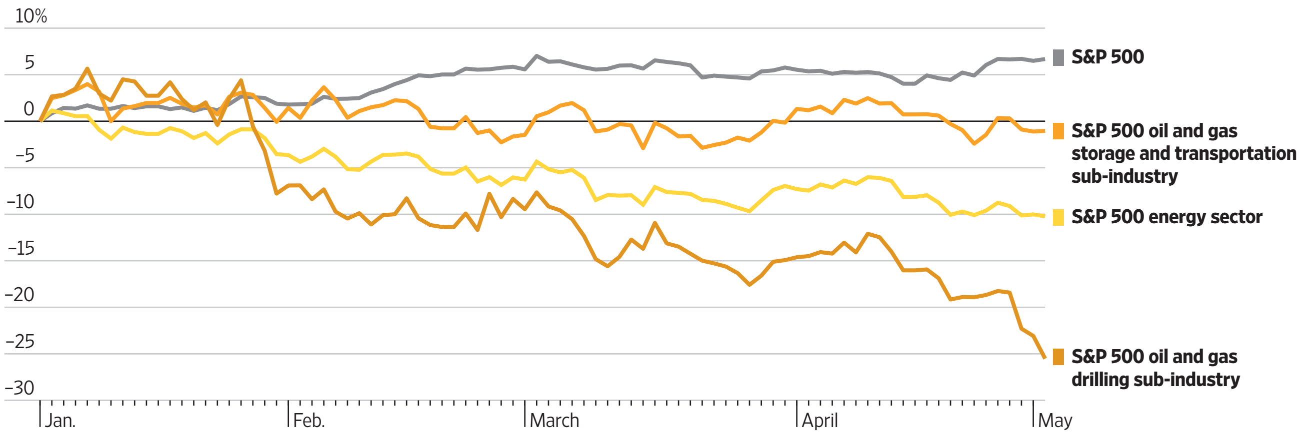
The number of rigs drilling for oil in the U.S. remains double the low it fell to less than a year ago, according to data from industry group Baker Hughes.

High valuations for oil-and-gas companies also have weighed on sentiment. Energy stocks in the S&P 500 trade at 28 times the profits analysts expect companies to earn over the next 12 months, according to FactSet. The broader S&P 500 trades at 18 times earnings estimates, according to FactSet.

Underperformers

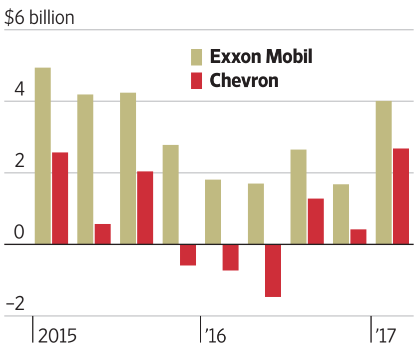
The performance of oil and gas stocks trails all other S&P sectors this year. Despite a recent turnaround in profits from major oil producers, volatile crude prices and fears of too much supply have punished energy shares.

Year-to-date performance



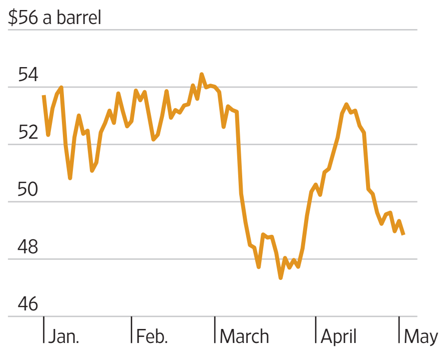
Earnings for big companies like Exxon Mobil and Chevron are improving...

Profit/loss, quarterly



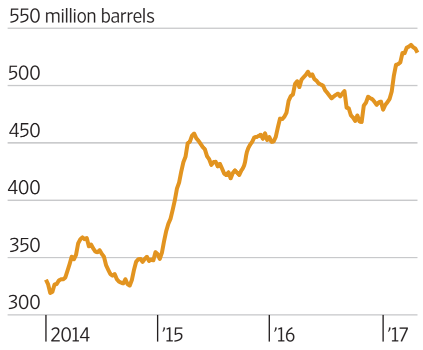
...But U.S. crude prices have been falling much of this year...

Nymex crude-oil prices



...And oil stockpiles have been rising as producers ramp up.

U.S. crude-oil stocks, weekly



Note: As of Monday
Sources: FactSet (performance); the companies (earnings); WSJ Market Data Group (prices); U.S. Energy Information Administration (stockpiles)

THE WALL STREET JOURNAL.

Stocks Are Mostly Up, Helped by Earnings

By Riva Gold and Akane Otani

U.S. stock indexes edged higher Tuesday as investors assessed a mixed batch of corporate earnings.

The Dow Jones Industrial Average added 37.91 points, or 0.2%, to 20951.37 at early afternoon. The S&P 500 and Nasdaq Composite both rose 0.1%.

TUESDAY'S MARKETS

With more than two-thirds of S&P 500 companies having reported results, companies are on track to post their best results since the third quarter of 2011, according to FactSet.

"We're beginning to see the fruits of some better growth showing up in the bottom line," said Larry Hathaway, chief economist at GAM.

In Asia and Europe, stock markets mostly rose as they reopened after a holiday.

Korea's Kospi added 0.6% to its highest close since 2011. The Shanghai Composite fell 0.3% after data showed Chinese factory activity expanded at a slower pace in April, while Japan's Nikkei Stock Average rose 0.7% as a stronger dollar supported exporters.

The Stoxx Europe 600 advanced 0.7%, with **BP** among the best performers, up 1.6%, after the oil company said first-quarter profit jumped.

In the U.S., **Mastercard** shares were up 2% early afternoon after the company posted higher-than-expected revenue and growth in earnings as transactions rose.

But major auto makers sank after reporting car sales fell more than analysts expected in April. **General Motors** shares were off 2.9% and **Ford Motor** dropped 3.9%.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

AMD's Sales Chip Away At the Hype

Advanced Micro Devices probably will be fine. Its stock may not be for a while.

The chip maker said late Monday that it managed to boost revenue by 18% year over year in the seasonally weak first quarter. That was helped by a new chip called Ryzen designed for high-performance personal computers. Ryzen sales began late in the quarter, yet the chip still managed to help boost sales in AMD's computing and graphics division to $593 million—up 29% year over year and the best performance on record for the division.

That is a good start. The problem is that AMD's stock was priced for well beyond good, having gone from a little over $3 a year ago to Monday's closing price of $13.62. With the shares near a 10-year high and short interest having shot up from 9% to 13% since the first of the year, the chip maker faces the problem of failing to clear a high bar. Shares were down 18% Tuesday morning.

It is too early to judge the company's recovery. Ryzen doesn't have a full quarter of sales under its belt. And new AMD chips for the graphics processing and server markets have yet to launch. The latter, a server chip code-named Naples, will be challenging **Intel** in its key market, so it certainly won't go unnoticed.

AMD projected a 12% year-over-year revenue gain for the second quarter, slightly better than the 9% gain analysts expect. But AMD also said full-year revenue will likely grow in the low double-digit-percentage range, in line with Wall Street's targets. That is a sign AMD is being cautious. Investors should be, too.

—Dan Gallagher

Europe Investment Banks Struggle

When it comes to investment banking, the first quarter of 2017 isn't turning out as advertised.

Given the dire start to 2016 and the tidal wave of positive sentiment after Donald Trump's presidential victory, the signs were that a great rebound was coming. But with the big five U.S. banks and four of Europe's largest having reported, the revenue recovery doesn't look as strong as investors might have hoped.

All together, total revenues in dollar terms for these big banks is only about 13% higher than the first quarter last year. That includes fixed-income and equities trading, along with fees for capital and fundraising, some lending and advising on deals.

To give that some context, look at just how bad the start of 2016 was: Total revenues from the world's 12 largest investment banks in last year's first quarter were 25% down on the same period in 2015, according to the research group Coalition.

The recovery has been unevenly spread: Morgan Stanley and Bank of America Merrill Lynch saw the strongest total revenue growth across these businesses year over year in the U.S. and indeed globally.

In Europe, Credit Suisse has done best so far in dollar terms followed by its cross-town rival UBS, but their pace of growth lagged far behind all U.S. rivals except Goldman Sachs. Meanwhile, Deutsche Bank and Barclays went backwards, with the latter performing worst.

BNP Paribas, HSBC and Société Générale are due to report this week and could improve the European picture overall, but as things stand it looks as if Europeans are continuing to lose ground to their larger American rivals.

Despite hopes that normalization of central-bank monetary policies might spur more variety in market performance and so more active trading and fund management, volatility so far remains low in many assets. There are few signs yet that investment banking will get to see the kind of revenues it saw in the past this year—or perhaps ever.

There is no sense in trying to be number one for its own sake. Banks should focus on making decent profits, as the head of one European bank put it last week. Right now, however, most European banks appear to be losing share or struggling to make any money—or both. That isn't a good advertisement for anything.

—Paul J. Davies

Can't Win 'Em All

First-quarter investment-banking and markets revenue, change from a year earlier

Morgan Stanley	31%
Bank of America	27%
Citigroup	19%
J.P. Morgan	17%
Credit Suisse	10%
UBS	7%
Goldman Sachs	3%
Deutsche Bank	–1%
Barclays	–6%

Note: Including securities trading, investment-banking fees and some lending; in dollar terms, exchange rates at March 31 each year.
Source: the companies

THE WALL STREET JOURNAL.

ASSOCIATED PRESS

Credit Suisse CEO Tidjane Thiam

OVERHEARD

Good news for those who enjoy, or had been waiting to enjoy, a pint of Guinness.

The Irish brewer, owned by **Diageo**, says its draft beer is finally suitable for vegans.

While the beefy brew had no actual meat in it before this, the filtration process used isinglass made with fish guts.

That put it off limits for strict vegans.

Now, the famous brewer says drafts from kegs brewed at its historic St. James's Gate brewery in Dublin are fish-guts free.

Bottles and cans—if that is how you must consume Guinness—will be safe at the end of this year.

Vegans concerned about animal products in their favorite plonk need not fret.

Vegan beer and liquor guide Barnivore says it has checked 31,667 brands of alcohol, and all top United States brands of beer are fish-gut free.

Macron, Renault and the Future of Capitalism in France

French presidential favorite Emmanuel Macron has pitched himself as a political outsider intent on modernizing the economy. But his record of intervention at the country's biggest car maker should be a gut check on exactly how far he would go to reform the French state's role in private enterprise.

For much of 2015, Renault was engaged in a public battle with Mr. Macron, then economy minister to socialist President François Hollande. The tensions centered on the government's shareholding, which Mr. Macron raised to almost 20%, from the 15% level agreed in a 2002 alliance with Nissan, Renault's Japanese peer and other major shareholder.

The move came amid union and media worries that Renault was being "Nissanized." Also at play: Mr. Macron bought the extra stock to stop Renault from getting around a law he supported giving longer-term shareholders in France double voting rights. Renault boss Carlos Ghosn thought the law would destabilize the Nissan alliance, particularly since Nissan renounced its voting rights as part of the 2002 cross-shareholding deal.

The two men announced a truce in December 2015, but tensions have resurfaced. In a submission to a January report by the Court of Auditors, which supervises French state activities, Renault said public interventions "weakened the company more than they strengthened it." Mr. Ghosn told analysts in February that "as long as the French state remains a shareholder" Renault cannot move closer toward a formal merger with Nissan, despite ever-tighter operational links and calls for industry consolidation.

Mr. Macron was acting under Mr. Hollande's authority in 2015. He might behave differently as boss of his own centrist party, En Marche, which he set up after quitting the cabinet last year. The party's manifesto includes a commitment to sell down minority state shareholdings to fund a €10 billion ($10.9 billion) investment fund focused on "the industry of the future."

But it seems unlikely Mr. Macron will undo his Renault share purchases. He raised the government's stake at what turned out to be a peak. Reducing it now would expose him to accusations of mismanaging public money.

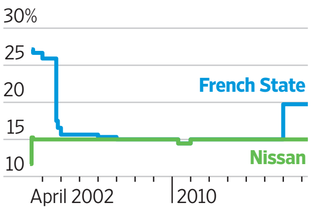
Mr. Ghosn's public complaints about matters of strategy at Renault are probably counterproductive. If the state sold out, a more fundamental integration of Renault and Nissan "wouldn't take too much time," he said in February. It is precisely the prospect of a French industrial champion being subsumed into a larger Asian entity that worries French politicians.

The long shadow of populist Marine Le Pen will ensure Mr. Macron can't wave aside such concerns, even if he wins Sunday's election. Renault seems likely to remain a "strategic" French asset—with a state shareholding and stock-exchange discount to match—for the foreseeable future.

—Stephen Wilmot

Balance of Power

Stakes of key Renault shareholders



Source: FactSet

THE WALL STREET JOURNAL.