

THE WALL STREET JOURNAL.

DOW JONES | News Corp * * *

TUESDAY, FEBRUARY 6, 2024 ~ VOL. CCLXXXIII NO. 30

WSJ.com

★★★★ \$5.00

DJIA 38380.12 ▼ 274.30 0.71% NASDAQ 15597.68 ▼ 0.2% STOXX 600 483.69 ▼ 0.1% 10-YR. TREAS. ▼ 1 3/32, yield 4.163% OIL \$72.78 ▲ \$0.50 GOLD \$2,025.70 ▼ \$10.40 EURO \$1.0744 YEN 148.68

What's News

Business & Finance

◆ **The S&P 500 backed off** its record, falling 0.3%, and bond yields jumped after investors' hopes for a Fed rate cut next month were all but dashed. The Dow and Nasdaq declined 0.7% and 0.2%, respectively, while the yield on the 10-year Treasury note rose to 4.163%. **A1**

◆ **With Novo Nordisk's** Wegovy weight-loss drug in short supply, the company's owner agreed to buy contract manufacturer Catalent for \$16.5 billion, including debt, to boost output. **A1**

◆ **Falling mortgage rates** boosted home shopping in January, luring the first opportunistic buyers back to the market after last year's collapse in house sales. **A2**

◆ **McDonald's and Starbucks** said the Israel-Hamas war has disrupted sales at Middle Eastern locations, and they pushed back against accusations that they have favored one side or the other in the conflict. **B1**

◆ **Brookfield said it** raised \$10 billion for its latest energy-transition fund, giving it firepower for climate projects that only the biggest players can match. **B1**

◆ **Merck struck a deal** to buy Elanco's aqua business in a roughly \$1.3 billion cash deal that expands the drugmaker's animal-health business. **B2**

◆ **CNN overhauled its** morning lineup, the latest in a series of programming changes that come as the network seeks to counter a ratings slump. **B3**

◆ **Yandex, the tech** company often referred to as Russia's Google, is leaving the country by agreeing to sell its domestic assets to a local investor group for \$5.2 billion. **B4**

World-Wide

◆ **A strike near a U.S.** base in Syria killed six members of a U.S.-allied militia, the group said, despite the U.S. pounding Iran-allied militia sites with airstrikes over the weekend, underscoring the challenge Washington faces in its goal of keeping the conflict in the Middle East contained. **A7**

◆ **Three senators who** spent four intense months shaping a bipartisan deal designed to sharply cut down on illegal border crossings could see the agreement fall apart within days under withering opposition from Senate Republicans ahead of a vote on the bill Wednesday. **A4**

◆ **Republican presidential** candidate Nikki Haley applied for Secret Service protection because of increasing threats she has received as Trump's last major opponent for the 2024 GOP nomination. **A6**

◆ **Torrential rains** hammered Southern California, flooding freeways, triggering mudslides that engulfed hillside homes and forcing authorities to rescue people trapped in raging waters. **A3**

◆ **Dartmouth College** will require SAT or ACT scores beginning with next year's class of applicants, the first Ivy League school to reverse course on pandemic-era test-optional policies. **A3**

◆ **Zelensky is considering** a Ukrainian leadership shuffle aimed at reinvigorating efforts to combat Russia's invasion, potential changes that could test his ability to retain support at home and in the West. **A16**

◆ **China issued** a suspended death sentence to a China-born Australian citizen after convicting him of espionage. **A16**

Markets Digest.....	B7
Arts in Review.....	A11
Opinion.....	A13-15
Banking & Finance B10	Personal Journal A9-10
Business News.....	B3
Sports.....	A12
Crossword.....	A11
Technology.....	B4
Heard on Street.....	B12
U.S. News.....	A2-4,6
Markets.....	B11
World News.....	A7,16



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Flood Victims Rescued as Rains Lash California



ETHAN SWIRE/ASSOCIATED PRESS

RISING LEVELS: Firefighters rescue a woman Monday from a homeless encampment that became surrounded by floodwater in San Bernardino. The deluge, up to 11 inches in some places, shattered rainfall records across Southern California. **A3**

Maker of Weight-Loss Drug Sets Deal to Boost Production

By PETER LOFTUS

Novo Nordisk's owner wants to solve the Danish company's weight-loss-drug production woes by buying up one of the world's biggest contract manufacturing firms.

Novo Holdings, which owns a controlling stake in Wegovy maker Novo Nordisk, agreed to buy Somerset, N.J.-based Catalent for \$16.5 billion, including debt. In turn, Novo Holdings will flip three of the most critical Catalent plants to Novo Nordisk for \$11 billion, which will help the drug-

maker boost production of its hot-selling diabetes and obesity medications.

Demand has been off the charts for Novo Nordisk's anti-obesity drug Wegovy and its cousin diabetes drug Ozempic, along with similar drugs from competitor Eli Lilly. The companies haven't been able to keep up despite continuing efforts to boost output.

The deal for Catalent, which provides outsourced manufacturing for many top drug companies, suggests the unusual lengths that Novo is willing to take to shore up its

production and fill spiraling prescriptions that are expected to generate tens of billions of dollars in yearly sales. It is also a fresh sign of just how much the weight-loss-drug market is booming.

"Supply is so critical here," Kasim Kutay, chief executive of Novo Holdings, said. "There are benefits to owning something so critical to your growth and profitability and to have full determination on how you want to scale."

Not every day does a pharmaceutical company seek to solve its manufacturing

shortfalls with an outright purchase of a contract manufacturer. In fact, many pharmaceutical companies have turned to contract manufacturers in recent years, rather than build more of their own plants, to help control their costs and improve margins.

Yet the runaway success of Ozempic and Wegovy—as well as their Lilly competitors—have put a premium on their manufacture.

It also boosted the two stocks, turning Novo Nordisk into Europe's most valuable

Please turn to page A4

Iranian Militia Master Is Walking A Fine Line

By SUNE ENGEL RASMUSSEN

Four years ago, the U.S. launched a drone strike to kill the man who headed up Iran's covert paramilitary operations.

Qassem Soleimani had an almost cultlike following as the Middle East's perhaps most recognizable military commander, and had placed his Quds Force atop a web of regional militias that over two decades had extended Iran military influence across the Arab world.

The man who succeeded him is very different, an unassuming backroom dealer who now faces a difficult new task—using this patchwork of armed groups to expand Iran's footprint without provoking a devastating reprisal from the U.S.

Since taking over the Quds Force, Brig. Gen. Esmail Qaani has quietly worked to consolidate the various militias working under Iran's direction from Baghdad to the Red Sea, where they have created what the U.S. government calls the most volatile situation in the Middle East in decades.

From the Houthi rebel movement in Yemen to Shia paramilitaries in Syria and Iraq, Qaani's militia clients have the potential to inflame a cascading series of conflicts triggered by Hamas's Oct. 7 attack, and draw the U.S. further into the morass by targeting American bases, such as the drone strike that killed three U.S. soldiers in Jordan

Please turn to page A7

◆ **Iran-tied groups target** more U.S. bases..... **A7**

◆ **Israel wants U.N. aid agency** scrapped, but not yet..... **A7**

King Is Treated for Cancer



HOLIE ADAMS/REUTERS

Buckingham Palace said King Charles III, 75, who acceded to the throne in 2022, has been diagnosed with cancer and will postpone public engagements while he receives treatment. A16

America's Frothy Milk Wars Pit Team Cow Against Team Oat

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Dairy producers want to scrub 'milk' from the labels of plant-based alternatives

By KRISTINA PETERSON

What's next in your coffee? Salmon milk? Hot dog milk? The dairy industry is just asking.

A flood of plant-based milk alternatives—almond, oat, coconut, rice, flax, hemp and soy—has set off an aggressive defense by dairy milk producers, including spoofs to steer consumers away from crops and back to cows. "Wood Milk" is one.

"I saw a tree, and I asked myself, 'Can I drink this?'" says actress Aubrey Plaza in

the mockumentary-style video. "As it turns out, the answer is yes," she says before taking a stomach-turning sip. The video, which collected 5.7 million views, is among several from the Milk Processor Education Program, an industry-funded group known as MilkPep.

Queen Latifah stars in a pro-dairy video offering support for victims of "milk shaming."

Please turn to page A2

How the Funeral Industry and FTC Hide Bad Actors

Names of mortuaries with fair-practices violations are hidden from public

By DOMINIQUE MOSBERGEN

Unethical funeral homes have exploited grieving customers for decades. What consumers don't know is that many of the industry's bad actors have been hidden from the public thanks to a sweetheart deal struck between the Federal Trade Commission and the funeral industry more than 25 years ago.

In that deal, unlike any known to exist between the FTC and any other industry, the names of funeral homes that violate rules requiring price transparency and fair practices aren't made public to

consumers, as long as they complete a virtual remedial program run by the funeral industry's own lobbying group.

The Wall Street Journal found that more than 500 funeral homes participated in the program from 1996 to 2018 for failing to comply with rules against customer exploitation, according to federal documents obtained through Freedom of Information Act requests. Data from 2018 were the most recent provided. More than 90% of all funeral homes cited for violations participated in the program, the FTC said. The full list, pub-

Please turn to page A8

INSIDE



NICK WASS/ASSOCIATED PRESS

JASON GAY
Caitlin Clark, college basketball's biggest star, enters the Steph Curry zone. **A12**



BING GUAN/BLOOMBERG NEWS

BUSINESS & FINANCE
Gap names designer Zac Posen as creative director in bid to forge new identity. **B1**