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## What's News

### Business & Finance

The number of energy loans in danger of default is on course to extend above 50% this year at several major banks, as oil prices pressure producers. **A1**

◆ **U.S. natural-gas output** hit its highest level ever over the winter even amid low prices, leaving the industry facing a supply glut. **C1**  
◆ **Exxon is in advanced talks** to acquire a stake in a large Mozambique natural-gas project from Eni. **B3**

◆ **The launch** of Starboard Value's bid to remove Yahoo's board kicks off a scramble for the support of other shareholders. **B1**

◆ **The Dallas Fed's chief** is part of a widening consensus taking root inside the nation's central bank on rates. **C1**

◆ **New orders** for durable goods declined in February as weak growth weighed on business spending. **A2**

◆ **A judge gave VW** another month to come up with a fix for its diesel cars that violate U.S. emissions rules. **B3**

◆ **Square hopes** to speed its path to profits by offering loans through a partner bank as an add-on service to its core payments business. **C1**

◆ **The Dow edged up** 13.14 points to 17515.73, but U.S. stocks snapped five consecutive weeks of gains. **C4**

◆ **Playboy is exploring** a sale. The publisher could fetch over \$500 million. **B1**

### World-Wide

◆ **Belgian police** rounded up six more people they said were connected to this week's terror attacks, as the government acknowledged high-level counterterrorism failings. **A1, A6, A7**

◆ **The Justice Department** unsealed charges against seven alleged Iranian hackers, saying they attacked the U.S. financial system and servers for a New York dam. **A3**  
◆ **The U.S. imposed** new sanctions against Iranian defense firms and the Revolutionary Guard over ballistic-missile launches. **A7**

◆ **A U.N. court sentenced** former Bosnian Serb leader Karadzic to prison for genocide and other crimes. **A12**

◆ **The personal feud** between Republican presidential candidates Cruz and Trump intensified. **A4**

◆ **Iraq's army launched** an offensive to retake the northern province of Nineveh from Islamic State. **A7**

◆ **The U.S. and Russia** praised the progress of the Syria cease-fire and promised to build on the success. **A7**

◆ **Obama pledged** support for victims of Argentina's military dictatorship by declassifying documents related to that era. **A12**

◆ **Died: Johan Cruyff**, 68, Dutch soccer great. **D8**  
...**Garry Shandling**, 66, comedian and actor.

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## Pope Francis Washes Refugees' Feet in Holy Week Rite



**GESTURE OF BROTHERHOOD:** Muslim, Christian and Hindu refugees had their feet washed by the pope at a shelter near Rome on Thursday. **A12**

## Bad Loans Hit the Oil Patch

Bad loans in the U.S. oil patch are on pace to soon outnumber good ones, an indication of the pressure on energy

By *Bradley Olson,  
Emily Glazer  
and Matt Jarzemsky*

companies and their lenders from the crash in prices.

The number of energy loans labeled as "classified," or in danger of default, is on course

to extend above 50% this year at several major banks, including Wells Fargo & Co. and Comerica Inc., according to bankers and others in the industry.

In response, several major banks are reducing their exposure to the energy sector by attempting to sell off souring loans, declining to renew them or clamping down on the ability of oil and gas companies to tap credit lines for

cash, according to more than a dozen bankers, lawyers and others familiar with the plans.

The pullback is curtailing the flow of money to companies struggling to survive a prolonged stretch of low prices, likely quickening the path to bankruptcy for some firms. About 175 companies are at high risk of not being able to meet financial stipulations in their loan agreements, according to Deloitte LLP.

Since the start of last year, 51 North American oil-and-gas producers have filed for bankruptcy, cases totaling \$17.4 billion in cumulative debt, according to law firm Haynes and Boone LLP. That trails the number from September 2008 to December 2009 during the global financial crisis, when

◆ **Natural-gas industry faces** glut, painful spring..... **C1**

## DESPITE FEDERAL HEALTH LAW, ILLEGAL IMMIGRANTS GET CARE

U.S. policy restricts coverage, but many counties choose to treat patients without legal status

By *LOUISE RADNOFSKY*

WHEATON, Md.—When federal lawmakers wrote the act overhauling the nation's health-care system six years ago, they ruled out any possibility of extending health insurance to illegal immigrants.

Local officials where many of those immigrants live are treating them anyway.

A Wall Street Journal survey of the 25 U.S. counties with the largest unauthorized immigrant populations found that

20 of them have programs that pay for the low-income uninsured to have doctor visits, shots, prescription drugs, lab tests and surgeries at local providers. The services usually are inexpensive or free to participants, who must prove they live in the county but are told their immigration status doesn't matter.

Whether such programs are appropriate is a matter of debate. Many voters believe it is unfair to use tax dollars to help immigrants when American citizens struggle, and that doing so encourages illegal immigration. At the same time,

American hospitals have long been required by law to screen and stabilize any patient, regardless of his or her ability to pay, which means taxpayers already are committed to paying for care in its most expensive setting.

County politicians figure it is cheaper, safer and easier to give basic health services to immigrants who can't get insurance than to treat them only in the county's emergency rooms.

"If federal programs exclude people who live here and get sick here, then

Please see **HEALTH** page **A8**

## A Twist on Watchlists: Financial Criminals

By *JEAN EAGLESHAM*

States have taken the idea of the sex-offender registry and applied it to everything from kidnapping to animal abuse. Utah is expanding it into new territory: financial crime.

An early version of the White Collar Crime Offender Registry, which has been online since February, includes more than 100 people convicted of tax, credit-card or insurance fraud; thefts from employers or friends; and bilking investors.

They include 41-year-old Kenneth Ray Wagner. "Eye Color: Blue. Hair Color: Blonde...Targets: Insurance company." The registry dis-

Please see **UTAH** page **A2**

## Schools Doing 'Starlight Express' Are Often Skating on the Edge

Few teens know how to roll these days, making the 1980s musical tough to pull off

By *ADAM THOMPSON*

BURLINGTON, Vt.—Any student drama department can pull off another production of "The Sound of Music" or "Guys and Dolls."

Only the truly brave dare mount "Starlight Express." The sets are elaborate, the costumes complicated. And then there's the fact that Andrew Lloyd Webber's extravaganza requires most actors to perform on roller skates, objects as foreign to today's teens as pay phones.

"Starlight Express," which made its debut on London's West End to chilly reviews but big crowds in 1984, tells the story of a train race as imag-

ined by a little boy. The lead characters are competing trains. Other actors form the train cars behind them as they zoom around stage and down ramps through the audience on wheels.

The students of Burlington's Hunt Middle School are among the few taking "Starlight" local. They are mounting one of two coming amateur U.S. productions listed by Rodgers and Hammerstein, the show's licensing company. Any child who wanted a part in the production, which opens April 7, got one.

Many of the 43 in the cast slipped on skates or rollerblades for the first time just

Please see **SKATE** page **A8**

## Inside



**Oregon defeated Duke 82-68 Thursday night in the third round of the NCAA men's tournament. See WSJ.com for the latest coverage.**

## SPORTS | D8 Tar Heels Rock Basketball Logic

North Carolina is a title threat, but it resists the game's modern trends by passing up three-pointers.

## OPINION | A9 A Solution to the High Court Fight

Michael W. McConnell says the GOP should approve Garland if it loses the election in 2016.



U.S. NEWS

Durable-Goods Orders Decline 2.8%

Drop in February suggests weak global growth is weighing on corporate spending

By HARRIET TORRY

WASHINGTON—A key measure of U.S. manufacturing health tipped back into decline last month, evidence that headwinds from weak global growth, low oil prices and financial volatility are weighing

on company spending. New orders for durable goods—products designed to last at least three years, like dishwashers and aircraft—fell a seasonally adjusted 2.8% in February from a month earlier, the Commerce Department said Thursday. The factory sector has been buffeted over the past year by reduced demand for drilling and mining equipment following low oil prices, tepid overseas demand and a strong dollar that has made U.S.-produced goods

more expensive for foreign buyers. Those factors, compounded by market gyrations in the early weeks of 2016, slimmed order books as businesses shied from investment and whittled down inventories. Durable-goods statistics are volatile and subject to large revisions. Analysts said swings in aircraft orders were partly to blame for February's decline, after the nation's largest aircraft maker, Boeing Co., received just two aircraft orders in February compared with 68 in January.

Spending on defense aircraft and parts led the decline, falling 29.2% on the month. Civilian aircraft orders fell 27.1%. Categories reflecting business investment were broadly weak, suggesting U.S. companies remain cautious about spending. New orders for nondefense capital goods excluding aircraft, considered a proxy for business spending on equipment, fell 1.8% in February following a 3.1% rise in January. "Many of the declines represented offsets to increases in the

prior month, but the shifts reinforced lethargic trends that have emerged in recent months," said Michael Moran, an economist at Daiwa Capital Markets America. February's data marked a decline in durable-goods orders for three of the past four months. Last month's broad-based drop in new orders for durable goods followed a spike in January that had appeared to offer a glimmer of hope for the manufacturing sector, which generates about one-eighth of U.S. economic output. January's in-

crease was revised lower Thursday to a 4.2% gain from an earlier estimate of a 4.7% rise. Some economists lowered their estimates for first-quarter gross domestic product on the basis of Thursday's report. Forecasting firm Macroeconomic Advisers lowered its projection to 1.5% from an earlier estimate of 1.9% growth. The government is set to release its latest revision of fourth-quarter GDP on Friday. The first read of first-quarter growth will come in late April.

UTAH

Continued from Page One plays Mr. Wagner's mug shot and explains that he was convicted in 2008 of fraud for dismantling his motorcycle, hiding the parts in a storage locker and claiming to his insurance company that it had been stolen.

The list makes Utah the most aggressive jurisdiction in the country when it comes to publicly shaming financial criminals. No other state operates such a list. The Securities and Exchange Commission often shields which offenders haven't paid financial penalties. The agency last month refused a public-records request by The Wall Street Journal for sanctions paid by specific individuals, saying that providing such information would be "a clearly unwarranted invasion of personal privacy."

The Financial Industry Regulatory Authority does require disclosure of events like some criminal convictions, regulatory actions and customer complaints. But it applies only to securities professionals, and the disclosures are intermingled in a database that includes more routine facts like work history.

Utah lawmakers say their list, which is being administered by the state's attorney general, will help protect in-



Utah Attorney General Sean Reyes says the state is still vetting its registry for financial criminals.

RICK BOWMER/ASSOCIATED PRESS

vestors by offering easy access to information about con artists. It also could create leverage to get felons to make their victims whole. Convicts who comply with court orders on time and pay restitution in full won't appear on the list. "That's the carrot," Utah Attorney General Sean Reyes said. The new policy plunges the state into a broader debate about using name-and-shame tactics to punish convicts who

already have served their time. Registries have proliferated rapidly in the U.S., experts say. While some lists restrict access to law-enforcement agencies or fire officials, others can be viewed online by anyone, according to the National Conference of State Legislatures. In addition to the 50 states that publicly track sex offenders, five states including California require registration for arson. Minnesota, Illinois and six others maintain lists of methamphetamine producers.

In Indiana, a public website lets visitors use Google Maps to find the location of homes that have been used as meth laboratories. Tennessee requires registration for animal abuse—something nine other state legislatures are debating. Florida law requires registration by anyone convicted of a felony of any kind for up to five years after completing the sentence. Utah itself maintains a sex-offender and kidnap-offender list as well as its new finan-

LOANS

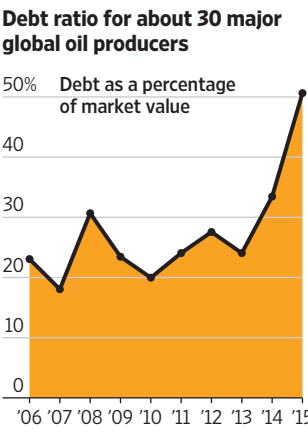
Continued from Page One there were 62 filings of oil and gas producers, but it is expected to grow. "This has the makings of a gigantic funding crisis" for energy companies, said William Snyder, head of Deloitte's U.S. restructuring unit. If oil prices, which closed at \$39.46 a barrel Thursday, remain at around \$40 a barrel this year, "that's fairly catastrophic." While U.S. oil prices have rebounded from their February low of \$26.21, they remain down about 36% from last

year's highs amid a global glut of supply. Since late last year, regulators have been leaning on banks to be tougher in their labeling of bad loans. That has also been a factor in driving up the rate of troubled debt, bankers said. Earlier this month, the Office of the Comptroller of the Currency published an updated manual for energy lending that establishes stricter guidelines for loans tied to future oil-and-gas production. One guideline banks use to classify loans as "substandard and worse" is if the creditor has debt generally more than four times

greater than operating income, before depreciation and amortization expense. That high a ratio was rare when crude prices began to plunge in 2014 but will be the average across the sector by the end of the year, estimates energy investment bank Tudor, Pickering, Holt & Co. The updated manual follows a series of calls in recent weeks between the OCC and banks around energy lending guidelines, people familiar with the calls said. Many of the souring energy loans are revolving-credit facilities, backed by future barrels of oil and gas, which are typically used by companies for short-term needs. Usually, around a half dozen banks share the risk on the "revolvers," reducing exposure. But as oil prices remain low there is less profitable work the energy firms can do, which makes their loans riskier for the banks who must hold more capital against them. Although some bank loans may be replaced by debt from hedge funds or private equity, many of those who step in to fill the void left by banks will do so seeking more control over the companies with an eye toward taking over if the companies aren't able to turn things around. That's different from banks, which were key enablers of drillers in recent years, and have worked to keep companies afloat and avoid foreclosure. The prices being discussed include a discount to the loan value in the range of 65 to 90 cents on the dollar, potential buyers said.

Energy Reckoning

Oil and gas producers' debt has risen in recent years, and so has banks' exposure to energy loans.



Exposure of selected banks to oil and gas debt			
Bank	Energy loans Q4 2015	Percentage of Total loans	Percentage impact on 2016 EPS
Bank of America	\$21.3 billion	2.0%	5.6%
Citigroup	20.5	3.0%	3.8%
Wells Fargo	17.0	2.0%	1.0%
J.P. Morgan Chase	14.0	2.0%	0.0%
Comerica	3.7	8.0%	22.5%
Regions Financial	3.2	4.0%	5.7%
U.S. Bancorp	3.2	1.0%	1.2%
BOK Financial	3.1	19.0%	42.8%

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Ray's Jewelry – Philipsburg, St. Maarten

Global oil-and-gas sector debt totaled \$3 trillion in 2014, three times what it was at the end of 2006, according to the most recent figures from the Bank for International Settlements, a central-banking group based in Switzerland. The oil-price plunge has worsened the financial picture for energy borrowers and lenders around the world because it directly affects the value of oil reserves and other assets backing some of the debt. The situation is particularly acute in the U.S., where many small and midsize companies borrowed heavily to expand during the shale boom and are now weighed down with debt as low oil and gas prices have made their assets unprofitable to produce. Regional banks that lent to energy companies have the most concentrated exposure. While the biggest U.S.

banks have already set aside hundreds of millions of dollars for potential losses, their lending to the sector is a smaller part of their overall business. About 1.5% to 3% of the loan portfolios of Bank of America Corp., Citigroup Inc., J.P. Morgan Chase & Co. and Wells Fargo were outstanding to the oil-and-gas sector in January, according to Goldman Sachs Group Inc. and Evercore ISI. "I'm not worried about it bringing the industry down," said Thomas Hoening, vice chairman of the Federal Deposit Insurance Corp., in an interview. "We may have a bank failure but it should be one-off." However, the lending shakeout could be significant for U.S. oil-and-gas producers, which face a biannual review by banks of their reserves that is widely expected to curtail their revolving credit lines.

That credit, which has been critical for capital flexibility in the downturn, may be cut 20% to 30%, analysts said. James J. Volker, chief executive of Whiting Petroleum Corp., one of the biggest producers in North Dakota's Bakken formation, said at a Denver conference this month that he expected the company's credit line to be reduced by \$1 billion, or more than a third. Still, he said he was optimistic Whiting would weather the storm, adding that the company was "well within" the rules established by its lenders. "We have over 6,000 drilling locations in the Williston basin...so basically a large treasure trove, if you will, of locations to drill," Mr. Volker said. —Erin Ailworth, Rachel Louise Ensign and Selina Williams contributed to this article.

CORRECTIONS & AMPLIFICATIONS

A Heard on the Street article March 23 about U.S. banks cited a report by German daily Handelsblatt that German tax authorities could claim €706 million (\$790 million) of back taxes from Citigroup. On March 24, Handelsblatt ran a correction saying German tax authorities aren't demanding a €706 million back-tax claim from Citigroup and are no lon-

ger discussing the topic with the bank. Ryanair closed its Copenhagen base in response to a threatened blockade of its planes by a competitor's unions. A March 14 Business News article about the airline incorrectly attributed the move to a disagreement with Copenhagen's mayor.

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U.S. NEWS

# Iranians Charged In U.S. Hacking

By Christopher M. Matthews  
And Kate O'Keeffe

The U.S. Justice Department unsealed charges against seven alleged Iranian hackers Thursday, saying they attacked the U.S. financial system and servers for a dam in New York in the first public indictment against hackers tied to the Iranian government.

U.S. officials have long accused Iran of sponsoring hackers, but Thursday's charges are the most explicit accusation to date. The indictment didn't specifically allege the Iranian government directed the attacks, but said that one of the hackers received credit toward completion of his mandatory military service for the attacks and that another had trained Iranian intelligence officials, among other things.

The unsealing of the charges comes after months of consultations among the Justice Department, the State Department and a handful of intelligence agencies, said a person familiar with the matter.

Some officials privately expressed concerns that unsealing charges against individuals the U.S. has no hopes of arresting would only serve to agitate countries with which the U.S. has fraught relations, including China and Iran, the person familiar with the matter said.

"The world is small and our memory is long," Federal Bureau of Investigation Director James Comey said during a Thursday news conference. "We want them looking over their shoulders."

New York federal prosecutors alleged in the indictment that the defendants worked for two private computer-security companies that performed work for the Iranian government, including for the Islamic Revolutionary Guard Corps, Iran's elite military force.

According to prosecutors, one of the suspects, Hamid Firoozi, in 2013 accessed the server that controlled a dam in Rye, N.Y. The attack didn't gain operational control of the dam, according to the indictment, but caused thousands of dollars in damages to the computer system.

In other attacks starting in 2011, hackers working for Iranian security companies ITSec Team and Mersad began launching so-called denial-of-service attacks on the U.S. financial system, according to prosecutors. The attacks affected around 46 financial institutions over roughly 176 days and prevented customers from accessing their accounts online. The attacks were coordinated between the two companies and cost the victim banks tens of millions of dollars, prosecutors said.

In a denial-of-service attack, hackers overwhelm targeted servers with a flood of electronic communications from thousands of computers, incapacitating the systems.

Prosecutors said the suspected ITSec Team hackers—Ahmad Fathi, Mr. Firoozi and Amin Shokohi—launched denial-of-service attacks targeting Bank of America, Nasdaq, the New York Stock Exchange, Capital One Bank, ING Bank, PNC Bank and others. Two of the men also targeted AT&T.

The suspected Mersad hackers—Sadegh Ahmadzadegan, Omid Ghaffarinia, Sina Keissar and Nader Saedi—also launched denial-of-service attacks on the financial system, including J.P. Morgan Chase, Citibank, Wells Fargo and others.

The defendants weren't reachable for comment. U.S. officials said the hackers are believed to be in Iran, with which the U.S. doesn't have an extradition treaty. If the defendants left Iran, U.S. law enforcement could try to arrest them, the officials said.

The charges represent an evolving U.S. policy on unsealing charges against state-backed hackers, a practice frequently called "naming and shaming," because such defendants are usually beyond the reach of law enforcement.

—Aruna Viswanatha contributed to this article.



A law approved by North Carolina legislators this week makes the state the first in the nation to require people to use public bathrooms corresponding to their gender at birth.

## 'Bathroom Battles' Erupt Over Transgender Issue

By Valerie Bauerlein

RALEIGH, N. C.—A broad new law here requires transgender people to use the public bathroom corresponding to the gender on their birth certificate, a rebuke of a move by the state's largest city and the latest skirmish in the "bathroom battles" popping up in statehouses and city halls.

North Carolina on Wednesday became the first state to enact legislation restricting access to sex-segregated facilities on the basis of sex assigned at birth, according to the National Conference of State Legislatures. At least 13 other states are considering similar bills, according to the nonpartisan group.

Several big cities have moved in the opposite direction. Earlier this month, New York City Mayor Bill de Blasio signed an executive order requiring city agencies to allow people to use the city's 2,200 public restrooms based on their self-declared gender identity. Philadelphia recently required private businesses to use gender-neutral signs on single-occupancy bathrooms.

But Houston voters overwhelmingly rejected a ballot measure last year to extend nondiscrimination protections to gay and transgender people.

Ten states are considering "religious-freedom" laws, according to NCSL, which could allow businesses to refuse to work with gay couples on religious grounds. North Carolina approved a law last year allowing magistrates to opt out of performing same-sex marriages.

The flurry of proposals on LGBT issues could be a back-

lash to changes playing out in federal court, particularly the recent legalization of gay marriage, said Maxine Eichner, a professor at the University of North Carolina School of Law. But, she added, "The story with LGBT rights has been surprising—not in that there's backlash given how quickly views on this issue have changed, but that there hasn't been more backlash."

The Republican-led North Carolina General Assembly passed the bathroom bill in an emergency session Wednesday night. The move came in response to an ordinance passed last month by the predominantly Democratic Char-

**The move is part of a flurry of actions by states and cities over LGBT concerns.**

lotte City Council. State lawmakers debated, approved and had the signature of Republican Gov. Pat McCrory within 12 hours.

Civil-rights advocates say the fast track left no room for public debate and resulted in a mishmash that repeals local protections against discrimination based on race, national origin, sex and sexual orientation. These advocates say that means it puts at risk billions of dollars in federal Title IX funding, which goes to an array of public programs, including education, and prohibits discrimination.

Ricky Diaz, a spokesman for Gov. McCrory's re-election campaign and longtime aide to the governor, said that "the ar-

gument we hear from the far left is akin to fear-mongering." He said there is federal-court precedent saying Title IX funds wouldn't be in jeopardy.

North Carolina "is on the wrong side of history," said Charlotte Mayor Jennifer Roberts, a Democrat. She said the city has long allowed transgender people to use any bathroom at city facilities, including the convention center during the 2012 Democratic National Convention.

Republican leaders, including Gov. McCrory, a former Charlotte mayor, said they were trying to protect children from confusing and potentially predatory situations. Charlotte's ordinance "defied common sense," and would have allowed men to use the women's locker room, Mr. McCrory said in a tweet.

The North Carolina law prompted some LGBT advocates to call for boycotts of the state, including actor George Takei in a post to his 9.6 million Facebook followers.

A similar bill stalled in Tennessee this week. Earlier this month, South Dakota Gov. Dennis Daugaard vetoed a bill designating which bathrooms transgender students can use in public schools, after being lobbied in person by transgender students and on social media by Caitlyn Jenner, the former Bruce Jenner.

Some 300,000 transgender people would be affected by state legislation under consideration nationally, according to the Williams Institute, a think tank that studies sexual orientation and gender-identity public policy at the University of California, Los Angeles, School of Law.

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## Tuberculosis Cases Climb For the First Time in Years

By Betsy McKay

Tuberculosis is no longer on the decline in the U.S., after nearly a quarter-century of steady reductions in cases of the deadly airborne disease, according to federal data released Thursday.

The number of TB cases rose last year for the first time in 23 years, and the rate of cases has leveled off at three per 100,000 people since 2013, the Centers for Disease Control and Prevention said in a report.

While the increase in cases was slight—9,563 cases in 2015, compared with 9,406 in 2014—it suggests that progress toward a national goal of reducing tuberculosis to one case or fewer per million people is off course, TB officials and experts conceded.

It also comes at a time when fighting tuberculosis globally has become more complicated, with heavily drug-resistant forms of the disease spreading.

Although most cases of TB are curable, the disease now kills more people worldwide than HIV/AIDS, according to the World Health Organization, which reported 1.5 million TB deaths in 2014.

LUMINOSITY LIGHT YEARS AWAY MEETS LUMINOSITY LIGHT YEARS AHEAD.

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★ ELECTION 2016 ★

# Candidates' Spat Over Spouses Boils Over

Trump and Cruz trade insults over campaign images featuring their wives; 'sniveling coward'

By NATALIE ANDREWS  
AND BYRON TAU

WASHINGTON—The personal feud between Republican presidential candidates Ted Cruz and Donald Trump intensified Thursday with Mr. Cruz calling the New York businessman a “sniveling coward” and warning him to leave family attacks out of the presidential race. The bickering between the two leading Republicans, locked in a battle for delegates, was kicked off by an ad mocking Mr. Trump’s wife and blew up into a three-day back-and-forth between the two men over the propriety of involving family members in the presidential campaign. “It’s not easy to tick me off,” Mr. Cruz told reporters Thursday at a Wisconsin campaign stop. “I don’t get angry often. But you mess with my wife, you mess with my kids, that will do it every time. Donald, you’re a sniveling coward.” He added that Mr. Trump should leave his wife “the hell alone.”

In advance of Utah’s GOP primary this past Tuesday, a group unaffiliated with the Cruz campaign featured a racy photo from 2000 of Mr. Trump’s wife, Melania, in an ad accompanied by the text: “Meet Melania Trump, your next first lady. Or you could vote for Ted Cruz on Tuesday.”

Mr. Trump took to Twitter



Republican presidential candidate Donald Trump introduces his wife, Melania, during a campaign rally in New Hampshire in February.

ter to express his displeasure over the ad, blaming “Lyn’ Ted” for the spot and threatening to “spill the beans” on Heidi Cruz, the Texas senator’s wife, in retaliation. Mr. Trump continued his attack against Mrs. Cruz, sharing on Twitter an unflattering photo of her next to his own wife. The text “No need to spill the beans, the

images are worth a thousand words” accompanied the photo. The ad was composed by a supporter of the real-estate developer. The two front-runners are entering a lull in a long GOP campaign season that appears to be turning increasingly personal. Wisconsin voters head to the polls on April 5. After that, the

next major contest is New York—Mr. Trump’s home state. There are no more additional Republican debates scheduled. Trump campaign senior adviser Stephen Miller said on CNN Thursday the unflattering photo of Mr. Cruz’s wife “speaks for itself.” “The Cruz campaign needs to tell the super PAC

and its donors to stand down,” said Mr. Miller about the group that sparked the fight. But it isn’t clear that would even be possible—super PACs are required by law to be run independently of candidates and campaigns. In media interviews, Mr. and Mrs. Cruz distanced themselves from the ad that sparked the controversy and

said they had nothing to do with it, while Mrs. Cruz said, “Most of the things that Donald Trump says have no basis in reality.” “Donald, real men don’t attack women. Your wife is lovely, and Heidi is the love of my life,” Mr. Cruz said on Twitter this week. The attacks between the two Republicans have drawn criticism from Democrats. Chelsea Clinton, who is campaigning in Wisconsin for her mother, Democratic front-runner Hillary Clinton, addressed the back-and-forth. “I think that the level of vitriol goes beyond anything that we certainly have seen in contemporary times in this election,” she said, according to NBC News. Mainstream Republican leaders have become more vocal in their backing of Mr. Cruz in recent weeks, as party officials look for ways to stop Mr. Trump. Asked Thursday if he would support Mr. Trump should the businessman become the GOP nominee, Mr. Cruz sidestepped the question and instead predicted victory. “I’m going to beat him,” he said. “Donald Trump will not be the nominee.” In an average of national polls, Mr. Trump is ahead of Mr. Cruz by 13 points, according to Real Clear Politics. In the delegate count, Mr. Cruz trails by nearly 300 delegates.

# Cruz Gains Ground in Louisiana After Primary Loss

By REID J. EPSTEIN

Donald Trump beat Sen. Ted Cruz earlier this month in Louisiana’s Republican presidential primary by 3.6 percentage points, but the Texan may wind up with as many as 10 more delegates from the state than the businessman. Mr. Cruz’s supporters also seized five of Louisiana’s six slots on the three powerful committees that will write the rules and platform at the Republican National Convention and mediate disputes over delegates’ eligibility this summer in Cleveland. The little-noticed inside maneuvering that led to this outcome in Louisiana is another dramatic illustration of the inside game that could have an outsize influence on the bitter race for the GOP nomination. A similar process played out three weeks ago in Coweta County, Ga. While Mr. Trump leads in winning primary and caucus elections, and has won more delegates, the Cruz campaign is proving superior at the arcane game of picking the people who will be the actual delegates to the convention, where they will help write the rules and ultimately choose the nominee. That means that if Mr. Trump fails to reach the dele-

gate threshold to claim the GOP nomination on the convention’s first ballot, committees dominated by Cruz supporters could work to block him from winning enough delegates to claim the nomination on any subsequent ballots. Kay Kellogg Katz, a Trump supporter who sought unsuccessfully to win a position on a key panel at the convention, summarized the Trump campaign’s predicament this way: “I do not know Mr. Trump, I do not know his staff people. Quite frankly, we don’t have much of a campaign in Louisiana. All we have is voters.” In other states, Trump supporters have missed out on the early process of becoming convention delegates because they are inexperienced in the party processes. But in Louisiana, Mr. Trump won broad support among elected officials despite a bare-bones campaign infrastructure. Still, he has lagged behind on delegate selection. With 20 states left to vote, Mr. Trump has won 739 delegates out of 1,237 required to clinch the nomination. He has to win about 55% of the remaining delegates to avoid a contested convention. Stacking the convention and its committees with supporters is critical for Mr. Cruz, because a contested convention is his only viable path to the



Republican presidential candidate Ted Cruz, joined by his wife, Heidi, speaks at a campaign stop in Dane, Wis., on Thursday.

nomination. The Texan must win 85% of the remaining delegates to win outright, a highly unlikely scenario with many states awarding delegates proportionally. The Trump campaign’s first problem is in the overall delegate count from Louisiana. Messrs. Trump and Cruz each won 18 delegates apiece based on the Louisiana results in the

primary on March 5. But the five delegates awarded to Florida Sen. Marco Rubio are now free agents because he ended his campaign, and Louisiana Republicans expect them to swing behind Mr. Cruz. Meanwhile, the state’s five unbound delegates—who are free to back the candidates of their choice—also are more likely to back Mr. Cruz than

Mr. Trump, according to GOP officials in the state. The second step in the process is for those delegates to decide who will represent Louisiana on the three important convention committees—rules, credentials and the party platform. To make those choices, most of Louisiana’s delegates gathered at a March 12 state convention to elect two members to each panel. No Trump backers won any of those slots. Five of the six committee members chosen back Mr. Cruz, and the sixth is uncommitted. Louisiana is the first state to name delegates to serve on the three committees. Those panels would become critical in a contested convention, which would take place if no candidate wins a majority of delegates on the first ballot. The rules panel will determine which candidates are eligible to be nominated for president, the platform panel will write the party’s agenda, and the credentials panel will mediate disputes about which delegates can be seated. Such fights are already taking place in the U.S. Virgin Islands and Guam, and may happen as well elsewhere. Ms. Katz, a former state legislator from Monroe, La., sought a position on the credentials committee. She lost a 22-5 vote to Kim Fralick, a

Cruz supporter who has never before been involved in a major political campaign. Ms. Katz, who said she has attended every GOP convention since 1984, said the Cruz forces out-organized Mr. Trump’s campaign, whom she said showed no concern about helping their supporters win the committee slots. Ms. Fralick, a veterinarian from the Baton Rouge suburb of Central, said she was asked by a Cruz official if she could serve on the panel, which entails arriving in Cleveland days before the convention begins. “They were looking for someone who could come up a week early,” she said. “I might have been a default choice.” Ed Brookover, the Trump official leading the campaign’s delegate team, said Thursday that he wasn’t aware that the Trump campaign had been shut out of Louisiana’s committee slots. He expressed optimism that “other spots where this is taking place, we now have programs and plans in place to make sure that Mr. Trump’s supporters are getting to county, district and state conventions.” Mr. Brookover added that “the good news is that when we let Mr. Trump’s supporters know about these things, they are enthusiastic and go running to them.”

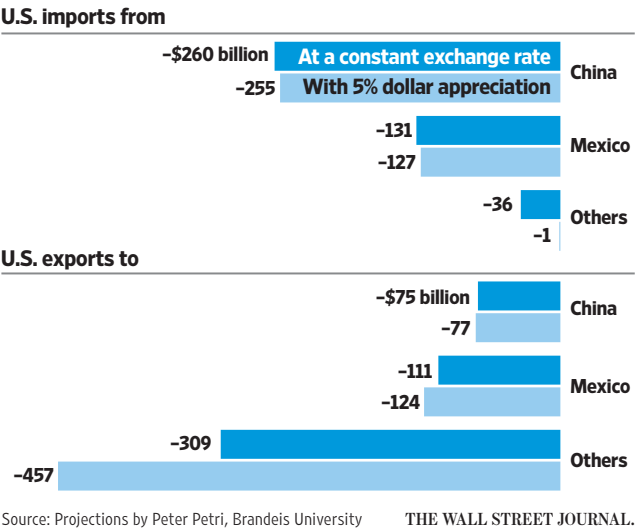
# Questions Raised Over Trump’s Plan for China Tariffs

By BOB DAVIS

In a presidential campaign where both parties bristle with tough trade talk, no threats compete with those Donald Trump has leveled at China as part of a strategy to narrow the trade gap and bring jobs back to the U.S. “If they don’t behave,” the Republican businessman warned at a debate this month, Chinese companies under a Trump presidency could face tariffs of 45% on exports to the U.S. With Democratic front-runner Hillary Clinton and others also pledging punitive actions, the presidential campaign is putting the U.S. on a collision course with China over trade. Economists warn that a clash could backfire, reducing U.S. exports and putting one million U.S. jobs at risk. Brandeis University economist Peter Petri, well regarded among trade experts for his projections on the economic impact of trade deals, calculates that Mr. Trump’s 45% tariff would trigger reverberations around the

## Trade Ripples

The impact on U.S. trade of Donald Trump’s threat to impose 45% tariffs on Chinese imports would require higher tariffs elsewhere as well—an estimated 35% on Mexican goods and 10% from the rest of the world—to offset product diversion to other countries. The unrest would also likely drive up the value of the dollar.



world. Goods produced in China could shift to other low-wage nations for export to the U.S., he figures. To block the imports fully would require the U.S. to create a global tariff wall of roughly

10% and higher margins on low-wage countries like Mexico, he said in a tabulation for The Wall Street Journal. Factor in the retaliation against U.S. exports that is bound to occur, concluded Mr.

Petri, who said he doesn’t advise any of the presidential candidates, and the U.S. merchandise deficit of \$736 billion last year would actually grow by \$67 billion. If the U.S. dollar appreciates just 5% during this time—as often happens when global economic instability grows—U.S. exports would be further battered and the trade deficit would increase by about \$275 billion, he calculates. “High-tariff policies are like trade agreements running in reverse,” said Mr. Petri. They “shift jobs from more efficient export-oriented firms to less efficient import-competing ones, leading to lower productivity and probably wages.” The difficult transition could cost the U.S. even more than the one million jobs economists say are at risk, he said. Mr. Petri generally finds substantial gains from trade deals, a view that isn’t uniform among economists. University of Maryland economist Peter Morici said the Petri analysis is a worst-case scenario. Mr. Morici said it was

more likely that China would bend to U.S. threats and allow its currency to rise, rather than risk losing one of its largest markets, especially at a time when the Chinese economy is slowing. Should the yuan rise, Mr. Trump wouldn’t need to resort to stiff tariffs. The Petri analysis “tries to turn Trump into Frankenstein,” said Mr. Morici, a former chief economist at the International Trade Commission, who said he isn’t advising Mr. Trump or any other presidential candidate. Saber-rattling over trade isn’t new in presidential campaigns, particularly on the Democratic side. But in a striking departure for a Republican, Mr. Trump has made threats against Chinese and Mexican imports a centerpiece of his campaign to bring manufacturing jobs back to the U.S. Trump spokeswoman Hope Hicks said the “trade-surrender crowd” has long argued tougher trade policies would hurt the U.S. economy. “But it is precisely because we have refused to enforce trade rules

that our economy has been decimated,” she said. Other candidates are making threats as well, though on a far smaller scale. Mrs. Clinton, the former secretary of state, said she would impose sanctions on China and other nations for “manipulating” their currencies to gain an export edge. Her opponent, Vermont Sen. Bernie Sanders, has taken a similar position. Ohio Republican Gov. John Kasich has said he would target China’s currency practices but hasn’t said how. None of the three has specified how large a tariff could be involved. The remaining Republican candidate, Texas Sen. Ted Cruz, has voted against punishing currency practices with tariffs and has warned that Mr. Trump’s China trade policies would hurt U.S. consumers and risk a wider trade war. Zhu Haiquan, a spokesman for the Chinese Embassy in Washington, said, “High-quality and economical imported goods from China have brought substantive benefits to many American families.”



★★★★★  
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★★★★★

REPUBLICAN PRIMARY  
**Some Still See Ryan As Possible Nominee**

The dream of House Speaker Paul Ryan as the GOP presidential nominee isn't dead yet. Mr. Ryan, the 2012 vice presidential nominee, has repeatedly said he doesn't want to be chosen at the Republican convention in Cleveland in July if delegates can't coalesce around any of the current candidates. But some senior House Republicans aren't ruling it out as a possibility. "He's already been vetted, he's been on a national ticket, millions of people have already voted for him," Rep. Tom Cole of Oklahoma, a senior House Republican, said in an interview for C-SPAN.

"Frankly, he does represent the kind of vision and values that as a Republican you would want to put forward," he said. If no candidate wins 1,237 delegates during the GOP primaries, caucuses and conventions in the states and territories, the task of choosing a nominee would fall to the convention delegates. Most are bound by their state results on the convention's first ballot, but rules for subsequent ballots allow almost all of them to vote for the candidate of their choice. Mr. Cole said he saw a significant chance that no GOP candidate would lock up the nomination before Cleveland, creating a potential opening.

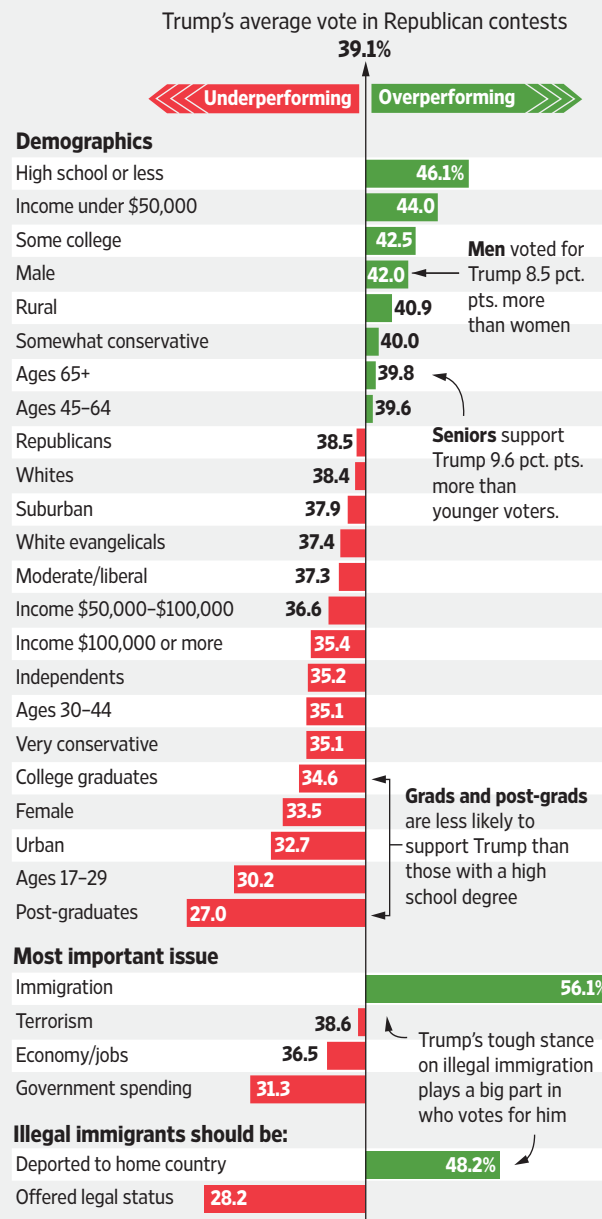
"If you can't win it outright before you get there, I don't think anybody's got it in the bag once you arrive. It'll be very tumultuous. There will be multiple ballots unless somebody's just literally inches away" from the nomination, he said. Donald Trump is currently leading the GOP field with 739 delegates, but he may not reach the majority threshold before July. Rival Sen. Ted Cruz of Texas has 465 delegates, while Ohio Gov. John Kasich has 143.

—Kristina Peterson

**POLITICS COUNTS** | Aaron Zitner

**Inside the Trump Coalition**

Donald Trump won his leading position in the Republican primaries with strong support from voters who lack college degrees and those who have relatively low incomes. Aggregated exit polls show how he performs among those and other voter groups.



Source: Analysis by Public Opinion Strategies, a Republican polling firm, of exit polls from 20 states that voted through March 21. Weights have been applied to the results to account for the varying size of the electorates among states.

THE WALL STREET JOURNAL.

**Clinton Meets With Muslims in L.A.**



**AFTER THE ROUNDTABLE:** Democratic candidate Hillary Clinton greets attendees at the end of a discussion with Muslim leaders and Mayor Eric Garcetti, left, in Los Angeles on Thursday.

**Young Election Watchers Turn to YouTube for News**

By NATALIE ANDREWS

Voters are watching the 2016 presidential race play out on YouTube. Since April 2015, soon after the first person entered the contest, more than 110 million hours of candidates speaking and of other election-related content has been watched on the video-streaming service, YouTube said Thursday. YouTube, which is owned by Google parent Alphabet Inc., estimates that to be equal to watching every piece of content ever aired on CNN, C-Span, MSNBC and Fox News

combined—100 times. A representative for Google said YouTube doesn't have similar data for the 2012 presidential race. People are searching for the candidates and finding debate clips, news stories, ads and user-made content. For clips of Republican front-runner Donald Trump alone, ZEFR, a company that analyzes YouTube content, tracked 95 million views last week. It said the majority of those were of disruptions at rallies, in particular a March 12 event in Dayton, Ohio, where Mr. Trump was startled by a protester and

quickly surrounded by Secret Service. YouTube said those using it as a news source are primarily young: 59% are under age 35, 15% are 35-44 years old, and 26% are over 44. As well as viewing political ads, voters are taking to YouTube to research candidates' positions. The biggest election-related topics sought for are refugees and immigration. Searches for refugees on YouTube are up 224% since April 2015. Searches for immigration are next, up 51% since then, followed by gun control, up 27%.

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**OFF DUTY**

**A Travel Secret, for Now**

The island of Holbox, off Mexico's Yucatán Peninsula, is a charming, under-the-radar escape. But with plans for a mega resort in the works, it may not be undiscovered for long.

Credit: Alicia Vera for The Wall Street Journal



**REVIEW**

**The Challenge of Easter**

Why has Easter resisted the commercialization of Christmas? Because there's no evading the radical religious claim that it poses to believers and non-believers alike, writes Father James Martin.

Credit: Alessandro Bianchi/Reuters



**OFF DUTY**

**The Smaller, the Better**

Less is never an easy sell. Still, writes Dan Neil, with the Mercedes-Benz SL series, get the smaller V6 engine. It's all the muscle you need.

Credit: Dan Neil/The Wall Street Journal



**REVIEW**

**Marriage Across Party Lines**

She's liberal, he's conservative. How do they make it work? By learning self-control and recognizing that there's more to happiness than politics.

Credit: Luci Gutiérrez



## WORLD NEWS

# Attacks Expose Slow Progress on Security

Months after assaults in Paris, EU proposals to step up intelligence-sharing remain held up

By VIKTORIA DENDRINOU

BRUSSELS—European Union governments pledged deeper cross-border cooperation on counterterrorism after the November attacks in Paris exposed fatal weaknesses in security coordination. This week's deadly strikes in Brussels have underscored that those efforts still have a long way to go.

Despite improved information sharing over the past year, gaps persist in coordination among the bloc's governments, officials say. After last year's attacks in Paris, the EU pushed a raft of measures aimed at boosting the bloc's response to terrorism—including stepping up data sharing, clamping down on arms trafficking and terrorist financing, and reinforcing the bloc's borders.

But months later, most key measures remain in the decision-making pipeline. They include a proposed air-passenger database aimed at helping authorities track terror suspects trying to return to Europe, which has been held up in the European Parliament because of data-privacy concerns.

European officials say insufficient intelligence cooperation has allowed prospective terrorists to roam across the continent, arm themselves and execute deadly strikes such as the ones in Paris and Brussels over the past year.

"The perpetrators of the recent terrorist acts, they were all somehow known to the local intelligence authorities, but they didn't do anything because they were not sharing information," Dimitris Avramopoulos, the bloc's home affairs chief said Wednesday, speaking after a meeting of top officials at the European Commission.

"If now isn't the time to step up cooperation, then I



Security has been tightened at Rome's Colosseum, above, and other popular European tourist sites since the Brussels attacks. Below, a nurse in the Belgian town of Leuven, near Brussels, shows shrapnel from a nail bomb that was taken from attack victims' bodies.

don't know when is," he added.

Mr. Avramopoulos's comments came hours before Turkish President Recep Tayyip Erdogan disclosed that one of the Brussels suicide bombers was detained in Turkey last summer on suspicion of being an Islamic State fighter, but was set free after being deported to the Netherlands because Belgian authorities couldn't establish that he had any terror links.

EU justice and security ministers met in Brussels on Thursday following the attacks in the Belgian capital, which claimed more than 30 lives and injured more than 300 people.

The ministers agreed to increase "as a matter of urgency" the feeding, use and interoperability of European and international databases in the fields of security, travel and migration.



EU governments have largely backed the series of measures drafted—mainly at France's urging—after attacks in Paris last year. Called the Passenger Name Record system, the proposed air-passenger database would be accessible to various law-enforcement authorities. Police looking for terrorism suspects would have access to names, personal details and

credit-card information of air travelers on flights to, from or within Europe—data that many European governments and security experts consider essential in tracking terrorists returning to Europe to mount fresh attacks.

The shared-database plan has been held up at the European Parliament, though, as some political groups say it must be voted alongside a

package of measures ensuring data protection—a sensitive issue for many lawmakers and EU governments.

After their meeting, EU justice and security ministers said the passenger-database regulation needed to be adopted in April and implemented as a matter of urgency.

A report by the EU's counterterrorism coordinator, which was sent this month to member-states' delegations in Brussels and seen by The Wall Street Journal, said progress had been made in all areas, particularly information sharing. Still, it said, "further urgent improvements to information sharing and border security are necessary."

Europol, the EU's police agency, said that its database on Focal Point Travelers—a special project aimed at monitoring foreign fighters—now holds more than five times as

## Probe of Cell Raises Fears of Nuclear Threat

BRUSSELS—Evidence unearthed in the investigation into the Islamic State cell behind the Paris and Brussels attacks has raised fresh concerns about terrorists' efforts to obtain radioactive material.

Belgium's federal prosecutor said last month that police, during a house search linked to the Paris attacks, had discovered a videotape showing the home of a man who worked in Belgium's "nuclear world."

Belgium is vulnerable because of its homegrown terror threat and the fact that its seven nuclear reactors are at least 30 years old, said Tom Sauer, a nuclear terrorism specialist at Belgium's University of Antwerp.

A spokeswoman for Electra-bel, a unit of France's Engie SA, which operates Belgium's nuclear plants, said stress tests have shown they "are robust against external influences, including cybercrime."

—Matthias Verbergt

much information as it did before 2015. It also said that counterterrorism-related information in its information system increased 86% from the end of September to the end of 2015.

Still, the improvement isn't sufficient, officials warn. "[Tuesday's] attack proves that there is not enough sharing of intelligence to counter this kind of terrorism," said Stefano Stefanini, a senior fellow at the Atlantic Council and former senior Italian diplomat.

"It is obvious that the EU has to accept some trade-off on privacy for security," Mr. Stefanini said.

Officials and analysts also point to governments and EU institutions dragging their feet. "By nature, it is difficult to get secret services to share information," an EU diplomat said. "No one wants to share their own intelligence, it is also an issue of culture."

## TERROR

Continued from Page One  
eral prosecutor's office said that an investigating judge on Dec. 11 had issued international and European arrest warrants for Khalid, the subway bomber.

On Wednesday, the same prosecutor said neither brother had criminal records linked to terrorism. The office didn't offer further details Thursday.

Prime Minister Charles Michel refused to accept the resignations of his ministers. Jan Jambon, the interior minister, told a Belgian broadcaster that Mr. Michel cited the "situation of war."

The most urgent question for investigators is how many more members of the terror network remain at large. U.S. officials said Islamic State's strategy in Europe includes having fighters trained in Syria tap into networks of radicalized, disgruntled youth.

The Belgian federal prosecutor's office said late Thursday that it had arrested six people and conducted searches in various Brussels neighborhoods including Schaerbeek, where at least one of the attackers lived.

In France, police also carried out raids in a Paris suburb on Thursday and detained a man who was in the "advanced stage" of planning a terrorist attack, French Interior Minister Bernard Cazeneuve said.

No link was immediately established with the recent attacks in Brussels or in Paris on Nov. 13, he said.

While Belgium's performance has come in for harsh criticism, the European Union as a whole has faced challenges. Some measures that governments pledged to swiftly enact after the Paris tragedy have yet to become reality.

Those include plans for an air-passenger database that could be used by law enforcement to track terrorists returning to Europe. That has been held up at the European Parliament amid concerns about privacy and data protection.

EU justice and security ministers said Thursday that it needed to be adopted in April and implemented as a matter



Police late Thursday raided houses in the Brussels district of Schaerbeek, where one attacker lived.

of urgency.

U.S. officials warned they believe Islamic State is planning more attacks in Europe, but that the timing was uncertain.

Belgium lowered its terror threat level one notch from its maximum level, meaning the threat of a new attack is no longer seen as imminent.

Paul Van Tigchelt, the head of Belgium's threat-analysis authority, said the decision was made even though at least one suspect from the Brussels airport attack remains at large.

"That doesn't mean that there is no more danger," he said. "The threat remains serious and possible."

Intelligence analysts believe the threat in Europe is less a set of interconnected cells, and more the ability of these Syrian-trained fighters to tap into the network for recruits, U.S. officials said.

At least 38,200 foreign fighters from at least 120 countries, including at least 6,900 from Western nations, have traveled to Syria since the beginning of the five-year conflict, James Clapper, the U.S. Director of National Intelligence, told Congress in February.

According to Belgium's justice ministry, 451 fighters have left Belgium, of whom 117 have returned.

One senior U.S. official, how-

ever, estimated there could be several hundred more people that aren't known.

Led by veterans of the Iraq insurgency, Islamic State has no shortage of bomb-makers, according to the Western officials, although the bombs used in Brussels weren't sophisticated or designed to avoid detection. Some analysts estimate there may be hundreds of fighters trained to make triacetone

## The most urgent question is how many members of the network are at large.

triperoxide, the explosive discovered Tuesday in the apartment the Brussels attackers used.

Authorities said they found 15 kilograms (33 pounds) of TATP and nearly 40 gallons of acetone and eight gallons of hydrogen peroxide—enough to possibly make eight more suitcase bombs.

An unstable, white, crystalline explosive, TATP was also used in the Paris attacks. The challenge is that making TATP in large quantities risks exposure if neighbors smell the acetone, as well as disaster if it accidentally detonates.

"Put a five gallon bucket of acetone in a room, it is going to smell like crazy," said Otto J. Gregory, a professor at the University of Rhode Island.

While making smaller batches is safer and easier to hide, experts say over time, the explosives will decay and become less effective.

U.S. and European officials said that purported Paris bomb maker Najim Laachraoui had been identified as the second bomber killed in the suicide attack on the airport, but Belgian officials would say only they were still trying to confirm his death.

Meanwhile, the lawyer for Salah Abdeslam, another suspect in the Paris attacks, who was arrested in Brussels last week, told a Belgian court his client wanted to be quickly transferred to France after previously suggesting he would fight extradition. "I think he wants to explain himself in France," Sven Mary said.

Despite the lower threat level, security precautions remain in effect. Subway lines will be reopened in phases, with soldiers guarding open stations. Brussels Airport said it would remain closed through Sunday.

—Gabriele Steinhäuser in Brussels and Dion Nissenbaum in Istanbul contributed to this article.

## Forensic Teams Struggle to Identify Dead and Wounded

By INTI LANDAURO AND NOEMIE BISSEBIE

BRUSSELS—Two forensic teams were struggling to identify the people killed in twin terrorist attacks in the Belgian capital because of the severity of the injuries and number of nationalities involved, a spokeswoman for Belgium's health ministry said.

The identifications weren't expected to be finished until Friday at the earliest, the spokeswoman said.

At least 31 people were killed and more than 300 injured in Tuesday's attacks at the city's international airport and the Maelbeek subway station.

The Belgian government hasn't released the names of the dead, and only three victims have been identified publicly by their families or by organizations. Two of the wounded have yet to be identified, according to the health ministry.

The two forensic teams are examining potential clues such as birthmarks and tattoos, but are mainly relying on dental and medical records to try to establish profiles for the dead and missing to potentially find matches, said Jean Crèvecoeur, a forensic dentist with the Belgian forensic department.

"The remains are in such condition that it takes time to assemble all the information for each body," said Mr. Crèvecoeur, who is working on the remains of victims of the bomb in the Maelbeek subway station. "We may find the remains belong to more people than we originally thought."

The most severe injuries were burns and those caused by shrapnel and glass shards projected by the blasts.

Friends and families were desperately trying to find news of their loved ones who haven't been heard from since. Many of them are posting

search notices on social media.

Marlene Laurent said she was looking for her brother Gilles. "He was at the Maelbeek metro station and we haven't heard from him since then," she wrote in a Facebook message with a picture of him.

Among the victims that have been identified is Adelma Tapia Ruiz, a 37-year-old mother of two from Peru who was killed at the airport as she was about to check in for a flight to New York to visit her sister. Her husband, Christophe Delcambe, and two daughters had stepped away from the check-in desk minutes before the bomb exploded. Ms. Tapia Ruiz's family and the Peruvian Foreign Ministry confirmed her death.

Leopold Hecht, a Belgian law student, and Olivier Deslespesse, a Belgian civil servant, were killed in the attacks, according to the websites of organizations linked to them.

Belgian authorities have struggled to identify two of the wounded, who have been unconscious since the attacks and didn't have documents on them. Only 121 of those injured are still in the hospital, with 63 in intensive care.

In Washington, the State Department said the number of Americans known to have been injured in the attacks remains at 12. No Americans are known to have been killed, State Department spokesman Mark Toner said.

Mr. Toner said the U.S. is working to account for other U.S. citizens who were in Brussels at the time of the terrorist attacks on Tuesday and hadn't been heard from, including two individuals who either are U.S. government employees or relatives of government employees. He couldn't say how many others were unaccounted for.



WORLD NEWS



Schengen, Luxembourg, borders both Germany and France.

Border Checks Cast Pall In Village

By ANTON TROIANOVSKI

The problems of Europe’s passport-free Schengen zone reached this week all the way back to the place it was born: the Luxembourg village of Schengen.

Soon after the Brussels attacks, locals say they witnessed a jarring sight: blinking blue police lights and a traffic jam on the highway to Germany caused by newly reinstated border controls.

The threat of terrorism is putting further pressure on the system under which, once inside one member state, people can cross unchecked into any of the 25 others. The zone is commonly known as Schengen because the treaty establishing it was signed near the village in 1985.

The zone’s survival was already under threat because of the influx of migrants that poured into Europe last year, with some countries throwing up fences to stop them and restoring checks at some crossings. Officials worried Islamic State militants and other extremists were slipping in undetected amid the chaos.

France reinstated controls after the Nov. 13 Paris attacks which aren’t felt in Schengen much because it isn’t near any major crossings to France, Mayor Ben Homan said.

The Brussels attacks led to more checks on the German side, including the highway bridge across the Moselle River to Schengen. They only lasted two days, but were more disruptive and, for some, jarring.

“Schengen doesn’t just represent the Schengen area,” Mr. Homan said. “For many, it is also a kind of synonym for freedom.”

At the same time, voices decrying the system that were once heard only on the populist fringe are moving more to the mainstream.

Most mainstream political leaders across Europe say open borders underpin the European Union’s social cohesion and enable seamless trade. A collapse would represent the first time that a major milestone of integration was reversed.

Some European officials say that countries on the system’s periphery aren’t doing enough to stop potentially dangerous individuals from entering.

“Let me say that Schengen is not the problem,” Dimitris Avramopoulos, the EU’s home-affairs chief, said after the Brussels bombings. “But let me also say that we cannot have a secure area of internal free movement without better control of our external borders.”

However, a proposal by the European Commission, the EU’s executive arm, to create a new border agency and allow it to decide on deployment has faced resistance from some member states.

Germany has been checking documents at its southeastern borders since September in an attempt to control the influx of refugees. About two hours after the Brussels attacks, it added checks on its southwestern frontier—affecting, among other places, Schengen.

Mr. Homan said he couldn’t remember the last time there were such controls between Germany and Schengen.

Tobias Wilhelm, who runs a local recycling center, said 80% of his 200 employees live in Germany or France. More border checks would slow down exports, he said.

“If this were to become the permanent situation, we would have enormous problems,” he said.

By STEPHEN FIDLER

The message from Brussels reinforces the warning from Paris four months earlier: Islamic State has the capability to commit deadly terrorist attacks in the heart of Europe. To keep its mission alive, it must do more of the same.

As it tries to do this, the group has two strategic advantages. Conflict in Syria and Iraq has permitted the group to establish a home territory.

And the refugee flows into Europe have allowed it to embed fighters into the thousands of people fleeing the war zones.

Those embedded fighters include Europeans returning to the places where they grew up, as well as battle-hardened jihadists from elsewhere. This has proved a murderous combination of people with local knowledge and sympathizers who can provide shelter and support, together with individuals with expertise in weapons and bomb-building.

“People think this is a small crew from Molenbeek,” said Belgian Justice Minister Koen Geens, referring to the Brussels neighborhood that was home to some of the Paris attackers. “But that’s not right....[Some] are unknown to us; often they haven’t been to Europe before.”

Rob Wainwright, the director of Europol, the European Union’s law-enforcement

agency, estimated in February that around 5,000 Europeans have traveled to Iraq and Syria to train and fight with jihadist groups. Several hundred have since returned, he said. Many more are thought to have come from other regions.

Like al Qaeda in Afghanistan before the Sept. 11 attacks, control over territory has allowed Islamic State to train thousands of fighters and direct missions abroad. Territory is critical to maintaining the threat: Once al Qaeda lost its foothold in Afghanistan because of U.S.-led military action, its ability to mount operations as complex as 9/11 gradually deteriorated.

The public-transport attacks in Madrid in 2004 and London in 2005 were inspired by al Qaeda, but by then the center’s ability to direct fighters on the periphery was severely reduced. As the training camps shrank, the main al Qaeda threat stemmed from lone wolves—hard to detect and deadly, but generally unable to scale up.

It isn’t clear that Islamic State is directing its operatives the way the Sept. 11 terrorists were directed from Afghanistan. More likely, U.S. officials say, Islamic State provides broad direction and leaves the operational details to its people on the ground.

U.S. military officials believe Islamic State differs fundamentally from al Qaeda. While both groups hate the U.S. and the West, al Qaeda at

Jihadists’ Journeys

Of the thousands of fighters who traveled to join extremists in Syria and Iraq, hundreds have returned home to Western Europe.

Home country	Returnees
Tunisia	6,000
Saudi Arabia	2,500
Russia	2,400
Turkey	2,000-2,200
Jordan	2,000*
France	1,700
Morocco	1,200
Lebanon	900
Germany	760
U.K.	760
Indonesia	700
Egypt	600*
Belgium	470
Tajikistan	386
Bosnia	330
	625*
	Unknown
	Unknown
	600*
	Unknown
	250*
	Unknown
	Unknown
	200*
	350
	162
	Unknown
	118
	Unknown
	51

\*Approximate figure. Note: Data are as of 2015 in the following months: January (Egypt); May (France, Tajikistan); July (Indonesia); September (Russia, Jordan, Lebanon); October (Tunisia, Saudi Arabia, Morocco, Belgium, Bosnia); November (Turkey, Germany, U.K.).

Source: The Soufan Group

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its height was intent on attacking the West with the purpose of ultimately destroying it.

Al Qaeda sought grand attacks on the scale of 9/11 that would feel existential and threaten to shake the foundations of the Western order. “Al Qaeda was aiming at increasing lethality. Whether ISIS is looking for mass lethality is an open question,” said Ian Lesser, Brussels-based senior director of the German Marshall Fund.

Islamic State, U.S. officials say, attacks the West for a different reason: propaganda value. The group has set its

most important goal as establishing a caliphate in Syria and Iraq. To do that it needs a steady stream of recruits.

As the U.S.-led coalition pokes the wasps’ nest of Islamic State’s homelands, Islamic State must seek to demonstrate its relevance to its followers and potential recruits by carrying out attacks in the West.

Scott Atran, a Franco-American academic who specializes in terrorist motivations, has described al Qaeda as “largely a decentralized movement of volunteers led by fairly well-

Iraq Presses Fight Against Militants in North

The Iraqi army launched an offensive to retake the northern province of Nineveh from Islamic State but gave no hint if it was poised for an attempt to regain control of Mosul, the province’s largest city and a militant stronghold.

By Ben Kesling in Baghdad and Dana Ballout in Beirut

The Iraqi advance on Thursday came as Syrian regime forces supported by Russian airstrikes and allied Shiite militias moved to within about 2 miles of the ancient city of Palmyra, according to the Syrian state news agency.

Palmyra, a Unesco World Heritage site, has been held by Islamic State since May. Its recapture would be the regime’s first major victory over the extremist group.

Iraqi troops retook four villages in Nineveh from the militant group’s control, a military spokesman, Brig. Yahya Rasool, told state television, which heralded the army campaign with patriotic music videos and stock footage of Iraqi troops on the front lines.

The retaking of the four villages was the first phase of the Nineveh campaign, the army said. It didn’t say when the next phase would occur or when it might attempt to dislodge Islamic State from Mosul, about 40 miles to the northwest of the rural district of Makhmour, where Thurs-



Islamic State is said to have fortified Mosul. Above, pro-militant demonstrators marched in June 2014.

day’s military operations took place.

Two bases—one operated by the Iraqi army and another by the U.S. Marines—are located in Makhmour. The area is near front lines of fighting between Islamic State militants and Kurdish fighters known as Peshmerga.

Islamic State is holding tightly to key areas captured in northern Iraq and eastern Syria over the past three years, despite a string of battlefield defeats elsewhere and financial setbacks.

Despite setbacks, Islamic State has held on to key areas in Iraq and Syria.

The territory it still controls serves as a haven to plan and inspire terror operations. The militants face a U.S.-led coalition of some 60 nations, an array of local and foreign militias and persistent airstrikes.

The coalition has conducted nearly 7,500 strikes in Iraq

since the campaign began there in August 2014, according to Airwars, a nonprofit group.

The Iraqi army didn’t say how many soldiers were involved in retaking the four villages on Thursday.

No conventional U.S. forces participated in the operation, said Col. Steve Warren, a spokesman for the U.S.-led military coalition fighting Islamic State forces in Iraq and Syria. A U.S. Marine unit on the ground provided artillery support.

Abdul Kareem Khalaf, a for-

off and well-educated folk.”

Islamic State, on the other hand, is “better led, organized and supplied, rooted in territory, and more uncompromising and brutal in action.”

If the analysis is right, Islamic State doesn’t need the spectacular successes along the lines of 9/11, and in that sense, it poses less of a threat than al Qaeda did. But it does need a series of successful attacks in Europe—and in that sense poses a greater danger.

The proximity of its heartlands to Europe, together with the hundreds of potential operatives and thousands of sympathizers in place, makes it likely it will carry out further strikes. How many will depend on how governments respond.

Even as countries like Belgium direct more resources to the issue, building antiterrorism expertise and trust among governments to improve intelligence-sharing takes time.

“We’re not simply talking about hiring more people and they are immediately productive. Analysts need a lot of training and time before they can contribute,” said Manuel R. Torres, a political scientist and terrorism expert at Spain’s Pablo de Olavide University.

Europe is making strides in strengthening its security. But for now, he said, the threat is growing faster than officials’ ability to keep up.

—Julian E. Barnes, Matt Moffett and Matthias Verbergt contributed to this article.

mer spokesman for Iraq’s Interior Ministry, voiced doubt that the army’s success in the Makhmour district meant that the long-anticipated attempt to reclaim Mosul was imminent.

“There aren’t enough forces there, so how they are going to liberate anything?” Mr. Khalaf said. “At the maximum, it is an operation to secure a number of villages around the Makhmour area.”

Col. Warren also said the operation to seize back Mosul probably wasn’t at hand.

Some 2,000 to 3,000 forces have been deployed to the new Iraqi army base, and others are involved in the initial Nineveh operation, but less than the 30,000 that will probably be needed to retake Mosul, according to U.S. officials’ estimates.

Brig. Rasool, the spokesman for the Iraqi forces, said on Thursday that airstrikes by U.S.-led coalition forces around Mosul were continuing.

The retaking of the western city of Ramadi from Islamic State in December was viewed as an important initial test of its ability to stage an offensive to recapture Mosul, which is likely to pose a much bigger challenge.

Since seizing Iraq’s second-largest city in June 2014, Islamic State is said to have fortified it with land mines and a tunnel network.

—Ghassan Adnan and Raja Abdulrahim contributed to this article.

U.S., Russia Map Out Peace Strategy for Syria

By ALAN CULLISON

MOSCOW—The U.S. and Russia praised the progress of a cease-fire in Syria at a meeting at the Kremlin on Thursday, and promised to build on the success by supporting peace talks in Geneva between the Syrian government and opposition parties.

After four hours of talks in the Kremlin, Moscow and Washington apparently remain divided over a crucial element over any peace agreement—the future of Syrian President Bashar al-Assad. While the U.S. has long held that Mr. Assad’s departure is necessary to any peace agreement, the Kremlin has insisted his government is Syria’s mainstay against chaos.

But with a cease-fire taking hold in Syria, both sides said they would, for now, try to put aside differences to restore order in Syria.

“The improvements are welcome but they are not sufficient nor are they perma-

nent,” said U.S. Secretary of State John Kerry, on a visit here. “It is not a job finished and that is why we talked here today.”

At a joint news conference, Mr. Kerry and Russian Foreign Minister Sergei Lavrov said they would call for an end to territorial gains and for a release of hostages by warring parties in Syria. They also endorsed a new constitution for Syria, renewed talks for a political solution and an end to the use of “indiscriminate weapons.”

The talks in Moscow came as Syrian government forces, backed by Russian air power, continued to make gains against rebels and were reportedly fighting their way into the historic city of Palmyra, which has been held by Islamic State insurgents.

The meeting also came as a special United Nations envoy announced the close of the first round of talks aimed at stopping violence and moving toward a political transition.



Messrs. Putin and Kerry during a Kremlin meeting on Thursday.

Stafan De Mistura, the envoy, praised regime officials and opponents.

While U.S. officials initially criticized Russia for bombing all opponents of Mr. Assad, Moscow lately has scaled back the bombing and has focused on Islamic State and the al-Nusra Front, a group allied with al Qaeda. Both groups are excluded from the truce.

Mr. Kerry’s visit was a fol-

low-up to a phone call between President Vladimir Putin and President Barack Obama this month, when Russia said it would scale back its bombing in Syria. His trip was widely covered on Russian state-run television, with commentators celebrating U.S. engagement with the Kremlin, after a period of diplomatic isolation imposed by Washington for Russia’s actions in Ukraine.

U.S. Imposes New Sanctions on Iran Defense Entities

WASHINGTON—The Obama administration imposed new sanctions against Iranian defense firms and units of Tehran’s elite Revolutionary Guard, for their alleged role in supporting their country’s recent ballistic-missile launches.

The Treasury Department also blacklisted firms in the U.K. and United Arab Emirates on Thursday for allegedly serving as business fronts for Iran’s Mahan Air, which was sanctioned in 2011 for facilitating the movement of arms for the Revolutionary Guard.

Iran has conducted ballistic-missile tests in recent weeks that U.S. officials said may have violated a United Nations Security Council resolution. Iranian officials say the missiles are defensive, aren’t part of a nuclear program, and are legal.

—Jay Solomon



FROM PAGE ONE

HEALTH

*Continued from Page One*  
someone has to care for them,” says George Leventhal, a Democratic council member who a decade ago started a local initiative to provide care to uninsured immigrants here in Montgomery County, Md., a suburb of Washington. “We all pay anyway.”

Local critics contend the county should support immigration enforcement rather than undermine it. Brad Botwin, a local opponent of illegal immigration, objects to the cost of the county health program. “They can’t fix the roads. The metro system is absolutely falling apart. But they have the money to put up these health benefits,” he says.

Republican and Democratic federal lawmakers alike agree with the Affordable Care Act’s prohibition against providing government-subsidized insurance to anyone who cannot prove a legal immigration status. The presidential candidates also are in agreement. The Republican candidates also advocate overturning the entire system created by the health law, along with stepping up immigration enforcement.

Unauthorized immigrants account for at least one-quarter of the approximately 30 million uninsured people in the U.S., the Congressional Budget Office estimates.

Marielena Hincapie, executive director of the National Immigration Law Center, an immigrant rights group, says programs to treat them are an example of people acting locally, despite Washington’s stance. “We may not have gotten federal legislative immigration reform, but I can tell you we are getting immigration reform from the ground up,” she told health-law supporters at a recent conference.

Financial commitment

For communities that provide care to illegal immigrants, the financial commitment is significant. Interviews with officials in the 25 counties indicated that local initiatives provide nonemergency care for at least 750,000 unauthorized immigrants across those counties, costing them more than \$1 billion a year—almost all from local funds.

Some of the programs have operated for decades, providing services for immigrants alongside other low-income county residents. Others are brand new and explicitly exist for immigrants. All essentially serve as substitute health plans for illegal immigrants who are prohibited from getting Medicaid or subsidized private insurance under the health law, and whose jobs generally pay too little for them to buy coverage.

Montgomery County paid about \$12 million for health care for almost 25,000 immigrants last fiscal year across a dozen clinics. One of them was Proyecto Salud, or Project Health, housed in a government



A certified nurse practitioner, working with a translator, talks to a patient at the Proyecto Salud clinic in Montgomery County, Md.

building in Wheaton close to a metro station, fast-food franchises and an apartment complex.

The health centers put together treatment plans for diabetes, orthopedic injuries and anxiety disorders, among other things. Their budgets rely on donated help from area specialists, hospitals and drug companies, along with modest patient contributions. Past government evaluations of the centers credited them with a 41% reduction of behavioral-health emergency-room visits and a 67% reduction in trips related to chronic conditions—a big incentive for local hospitals to contribute, officials say.

“We are saving money to the system by doing this,” says César Palacios, head of Proyecto Salud. “If we don’t pay now when it is easy money, we are going to pay later on.”

The county’s program, “Montgomery Cares,” has served mostly immigrants without legal status since the biggest provisions of the health law kicked in two years ago. There were 110,000 uninsured

For counties that provide care, the financial burden can be significant.

people in the county at that time. At least 50,000 were set to remain uninsured because of the health law’s restrictions on unauthorized immigrants getting Medicaid or subsidized private coverage.

In New York City, the public-hospital system estimates it provided nonemergency care last year to 208,000 unauthorized immigrants across Brooklyn, Queens and the Bronx, the boroughs with the largest populations of such immigrants. The cost was about \$400 million, picked up by the system—es-

sentially, local taxpayers and everyone who has insurance and uses the hospital system.

In Los Angeles, 135,000 low-income county residents without legal U.S. residency status are assigned primary-care providers in a “medical home” designed to coordinate their care. They get an ID card, use of a member-services hotline and a booklet akin to an insurance brochure that explains how to gain access to screenings, a clinic network for specialty care and prescription drugs.

In the past year, the number of California counties with programs akin to the Los Angeles one has jumped from nine to 48, in part because of the entry of a consortium of rural counties.

Continuing debate

The debate is playing out county by county across other big states, including Texas. For decades, state officials there have wrangled over whether counties should treat uninsured illegal immigrants, without reaching a firm decision. As a result, local leaders have gone their own way.

Houston and Dallas together cover tens of thousands of illegal immigrants in charity-care programs—65,000 in Houston, and some portion of an 115,000-person program in Dallas, where the county doesn’t track immigration status.

“Consider the implications of half the people on the [local] rail lines and buses carrying them to work being denied flu shots,” says Clay Jenkins, the chief elected official for Dallas County. “There are 2.5 million people that live here, and they’re all important and they’re all deserving of respect and medical care,” says Mr. Jenkins, a Democrat.

By contrast, in Tarrant County, which includes Fort Worth, the system that provides safety-net care is limited to residents who can prove legal im-

Immigrant Health Care

Of the 25 U.S. counties with the largest populations of illegal immigrants, 20 have programs providing health care for them.

	Unauthorized immigrant population	Number of immigrants treated annually (est.)
Los Angeles County, Calif.	1,062,000	135,000
Harris County, Texas	373,000	65,000
Cook County, Ill.	323,000	20,000*
Orange County, Calif.	274,000	N/A
Dallas County, Texas	242,000	115,000*
Queens County, N.Y.	238,000	71,000
San Diego County, Calif.	205,000	N/A
Maricopa County, Ariz.	190,000	N/A
Kings County, N.Y.	181,000	80,000
Riverside County, Calif.	158,000	7,600
Miami-Dade-Monroe Counties, Fla.	156,000	8,500
Boston Area NECTA, Mass.†	148,000	103,000
Santa Clara County, Calif.	142,000	54,000
San Bernardino County, Calif.	138,000	1,300*
Bronx County, N.Y.	114,000	57,200
Clark County, Nev.†	113,000	1,000
Alameda County, Calif.	109,000	32,500
Tarrant County, Texas	103,000	N/A
Hidalgo County, Texas	94,000	5,000
Fresno County, Calif.	86,000	5,000
Broward County, Fla.	83,000	900
Fairfax County, Va.	83,000	N/A
Montgomery County, Md.	83,000	25,000
Gwinnett County, Ga.	80,000	21,600*
Travis County, Texas	79,000	36,100

\* Number also includes U.S. low-income, uninsured American citizens because county doesn’t track immigration status  
† Boston supports a state-run program; Clark County has a state-overseen nonprofit program  
Sources: Migration Policy Institute (population ranking); counties (health programs)

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migration status.

Those restrictions have been in place for about a decade. “At that time, there was a tremendous discussion that occurred,” says G.K. Maenius, the county administrator. “Our hospital district was struggling to have the finances to take care of legal residents of Tarrant County.”

As a result, he says, the hospital district opted to treat people without legal status as if they lived in any other county. The emergency room treats everyone. For noncounty residents to obtain nonemergency treat-

ment, they have to pay for it—at prices that likely are prohibitive for most.

In Fresno County, Calif., a debate over accepting \$5.5 million the state said could only be used to provide specialty care for around 5,000 unauthorized immigrants split the board of supervisors 3-2. The county ended up taking the money.

Andreas Borgeas was one of the supervisors to vote “no.” He says his opposition is chiefly fiscal. “We have distorted the discussion and created an ongoing entitlement that’s going to be

SKATE

*Continued from Page One*  
weeks ago—skateboards and scooters are more popular these days. The show’s director, Donald Wright, told them at a recent rehearsal he hadn’t borrowed and rented enough pairs for everyone yet.

Student Alyson Vigneau called out to two friends as she entered the gym, “Want to come in here and watch me break my neck?”

The day’s lesson was about turning, which involves crossing one foot over the other. The actors linked up as trains, looking at their feet. Step over your inside foot to turn, Mr. Wright told them, demonstrating the skill he gained playing college ice hockey. Two girls in sneakers pulled a third on wheels by the elbows. Mr. Wright saw a potential derailment: “Always to your left!”

When the director said to take five, the formation fell apart. Students grabbed each other or hit the gymnasium’s padded walls to stop.

Mr. Wright says his show has a “humble” budget of under \$10,000, far from the \$8 million producers spent for “Starlight’s” 1987 Broadway debut, a record at the time. That show’s set allowed actors to zip across three different levels onstage, including across a movable suspension bridge.



Hunt Middle School students, left, practice skating in a line. Zach Pearson and Jackie Ovassapian play in Libertyville’s production, right.

In suburban Chicago, teachers at Libertyville High School were feeling uninspired as they considered a list of possible shows. Then one suggested “Starlight.” Dustin Helvie, the school’s fine arts supervisor, recalls, “Our breath was taken away. ‘What? Can we really do this?’ ”

He says prospective cast members took lessons for months, even before auditions, to learn tricky moves such as ascending a ramp while singing. They rehearsed so much, the production was forced to replace worn toe stops before opening night last November.

The production removed two rows of seats from the school auditorium and built ramps for the players to take the action off the stage into the house. After the trains raced past the audience, a pre-

recorded video showed them continuing past the cafeteria and the lake outside. “It was probably the hardest show we will ever do,” says Mr. Helvie.

The “Starlight” coming from the Ringwood School, in Ringwood, England, has been postponed to June from February after a storm damaged the tent rented for the show. The tent holds 430, compared with the 260-person capacity of the school’s auditorium.

Ian Hawkins, the school’s head of performing arts, says the production’s £50,000, or about \$72,000, budget is triple Ringwood’s norm. The six-show run is already sold out, and it has its own YouTube teaser trailer.

Of the 90 cast members, 11 to 18 years old, six knew how to skate. Mr. Hawkins calls this a “massive issue.” One of his



best performers had been tentative in rehearsals before one cathartic day: “The tears came.” He recalls her saying, “I’m terrified I’m going to fall over.”

He initially worried about adding cast members to the backs of trains. “The more you add to the loop, the more you risk one going wobbly and knocking the whole line over,” Mr. Hawkins says.

Teachers must also tangle with more abstract issues. Though Mr. Lloyd Webber was inspired by the children’s character Thomas the Tank Engine, he sprinkled in grown-up innuendo. (A sample from “Rolling Stock”: “Don’t stop now, we gotta keep it going all night.”)

For the ending of one country-inflected ballad that spells out several of the lyrics, Mr. Wright changed the final word

from “B-A-S-T-A-R-D” to “B-U-T-T-H-E-A-D.”

That song also brings up a criticism of the show’s female characters. “Basically all the girls are interested in which engineer they can hitch up with,” Mr. Hawkins says.

Mr. Wright addressed this by casting a girl to play Electra, an electric engine originally played by a man.

“Starlight Express” isn’t as well-remembered as some of Mr. Lloyd Webber’s other productions. His “Jesus Christ Superstar” has 66 coming North American amateur productions, according to Rodgers and Hammerstein.

Still, “Starlight” has died-hard U.S. fans, among them TV writer Adam F. Goldberg. He saw the show in New York in 1987 and in London as a bar mitzvah gift in 1989. With its

difficult to sustain,” he says. “If California wants to have this coverage, it should be by Sacramento.”

California, like many states, doesn’t have an ironclad prohibition on providing health care to people here without authorization. States have flexibility over Medicaid eligibility, and 16 of them allow the program to cover populations of illegal immigrants, such as children and pregnant women.

California and New York have some of the broadest inclusion criteria. Oklahoma has a pregnant-women’s program aimed at ensuring prenatal care for babies who will become U.S. citizens, named “Soon to be Sooners.”

States would struggle to find the money to insure all immigrants, even if they wanted to.

California will have around 1.5 million adult immigrant residents without insurance in 2019. To offer Medicaid to those who meet the program’s low-income criteria, the state likely would have to find at least \$400 million more a year, according to an estimate by the University of California, Berkeley’s Center for Labor Research and Education that is based on the assumption that not everyone would enroll. If everyone did, the price would likely grow to at least \$720 million.

Democratic presidential candidates Bernie Sanders and Hillary Clinton have said they want to see universal health coverage in the U.S., but that they favor the status quo on the health law’s immigration restrictions. They have said they would be willing for illegal immigrants to use HealthCare.gov as a tool to shop for coverage, but wouldn’t want the federal government to help pay for premiums or allow them to enroll in Medicaid.

The Republican front-runner has made tighter immigration restrictions a core part of his health plan.

“If we were to simply enforce the current immigration laws and restrict the unbridled granting of visas to this country, we could relieve health-care cost pressures on state and local governments,” Donald Trump said in his health-policy platform.

Obama administration officials, including Health and Human Services Secretary Sylvia Mathews Burwell, acknowledge that immigration status is a key factor in the size of the U.S. uninsured population, and that reducing that number to zero would require changes in immigration policy.

But even those changes likely wouldn’t resolve the health-coverage issue.

The Obama administration has said that children granted immigration-enforcement reprieves under a 2012 executive action still will be subject to the health law’s restrictions. After an executive action that would extend that reprieve to around four million adults, the Obama administration said it would continue to subject them to the restrictions, too.

That action is now before the Supreme Court, with arguments in mid-April.

garish costumes and synthy score, he calls it the “pinnacle ’80s musical.”

When he decided to do an episode of “The Goldbergs,” the ’80s-themed ABC sitcom he created, about a school production of “Starlight Express,” he showed clips of it to younger writers who had never heard of it. “I didn’t remember how shockingly cheesy it was,” he says.

Mr. Wright, in Burlington, says the show offers fewer deep ideas than many others he directs. His actors say they love its upbeat songs and message about loyalty.

The students in the Hunt gym worked on their racing formations. Eighth-grader Enzo Boone was leading one train. He had pulled his striped knit cap over his helmet. Will Belluche ably skated backward.

Mr. Wright paced them through the arm-churning piston motion. If the moves are simple but in sync, they will look good, he reassured the giggling youngsters.

Will the children pull off their moves on wheels when the curtain goes up? Mr. Wright preaches calm. “Some of them aren’t bad,” he says. “We’ll have railings.”

VIDEO

See video about ‘Starlight Express’ performed at schools at [wsj.com/ahedvideo](http://wsj.com/ahedvideo).



# 'Mere Christianity' Still Gets a Global Amen

# A Bad Time to Cut U.S. Nuclear Capability

# Hours of Silence And Hard Work

Some Buddhist nuns use iPads. Others live in huts without electricity. And some are made to serve monks meals and bathe in their bathwater.

## Coming in BOOKS this weekend

Henry James & Constance Fenimore Woolson • Romanticizing the Spanish Civil War • The discovery of gravitational waves • Secrets of Kevin, Kobe and King James • The joyful disobedience of Mandelstam • Rusticating Dylan • & more



OPINION

REVIEW & OUTLOOK

Belgium’s Tragic Terror Lessons

Shortly after 9/11, a self-deprecating joke circulated that Belgium was impervious to a similar attack. The terrorists might hop in a cab whose ornery driver would only speak Flemish. Or take the wrong exit in Brussels’s confusing underground tunnels. Or board a Sabena jet, only to learn that the bankrupt national carrier had grounded all flights.

The joke worked because Belgium’s dysfunctions were legendary. Today the dysfunctions remain but the sense of security does not. Following Tuesday’s jihadist attacks in Brussels, we’ve learned that one of the bombers, Ibrahim el-Bakraoui, had been arrested last year by Turkish police near the Syrian border on suspicion of belonging to Islamic State. He was deported to the Netherlands but freed because “Belgium wasn’t able to make the terrorism connection,” according to Turkish President Recep Tayyip Erdogan.

Another bomber, Ibrahim’s brother Khalid, was wanted on international and European arrest warrants issued last December by a Belgian judge investigating November’s terrorist attacks in Paris. Belgian prosecutors had said earlier that neither man had known prior links to terrorism.

Khalid’s name was on the lease of a Brussels apartment where police found fingerprints of Salah Abdeslam, the alleged mastermind of the Paris attacks, whose arrest last week may have prompted the Brussels bombers to hasten their plans. Yet Politico quotes three sources as saying Belgian officials questioned Mr. Abdeslam for only an hour after he was captured.

All of this has caused a political storm in Belgium, considering that the Paris attacks made clear that Brussels was ground zero for European jihad. “If you put all things in a row, you can ask yourself major questions” about the government’s decisions, admitted Belgian Interior Minister Jan Jambon, whose offer to resign this week was turned down by Prime Minister Charles Michel.

The latest attacks also raise questions about Europe’s broader approach to security. Belgium was widely mocked after the Paris attacks when it turned out that a law forbidding police raids between 9 p.m. and 5 a.m. may have allowed one of the attackers to escape a police dragnet. The law is finally on its way to the dustbin, but what really needs to go is the mentality that spawned it.

Take passenger name records, or PNR, a plan to collect personal data for any airline

traveler in the European Union. Attempts to collect, and share, PNR have been in the works since at least 2007. But the effort has been stalled in the European Parliament, where even the Brussels attacks seem to have made no dent in the thinking of privacy fanatics. “Reflexively demanding for measures of mass surveillance does not prevent such attacks,” Jan Philipp Albrecht, a member of the Parliament’s Civil Liberties committee, said this week.

Then there is Europe’s unwillingness to invest resources in intelligence. The French and British have relatively robust capabilities, but Germany only recently overcame its post-Edward Snowden fit about the U.S. National Security Agency by resuming intelligence sharing with the U.S. after an eight-month break.

The talk now is of breaking down “stovepipes” currently dividing European intelligence agencies, justice ministries and national police to better track threats. Similar walls between the CIA and FBI were a big reason the U.S. missed the 9/11 plotters, so it’s good to see that Europeans are at last alert to the breadth of the Islamist threat.

Europe will also have to do more to surveil heavily Muslim enclaves such as the Molenbeek neighborhood where Mr. Abdeslam was able to hide for four months. One current difference between ISIS terror in Europe and America is that the U.S. has so far experienced only lone-wolf attacks, since there are few Muslim neighborhoods in the U.S. big enough to support the terror cells that have hit Paris and Brussels. But that could change.

\* \* \*

Events in Europe should also remind the U.S. Congress of its mistake last year in replacing the Patriot Act with the weaker Freedom Act. Ted Cruz is now leading the charge in the wake of Brussels to “patrol and secure Muslim neighborhoods before they become radicalized.” But the point of the Patriot Act was to give law enforcement adequate tools to identify terror suspects and prevent attacks without having to “secure” entire neighborhoods.

Any country can be hit, and probably will be, by the spreading jihadist contagion of Islamic State. But the minimum requirement for public safety is to treat terrorism as a systemic national-security threat that requires the full array of intelligence, surveillance and interrogation tools to prevent attacks. Europe is now relearning that lesson, and let’s hope the U.S. doesn’t have to as well.

Chicago Pension Nightmare

The hits keep coming for Chicago Mayor Rahm Emanuel. On Thursday the Illinois Supreme Court struck down the city’s pension reform, which required city workers to chip in more to their retirement plans, raised the retirement age and cut back on cost-of-living adjustments. But there may be a silver lining for the fiscal basket case known as Illinois.

The Illinois court said Chicago’s 2014 reforms violate a provision of the state constitution that bans diminishing existing pension benefits. This is legally debatable, but the court’s ruling wasn’t surprising since it had already knocked down state pension reforms signed by previous Governor Pat Quinn.

The ruling further limits Mr. Emanuel’s fiscal options as pension payments take an ever-growing share of city revenues. On Thursday the gracious souls at the Chicago Teachers Union announced a one-day walkout on April 1. The CTU isn’t allowed to strike until this summer, but CTU president Karen Lewis told her members not to worry: “What are they going to do, arrest

us all? Put us all in jail? There’s not 27,000 spaces in the Cook County Jail right now.” Ah, she cares so deeply for the children.

The ruling may be better news for Illinois Governor Bruce Rauner, who has been trying to reform the state pensions amid a hostile Democratic legislature. The court said in its Chicago ruling that a reform would be constitutional if workers had a *choice* to go into a modified or lower-benefit structure.

Mr. Rauner has endorsed the outline of a plan created by state Senate President John Cullerton that would let workers choose between capping their pensionable salary and collecting more generous cost-of-living increases during retirement, or collecting slightly lower cost-of-living increases during retirement based on a higher pensionable salary.

Mr. Cullerton has since distanced himself from his own handiwork under union pressure, but something will have to give or Illinois and the City of Big Unfunded Pension Obligations will go broke.

Iran’s legitimate economy, including the automotive, energy, construction and mining industries. Countering the missiles, the FDD says, requires “economic sanctions against all sectors involved in their development.”

The Ayotte-Kirk U.S. sanctions are a good start, since the path to international sanctions is closed for now. Iranian negotiators succeeded in excluding limits on ballistic missiles from the nuclear deal itself, but United Nations Security Council Resolution 2231 “calls upon” Tehran not to build or test missiles for eight years. Iran has used that weak language as a legal loophole, and Russia has made clear it will use its veto to stop any U.N. sanctions.

President Obama will likely oppose the new measures, and the timing of Treasury’s actions may have been aimed at heading off new Senate legislation. The U.S. sanctioned 11 companies and individuals for aiding Iran’s missile program after tests last year, but Iran keeps firing away.

Maryland’s Ben Cardin, the ranking Democrat on the Senate Foreign Relations Committee, and Chairman Bob Corker of Tennessee said in a joint statement last week that they’re working on bipartisan sanctions. The Ayotte-Kirk measures should be the starting point. Unilateral U.S. sanctions are a weak substitute for binding international sanctions. But the effort sends a message that the nuclear deal isn’t a license for Iran’s regional imperialism.

LETTERS TO THE EDITOR

Kasich: Hope of the GOP or Spoiler for Trump?

Your glowing editorial about the Ohio governor having a path to the nomination is both over the top and unsympathetic to the will of Republicans and conservatives (“Kasich Into the Breach,” March 16).

You write, “Mr. Cruz will also have a voice in deciding the nominee.” Pardon me, but he may have more Republican votes than Donald Trump and surely more than John Kasich.

Mr. Trump says his candidacy is the “biggest political story in the world” and that he is broadening the Republican tent. I haven’t seen any reports about how many of the “crossover” Democrats will be voting for Mr. Trump in the general election. Until proven otherwise, I believe most of these “crossovers” will vote for Hillary Clinton in the general election, and that they are merely choosing the person most likely to lose to her in November.

A majority of Republicans have consistently voted for candidates other than Mr. Trump. He doesn’t fare well in closed primaries. He does best in open primaries when so-called crossover Democrats vote. Too many pundits are too quick to attribute this crossover to general public anger and Mr. Trump’s take-no-prisoners persona. I believe too many on the right are, once again, underestimating the cunning and ruthlessness of the left.

We Republicans are supposed to be a conservative party standing against progressives. The Republican primary and Republican convention

should be decided by Republicans, not crossover lefties or in a smoke-filled room of establishment party members dismissing the will of the conservative voters they are supposed to represent.

TOM BUDDS  
*Huntington Beach, Calif.*

Your recent editorials encouraging Gov. Kasich to remain in the fight might have merit if delegates were strictly allocated proportional to their percentage of votes. But they are not. In Illinois, for example, Mr. Trump got 39% of the vote, but 79% of the delegates awarded. If Mr. Kasich were to drop out, a majority of his voters would support Ted Cruz. Until he does, a vote for Mr. Kasich is a vote for Mr. Trump.

GARY LAWRENCE  
*Santa Ana, Calif.*

Exit polls showed that Ted Cruz would have handily beaten Donald Trump in Michigan and Illinois in a two-way race (to say nothing of North Carolina and Missouri) but Gov. Kasich’s presence ensured that the lion’s share of Illinois congressional districts went to Mr. Trump. If Gov. Kasich doesn’t exit, this process will repeat itself on June 7 in California, giving Mr. Trump the vast majority of California’s congressional districts, and with it the Republican nomination.

EZRA GREENBERG  
*Hollywood, Fla.*

More on That Study of Bayou Charter Schools

Regarding your March 19 editorial “Back to Bad Schools in the Bayou” which references a National Bureau of Economic Research study that my colleagues Atila Abdulkadiroglu, Christopher Walters and I authored on the Louisiana Scholarship Program: We vehemently object to your accusation that we refused to check out more recent data and your allegation of “research malpractice.”

Our research was conducted with the full cooperation of the Louisiana Department of Education (LDE). We have no agenda for or against choice, and our work employs a gold-standard lottery-based research design that cannot be manipulated. In other work, we have found that recent charter school takeovers in New Orleans boost student achievement. We have also found negative results for suburban charters in Massachusetts, and positive results for Boston’s charter schools.

Our data-sharing agreement only provided enough data to evaluate the program’s first-year effects following statewide expansion. Throughout our interactions with the LDE, we expressed a strong willingness to look at additional data, but we were denied access. We remain eager to analyze data beyond the first year and would have already done so if the LDE had not refused to provide it. Since our study was released, another research team has replicated our findings for the Louisiana Scholarship Program and has shown that our negative results persist into the second year.

PARAG PATHAK  
*MIT and NBER  
Cambridge, Mass.*

Using a union to fight education for poor, disadvantaged children is the ultimate in bullying.

TED HAMMOND  
*Augusta, Ga.*

Retire the Tennessee Income Tax on Retirees

Andrew Ogles’s “Tennessee’s Senior Citizen Tax Is Ripe for Retirement” (Cross Country, March 19) concerning the burden of the Hall Income Tax on a single class of taxpayers (i.e., retired Tennesseans on a fixed income) demonstrates the unfairness of Gov. Bill Haslam’s attitude that he won’t try to repeal it because he can’t afford to lose the tax revenue it generates.

This unfair tax imposition has been exacerbated in recent years because of the demise of the ability to earn

meaningful interest on investments such as certificates of deposit. The interest on CDs is exempt from the tax. In past years when CDs constituted a prudent element of an investment portfolio, at least not all passive earnings were taxed. Now, however, CDs aren’t a meaningful income-generating vehicle and as a result virtually 100% of a taxpayer’s interest and dividends are taxable by the state. In some instances, the Hall Income Tax paid by a retiree equals or exceeds the amount of federal income tax paid.

CHRIS HARRIS  
*Brentwood, Tenn.*

Those who rely on retirement savings accounts (the vast majority of today’s retirees) for retirement income composed of mutual funds, bond interest and dividends pay a flat 6% tax. At the same time, those fortunate to have pension plans, such as our state legislators and other public-sector employees, don’t pay the 6% tax on the majority of their retirement income. This unfair and antiquated tax should be eliminated.

STEVEN PRIDDY  
*Germantown, Tenn.*

A Trade War Would Be a Losing Venture for Everyone

Regarding Holman Jenkins’s “Can Trump Start a Trade War?” (Business World, March 9): It is too often forgotten that when a foreign government chooses to protect or subsidize its own industries, it either hurts its own consuming populace, which is forced to pay higher internal prices or benefits consumers abroad by selling at lower than market prices.

If Donald Trump is elected, and if he follows through on his protectionist agenda, U.S. consumers (rich and poor alike) are in for a bruising, and as Mr. Jenkins points out, overall world-wide trade will decline. Protectionism is truly a lose-lose policy.

JOHN M. SIRIANNI  
*Eau Claire, Wis.*

Public Release of CFS Data Is Limited by Privacy Rules

I am writing on behalf of the principal investigators of the PACE trial of treatments for chronic fatigue syndrome, which was first published in 2011 and was the subject of “Patients, Scientists Fight Over Research-Data Access” (Personal Journal, March 8). The main reason that my colleagues and I have been unable to release data to members of the public who ask for it is that we don’t have the consent of the trial participants to release their data in this way, and we are ethically bound to act in the best interest of our patients. Although data can be anonymized, this doesn’t override the need for consent and protection of the data. We have shared data from the trial with other researchers, with proper safeguards of the data mutually agreed.

We have treated patients with CFS for more than 20 years. Many have improved with cognitive-behavioral and graded-exercise therapies. While these therapies don’t help everyone, they are the best available, with more evidence supporting their use than for any other treatment.

PETER WHITE  
*Queen Mary University of London*

Leftist Glacier Is on a Roll

Regarding the letters of March 15 “Feminist Glaciers: Your Tax Dollars at Work”: This isn’t just about the further perversion of science. It’s another example of leftist totalitarianism. There is no speck of existence where the left isn’t going to tell you what you must believe—even about glaciers.

TOM SPARKS  
*Wilmette, Ill.*

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OPINION

# Iraq Isn't Lost to Iran

By Zalmay Khalilzad

The conventional wisdom in Washington, D.C., seems to be that Iraq is hopelessly lost to Iran. The best that the U.S. can do, this view suggests, is to destroy Islamic State there and develop a special relationship with an independent or semi-independent Iraqi Kurdistan.

Washington *should* do those things. But it also should not abandon the rest of Iraq. Based on recent meetings in Baghdad with Iraqi leaders, including Prime Minister Haider al-Abadi, I believe that the country is not lost.

It's true that Iran has considerable influence in Iraq. The total withdrawal of U.S. forces in 2011 created a vacuum that Iran and its regional rivals tried to fill, pulling the country apart. The disintegration of the Iraqi army and the rise of Shiite militias to combat Islamic State, also known as ISIS, increased Iranian influence further. Yet many Iraqi Shiite leaders are growing disillusioned with Iran and want to strengthen ties with the U.S.

## The ISIS onslaught has convinced many Iraqis of the need for better relations with the U.S.

First, although Iran's security support was useful in halting the initial advance of ISIS, it has been insufficient to retake major territory. The limited effectiveness was evident in the stalled offensive to recover Tikrit and the militias' failure to hold Baiji on their own. In both cases it was American advice and focused U.S. air power that allowed the Iraqis to achieve their objectives last spring and summer.

In the eastern province of Diyala, deadly ISIS attacks are continual reminders of the cost of putting Iran's proxies in charge of a battleground. In January the Iranian-backed Shiite militias of the Badr Organization claimed victory in the province without U.S. support, but it is far



Iraqi Shiite militia fighters outside Samarra, March 2.

from being ISIS-free today.

Second, Iraqi leaders fear that the militias will outlive their useful role against ISIS and become parties to, or instruments in, a Shiite civil war. Some of the more extreme leaders, like Moqtada al-Sadr, are trying to ride on the wave of popular dissatisfaction with poor governance and the slow pace of reform in Baghdad. Tensions among Iraqi Shiite groups are overall on the rise, as are the risks of a direct confrontation and violent clashes between Mr. Sadr and the Iraqi government. The resurgent threat he poses is an added reason for many Shiite leaders to look for more U.S. support.

Third, there is strong resentment over Iranian heavy-handedness and disrespect for Iraqi sovereignty. I heard complaints that Qasim Suleimani, commander of Iran's Quds Force, attends classified security meetings in Baghdad without a visa or announcement. In November, Iran sent half a million people, not all of them innocent pilgrims, across the border without proper documents.

There are hard-line Iraqi Shiites—like Mr. Sadr and several pro-Iranian militia groups, such as the Asiaeb Al Haq—who want no or minimal relations with the U.S. But a majority, in my view, want good relations with both Iran and America. These include Ayatollah Sistani,

the spiritual leader of Iraqi Shiites, and the prime minister. I even met a few who are hostile to Iran and very friendly to the U.S.

To make the most of this opportunity for increased U.S.-Iraq relations, here are a few things that Washington should do:

- *Assist in restoring the military balance in favor of Iraqi national security forces.* Support from the U.S. and its allies has already helped the Iraqi army regain some of the strength and respect it lost when ISIS took Mosul in 2014. Success in Ramadi last December is a good example. America must sustain and expand efforts to professionalize the national army, which means Washington needs to be prepared to maintain sufficient presence over a long relationship.

- *Carefully assess plans for Mosul.* President Obama would like the city to be liberated before he leaves office—perhaps fearing that his legacy might suffer from handing his successor a problem in the Middle East worse than the one he inherited. But to make military victory in Mosul and other Sunni Arab cities permanent there needs to be a deliberate plan to manage post-liberation reconstruction and settle governance questions.

- *Help demilitarize.* The U.S. should help the Iraqis design and implement a program for militia

disarmament, demobilization and reintegration. Once ISIS is defeated, Iraq must reverse the militarization of society made necessary by its onslaught.

- *Facilitate progress toward a new political compact.* I gleaned from my conversations that some Shiite leaders were open to normalizing relations with Sunni Arabs, as well as having a candid conversation with their Kurdish counterparts about the future of the country. The U.S. can do more to catalyze agreements, which may include allowing Sunni-majority provinces to exercise a constitutional right to establish federal regions. Most Iraqi leaders prefer mediation by the American honest broker, not the Iranian bully.

- *Encourage economic reform.* As a start, urge that the International Monetary Fund standby agreement be finalized—including the release of IMF funds and their balanced distribution in Iraq. America should help Baghdad get through the severe economic crisis caused by a long war and declining oil prices. In particular, the U.S. could help Iraq meet the requirements set by the IMF and others to gain access to additional resources.

Iraq is decidedly not lost to Iran—and today U.S. leverage is at a new post-withdrawal high. Washington has an opportunity to rebuild influence if it takes the right steps. The Iraqis want to pursue a balanced regional policy but they need assurances, as they navigate the tricky waters of regional sectarian rivalries, that America has their back. Strong support exists—among Sunnis, Shiites and Kurds—for a renewed relationship with the U.S. It would be a mistake for Washington not to reciprocate.

*Mr. Khalilzad is a former U.S. ambassador to Afghanistan, Iraq and the United Nations, and the author of "The Envoy: From Kabul to the White House, My Journey Through a Turbulent World," just out from St. Martin's Press.*

# For This 6-Year-Old, The Law Sees Only Race

By Aditya Dynar  
And Timothy Sandefur

It is hard to imagine the anguish that Rusty and Summer Page must be experiencing. Their 6-year-old daughter Lexi, whom they had raised since taking her in as a foster child four years ago, was wrenched away Monday and sent from her home in Santa Clarita, Calif., to live with another family hundreds of miles away in Utah—solely because of Lexi's race.

You read that right. Lexi is 1.5% Choctaw. A 40-year-old federal law called the Indian Child Welfare Act requires government officials to take children away from caring foster families and place them with Native American families they may never have even met. Simply because Lexi has a distant Native American ancestor, a Choctaw great-great-great-great grandparent on her father's side, she was taken from the Pages, who want to adopt her but aren't Indian. State and tribal authorities sent her from California to live with a couple in Utah instead.

## Lexi, who is 1.5% Choctaw, was taken from loving parents because they didn't share her ancestry.

The Goldwater Institute, where we work, has filed a civil-rights lawsuit, *Carter v. Washburn*, challenging the unconstitutional discrimination at the heart of the Indian Child Welfare Act. The law makes it harder to protect children with Indian heritage, no matter how slight, from abuse and find them permanent and loving adoptive homes. It's mind-boggling that this federal law enshrines rules of "separate but equal"—actually, separate and substandard—for one racial group. But that's what it does.

Normally, adoption law tries to serve the best interests of the child. But the Indian Child Welfare Act forces courts to disregard that rule and place children, regardless of their individual needs, with members of Native American tribes—even ones who have no connection to the children. Only in rare cases may judges place a child like Lexi with a family that may be white or black or Asian or Hispanic.

The Indian Child Welfare Act was written out of a concern that state courts were breaking up tribes by sending Native American children to live off-reservation. But four decades later, it penalizes Indian children by subjecting them to different and less favorable rules than other children. For instance, child-protection authorities can quickly take custody if they find evidence of abuse. But under this law, before taking custody of Indian children the officials must provide far more proof of abuse—which makes it harder to protect them from mistreatment.

Worse, the law gives tribes the power to intervene in any foster-care or adoption proceeding nationwide that involves a child of Indian heritage. That's why Lexi can have her fate determined by the Choctaw Nation in Oklahoma, a state she has never visited. The Multiethnic Placement Act makes it illegal to delay or deny adoption for racial reasons. But the Indian Child Welfare Act opens a loophole for Native American children, who are explicitly denied that protection.

Supporters of the legislation claim that children are better off being raised in their "native" culture. But the Constitution entitles American citizens (and all Indian children are citizens) to equal treatment under the law. Valuable as a cultural heritage might be, it is wrong for the government to deny them the legal protections accorded to all other children—including the right to have their cases decided on their individual circumstances instead of their ethnicity.

In *Brown v. Board of Education*, the Supreme Court ruled that creating a separate and substandard system for children of one race is repugnant to America's highest law. Fifty years later, it is unacceptable that children like Lexi—and the non-Indian parents who love them—are still subjected to disfavored treatment based on their ancestry.

*Mr. Dynar is an attorney with the Goldwater Institute and represents the plaintiffs in Carter v. Washburn. Mr. Sandefur is the institute's vice president of litigation and the author of "The Conscience of the Constitution" (Cato Institute, 2014).*

# Why Restaurant Automation Is on the Menu

By Andy Puzder

Consumer preferences, reduced technology costs and government policies that increase labor costs are driving a trend toward automation in the restaurant business. If you make something more convenient and less expensive, it tends to catch on.

As recently as the 1960s, gas-station employees would rush to fill your car's tank, wash the windows, check the oil and put air in the tires. Telephone operators made your long-distance calls and bank tellers cashed your checks. Those jobs now are either gone or greatly diminished.

Today, we reduce jobs whenever we shop on Amazon instead of our local retail outlet, use an Uber app rather than calling a cab dispatcher, order a pizza online, use an airport kiosk to print boarding passes, or scan groceries. Each of these changes in behavior has increased convenience and reduced labor costs—and competitive businesses pass the savings to their customers.

In the restaurant business, the increasing impact of technology doesn't mean that a robot will soon roll up to your table and say, "Hi, I'm Trudi4783. I'll be your automated server today." But technology can replace certain functions. Touch screens are already transforming the way food is ordered in many restaurants.

In late 2013, Chili's and Applebee's announced that they were installing more than 100,000 table-side tablets at their restaurants across the country, allowing cus-

tomers to order and pay their bill without ever talking to a waiter. The companies were soon followed by Buffalo Wild Wings, Panera Bread, Olive Garden and dozens of others. This means fewer servers covering more tables. Quick-service restaurant chains are also testing touch-screen ordering.

## Forget about robot waiters, but technology helps cut government-imposed costs. And consumers like it.

But technology at the counter poses challenges. Some guests find it impersonal or confusing. Customer service is still very important and, for now, having access to a person is important to assure smooth experiences for everyone. Increased automation also makes it more difficult to build a company culture. There are maintenance costs, and the business has to hire IT professionals to service the technology. The technology can malfunction, spoiling a patron's visit.

So why the increased use of technology? The major reason is consumer preference. Research shows that many appreciate the speed, order accuracy, and convenience of touch screens. This is particularly so among millennials who already do so much on smartphones and tablets. I've watched people—young and old—waiting in line to use the touch screens while employees stand idle at the counter.

The other reason is costs. While the technology is becoming much cheaper, government mandates have been making labor much more expensive.

In 2015, 14 cities and states approved \$15 minimum wages—double the current federal minimum. Additionally, four states, 20 cities and one county now have mandatory paid-sick-leave laws generally requiring a paid week of time off each year per covered employee. And then there's the Affordable Care Act, which further raises employer costs.

Dramatic increases in labor costs have a significant effect on the restaurant industry, where profit margins are pennies on the dollar and labor makes up about a third of total expenses. As a result, restaurants are looking to reduce costs while maintaining service and food quality.

Highly automated models have limited applicability for restaurants with more complex menus. For example, at CKE Restaurants, the company I lead, our Carl's Jr. and Hardee's employees make biscuits from scratch. They bread chicken tenders by hand, prepare complex burger orders, hand-scoop the ice cream for milkshakes, and the restaurants offer table service. None of these tasks can be effectively automated, and we wouldn't want them to be.

But a new restaurant chain called Eatsa has almost completely automated food service, from ordering to handoff (back-of-the-house employees to prepare the food). It's not really a new idea—

Eatsa is a digital upgrade of the automat restaurants that had a long run of popularity in many U.S. cities beginning about a century ago. Based on my visit to the Eatsa restaurant in San Francisco—there is another in Los Angeles—it has a modern and clean feel, and a strong millennial customer base that is responding well to the restaurant with the slogan "Better, Faster Food."

It isn't a coincidence that this concept arose in San Francisco, which for years has had one of the country's highest minimum wages and some of the nation's most business-burdening labor regulations. The result: Since the recession ended, median family income in San Francisco has increased to about \$78,000 from \$70,000, but the poverty rate increased to 13.3% from 11.5%. So some in San Francisco are making more money, but more people are living in poverty. Why?

Part of the problem is that those with technical skills make good livings, while those who don't have those skills are being priced out of entry-level jobs.

The low-labor Eatsa concept may be a harbinger of the future. If consumers prefer it, or if government-mandated labor-cost increases drive prices too high, the traditional full-service restaurant model, like those old gas stations with the employees swarming over your car, could well become a thing of the past.

*Mr. Puzder is the chief executive officer of CKE Restaurants.*

# Notable & Quotable: Paul Ryan

*From House Speaker Paul Ryan's remarks about the state of American politics, as prepared for delivery in Washington, D.C., to a group of congressional interns, March 23:*

Governing ourselves was never meant to be easy. This has always been a tough business. And when passions flare, ugliness is sometimes inevitable. But we shouldn't accept ugliness as the norm. We should demand better from ourselves and from one another. We should think about the great leaders that have bestowed upon us the opportunity to live the American Idea. We should honor their legacy. We should build that more confident America. . . .

As leaders, [House Republicans] have an obligation to put our best

ideas forward—no matter the consequences. With so much at stake, the American people deserve a clear picture of what we believe. Personalities come and go, but principles endure. Ideas endure, ready to inspire generations yet to be born.

That's the thing about politics. We think of it in terms of this vote or that election. But it can be so much more than that. Politics can be a battle of ideas, not insults. It can be about solutions. It can be about making a difference. It can be about always striving to do better. That's what it can be and what it should be. This is the system our Founders envisioned. It's messy. It's complicated. It's infuriating at times. And it's a beautiful thing too.

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WORLD NEWS

# Bosnian Serb Convicted of Genocide

Hague tribunal gives 40-year sentence to Radovan Karadzic, who led breakaway state

By VALENTINA POP

A United Nations court sentenced former Bosnian Serb leader Radovan Karadzic to 40 years in prison for genocide, crimes against humanity and war crimes during the Bosnian war in the 1990s. He will appeal the ruling.

The International Criminal Tribunal for the former Yugoslavia on Thursday found Mr. Karadzic guilty of 10 of the 11 counts, including genocide for the Srebrenica massacre and criminal responsibility for the shelling of Sarajevo, during a nearly four-year siege on the city. He is the highest-ranking official the court has convicted since its creation in 1993.

“These are among the most egregious of crimes in international criminal law and include extermination as a crime against humanity and genocide,” said Judge O-Gon Kwon who read the sentence in The Hague.

Mr. Karadzic was convicted of genocide for his role in the execution of more than 8,000 Muslim men and boys in Srebrenica in July 1995, in what has been called the worst case of mass murder in Europe since World War II.

“The chamber finds that the accused shared the extended common purpose of killing the Bosnian Muslim males of Srebrenica and that he significantly contributed to



Women whose family members were killed in the Srebrenica massacre reacted in Tuzla, Bosnia, on Thursday to Mr. Karadzic's conviction.

it,” Mr. Kwon said.

The 70-year-old former psychiatrist was also found guilty of crimes against humanity and war crimes in connection to the siege of Sarajevo between May 1992 and October 1995, the longest in modern European history.

Mr. Kwon said Mr. Karadzic was criminally responsible for the operation that deliberately shelled and sniped at civilians in Sarajevo. “The chamber is convinced that the [Serb

forces] conducted this to terrorize civilians,” he said.

In a statement accompanying the verdict, the tribunal said Mr. Karadzic “was at the forefront of developing the ideology and policies which led to the creation of a largely ethnically homogeneous Bosnian Serb state through the commission of crimes.”

The wars in the territory of the former Yugoslavia lasted from 1991 to 2001. More than 100,000 people were killed in

the 1992-95 conflict in Bosnia alone, according to estimates of the U.N. tribunal.

Mr. Karadzic was found guilty of crimes against humanity—but not of genocide—against Bosnian Muslims and Bosnian Croats in several other towns and villages. The victims were forcibly deported, had their properties seized, were detained in inhumane conditions, beaten and sometimes killed, the judge said, and some were subjected

to rape and sexual violence. Others were used as forced labor or as human shields for Serb forces, he said.

Peter Robinson, a lawyer who helped Mr. Karadzic's defense, said the former Bosnian Serb leader would appeal.

“Victims and their families have waited for over two decades to see Karadzic's day of reckoning,” said Param-Preet Singh, senior international justice counsel at Human Rights Watch.

# Obama Honors Victims of Argentine Junta

By RYAN DUBE AND TAOS TURNER

BUENOS AIRES—President Barack Obama pledged support for victims of Argentina's military dictatorship by declassifying documents that many here hope will shine a light on abuses committed during the country's so-called Dirty War.

Mr. Obama—standing beside his Argentine counterpart, Mauricio Macri—made a passionate defense of human rights at a riverside memorial on Thursday, 40 years to the day after the coup that brought a brutal junta to power at the height of the Cold War. He said the U.S. has to examine the stance it took in that regime's early days.

“There has been controversy about the policies of the United States early in those dark days, and the United States has to examine its own policies as well and its own past,” he said during his visit to Remembrance Park, a memorial next to the River Plate, into which the military dropped drugged victims from airplanes.

“Democracies have to have the courage to acknowledge when we don't live up to the ideals that we stand for, when we've been slow to speak up for human rights, and that was the case here,” Mr.



Messrs. Obama and Macri paid tribute Thursday in Buenos Aires to those killed by the dictatorship.

Obama added.

Mr. Macri, who had asked the U.S. to declassify the documents, said Mr. Obama's visit on the coup anniversary was a chance for Argentines to say “never again in Argentina to political violence, never again to institutional violence.”

He added that “today we need to reaffirm our commitment to democracy and human rights.”

The State Department has

declassified more than 4,000 documents from the Dirty War period. The documents underscore the divide among some U.S. officials about how to respond to the military regime, which ruled Argentina from 1976 to 1983.

At the center of the controversy is former U.S. Secretary of State Henry Kissinger, who met with top officials from Argentina's military regime shortly after the coup on March 24, 1976. In a meeting

with the junta's foreign minister, he said “we want you to succeed,” according to a published copy of the transcript, despite earlier reports from his advisers about human-rights abuses. Mr. Kissinger didn't respond to requests to comment.

Other U.S. officials helped support victims of the dictatorship by pressuring the junta to free some individuals. The Carter administration, which took office nine months

after the coup, made human rights a pillar of its foreign policy and applied economic sanctions against Argentina over its abuses.

During his speech Thursday, Mr. Obama praised activists, journalists and former U.S. diplomats in Buenos Aires who “documented and described many incidents of human-rights violations.”

Magdalena Ruiz Guiñazú, a 78-year-old Argentine journalist who served on a national commission investigating disappearances, said Mr. Obama's speech was important for Argentina, which still has deep scars from that era.

“I have no reason to doubt Obama's transparency and authenticity when he speaks about the disappeared and what happened here. It was very important for him to say what he did,” she said.

But some human-rights advocates in Argentina have been critical of Mr. Obama's visit on the coup anniversary, seeing it as a provocation. They marched on Thursday to commemorate the anniversary and protest what they see as U.S. support for the junta.

Mr. Obama left Buenos Aires for the Patagonia resort of Bariloche with his family before the march began.

—Alberto Messer contributed to this article.

# In Holy Rite, Pope Welcomes Migrants

Associated Press

CASTELNUOVO DI PORTO, Italy—Pope Francis washed and kissed the feet of Muslim, Christian and Hindu refugees Thursday and declared them all children of the same God as he performed a gesture of welcome and brotherhood at a time of increased anti-Muslim sentiment following the Brussels attacks.

Pope Francis, in a Holy Week Mass with asylum-seekers at a shelter here outside Rome, denounced the Brussels attackers, saying they wanted to destroy the brotherhood of humanity represented by the migrants.

The Holy Thursday rite reenacts the foot-washing ritual Jesus performed on his apostles before being crucified, and is meant as a gesture of service.

“We have different cultures and religions, but we are brothers and we want to live in peace,” Francis said in his homily, delivered in the windy courtyard of the center.

Several migrants wept as Francis knelt before them, poured holy water from a brass pitcher over their feet, wiped them clean and kissed them.

Pope Francis in January changed Vatican rules for the foot-washing to explicitly allow women and girls to participate. The Vatican said Thursday that four women and eight men took part.

## World Watch

HONG KONG

### Missing Book Editor Returns From China

A book editor whose nearly three-month disappearance rattled Hong Kong returned home from the Chinese mainland Thursday, the police said.

Lee Bo met with officers upon his return but didn't provide thorough information about his undocumented departure from the island, a statement said. He said he went voluntarily to assist in a case against a colleague and wasn't abducted.

Mr. Lee was one of five Hong Kong-based men associated with a publishing house that produced works about China's Communist leadership that were banned on the mainland. Three of Mr. Lee's colleagues are free on bail in the mainland, but one appears to be still detained.

—Associated Press

NEW ZEALAND

### Voters Reject Flag Showing Native Fern

Voters chose to retain the country's current flag in a referendum Thursday, rejecting a new design that had the support of Prime Minister John Key, according to early results.

The figures show 56.6% favored keeping a flag with four red stars on a blue background and Britain's Union Jack in the corner, while only 43.2% wanted a new design of a silver fern with the four red stars.

Mr. Key in 2014 proposed changing the flag to better represent a country more linked to Asia than to its former colonial rulers. Many New Zealanders wanted the indigenous silver fern to appear on a black background, but that design is trademarked by the New Zealand Rugby Union.

—Kate Geenty

CHINA

### Government to Cut Business Taxes

Premier Li Keqiang said Beijing will reduce the tax burden on Chinese companies to spur dynamism and help the economy's shift toward consumption and services.

In a speech at the Boao Forum for Asia, China's answer to the Davos World Economic Forum, Mr. Li said the government will push ahead with tax cuts, with a focus on helping promising service industries.

He said such tax cuts will amount to 500 billion yuan (\$76.8 billion) this year.

—Mark Magnier

# Malaysia Pushes to Extend Penal Use of Caning

By CELINE FERNANDEZ

KUALA LUMPUR, Malaysia—A push by Malaysia's top law-enforcement official to use a British colonial-era punishment on people who reveal state secrets is dividing the government and sparking concerns in civil society.

Malaysia already administers the punishment—caning—to thousands of people a year who are convicted of crimes such as drug trafficking, rape, robbery and firearms possession. Human-rights groups and others deplore the practice, in which prisoners are whipped with a rattan stick, as inhumane. The government says it reduces recidivism, without providing supporting statistics.

Now, as Prime Minister Najib Razak's administration tries to contain a graft scandal at a state investment fund, his attorney general is proposing to also use caning on people found guilty of violating Malaysia's Official Secrets Act. Under the act, officials can declare any document or information to be secret, restricted

or classified. The government has said it suspects secret documents related to the investment fund were leaked.

Attorney General Mohamed Apandi Ali wants to expand the act to raise the penalties for breaking secrecy laws to life imprisonment, versus the current one-to-seven years in prison, and to cover journalists and editors who decline to disclose sources. But another of his proposals, to include caning as an additional punishment, has drawn the most scrutiny.

Caning people for leaking state secrets is “heavy-handed and nothing short of barbaric,” said Wong Chen, an opposition Parliament member.

Any change to the law would require approval of Parliament, which on Monday will begin a brief period of addressing new bills and amendments. Mr. Najib's cabinet is divided over whether to adopt the recommendations, a cabinet member said.

Mr. Apandi, in explaining his proposal to the Sin Chew Daily newspaper last month, said: “In certain countries,



Attorney General Mohamed Apandi Ali seeks more caning.

leaking official secrets is very serious offense. In China for instance, one could be sentenced to death.” He added: “We might prosecute journalists who refuse to disclose their sources....Rights to information is not a right prescribed under the constitution.”

Some say the proposal alone risks having a chilling effect on civil society and that the secrets act, even in its current form, stifles dissent and

reduces transparency in government dealings.

“It's a sad day for us when we become enemies that need to be punished for keeping the government honest and accountable,” said Jahabar Sadiq, former editor of the Malaysian Insider news site.

Mr. Najib has come under intense political pressure since The Wall Street Journal reported last year that government investigators had found hundreds of millions of dollars had entered his personal bank accounts via banks, companies and other entities linked to 1MDB. The investigation didn't name the origination of the funds or say what happened to the money.

Mr. Najib, 62 years old, has denied wrongdoing or taking money for personal gain. The 1MDB fund also has denied wrongdoing, and has said it is cooperating with investigations. Malaysia's attorney general said the funds were a legal political donation from Saudi Arabia and that most of the money was returned.

In recent months, Mr. Na-

jib's government has taken measures to limit public scrutiny of the fund. His ruling party last month suspended a deputy president who had called to step up inquiries into the fund, saying the deputy failed to assist Mr. Najib, the party president.

Malaysia's auditor general this month invoked the Official Secrets Act for a report about the fund before it was submitted to a parliamentary panel, whose chief said the move was intended to deter any leaks.

Meanwhile, the media regulator sometimes blocks websites of news groups that report on the fund scandal, including the Malaysian Insider and the Sarawak Report, saying they published unverified information that risks confusing the public. Both deny the allegation.

Caning was introduced to Malaysia as judicial corporal punishment by the British colonial authorities in the 19th century. The practice remains a part of the penal system in Malaysia, as it does in Singapore and Brunei.



# GREATER NEW YORK



## Power Performances

Arab women make their voices heard **ARTS | A17**



What Readers  
Are Thinking

**FEEDBACK FRIDAY | A16**

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## Port Board Signs Off on Major Projects



Port Authority Chairman John Degnan at the agency's offices.

Compromises made on new bus terminal, overhauls at airports; officials trade barbs

By **ANDREW TANGEL**

The Port Authority of New York and New Jersey advanced several major projects—including renovations at two area airports—as the agency's mounting tensions burst into the public spotlight at raucous meetings Thursday.

Commissioners at the bi-state agency approved the next steps for overhauling La Guardia Airport in Queens and an aging Terminal A at

Newark Liberty International Airport.

The agency also committed to replacing the 1950s-era Port Authority Bus Terminal in midtown Manhattan, rejecting a suggestion by some New York officials to build a facility in New Jersey. It remained unclear precisely where the new terminal would be built on the West Side.

While the commissioners brokered compromises on many significant projects, the meeting was marked by feisty public sparring. Officials clashed repeatedly and, at times, bitterly.

At one point, Patrick Foye, the Port Authority's executive director and an appointee of

New York Gov. Andrew Cuomo, questioned the agency's commitment to include the Manhattan bus-terminal replacement in its capital plan, citing a high-end cost estimate of \$15 billion.

"Are we really going to crowd out \$15 billion of existing spending?" Mr. Foye said.

The agency's chairman, John Degnan, an appointee of New Jersey Gov. Chris Christie, snapped back, saying Mr. Foye was "out of order."

"I know you don't agree with it, but you don't get a vote here," Mr. Degnan said. "The motion has passed. There's not time for a public comment here—keep it to yourself."

At points, the commissioners flashed frustration as they debated how much the various projects cost.

Officials disagreed on whether La Guardia's overhaul was best characterized as a \$4 billion project to replace the airport's Terminal B and add a new central hall. Or if it was more accurately described as a \$5.3 billion redevelopment, counting earlier projects stretching back to 2004 and other costs.

The agency's New York commissioners squabbled among themselves. One of

*Please see TRANSIT page A16*

◆ 'Integrity monitor' OK'd for La Guardia project ..... A16

## Doctor Charged With Violating Female Patients

By **THOMAS MACMILLAN**

An emergency-room physician pleaded not guilty Thursday to charges that he sexually abused young women who sought care at Mount Sinai Hospital on Manhattan's Upper East Side.

David Newman, 45 years old, faces one count of sexual abuse in the first degree and four counts of sexual abuse in the third degree.

Dr. Newman allegedly drugged one woman and masturbated in front of her, ejaculating on her face, authorities said. He is also accused of fondling the breasts of three other female patients.



**David Newman, who denies the allegations, has written about the doctor-patient relationship.**

"In this case, Dr. Newman abused that privilege, preying upon vulnerable, young and minority women," Ms. Kim said.

In January, Dr. Newman treated a 29-year-old woman complaining of shoulder pain. Ms. Kim said the doctor touched the woman's breasts and then gave her an extra shot of morphine.

When the woman was physically helpless, "Dr. Newman masturbated at her bedside and ejaculated on her face," Ms. Kim said.

Police found sperm on the woman's eye and DNA on her face that matched Dr. Newman's, Ms. Kim said.

According to court documents, Dr. Newman told a detective a week before his arrest that he had masturbated in a hospital lounge before treating the woman.

"The ejaculate may have gone from my hands to the woman's blanket," Dr. Newman said, according to the documents. "Semen may have also transferred from my hand to her face during the time I treated her."

In the interview, according to the documents, Dr. Newman suggested the woman may be mistaken because she was on morphine. He said he gave her a second dose of the drug, saying there was "some confusion amongst the nurses regarding the morphine."

"I can't believe this is happening. My explanation doesn't make sense. Is she alleging that I raped her?" he said, according to the documents. "What you are saying I did doesn't make sense either."

An attorney for the woman declined to comment in an email sent after the hearing.

*Please see DOCTOR page A14*

## Recovery Mission in the Hudson River



**SAD DAY:** The tugboat *Specialist*, which sank March 12 after hitting a stationary barge, was raised from the water under the Tappan Zee Bridge Thursday. Three crew members died. The final body, that of 56-year-old Harry Hernandez, was found inside the boat. **A14**

## Frick Moves Ahead With Expansion

By **PIA CATTON**

This time, the garden stays.

After controversy over a prized green space felled its most recent building plan last year, the Frick Collection is renewing expansion efforts, seeking an architecture firm to craft an upgrade that leaves the garden intact.

On Thursday, leaders of the Upper East Side museum and library said they intend to issue a formal request for qualifications from firms with expertise applicable to the Beaux-Arts mansion. A selec-

tion is expected later this year, with designs following in 2017.

The return to the drawing board comes after a controversial expansion plan, announced in 2014, was scrapped last June.

The proposal, which would have destroyed an intimate viewing garden created by British landscape designer Russell Page, sparked opposition from preservationists, civic groups, artists and architects. High-profile design professionals and local organizations joined together in an effort called Unite to Save the Frick.

In the wake of the criticism,

the Frick dropped its plan.

"We heard everyone. We listened, and we have decided not to build on the garden site," said Ian Wardropper, director of the Frick. "What that means is we have to go back and look at alternatives."

The Frick was first opened to the public in 1935, after the deaths of Henry Clay Frick in 1919 and his wife in 1931. The garden was added much later, in 1977, and was never intended to be accessible to the public, only viewed from the street or from inside the museum. Still, it is a rare example

of Page's work in New York, according to Simeon Bankoff, executive director of the Historic Districts Council, which advocates for the city's historic neighborhoods.

"The garden is an important piece of late-20th-century landscape design by an acknowledged master of the form," he said, adding that it should be considered the equal of artworks in the Frick's collection.

Taking steps to expand the facility and keep the garden, he said, "shows a real flexibility on their part."

*Please see FRICK page A14*

## Atlantic City on the Brink



**UNDIVIDED ATTENTION:** Residents of Atlantic City pack a room in City Hall to hear Mayor Don Guardian discuss the city's financial problems and a possible shutdown of local government. **A15**

## On Central Park West, Synagogue Can't Win

By **JOSH BARBANEL**

Fifty years is a long time to wait to put up a building, even for a Jewish congregation that has been around since 1654, but Congregation Shearith Israel might have to wait a bit longer.

The Orthodox congregation, housed in a landmark neoclassical building at Central Park West and West 70th Street, is about to begin excavation work next door for a nine-story community house and condominium.

But neighborhood opponents, who have been fighting the project for decades, won a rare victory in a zoning appeal at the city's Department of Buildings that could further

delay the project's completion.

The conflict raises questions about the rights of religious institutions to deference in carrying out their missions when contending with zoning rules designed to preserve the scale and qualities of the city's neighborhoods.

Last fall, the department issued a "notice to revoke" threatening to withdraw the synagogue's permits for not complying with zoning rules.

The notice is pending. Meanwhile, the synagogue is trying to work out the problem.

The buildings department based its findings on discrepancies between drawings submitted last year and earlier

*Please see ZONING page A14*

**69°**  
TODAY'S  
HIGH



**MORNING  
SHOWERS**



**N.Y. Sports Lineup**



**7 p.m. Friday  
Capitals  
@ Devils**



**7:30 p.m. Friday  
Islanders  
@ Lightning**

For N.Y. sports coverage, see **A18**



CITY NEWS

# City Declines To Auction Off Its TV Station

BY THOMAS GRYTA  
AND JOSH DAWSEY

The City of New York owns one of the most valuable television stations in the country, a channel worth as much as \$769 million in a coming auction. Last year, officials said they were considering selling the station. But the city has decided not to cash out. It plans to keep broadcasting WNYE-TV, a noncommercial channel that airs such programming as “Firehouse Kitchen,” a cooking show with local firefighters, and “Neighborhood Slice,” a documentary series on city life.

The city previously acknowledged it was considering joining the auction process.

The Federal Communications Commission, which is buying up local TV stations as part of an effort to free up airwaves for cellphone networks, had set an opening bid of \$769 million for WNYE. The auction kicks off next week, and the potential for big payouts has lured large station owners like CBS Corp. as well as several PBS stations. It is unlikely the city would have gotten the full amount, however, because of how the FCC process will be run—a “reverse auction” in which bids drop until the agency gets the licenses it needs—and it may decide it doesn’t need the station at all. Only stations that agree to go off the air get the maximum payout. Stations also can accept a lesser amount to share their airwaves or move to a different channel. The city had previously acknowledged it was considering joining the process. In a July letter to the FCC concerning another issue, Mayor Bill de

Blasio’s top lawyer, Maya Wiley, noted that the city owned the license for WNYE and was “contemplating the potential benefits of relinquishing its license in the auction.” A City Hall spokeswoman confirmed that the city didn’t submit an application for the auction but declined to comment further. Julie Menin, who recently became commissioner of the Mayor’s Office of Media and Entertainment, overseeing WNYE, steered questions about the decision to Ms. Wiley but said the city is planning to add more programming to the channel this year. “If you sell it, you would never have that again,” Ms. Menin said in an interview. “It’s an important asset.” The station broadcasts on channel 25. According to its licensing filings, it has a strong signal that spans the tri-state area, reaching beyond Patchogue on Long Island and Bridgeport, Conn., and almost to Trenton, N.J. The station went on the air in 1966, originally as part of a Department of Education effort to provide programming for classrooms. Ms. Menin said 500,000 people can be watching the channel at any time, but numbers are hard to verify. She said many people aren’t aware that the station is owned by New York City because of “branding and marketing” issues that she intends to fix. She plans to add programming that focuses on civic engagement, women and “diverse voices.” The New York media market is the country’s biggest, and its local television stations drew the biggest opening bids from the FCC. Wireless licenses for the region have historically drawn top dollar. In the last major auction of wireless spectrum, AT&T paid almost \$2.8 billion for one of six licenses sold for the region.



Members of Harry Hernandez’s family gathered on a pier near the site of a fatal tugboat crash as his body was recovered Thursday.

# Body Recovered From Boat

Final victim is found as sunken tugboat is pulled from Hudson; crash probe ongoing

By CORINNE RAMEY

Westchester County police on Thursday recovered the body of the final missing crew member from the tugboat involved in a fatal accident earlier this month near the Tappan Zee Bridge. Harry Hernandez, 56 years old, of Staten Island, was retrieved from the boat once it

was pulled out of the Hudson River, near Tarrytown, police said. He was in a bunk room near the front of the vessel, which is where the boat hit a stationary barge on March 12, resulting in the deaths of Mr. Hernandez and two other crew members. Mr. Hernandez’s family watched as the boat was recovered from the water. “Even though we know that to be absent from the body is to be present with the Lord, we are comforted to know that we can now put his body to rest,” they said in a statement. Officers from the county’s

Marine Unit and Emergency Services Unit took the body to the medical examiner’s office, police said. Workers also “dewatered” the boat, removing remaining fuel and polluted water. “I know that these last two weeks have been a traumatic experience for the Hernandez family. They were telling me the stories of Harry and how he just loved the water,” Westchester County Executive Rob Astorino said at a news conference Thursday. Detectives removed the GPS devices and some log books from the boat that will be used

in the investigation, police said. The 84-foot tugboat, named Specialist, hit a stationary barge early in the morning of March 12. It sank quickly, spilling fuel into the Hudson, officials said at the time. Divers found the bodies of the other two tugboat crew members within days: Timothy Conklin of Westbury, N.Y., and Paul Amon of Bayville, N.J. U.S. Coast Guard and Westchester County officials are continuing to investigate the accident. A full report may take several months but a preliminary one may be available next week, authorities said.

# ZONING

Continued from page A13 drawings provided when the synagogue won an exemption from regular zoning rules for the site. The community house has been at issue on the Upper West Side since at least 1983, when the synagogue proposed putting up a 42-story apartment tower that would cantilever over the peaked roof of the synagogue. Over time, the synagogue has scaled down its vision. In 2002, it proposed a 14-story building. In 2006, under pressure from the city’s Landmarks Preservation Commission, this was cut to nine stories, with five condos including a penthouse, a wheelchair-accessible entrance to the synagogue, a below-grade catering hall, and three floors of classrooms. Some of the apartments looked out over the synagogue toward views of Central Park. Still, opposition remained from neighbors whose light and views would be blocked. They were joined by a preservation group, Landmark West!, which is worried about setting a precedent that could allow other zoning exceptions for tall buildings on the mostly low-rise side streets near Central Park West. The synagogue says the problems raised by the city stem from relabeling of rooms that can easily be reversed. “We have revised the building-department drawings and refiled them with the board,” said Samuel G. White, the project architect and a partner at PBDW Architects. But opponents say that even if the building department drops its threat, they would continue to challenge the project through the courts. Alan Sugarman, a lawyer who filed the zoning appeal on his own behalf and that of several neighbors, said the appeal showed that the synagogue didn’t act in good faith when it said it needed a hardship exemption from zoning rules to accommodate its programmatic needs. “We are preparing to pounce no matter what they do,” said Mr. Sugarman, who lives directly across the street from the synagogue project. The congregation has been housed in five different buildings and moved to the Upper West Side after its current home was completed in 1897. Seth Haberman, a co-chairman



Above, the lot next to Congregation Shearith Israel where it proposes to build a community center with condominiums on top that is under challenge. Below, a rendering of the proposed building.



of the synagogue’s building committee, said his father joined the synagogue in the mid-1960s, when it was already working on plans for a new community house. At issue in the dispute is a 2008 decision from the Board of Standards and Appeals that granted the synagogue an exemption from zoning rules that included a height limit of 75 feet on much of its building site. That rule was adopted in 1984, soon after the synagogue proposed its tall condo building. In its decision approving the building, which would be 106 feet tall excluding rooftop mechanicals, the board said it was required under state law to give “significant deference” to religious and educational

institutions to meet their “programmatic needs.” But, when revised plans were submitted to the buildings department last year, the number of classrooms was cut and many spaces were labeled as “offices” instead. Kate Wood, executive director of Landmark West!, said the solution was for the synagogue to comply with the underlying zoning rules. “The community has always maintained that the synagogue could build an appropriately sized building that could fulfill their programmatic needs,” she said. Such a building would be no more than 75 feet tall and have setbacks in keeping with the townhouses on the block, she said. Louis Solomon, the Parnas,

or president, of the synagogue, said the congregation has been assured by city officials that there was “nothing approaching bad faith in the synagogue’s submissions.” He said that while the synagogue is no longer planning to rent classroom space to a day school, it has had a Hebrew school for “more than 200 years.” “The underlying needs of the synagogue, the programs we plan to run, the institutional requirements, have not changed,” he said. Even with the legal situation uncertain, he said, the “construction is proceeding.” Vibration detectors have been installed on some of the synagogue’s stained-glass Tiffany windows.



Sonny Mangone in ‘Neighborhood Slice,’ which airs on WNYE.

# DOCTOR FRICK

Continued from page A13 The other instances of alleged sexual abuse occurred last year—in August, September and October. Dr. Newman fondled the breasts of three women when he treated them in the pediatric section of the emergency room for a cold, an eyebrow rash and a headache, Ms. Kim alleged. The women were ages 18, 19 and 21. “There simply was no medically legitimate reason to fondle these women’s breasts,” Ms. Kim said. In court, Ms. Kim recommended four years in prison and registration as a sex offender for a guilty plea on the one count of sexual abuse in the first degree. Dr. Newman and his attorney declined to comment after the hearing. The next court date, on pre-trial motions, is set for June 23.

## CORRECTIONS & AMPLIFICATIONS

Melissa Butler witnessed the November 2014 fatal shooting of Akai Gurley by Peter Liang, who then was a New York Police Department officer. An article on Thursday about the sentencing recommendation for Mr. Liang incorrectly identified the witness as Kimberly Ballinger.

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

Continued from page A13 The Frick receives about 300,000 visitors a year, but because it is a home retrofitted as a museum and library, improvements are needed to accommodate the growth of the collection, programming and visits, said Mr. Wardropper. The expansion’s main goals include increased gallery space for special exhibitions and the permanent holdings, as well as improved areas for the unloading of artworks and a more direct connection from the museum to the reference library. Also on the wish list: areas for conservation work, educational programs and a potentially overhauled auditorium. Opening up the second floor, where bedrooms were converted to administrative offices, has been part of plans for decades, but is now a priority. “That’s really a key for us,” said Mr. Wardropper. “It allows us to show more of the permanent collection and allows the public to access more of the original house.”

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Have something to say about an article in Greater New York? Email us, along with your contact information, at [gnyltrs@wsj.com](mailto:gnyltrs@wsj.com). Your letter could be published in our weekly Feedback column on Friday. Letters will be edited for brevity and clarity. Please include your city and state.



CITY NEWS

# Former Officer Makes Apology For Shooting

By Pervais Shallwani  
And Zolan Kanno-Youngs

Former New York Police Department Officer Peter Liang apologized Thursday to the domestic partner of Akai Gurley, the unarmed black man he was convicted of fatally shooting.

Mr. Liang and Kimberly Ballinger, the mother of Mr. Gurley's daughter, met for about five minutes, lawyers for both of them said. The meeting had been planned before the Brooklyn district attorney's office on Wednesday asked a judge not to sentence the former officer to prison, both sides said.

**'She wanted to let Mr. Liang know that Akai Gurley was a good man.'**

"Basically, he said to her that he was sorry, and it was difficult to lose a loved one," said Paul Shechtman, Mr. Liang's appellate lawyer, adding that Mr. Liang told the woman that what happened was "the last thing he intended in the world."

Mr. Liang, who is Asian-American, was convicted in February of manslaughter for shooting 28-year-old Mr. Gurley inside the dark stairwell of a Brooklyn public-housing complex in 2014. The former

officer testified that he and his partner were on a routine patrol when he was startled by a sound and accidentally fired the shot. The bullet ricocheted off a wall and hit Mr. Gurley, killing him.

Prosecutors said the rookie officer acted recklessly by having his finger on the trigger and accused him of failing to administer first aid and waiting too long to report the shooting. Mr. Liang and his partner, who were both fired after the verdict, testified that they didn't immediately realize someone had been shot.

Only Mr. Liang, Ms. Ballinger and an attorney for each of them attended the meeting, both lawyers said. It was held in a conference room in the Brooklyn district attorney's office, Mr. Shechtman said, but the district attorney's office didn't participate.

"Ms. Ballinger let Mr. Liang know that as a result of his actions, her daughter no longer has a father and she is a single parent," said Mr. Rynecki. "She wanted to let Mr. Liang know that Akai Gurley was a good man and a good father and was missed by her and their daughter."

Mr. Liang and Ms. Ballinger ended the meeting with both saying they were people of few words and exchanging a handshake, Mr. Shechtman said.

Mr. Rynecki said that about a month ago, members of Mr. Liang's defense team con-



Akai Gurley's aunt, Hertencia Petersen, condemned the district attorney's decision not to seek prison time for the former officer.

tacted him and said the former officer wanted to meet with Ms. Ballinger to "express his sorrow for what happened."

"We were told that she was open to the possibility and we agreed to it," Mr. Shechtman said.

Later Thursday, a rally took place outside the district attorney's office to protest the recommendation that Mr. Liang be sentenced to five years' probation, including six months' house arrest, and 500 hours of community service. Mr. Liang, 28, faced a maximum sentence of 15 years in prison and a minimum of probation.

District Attorney Kenneth Thompson wrote in a memo to Supreme Court Justice Danny Chun that there was no evidence Mr. Liang intended to hurt Mr. Gurley and that he doesn't pose a threat to public safety.

While typically prosecutors' recommendations play a strong role in sentencing decisions, the justice doesn't have to follow the suggestion. The sentencing is scheduled for next month.

At the rally, Mr. Gurley's aunt, Hertencia Petersen, spoke passionately against the recommendation. "I am appalled,

I am discouraged, I am upset," she said, adding later that Mr. Thompson and prosecutors "have failed Akai Gurley."

State Assemblyman Charles Barron said protests of the decision would continue. "We've done everything peaceful to try to get justice but don't make us bring Ferguson to New York City," Mr. Barron said, in an apparent reference to the unrest that took place in the Missouri city after the fatal shooting of an unarmed black man by a police officer. "It seems as if the only thing this country understands is when we tear it down," said

Mr. Barron.

One protester carried a sign saying "Jail Killer Cops." Some at the rally yelled "Traitor!" in reference to Mr. Thompson because they thought he betrayed promises to hold police officers accountable.

Melissa Butler, who was with Mr. Gurley when he was shot, didn't speak, but cried as her lawyer spoke of Mr. Thompson's recommendation.

"When we found out yesterday that the district attorney was recommending no jail time, Melissa's reaction was, all this is for nothing," said Roger Wareham. "It was crushing."

# Atlantic City Fears Government Shutdown

By Kate King  
And Heather Haddon

ATLANTIC CITY—As top New Jersey officials traded re-criminations Thursday about a proposed state takeover of Atlantic City, Kayla Oliver wondered how she would feed her baby if the city's government shuts down next month.

"You have single mothers here and you're shutting down City Hall?" said Ms. Oliver, a 25-year-old resident who visits City Hall to pick up a government benefit check for low-income mothers. "How are we supposed to get our baby formula?"



Emotions ran high Thursday in Atlantic City. Kayla Oliver, left, and Mayor Don Guardian, in bow tie.

Residents in this cash-strapped resort city said they are worried about how they will manage if Mayor Don Guardian moves forward with his plan to close City Hall and suspend all nonessential city services beginning April 8. Mr. Guardian said the city has no choice because it is running out of money and state officials have rejected pleas for a bailout.

On Thursday, Gov. Chris Christie, a Republican, and Assembly Speaker Vincent Prieto, a Democrat, continued to blame each other for an impasse that has left Atlantic City on the edge of bankruptcy.

**'It will only be a matter of weeks, not months, until we run out of money again.'**

Mr. Guardian said the city, which has seen its tax base shrink 64% since 2010, would try to keep as many services as possible operating after April 8, when he believes the city will be unable to make payroll for its 950 employees.

The city's schools will remain open, the police and fire unions have agreed to work without pay and an estimated 200 other city employees have volunteered to work provided they can collect unemployment, the mayor said Thursday.

"The streets are going to be cleaned, and the trash is going to be picked up, and the police are going to be in full service all over the city and the Fire Department is going to stand ready," the mayor said. "How long can we last? Not long."

The city would resume normal operations May 2 with revenue from quarterly property-tax payments, Mr. Guardian said. But the city would likely have to suspend services again without state aid, he said.

"It will only be a matter of weeks, not months, until we run out of money again," he said.

The mayor said Atlantic City is "begging" the state for money, but he and other elected officials said they remain opposed to the takeover plan. They said the takeover bill approved by the Senate violates residents' constitutional rights to elect their local leaders.

Mr. Christie said Thursday that there are enough votes in the Assembly to pass the bill and "if Atlantic City's finances go down the tubes, there is only one person to blame and that is Vincent Prieto."

The governor accused lawmakers of playing politics over the interests of Atlantic City.

"They should not play chicken with me or test me," Mr. Christie said in a radio interview. "It's my obligation to stop a train wreck when I see it coming."

Mr. Prieto stayed firm Thursday in his opposition to the takeover bill and said the governor already has, under a 1947 state law, the power to control almost all aspects of Atlantic City's government.

"The only power he clearly lacks is to destroy existing collective bargaining agreements—and everyone should know how I feel about protecting collective bargaining rights," Mr. Prieto said.

At some point, Atlantic City will be unable to make its debt payments, which would force the state to make the payments or approve a bankruptcy filing, Mr. Guardian said. Given the choice between bankruptcy and a state takeover, the mayor said he would be hard pressed to choose.

"That's a very tough question that I ask God every night," he said. "He hasn't given me an answer yet."

## Greater New York Watch

### NEW YORK CITY Four Seasons Owner Guilty of Assault

Julian Niccolini, co-owner of the Four Seasons restaurant, pleaded guilty Thursday to misdemeanor assault, a lesser charge than the felony sexual abuse count he had previously faced.

Mr. Niccolini, 62, was arrested in June and accused of sexually abusing a 28-year-old woman during a party at the famous Manhattan restaurant. Assistant District Attorney Maxine Rosenthal said on Thursday that Mr. Niccolini inflicted scratches and bruises to the woman's back, hips and thighs.

Mr. Niccolini had previously pleaded not guilty to a felony charge that could have meant

years in prison. His case was discharged with conditions, among them staying out of trouble for a year.

Mr. Niccolini declined to comment after the hearing. His attorney, John Moscow said "The record speaks for itself."

—Thomas MacMillan

### STATEN ISLAND Three Shot, One Dead At Housing Complex

Three people were shot on Thursday afternoon outside a public housing complex in Staten Island, leaving one woman dead.

The 47-year-old woman was shot in the head outside 14 Roxbury Street of the Mariners Harbor Houses around 6:11 p.m., said an NYPD spokeswoman.

A 21-year-old man was shot three times in the head and was in critical condition. A 22-year-old man was shot three times in the leg and was in stable condition. Both were taken to Richmond University Medical Center.

The suspect, a male in a gray hoodie, fled in a dark-colored Hyundai, said the spokeswoman.

—Zolan Kanno-Youngs

# Fund for Public Schools Appoints a Director

By Leslie Brody

The Fund for Public Schools, the nonprofit organization that recruits donors to New York City's public schools, has named Sarah Troup Geisenheimer its executive director, city officials said Thursday.

Ms. Geisenheimer, 32 years old, has been leading the fund in an interim capacity since December, when its previous head, Iris Chen, abruptly departed.

The fund, grew sharply during the administration of

Mayor Michael Bloomberg, benefiting from the star power of one of its leaders, Caroline Kennedy. It aimed to raise private money to seed experiments that, if successful, could be brought to scale and usher in systemic change.

The nonprofit works with the Department of Education, and New York City Schools Chancellor Carmen Farina heads its board of directors. In the past six years the fund typically had annual revenues of more than \$20 million through contributions and grants, with a peak of about

\$48 million in the fiscal year ending on June 30, 2013.

The fund has raised \$11.3 million so far in fiscal 2016, compared with \$16.3 million by the same time last year, a city Department of Education official said.

Ms. Geisenheimer said her goal isn't hitting a certain dollar amount. "We always want to develop partnerships in a way that is meaningful," she said.

She aims to team up with businesses and foundations to bolster the department's priorities, such as Computer Sci-

ence for All, prekindergarten, summer learning programs and so-called community schools, which bring social services on-site.

Ms. Geisenheimer, who will earn \$185,000 in her new job, said she seeks to stabilize an organization where nine of its roughly 20 staff positions were vacant when she arrived in December. She expects to be fully staffed next month.

She began her fundraising career as a receptionist at the Rockefeller Foundation, and eventually became an associate director at the organization.

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# FEEDBACK FRIDAY

## Different Takes: City University of New York

### Tough Response Needed For Badgering Students

I am thoroughly unimpressed with the response by the CUNY administration to the near-violent harassment of Jewish students and their limited supporters by members of Students for Justice in Palestine (“Unforeseen Turn in Fight Over Funds for CUNY,” March 17).

I had warned about SJP for years during my service on the CUNY board, as an appointee of then-Gov. George Pataki, from 1999-2013.

The problem is that academic administrators at CUNY and nationally instinctively accept SJP’s activities as a free-speech issue. They operate outside of the rubric even of others with similarly abhorrent viewpoints. They are the antithesis of the free and open exchange of ideas on a campus. They are the equivalent of bullying brownshirts. They must be prohibited on campuses throughout the nation.

No academic institution in this country can function where SJP possesses a critical mass of hoodlums.

**Jeffrey S. Wiesenfeld**  
*Great Neck, N.Y.*

### Anti-Semitism Can’t Be Tolerated by Colleges

In reporting that “a swastika [was] found on one of the school’s campuses,” a reader might think that only a single incident of a swastika being found on CUNY campuses was reported. I know from personal experience that this isn’t the case.

I attended Hunter College, Silberman School of Social Work, and I am aware of one incident in which a swastika was found in a women’s bathroom.

When I reported the incident to Hunter Hillel, I was told that “it happens more than you would think.”

Additionally, during a meeting with a Hillel representative, I was told that in the 10 years that this representative was working at Hunter’s main campus, it was hard for her to think of a single year in which there wasn’t at least one report of a swastika being found on campus.

Though I was assured that Hunter College went through the proper protocol with each report of a swastika, I was disappointed that the school didn’t issue a statement to the school community condemning this continuous problem and consider additional measures to

address the problem.

It is important that CUNY take anti-Semitism seriously and do more to ensure the safety of their Jewish students.

**Morr Mazal Barton**  
*New York*

### Less Fortunate Deserve Chance to Go to College

Many of the students attending the City University’s four-year and two-year colleges come from families with little or no money for college tuition. They are fiercely trying to fight their way out of poverty. Some began their college careers in private institutions and are buried in loan debt.

In addition, there are those who have lost their employment and are enrolled in degree and certificate programs to acquire new skills so that they can come off the unemployment rolls. They can achieve their goal in an affordable manner.

Reducing access to this superior institution of higher learning and the pathway to class mobility for many would be a grave error.

**Abraham Axelrud, Ph.D.**  
*Professor Emeritus*  
*Queensborough Community College*  
*Woodmere, N.Y.*



LUCY GARDNER FOR WSJ

**Waiter, There’s a Cat... At the Adjoining Table**

About 30 years ago, I had a pet-related restaurant experience in Paris far more bizarre than finding a dog in my chair (“Urban Gardner:

With Fido Along, You Can Skip the Doggie Bag,” March 21). Having dutifully studied the old red Guide Michelin, at a one-star restaurant I ordered the recommended fish dish for my main course. The waiter came out with two plates of the same dish and placed one in front of me and the other on the unoccupied table next to mine. Suddenly, the resident cat jumped up on a chair, thence onto the table, and proceeded to devour the fish, carefully licking up every bit of the delicious sauce. The cat then jumped off the table and disappeared out a doggy door. The waiter, who had

been watching for my response, caught my eye and gave me his best Gallic shrug.

**Henry I. Miller**  
*Stanford, Calif.*

**De Blasio Rezoning Plan Will Raise Housing Costs**

Mayor Bill de Blasio has unwittingly set the framework for a rise in New York City’s housing unaffordability (“Political Offensive Buys Rezoning,” March 23). Mandatory housing mandates lower the profitability of new housing development, which greatly constrains the supply of

new housing. And as any high-school student knows, if you constrain supply amid growing demand, prices go up. The mayor would best serve New Yorkers by im-



JOHN TAGGART FOR WSJ

proving property rights and eschewing interference in the real-estate market.

**Clifford Sondock**  
*President*  
*Land Use Institute*  
*Jericho, N.Y.*

**Subway Packed? Slow? Tell Us Something New**

Your article on the poor performance of the New York City subway comes as no surprise to me (“Subway Service Can’t Keep Pace With Ridership,” March 24). At a public hearing years ago, I suggested that the MTA run the 4 and 5 trains from northern Manhattan to Bowling Green and turn

them around. This would significantly increase the arrival time at the most heavily traveled stations. Running trains from northern Bronx to southern Brooklyn during rush hour makes no sense.

**Len Comberiate**  
*Ossining, N.Y.*

Letters intended for publication in the Greater New York section of The Wall Street Journal should be sent to: [gnyltrs@wsj.com](mailto:gnyltrs@wsj.com). Please include contact information, including your address and phone number. Letters should be a maximum of 300 words, and are subject to editing.

## CITY NEWS



Port Authority commissioners voted Thursday on proposals to revamp two major airports and where to build a new bus terminal.

## TRANSIT

*Continued from page A13*

them, Kenneth Lipper, abstained from a vote on the La Guardia measure after voicing concern that it would prevent the board from keeping a lid on construction costs.

“It could make the Oculus look like pussyfooting around,” said Mr. Lipper, referring to the centerpiece of the World Trade Center train station that wound up costing about \$4 billion, twice its original budget.

Agency officials have estimated a new Midtown bus terminal will cost about \$10 billion. The Port Authority hasn’t yet hammered out specific plans, but Garden State political leaders hailed the agency’s commitment to keep the terminal in Manhattan as a win for New Jersey commuters.

If the bus terminal were moved to New Jersey, that would mean commuters would have to take a second ride to Manhattan.

“New Jersey people don’t need another stop on their way to New York,” said David Rabban, 25 years old, as he waited to board a bus to Paramus, N.J., at the current terminal Thursday.

The Port Authority also took steps on other major projects. It approved up to \$35 million for preliminary engineering work on a project to dig two new Hudson River rail tunnels.

Commissioners also rescinded a more than 15-year-old lease agreement that New York state officials had hoped would help fund the conversion of a post-office building into a train hall as part of an overhaul of Penn Station.

Mr. Degnan had been criti-

cal of the lease. But the measure approved on Thursday still could allow the Port Authority to contribute up to \$150 million for the train-hall project.

The agency’s leadership is undergoing a protracted restructuring. Commissioners have yet to find a person to become the agency’s chief executive officer, a new position that replaces Mr. Foye’s job.

When a CEO is found, New York is expected to take over the board’s chairmanship for two years and thus control its agenda. Mr. Foye, who had withdrawn from the CEO search, recently decided to stay until a permanent successor is picked.

The Port Authority has been criticized over the years as opaque and imperious. But officials said Thursday’s lively meeting underscored the agency’s increased open-

ness and transparency, a contrast to the days when disagreements were largely hidden from public view.

Mr. Degnan compared the Port Authority’s newfound openness with “messy” necessities of democracy that still could result in progress.

“This is the most significant step forward in contributing to regional transportation infrastructure that the Port Authority has made in its modern era,” Mr. Degnan said following the meeting. “The fact that it involves some disagreements—and some open disagreements—don’t complain about what you’ve asked for.”

A Port Authority veteran said Thursday’s meeting “wasn’t just showing how the sausage is made—it was slaughtering the pigs in front of a crowded room.”

—*Zolan Kanno-Youngs contributed to this article.*

## Port Authority Votes For ‘Integrity Monitor’ At La Guardia Project

By Andrew Tangel

The Port Authority of New York and New Jersey voted Thursday to require a construction company overseeing La Guardia Airport’s redevelopment to pay for an outside “integrity monitor” after it admitted to overbilling at the World Trade Center site.

The board of the company, Tishman Construction Corp., is headed by Dan Tishman, who led a panel appointed by New York Gov. Andrew Cuomo to reassess the airport’s design. The company is a subsidiary of AECOM, a major consulting firm.

The Port Authority’s board approved on Thursday the monitoring requirement in light of Tishman’s deferred prosecution agreement in December with federal prosecutors in Brooklyn. According to that agreement, Tishman admitted to fraudulently overbilling clients and agreed to pay more than \$20 million in restitution and penalties. The company agreed to reimburse the Port Authority more than \$400,000 as part of the agreement, according to the agency.

A Tishman spokesman said the company thinks “the monitor is unnecessary because of robust protocols already in place, but will comply with whatever is required by our client.”

“There has never been an assertion of billing problems at LGA,” said the spokesman, referring to La Guardia.

In a joint venture, Tishman and STV Construction Inc. are managing construction related to La Guardia’s redevelopment. Port Authority Executive Director Patrick Foye said the integrity-monitoring firm would report to the agency’s inspector general, and he described the arrangement as a routine step. “We believe that’s a use-

ful—and ought to be an effective—prophylactic device,” he said.

The design panel that Mr. Tishman headed recommended changes to La Guardia’s configuration, including a new, \$310 million central hall as part of a replacement of Terminal B.

A Cuomo spokeswoman said the Port Authority’s inspector general would hire “independent, outside staff to ensure the integrity of all the work done at La Guardia.” She noted the Tishman-STV joint venture was chosen through a competitive bidding process in 2013, before the airport design panel was created.

The monitoring resolution noted that Tishman Construction has “substantial ongoing contracts” with the Port Authority.

**The Port Authority’s projection of costs for La Guardia’s redevelopment stands at \$5.3 billion, a figure some dispute.**

The agency’s decision to subject Tishman to an outside watchdog comes as Port Authority Chairman John Degnan, the top New Jersey appointee on the agency’s board, has questioned the growing estimates related to overhauling La Guardia.

The agency’s official tally of costs for La Guardia’s redevelopment stands at \$5.3 billion, exceeding some previous estimates by more than \$1 billion. Top New York officials at the agency have disputed the \$5.3 billion figure, saying it is misleading because it includes work going back to 2004 and other costs.



ARTS & ENTERTAINMENT

# Listening to the Voices of Arab Women

By LIZZIE SIMON

“Intensity.”  
That, according to Cairo-based artist and curator Adham Hafez, is what links the four solo works by female performing artists having their U.S. premieres Friday and Saturday at **New York Live Arts**.

The two evenings of avant-garde movement and comedy at the group’s Chelsea headquarters are part of Live Arts’ ambitious, weekslong Live Ideas festival, which this year spotlights artists and intellectuals from the Middle East and North Africa region.

**‘Each country, each class, each religious belief system has a separate reality for women and many of them are empowered.’**

At a time when Western tensions with the area are roiling and cultural openness and understanding increasingly overshadowed by terrorism fears, the festival’s 25-plus offerings—in the performing and visual arts as well as master classes, lectures, screenings, community dialogues and more—give New York audiences a chance to directly experience a wide range of the region’s most prominent and pioneering cultural voices.

“These are vital voices that otherwise are not going to be heard,” said Thomas O. Kriegsmann, Mr. Hafez’s co-curator as well as director of programs at New York Live Arts. “There is no better way to get the complexity through than live performance, body to body, community to community, in a room together through physical presence.”

Mr. Hafez hopes that in the curatorial breadth of the festival New York audiences take stock of how many different kinds of artists and themes are underrepresented in U.S. performance venues. “To see the blind spots,” he said.



‘Syrian-Palestinian-American choreographer Leyya Mona Tawil, shown below and rehearsing her dance piece, ‘Atlas,’ which she will perform at New York Live Arts.

At a quick glance, the soloists, apart from gender and intensity, share little in common. The artists range in age from mid-20s to mid-50s and represent an extended Middle East diaspora that encompasses the U.S. and Europe.

Their aesthetic range is also broad.

Marie Al Fajr, a French choreographer who has had a major presence in Egypt for more than 20 years documenting dying dance traditions, will perform “Shagarat Mussafira (Traveling Trees),” a slow, meditative, Egyptian-based contemporary dance.

Egyptian-Irish performer Mona Gamil’s comedic piece, wherein she plays an author promoting a guidebook to making “safe” and market-



friendly art, is “stylistically more Tony Robbins than Arabian Nights,” she said, referring to the renowned motivational speaker.

Syrian-Palestinian-Ameri-

can choreographer Leyya Mona Tawil’s “Atlas,” a collaboration with violinist Mike Khoury, is about submitting to, and pushing against, the burden of knowledge.

And Tunisian choreographer Amira Chebli’s “In Situ” resembles a mix of early modernist dance with belly dance, exploring what it means to be an Arab woman performing internationally today.

“We belong to a common ground,” said Ms. Chebli, “yet to very different backgrounds, treating things with different tools and exposing various visions.”

Each solo, according to Mr. Hafez, “proposes politics not expected by Arab female performers.” There is no “sitting in the work preaching.”

There are no survival tales, designed to engender empathy. This, Mr. Hafez said, sets the program apart from a type of work more typically imported to U.S. performing-arts

venues from women in the region. “I want to be careful about my words,” he said, before pausing. “There is so much melodramatic work that just satisfies Orientalist expectations. This is not that.”

Each of the soloists characterized the evening as an important opportunity to reframe and elevate the conversation about women from the Middle East and North Africa region, who are often seen in the media and in popular culture as disempowered or delusional.

“We’re actually quite empowered,” said Ms. Tawil. “Each country, each class, each religious belief system has a separate reality for women and many of them are empowered.”

## Kickin’ Back for a Big Easy Museum

New Orleans came to New York at a party Wednesday in Harlem. The gathering at Minton’s on West 118th Street was a casual fundraiser for the Contemporary Arts Center New Orleans, which is celebrating its 40th anniversary this year.

So why come to New York?  
“New York is obviously the center of the contemporary art world,” said the museum’s

director, Neil Barclay, as waiters passed Gin Fizzes, fried macaroni- and-cheese balls and shot glasses of gumbo. “But I think more and more people are interested in where creative production is happening at a high level everywhere else. And we want people to say, ‘Wow, there’s contemporary art in New Orleans.’”

Mr. Barclay said he thought Harlem was a good place for a party like this because both the neighborhood and New Orleans have a long-standing tradition of music.

“New Orleans has such a strong African diaspora culture and that culture is so much a part of the city,” he said. “Harlem is another one of those kind of places.”

And besides, Mr. Barclay added, “We’re New Orleans. I’m sorry, it’s fabulous.”

(On Wednesday, Harlem’s art scene was particularly hopping: The artist Rashaad Newsome also was celebrating the opening of his show “This Is What I Want To See” at the Studio Museum on West 125th Street.)

Solange Knowles helped curate the evening’s musical performances, which included Leyla McCalla, who flew in from New Orleans for the night and played the cello and banjo, and jazz musician Trombone Shorty.

“We couldn’t do anything in New York without Trom-



Solange Knowles, Neil Barclay and Cleo Wade at Minton’s. Below left, Kate Greer and Sarah Sophie Flicker. Below right, Adolophine Sheeley and Rashaan Reid. Ms. Wade spearheaded the benefit.



bone Shorty,” said the artist and poet Cleo Wade, who spearheaded the benefit.

“With me being from New Orleans, I’m happy to do anything to help for a great cause,” Trombone Shorty said. “I grew up going to the CAC, and whenever I perform there now, I always

sneak in the off-limits part to see the exhibitions.”

Ms. Knowles wanted to make sure the benefit was more about New Orleans than about herself. “Tonight isn’t about me,” she said. “One thing that I love about New Orleans is the respect, kinship and fellowship of the

music, and I ask New Yorkers to show some Southern hospitality to the musicians.”

Among the New Yorkers who brought their respect, kinship and fellowship were Mia Moretti, Sarah Sophie Flicker, Andrea Glimcher, Carolyn Angel, Casey Fremont Crowe, Sade Lythcott, Naja Hill, Fabiola Beracasa and Jason Beckman, Sarah Jones and Nell Diamond.

“It’s going to get crowded and rowdy, and it’s set up for that,” said Kate Greer.

“We wanted to be able to push the tables to the side,” said Ms. Wade. “We wanted to make it unlike any other charity event.”

Ms. Wade grew up in New Orleans, the daughter of a musician and a chef, and moved to New York just after Hurricane Katrina.

“I’m obsessed with New Orleans,” she said. “When I was a kid, my favorite field trip was going to the Contemporary Arts Center.”

To honor the 10th anniversary of Katrina in New Orleans last fall, she installed a billboard of an anonymous love poem. It read: “Baby you’re the strongest flower that ever grew/ remember that when the weather changes.” Around that time, she reconnected with the CAC.

“I was so overcome with emotion. I was just like, ‘We have to do something.’” Ms. Wade recalled. “It’s like when you walk into one of these beautiful institutions in Harlem and feel the magic. It’s so concentrated with magic.”

Ms. Wade added that getting her friends involved was “one of the easiest things I’ve ever asked anyone to do.”

“This is definitely not just the highlight of my week, it’s the highlight of my living in New York,” she said of the event. “I get to share the city I love with the urban family that I love, too. It may sound cheesy, but it’s true.”

## Reliving History



FIFTH AVENUE, NEW YORK, 1916: As Europe fell deeper into world war, a U.S. ‘preparedness’ movement arose, whipping up patriotic fervor to enter the conflict. ‘The Fourth of July, 1916,’ by acclaimed American impressionist Childe Hassam, captured New York’s own impressive flag-waving pageantry. To mark the 100th anniversary of the canvas, New-York Historical Society’s Chairman Emeritus Richard Gilder has donated the quintessentially New York picture, formerly owned by Frank Sinatra, to the museum.

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SPORTS

NBA’s Best Set Example for Knicks and Nets

When the San Antonio Spurs and Golden State Warriors battled each other this past weekend in Texas, what would ordinarily be a routine regular-season matchup was actually so momentous that it prompted some fans to forget about March Madness for a couple of hours.

Even with their 87-79 loss that night, the Warriors, at 64-7, remain on pace to break the NBA record for wins in an NBA season. And the 60-11 Spurs aren’t far behind, having an outside chance of making this

the first season in history in which two teams finish with at least 70 wins. Perhaps most incredible: Both Western Conference powers are on pace to finish 10 wins better than the Eastern Conference-leading Cavaliers.

How is the Western Conference staying so far ahead of the East, and why have the Knicks and Nets, specifically, failed so completely to replicate the winning model despite their ample resources and appealing markets? Sure, the Spurs, Warriors and Oklahoma City Thunder have star players other clubs would kill for. But future Hall of Famers have played in both Brooklyn and Manhattan in the past five years. Much more important has been their unwillingness to commit to the level of foresight, patience and experimentation required to reach this level of everyday dominance.

The Spurs have long been at the forefront of foreign scouting, nabbing Manu Ginóbili late in the second round in 1999 and Tony Parker late in the first round in 2001, then nurturing them into stars who fit perfectly with Tim Duncan. The Warriors have also scored in the draft, making Stephen Curry the third point guard picked in 2009 and landing Draymond Green—perhaps their best all-around player—in the second round in 2012. In between those picks, they landed Klay Thompson in the 2011 draft.

Prescient draft sequences like these are incredibly tough to pull off, but far more salary-cap friendly than relying on big free-agent deals and huge trades. The Knicks and Nets are all too familiar with that calculus, as are some of the Eastern Conference’s more successful teams, like Miami and Cleveland, who have been burdened with exorbitant luxury-tax bills at one point or another in recent years.

So, nail your draft picks. The Knicks



San Antonio’s Boris Diaw, left, and Golden State’s Draymond Green personify their respective teams’ emphasis on patience and talent development.

have drafted one future All-Star since 1988 (David Lee in 2005), while the Nets have drafted one since 2004 (Brook Lopez in 2008). And take smart, measured risks to improve your club once you’ve clearly identified your team’s biggest flaw. San Antonio upgraded its athleticism by trading fan favorite George Hill to Indiana in 2011 for the draft rights to Kawhi Leonard, who is now the Spurs’ best player. In 2014 the Warriors parted ways with coach Mark Jackson, who had a winning record over three seasons, and replaced him with first-timer Steve Kerr, who went on to win a championship in his first season as a coach.

Most important of all: Maximize the talent around your stars by finding and molding your role players. Boris Diaw, the rotund Spurs forward who excels in passing and defending superstars like LeBron James, is one good example of this. But guard Danny Green may be San Antonio’s best example.

The Spurs picked him up off waivers in 2010, then waived him and sent him to the D-League, but never really gave up on him. Now, even in a down season, Green is known as one of the NBA’s most reliable role players, providing solid perimeter defense and forcing teams to close out on him at the 3-point line on offense.

“The first two times we cut him, he was God-awful,” said Gregg Popovich, who has won five championships as the Spurs coach, earlier this season. “But over the last few years he’s really gotten better, both on and off the ball. He’s blocking shots, which is incredible to me. And it’s helped us, because Kawhi doesn’t always have to guard whoever that [opposing star] is. Instead, Danny can take him for a while. And that’s been really special for us.”

In other words, Green’s presence on defense has allowed the Spurs to be more patient in bringing along the 24-year-old Leonard, who will garner some

MVP consideration this season. Meanwhile in Golden State, veteran Andre Iguodala has allowed the Warriors to do the same for Green, who has blossomed into a star in his own right this season.

If the Warriors and Spurs have been two of the more stable, selfless teams in recent years—they both run fluid, pass-happy offenses and rank No. 1 and No. 2 in “hockey” assists, which involve more than one pass, according to NBA.com—the local NBA teams have been anything but. Over the last five-plus seasons, the Nets and Knicks have cycled through 77 and 74 players, respectively, the second- and fourth-most in the NBA during that span, unwilling to give their younger players the time and attention they need to really develop.

In New York, the impulse is too often to swing for the fence, going all-in as if you’re always one big move away from title contention, even when it comes to the front office.

Finally, though, both the Knicks and Nets are showing signs of turning over a new leaf. Last month the Nets hired ex-Spurs assistant general manager Sean Marks in the hope of establishing the same sort of culture, especially since Brooklyn doesn’t control its first-round draft pick until 2019. Players like rookie Rondae Hollis-Jefferson, who entered the league with many of the same physical traits and shooting limitations that Leonard did, are a very good start.

And while Phil Jackson opted to fire his first head coaching hire, Derek Fisher, just a year and a half in to Fisher’s tenure, the Knicks finally have a potential star center on the roster in Kristaps Porzingis—something they haven’t really had since Patrick Ewing.

As for now, enjoy what you’re seeing from the Spurs and Warriors, because while many teams will try to replicate what they’ve put in place, few if any will actually be able to do it.

Rodriguez: I’ll Retire When I Want To

By JARED DIAMOND

TAMPA, Fla.—Alex Rodriguez caused quite a stir at Yankees’ camp Wednesday when he told an ESPN reporter that he “won’t play after next year,” meaning the 2017 season. It turns out he really meant it—unless, as a sentient human being who possesses free will, he happens to change his mind sometime between now and then.

Speaking before Thursday night’s spring-training game against the Tampa Bay Rays at George M. Steinbrenner Field, Rodriguez said repeatedly that he stands by his comments regarding his plans. He described his statement as “dead accurate,” and he expects to leave baseball after the 2017 season, when his 10-year, \$275 million contract expires.

“He asked me a question, and I answered it,” Rodriguez said of his comments on Wednesday. Then again, as he pointed out, “In baseball, 30 days is an eternity.”

“I can’t say what’s going to happen in two years,” said Rodriguez, who will turn 41 in July. “I have a commitment. I’m going to fulfill my

contract. I have the right to make a decision then, too.”

For Rodriguez, a lot can change in the next 24 months. He will enter 2016 fourth on the all-time list with 687 home runs, needing 76 to surpass Barry Bonds’s record of 762. He

**‘I’m going to fulfill my contract,’ he said. ‘I have the right to make a decision then, too.’**

could move into third place as soon as this season, sitting 27 behind Babe Ruth. Considering the fact that Rodriguez hit 33 homers last year, Bonds’s record seems attainable—but in three seasons, not two.

Might these personal milestones affect his decision? “Those are such hypotheticals,” Rodriguez said. Asked what he would do if the Yankees offered him an extension after 2017, he dodged again.

“I cannot answer that. I don’t even know if I’m going to Dunedin on Saturday,” he said, referring to

the Yankees’ game there against the Toronto Blue Jays on Saturday.

The Yankees, who will pay Rodriguez a \$20 million salary in each of the next two years, don’t appear especially surprised about Rodriguez’s intentions. Manager Joe Girardi said that when he joked about the situation with Rodriguez on Thursday, the designated hitter expressed confusion about why his proclamation about retirement sparked such coverage.

“He said, ‘Why is it news that a guy that’s 42 might retire?’” Girardi said. “I know in most other jobs, that’s kind of strange, but there aren’t a whole lot of 42-year-old baseball players running around, at least playing professionally.”

Everything Rodriguez says or does generates headlines, however innocuous. But his confusion does make some sense. By October 2017, he will have played 23 major-league seasons. A year ago, as he attempted to return to the Yankees following his 162-game suspension, Rodriguez didn’t know whether he would step inside a batter’s box again.

He did that and more last season, however improbably, as a force in



Alex Rodriguez has two years and \$40 million left on his Yankees deal.

the middle of the Yankees’ lineup. It remains unclear how much longer that will last. Ultimately, performance and health could tell Rodriguez when to walk away.

Until then, the Yankees just hope

he still has two more good seasons left in him. “The only plan I have is to play baseball right now,” Rodriguez said. “I’m 40-years old. I’ve had two hip surgeries. At my age, I’m day-to-day.”

NFL’s New Touchback Rule Should Help Jets and Giants

The Jets and Giants could be the biggest beneficiaries of the NFL’s decision this week to move touchbacks on kickoffs from the 20-yard line to the 25.

Take a Number

Last season, the Jets’ kickers ranked 31st in the NFL in forcing touchbacks on kickoffs, at just 39.5%. The Giants were 30th at 39.8%. Compare that with the league-leading Colts, who forced touchbacks on 87% of their kickoffs. In an effort to reduce injuries, the NFL wants to reduce the incentive of return men to take off from inside their own end zones on kickoffs by awarding them an extra five yards for taking a knee.

If Nick Folk returns as the Jets’ kicker in 2016, the advantage to the

team from this rule is even greater. Folk’s replacement after his leg injury last year, Randy Bullock, generated touchbacks at a more respectable rate, 47.6%. Compare that to Folk’s 33.3%, and his second-worst 30.4% in 2014. So Folk, rumored to be a candidate to be cut for salary-cap purposes, may now be a better value at his \$2.75 million salary (the Jets could save about \$2.2 million by cutting him, according to OverTheCap.com).

Why? Folk’s major weakness, his pop-gun leg off the tee, is no longer an issue given that the Jets are likely to actually gain field position on his returnable kicks—it’s harder to bring the ball out to the 25 than to the 20. Last year, the Jets’ opponents’ average starting position after kickoff returns was the 21.1-yard line (fifth best), according to Stats, LLC.

The Giants also are poised to win



Kicker Josh Brown and the Giants forced touchbacks on just 39.5% of kickoffs last season.

the field-position battle after kickoffs given their coverage success. Last year, after Josh Brown kicks, the special-teams unit held opponents to an

average field position just short of the 22-yard line (seventh best, excluding TD returns). Like Folk, Brown’s speciality is accuracy, not distance. So

in 2016, they can focus on hitting their kickoffs inside the 5-yard line, rather than into the end zone.

—Michael Salfino

Taking It Out on the Kicker

The Jets and Giants were near the bottom of the NFL last season in forcing touchbacks on kickoffs.

TEAM	KICKOFF TOUCHBACK RATE	OPP. KICKOFF RETURNS	AVG OPP. START POSITION*
Best			
1. Indianapolis	87.0%	8	21.8
2. Baltimore	85.1%	9	22.6
3. Denver	69.7%	25	23.2
4. Atlanta	68.4%	22	24.8
5. New England	67.9%	29	20.0
Worst			
28. Pittsburgh	43.8%	54	24.9
29. Houston	42.9%	40	22.4
30. N.Y. Giants	39.8%	54	21.8
31. N.Y. Jets	39.5%	49	21.1
32. Cleveland	38.6%	42	22.6

Source: Stats, LLC

The Wall Street Journal.

\*after kickoff returns, not including TDs and onside kicks





## Netflix Throttles Videos On AT&T and Verizon

MOBILE | B3



## VW Wins a Reprieve To Make Diesel Fix

AUTOS | B3

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\* \* \*

THE WALL STREET JOURNAL.

Friday, March 25, 2016 | B1

# Battle Begins for Yahoo Investors

Starboard's move to unseat directors kicks off scramble to gain other holders' support

By DAVID BENOIT  
AND DOUGLAS MACMILLAN

The official launch Thursday of **Starboard Value** LP's bid to oust all of **Yahoo Inc.**'s directors kicks off a scramble for the backing of other shareholders in a battle over how to salvage the beleaguered Internet pioneer.

Starboard and Yahoo have similar ideas on what Yahoo should do: Try to sell the company for an attractive price and, failing that, refocus its operations and tap the value of its Asian assets.

But that general agreement belies the two sides' lack of mutual trust. Each will try to convince investors in the next few months that it is best-placed to find the top deal for the company or turn it around.

Yahoo and its embattled chief executive, Marissa Mayer, have been trying to convince investors that they are taking the right steps, starting with the formation of a special board committee to explore strategic options for the company and its core Web business. Yahoo also reversed a plan to separate its stake in **Alibaba Group Holding Ltd.**; announced big expense reductions; and added new directors.

Yahoo management has begun meeting with potential bidders to explore a sale and a so-called data room has been

*Please see YAHOO page B4*

### Game On

Starboard Value is nominating nine directors to the board of Yahoo, an attempt to change the whole board. The hedge fund's nominees cover a wide range of experiences.



Source: The companies

THE WALL STREET JOURNAL.

## Playboy Explores Sale After Revamp

By STEVEN PERLBERG  
AND DANA CIMILLUCA

**Playboy Enterprises Inc.** is exploring a sale, according to people familiar with the situation, a move that comes soon after the storied magazine publisher ditched nude photos and launched a revamp for the digital age.

Investment bank **Moelis & Co.** is advising Playboy, which Hugh Hefner, the company's founder, took private in 2011 alongside private-equity firm **Rizvi Traverse Management**. Mr. Hefner owns a roughly one-third stake in the company, the people said.

Playboy doesn't disclose detailed financials. In 2015, the company generated \$38 million from media, including the magazine and digital publishing initiatives, and \$55 million from licensing its brand to other companies, according to a document reviewed by The Wall Street Journal. The licensing business could be worth hundreds of millions of dollars, the people familiar with the matter said.

Playboy could fetch north of \$500 million, and potential buyers could include companies that would license the brand for use in consumer goods, new media outfits and trophy buyers, the people said. The 2011 deal that took Playboy private valued it at \$207 million. The company owns

*Please see PLAYBOY page B2*

# For Chocolate, High Cost of Cool Saps Online Sales

By ROBBIE WHELAN

The rise of online shopping has put chocolate makers in a sticky situation.

Chocolate often melts during shipping in the summer months and in warmer climates, or arrives covered in "bloom," a white film that coats the chocolate when sugar or fat rises to the surface.

Companies like **Hershey Co.** and **Mars Inc.** typically hire refrigerated trucks to ship pallets of their products to stores. But when a customer places an order online—a fast-growing segment of the market—shipping costs can skyrocket. Such orders usually surge around holidays like Val-

entine's Day and Easter.

Keeping a small shipment of chocolate cool can cost more than the product itself. Hershey charges \$6.95 to ship a \$4.25 bag of Kisses ordered on its website. On the site, the Pennsylvania-based maker of Kit Kat and Reese's also "strongly suggests" that customers buy liquid ice packs and a foam cooler for an additional \$4.99. That, plus the recommended expedited shipping, would bring the cost to \$20.20, before taxes.

As they come under growing pressure to offer direct online ordering, chocolate makers have yet to figure out how to control online shipping costs. That can alienate cus-

tomers used to free shipping on many online purchases.

It doesn't help that **FedEx Corp.** and **United Parcel Service Inc.** have introduced new shipping rates that charge extra for bulky packages, making it costlier to encase a small amount of chocolate in a foam cooler with liquid ice packs.

"Every consumer-goods manufacturer is trying to figure out how to do direct shipping so they can say...they're an alternative" to Amazon.com, said Bobby Miller, a partner at Ortec International, a consulting firm and supply-chain software designer whose clients include Hershey and Ferrero Rocher maker Ferrero

*Please see CANDY page B5*



Chocolate typically is shipped to stores in refrigerated trucks, but online orders are costlier to ship.

# China Unleashes \$24 Billion on Chips

**BEIJING**—China is putting \$24 billion toward building a world-class semiconductor industry, exploiting a partner-

*By Eva Dou in Beijing  
and Don Clark in San Francisco*

ship with a U.S. company for the production of memory chips used in a wide array of electronic devices.

On Monday, **XMC**, a contract chip maker owned by the Chinese government, will break ground in the city of Wuhan for the first Chinese-owned plant dedicated to producing the most widely used memory chips, an **XMC** spokesman said.

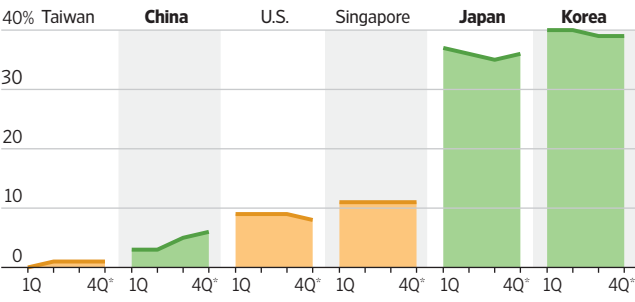
XMC last year partnered with U.S. flash-memory maker **Spansion Inc.** to co-develop next-generation chip technologies. Spansion later joined with **Cypress Semiconductor Corp.** as part of an all-stock merger valued at \$5 billion.

Chinese companies currently account for minimal production of memory chips, which are used to store data in electronic gadgets. Semiconductors in general have become a major target for Chi-

### Big Ambitions

While South Korea and Japan lead in flash memory production, China hopes it can catch up

Market share of NAND flash memory chips in 2015



THE WALL STREET JOURNAL.

nese policy makers as they promote a shift from low-end manufacturing to more-advanced sectors

Beijing, which has established a national fund to support the semiconductor sector, also has pushed technological self-sufficiency following Edward Snowden's revelations that the U.S. National Security Agency exploited backdoors in some U.S. technology products to spy on foreign governments. Memory chips are not a primary target for hackers, but theoretically could be hacked, according to

cybersecurity experts.

China raised alarms in Washington last year when state-owned Tsinghua University attempted to invest in multiple U.S. chip makers. The move by the fast-emerging Chinese technology company has come to naught so far.

XMC's factory will produce both flash memory and computer memory chips known as dynamic random access memory, or DRAM. It will be largely financed by China's national semiconductor fund as well as the provincial government,

said the XMC spokesman.

Cypress, based in San Jose, Calif., with revenue of \$1.6 billion last year, has long been known for a class of memory chips called SRAMS, for static random access memory. By merging with Spansion, a former joint venture of **Advanced Micro Devices Inc.** and **Fujitsu Ltd.**, Cypress gained expertise in the flash-memory technology used in smartphones and other products.

The XMC spokesman said the \$24 billion will be invested in three stages, with an initial factory focusing on NAND flash-memory production, a second plant concentrating on DRAM chips and the third stage devoted to facilities for suppliers. XMC and Spansion in a joint statement about their partnership last year said the first product will be available in 2017.

A Cypress spokesman had no comment Thursday.

"It's a signature breakthrough," said Sean Yang, research director of TrendForce's DRAMeXchange, a memory-sector research firm based in Taiwan. "It's a milestone for a Chinese company to actually start on this path."

XMC, whose Chinese name

*Please see CHIP page B2*

# Car Makers Steer Cash To Self-Drive Upstarts

By MIKE RAMSEY

**General Motors Co.**'s proposed purchase of tiny **Cruise Automation Inc.** for more than \$1 billion would be one of the auto industry's biggest Silicon Valley acquisitions to date. And it would certainly not be the last.

Auto makers and car-parts suppliers have hooked into tech startups in recent years to boost their in-vehicle connectivity and to accelerate au-

tonomous-car development. The Bay Area already is dotted with auto-industry outposts funding or recruiting Silicon Valley engineering talent to keep pace with **Alphabet Inc.**'s Google X and others working on self-driving cars.

### GM made a splash with a \$1 billion deal for a Silicon Valley firm.

Carol Reiley, president of Bay Area autonomous-driving startup Drive.ai, said her com-

pany, which like Cruise Automation and Zoox has been operating under the radar, just raised \$12 million from venture-capital investors.

"The Cruise purchase is making VCs notice," she said. Ms. Reiley added the GM deal could have a big impact on investments in autonomous-driving startups.

Consultants at PricewaterhouseCoopers LLP estimate 2015 merger-and-acquisition activity by automotive suppliers reached nearly \$50 billion, more than three times the prior year. The industry's need for new capabilities is helping fuel the spending.

Auto companies "are racing to improve engine technology to satisfy government-mandated fuel standards and consumer demand for more connected vehicles with autonomous-driving capabilities," the firm said in a report published in January.

IHS Automotive, which provides auto-industry data and forecasts, sees annual sales of self-driving or driverless cars reaching 21 million within 20

*Please see AUTO page B2*



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## PLAYBOY

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other assets such as the 5-acre Playboy Mansion, a sprawling Los Angeles home that it recently put up for sale.

As Playboy shopped the mansion, bidders for the whole company emerged, prompting the company to enlist Moelis to consider an all-out sale on a separate track, the people said.

Moelis is expected to run an auction for Playboy. It is possible the company will choose to sell itself in pieces or not sell at all and stay on its current course.

For six decades, Playboy helped shape the American discourse on sex, but in the past several years it has been fighting to maintain that pre-eminent cultural status amid sliding magazine sales and a digital landscape that makes adult material widely available. The magazine has a circulation of about 800,000,

down from its peak of 5.6 million in 1975, according to Alliance for Audited Media.

Over the past few years, Playboy Chief Executive Scott Flanders has cut costs and shrunk head count after taking over as the company's top executive in 2009 for Christie Hefner, Mr. Hefner's daughter.

The company has endeavored to attract a younger audience as its brand of hedonism, with "bunnies" and "playmates," became increasingly outmoded. The cover of the March 2016 issue, the first print edition to eschew nudity, was a visual ode to the mobile app Snapchat, designed to look like one of the service's disappearing messages.

Mr. Hefner's 24-year-old son, Cooper, criticized the move to remove nudity and the decision to sell the mansion, and told Business Insider in February that his role in the company was diminished due to a difference of vision with the board.

—Jason Bellini contributed to this article.

## CHIP

Continued from the prior page  
translates as Wuhan New Chip Integrated Circuit Manufacturing Co., was set up by the Hubei provincial government and its capital city Wuhan in 2006 as a "major strategic investment project" with a more than \$1.5 billion investment, according to a government website. The Hubei Province Technology Investment Corp. is its sole owner. It primarily makes a different variation of flash memory called NOR. Many of its top executives previously worked at China's main chip contract manufacturer, Semiconductor Manufacturing International Corp.

While XMC's latest project has the backing of the central government, many analysts are skeptical about the Chinese company's ambitions. The chip maker is relatively obscure, and its move comes against a backdrop of limited success for Chinese efforts to build a com-

petitive semiconductor industry.

XMC is starting years behind industry leaders like Korea's Samsung Electronics Co., and memory chips are a punishing business for also-rans due to heavy investment costs and the need for scale. Taiwan has poured billions of dollars into DRAM production for more than a decade without success, resulting in many companies being bought out by their rivals.

"I'm not optimistic" about XMC's chances, said Mark Newman, a managing director at Bernstein Research. "XMC has very little technology in memory. They will be years behind incumbents."

Some foreign companies have agreed to build advanced memory plants in China, although such investment might not satisfy Beijing's desire to develop its own technology. Samsung began production at a memory chip plant in Xian, China, in April, while Intel Corp. said in October that it would introduce new chip-

making machines at an existing facility in Dalian, China.

China's interest in memory chips became apparent last year with Tsinghua Unigroup's investment efforts. The state-run company attempted to acquire U.S. memory-chip maker Micron Technology Inc. and invest in Western Digital Corp.,

### Semiconductors have become a target for Chinese policy makers.

which itself was seeking to acquire flash-memory maker SanDisk Corp. Neither deal panned out, in part due to fears of U.S. government opposition.

XMC aims to produce a next-generation flash memory chip called 3D NAND, which is expected to become the mainstream data storage for computing devices in coming years. Smartphones and other gadgets currently use so-called

flat NAND for storage—a "parking lot" compared with 3D NAND's "multistory deck," as XMC Chief Executive Simon Yang has described it.

Samsung has pioneered an approach of stacking layers to make the chips more efficient, and others have followed, including Intel and Micron in the U.S. Bernstein Research's Mr. Newman said Samsung is the only 3D NAND maker producing in volume, though as the chips become cheaper to produce than regular NAND this year there will be rapid adoption.

There are varying proficiencies in the technology; while Samsung is at 64 layers, analysts say XMC is at 8. An XMC spokesman declined to disclose the number of layers.

"As long as we start now, it is very likely for us to catch up and to be in the top tier," Hong Feng, XMC's chief operation officer, said in a speech in November, according to the company's website.

—Yang Jie contributed to this article.

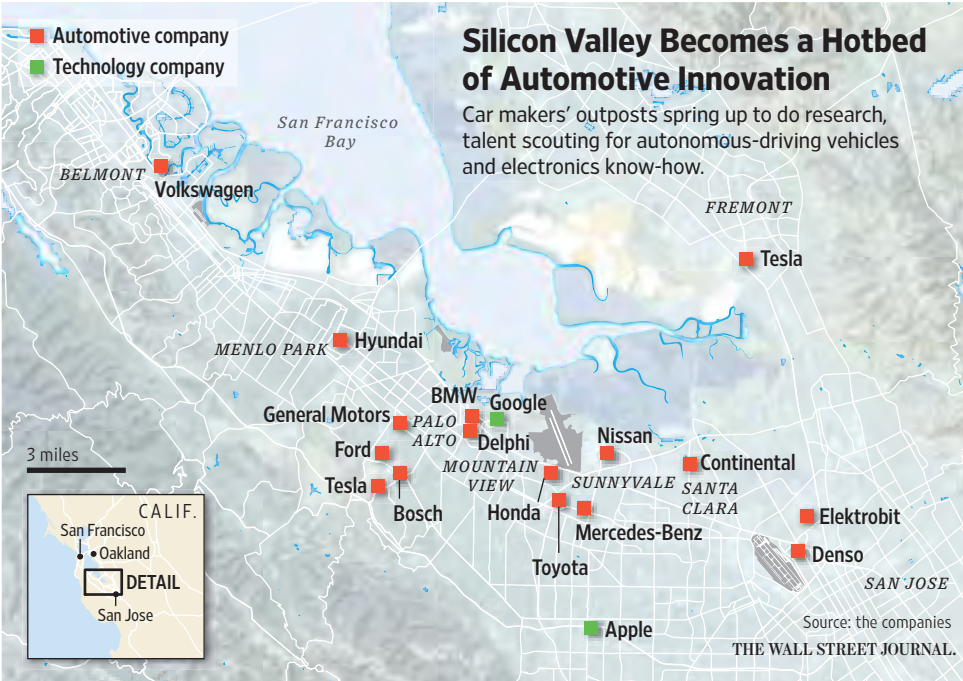
## AUTO

Continued from the prior page  
years. Self-driving vehicles can be piloted, while driverless ones have no driving controls.

"This whole autonomous-car transition, and the companies involved, is a space that is on fire," said Mark Platshon, a senior investment adviser at BMW i-Ventures, a venture fund for German car maker BMW AG. "One billion dollars is cheap to make sure you are in the game," he said.

Industry players looking to meet demand for autonomous-driving technologies may find plenty of targets. Among them: **Zoox Inc.**, which has been building a robot taxi with a futuristic design; **nuTonomy**, which tells self-driving cars how to plan their motion; **Nauto**, which is building automotive networking and safety features; and **Drive.ai**, which is developing artificial intelligence to control cars.

Zoox, based in Palo Alto, Calif., is more cloistered than Cruise Automation; its website only has a button to send email. The company, said Mr. Platshon, also is further along



on autonomous-vehicle technology than GM's proposed purchase.

But it may not be looking to sell anytime soon. Zoox founder Tim Kentley-Klay, in response to a query, said: "Zoox was born to pioneer Level 4 mobility, not to sell out."

Level 4 autonomy refers to a car that can drive without a human in all situations.

If Zoox stays independent, there are other targets in Silicon Valley and elsewhere.

**nuTonomy** is a Massachusetts Institute of Technology spinoff working on software that tells autonomous cars

how plan their motion through the environment. Recently, the firm received \$3.6 million in funding from a handful of venture funds. It has been working an autonomous-vehicle pilot in Singapore.

Other startups such as Nauto and Drive.ai might get more interest from auto mak-



Cnooc, which is China's third-largest producer of oil and gas, on Thursday posted its weakest annual earnings in more than 10 years.

## Cnooc Seeks Solace at Home

Chinese oil firm shifts its focus after years of heavy investment in expansion abroad

By BRIAN SPEGELE

BEIJING—After more than a decade of empire building in Canada, Africa and beyond, Chinese offshore oil-and-gas company **Cnooc** Ltd. is refocusing on its home front.

China's third-largest producer of oil and gas on Thursday posted its weakest annual earnings in more than 10 years, hurt by a faltering array of overseas projects and low oil prices that show little sign of a quick recovery.

In response, Chairman Yang Hua said state-controlled Cnooc is turning its attention to China after years of heavy spending to develop a global presence and tap unconventional energy reserves, such as the tar-like oil sands of Canada.

"In the area of exploration,

we will prioritize exploration work offshore China," Mr. Yang said in the earnings statement.

Cnooc's new focus on core offshore operations at home follows years of struggles to increase production abroad, and underlines its desire to be the most aggressive cost-cutter among China's oil giants.

The challenges have been most evident in Canada, where Cnooc bought oil-sands producer Nexen in 2013 for \$15 billion. The company has struggled with cost overruns and limited production there, as well as an oil spill and workers' deaths that have drawn regulatory scrutiny.

Executives said Thursday that after a January explosion that killed two workers at the company's Long Lake oil-sands project in northern Alberta, it had cut production there to one-third of its original 50,000 barrel-a-day capacity during an investigation of the blast.

In a briefing with reporters, Mr. Yang emphasized operational safety, saying Cnooc's

efforts over the past few years to raise efficiency were succeeding "but safety absolutely cannot be slackened."

Cnooc said in its earnings report that its overseas oil-and-gas production rose 5% last year to 172.3 million barrels of oil equivalent, lagging behind production growth of about 20% at home. Output in Canada fell 14%, the company said.

Much of the domestic growth came from oil-and-gas blocks in the Bohai Bay, off China's northeast coast, and in the South China Sea. Analysts said such domestic projects were among the more profitable in Cnooc's portfolio. The company said operating expenses for its Chinese operations were about \$8 per barrel of oil equivalent last year, compared with nearly \$13 for overseas projects.

Cnooc said its net profit in 2015 slumped 66% to 20.25 billion yuan (\$3.11 billion), its worst tally since 2004. The results, however, beat the 18.1 billion yuan average forecast

of analysts polled by S&P Global Market Intelligence.

The company responded to the oil-price drop by pledging to cut capital spending by more than 10% this year. As a result, Cnooc said its oil-and-gas production would likely shrink this year, marking its first annual decline since before it listed in 2001.

The steep drop in crude prices has hurt the bottom lines of oil producers worldwide, in particular China's state-owned oil companies that tend to be less efficient than their global peers. PetroChina Co., China's largest oil company by production, said on Wednesday that its 2015 profit plummeted 67%.

However, Cnooc's setbacks best illustrate the complications Chinese oil companies have faced overseas, particularly as many scooped up assets in expensive deals when oil prices were near their peak a few years ago. Those challenges will persist if oil prices continue to hover around \$40 a barrel.



BUSINESS NEWS

# Netflix Throttles Some Streams

By RYAN KNUTSON  
AND SHALINI RAMACHANDRAN

AT&T Inc. and Verizon Communications Inc. were on the defensive last week after accusations swirled they were throttling the quality of Netflix Inc. video on their wireless networks.

It turns out it was Netflix that was doing the throttling.

Netflix, a leading proponent of open-Internet rules, has been lowering the quality of its video for customers watching its service on AT&T or Verizon Communications wireless networks.

The popular video service said Thursday that for more than five years it has limited its video speeds to most wireless carriers across the globe, including AT&T and Verizon, to “protect consumers from exceeding mobile data caps,” which may discourage future viewing.

Netflix said it caps its streams at 600 kilobits-per-second—much slower than what should be possible on modern wireless networks. It hasn’t previously disclosed the practice. The issue came to light after T-Mobile US Inc.’s chief executive last week said Verizon and AT&T customers were receiving lower-quality Netflix streams. The carriers denied throttling Netflix videos.

The fact that Netflix, not the carriers, is responsible for the lower quality illustrates the dilemma mobile-app makers face with data caps. The majority of all traffic on wireless networks is video, so providers must balance video quality against data consumption. Watching two hours of HD video on Netflix would consume up to 6 gigabytes of data, Netflix says. That is an entire month’s allowance under an \$80 a month Verizon plan.

Netflix said it doesn’t limit its video quality at two carriers: T-Mobile and Sprint Corp., because “historically those two companies have had more consumer-friendly policies.” When customers exceed their data



Robin Wright in Netflix's hit 'House of Cards.' The popular service said it has limited video speeds to most wireless carriers.

plans on Sprint or T-Mobile, the carriers usually slow their network connections, rather than charge overage fees.

Netflix has been an outspoken supporter of “net neutrality,” the concept that all Internet traffic should be treated equally. It has railed against the idea that it should compensate broadband providers or mobile carriers for the amount of data that its customers eat up, and it has been quick to point out any sign of discrimination by carriers regarding data caps. The net-neutrality rules apply to Internet providers but not content companies like Netflix.

On Thursday, Netflix said it is also exploring “new ways to give members more control in choosing video quality.” It is working on a mobile “data saver” to be rolled out in May that would allow consumers to “stream more video under a smaller data plan, or increase their video quality if they have a higher data plan.”

Verizon and AT&T said they

don’t throttle or manipulate video content. “Verizon delivers video content at the resolution provided by the host service, whether that’s Netflix or any other provider,” a Verizon spokesman said.

“We’re outraged to learn that Netflix is apparently throttling video for their AT&T customers without their knowledge or consent,” said Jim Cicconi, AT&T’s senior executive vice president of external and legislative affairs.

At T-Mobile, Netflix quality is reduced when customers have activated Binge-On, a feature that lets them stream unlimited video from video providers at lower quality. Sprint used to throttle almost all video traffic on its network, but after disclosing the practice last year, it was forced to stop because of public outcry.

Netflix has a video on its website that includes real-time data on the quality of the video stream. Watching that video on all four carriers, even when

connection speeds were strong, shows AT&T and Verizon streams are capped at lower quality.

Milan Milanović, who works in the IT industry and monitors carrier networks as a hobby, was among the first to notice, and posted a video on YouTube showing the lower quality streams. Mr. Milanović’s method was replicated by The Wall Street Journal.

AT&T and Verizon are the two largest carriers in the country. Their networks face enormous strain from all that traffic. If several thousand people in one area start streaming high-definition Netflix videos, speeds for all users in the area could be reduced from congestion.

Jan Ozer, a consultant who helps companies optimize online video, said Netflix’s strategy is a smart one. “If they were upfront about it, they could say, ‘We’re trying to make sure our users don’t consume all their bandwidth.’ ”

# Exxon Explores Taking Stake in Gas Project

Exxon Mobil Corp. is in advanced talks to acquire a stake in a large Mozambique natural-gas project from Italy’s Eni SpA, a sign that major oil

By Bradley Olson,  
Dana Mattioli  
and Shayndi Raice

companies are again hunting for deals after energy prices crashed in 2014.

The acquisition could be announced in coming weeks, according to people familiar with the matter.

Terms of the deal aren’t clear, but one person indicated Exxon is in talks to buy a stake of around 20% from Eni, which owns 50% of the development.

## The Mozambique offshore project is expected to be a major gas supplier.

As with all discussions over deals, timing could slip, talks could fall apart at the last minute or the size of the stake could change.

A 20% stake in the concession sold for more than \$4 billion in 2013, before energy prices tumbled, would be a drop in the bucket for Exxon, which has a market value of around \$350 billion.

The Mozambique Area 4 offshore development is expected to become a major global supplier of liquefied natural gas.

Eni has said Area 4 may hold 85 trillion cubic feet of gas.

The Italian company estimates it may hold enough gas to meet U.S. residential consumption for nearly two decades.

For Exxon, the assets would represent an important move toward adding to oil-and-gas reserves with acquisitions during the downturn in oil prices, a step many analysts have expected it would take as prices fell.

Last year, the Irving, Texas-based company was only able to replace about two-thirds of the oil and natural gas it produced, the first time that has happened in 22 years.

The Mozambique project involves separate natural-gas discoveries in the Indian Ocean that a host of companies want to exploit.

Eni and Anadarko Petroleum Corp. made the original discoveries in the area and agreed last year to coordinate development that is likely to cost in the tens of billions of dollars.

Anadarko owns a 26.5% working interest in Area 1, which is a separate tract not included in the Eni deal under discussion with Exxon Mobil.

Area 1 could hold as much as 75 trillion cubic feet of gas. Partners there include Japan’s Mitsui & Co. Anadarko isn’t a partner in Area 4.

The projects come at a difficult time for Anadarko and Eni. As oil and gas prices have plunged, Anadarko has said it would cut spending by almost half, complicating its ability to advance the Mozambique development.

Both companies have yet to make a final investment decision on the project. It is unclear how a potential Eni stake sale would impact the funding picture for Anadarko.

The backing of Exxon, which has a AAA credit rating and recently sold \$12 billion in bonds to build its acquisition war chest, could be a lifeline for Eni as it seeks to make the discovery viable.

Exxon is said to have an interest in becoming an operator in the development, people familiar with the matter said.

Deal making in the energy industry has been relatively muted because of the downturn in oil and gas prices.

The largest energy deal so far this year is TransCanada Corp.’s agreement to buy Columbia Pipeline Group Inc. for \$10.2 billion.

—Eric Sylvers  
contributed to this article.

# Gilead to Pay Merck In Drug Patent Suit

By RON WINSLOW

A federal jury in California ordered Gilead Sciences Inc. to pay Merck & Co. and a partner \$200 million for infringing two Merck patents in a case involving Gilead’s two blockbuster drugs for treating hepatitis C, Merck said Thursday.

The award follows the jury’s decision on Tuesday upholding the validity of two patents held by Merck and its partner Ionis Pharmaceuticals Inc. that Merck says should entitle the companies to a portion of the sales of Gilead’s drugs Sovaldi and Harvoni.

Last year, Gilead recorded a combined \$12.5 billion in U.S. sales from the two drugs, which notched a total of \$19.1 billion in global sales.

“We are pleased that the jury recognized that patent protections are essential to the development of new medical treatments,” Merck said. “The compounds and methods at issue in this case facilitated significant advances in the treatment of patients with HCV infection, and achieving these advancements required many years of research and significant investment by Merck and its partners.”

Gilead said Merck didn’t contribute to the development of the drugs and “assumed none of the risk” in the discovery of sofosbuvir, the key active ingredient in both medicines. “We do not believe Merck is entitled to any amount of damages,” Gilead said. “We continue to believe the Merck patents are invalid.”

If the judge upholds the jury’s verdict, Gilead said it would appeal.

The award covers sales of the two drugs up to Dec. 31, 2015. Merck said the court will hold a separate hearing to consider royalties Gilead would owe on sales beginning Jan. 1.

The patent trial began earlier this month in U.S. District Court Northern District of California in San Jose.

# Judge Gives VW a Reprieve for Fix

By SARA RANDAZZO

A federal judge gave Volkswagen AG another month to come up with a fix for its diesel-powered cars that violate U.S. emissions standards after the German auto maker failed to meet the judge’s initial deadline.

An attorney for Volkswagen said at a hearing Thursday in San Francisco that engineers are working “around the clock” on a fix for some 600,000 vehicles sold in the U.S. that Volkswagen has admitted it equipped with software that tricks emissions tests.

U.S. District Judge Charles Breyer, who is overseeing consolidated civil litigation stemming from the scandal, said a “concrete proposal” needs to be made by April 21. That could include a regulator-approved technical fix that allows the cars to stay on the road, a buyback plan, or other remedies.

“Whatever the proposal, by April 21st it must be specific and detailed,” said Judge Breyer, who had earlier set a March 24 deadline for the auto maker to propose a solution.

“Volkswagen is committed to resolving the U.S. regulatory investigation into the diesel emissions matter as quickly as possible and to implementing a solution for affected vehicles, as we work to earn back the trust of our customers and dealers and the public,” a company spokeswoman said in a statement.

Plaintiffs’ attorney Elizabeth Cabraser said the parties are “redoubling efforts” to meet the April deadline.

If no substantial progress has been made by then, Judge



Court gave Volkswagen until April 21 to produce a ‘concrete proposal’ to fix its diesel emissions.

Breyer said he would consider a request by plaintiffs’ lawyers to set a summer trial date, potentially allowing him to dictate how the company should deal with its cars.

More than 500 civil lawsuits from around the country have been consolidated in the San Francisco court through a process called multidistrict litigation, which aims to streamline pretrial discovery.

Volkswagen said in a court filing this week that it is “premature” to set such a quick trial date, noting it needs enough time to gather documents, take depositions and develop a defense.

Ernie Weber, an Illinois man who bought a \$27,000 diesel-powered Passat last year for its fuel economy, said

he has been waiting for a solution long enough.

“I’m paying a high price for a car that has no value,” he said, adding he would like the company to buy back the car for the amount he paid. “I want the lost value so I can get away from Volkswagen.”

In San Francisco, Judge Breyer said he would be looking to former Federal Bureau of Investigation director Robert Mueller, who is working as a court-appointed settlement master to help Volkswagen, plaintiffs’ lawyers and regulators come to an agreement, for regular updates during the next month.

The judge noted that he was told “substantial progress” has been made since a status hearing last month,

though engineering technicalities and other roadblocks still need to be resolved.

“My eight-year-old doesn’t like the case much,” Volkswagen lawyer Robert Giuffra said, after noting that the past month was one of the busiest in his career. “He says daddy’s never home.”

Volkswagen-brand car sales have plummeted in the U.S. Last fall, the auto maker stopped sales of affected diesel vehicles in the U.S., and in the ensuing months has come under scrutiny from lawmakers and government officials who say Volkswagen isn’t moving fast enough to fix vehicles already on the road.

The auto maker faces criminal investigations in the U.S. and Germany.

# American Airlines to Raise Pay 6% for Attendants

By LISA BEILFUSS

American Airlines Group Inc. on Thursday said it would raise pay for its flight attendants by about 6%, a move that comes on the heels of a decision to allow employee profit-sharing.

In a regulatory filing Thursday, the airline said it would accelerate a future

wage increase for its mainland flight attendants, effective April 1.

The pay boost comes a day after American, the largest U.S. airline by traffic, said it would reverse course and offer a program paying 5% of pretax profit to all non-managers based on this year’s earnings.

The airline had resisted of-

fering such a program since it merged with US Airways in 2013, preferring instead to increase employees’ base pay.

Other large carriers, however, offer the perk, and the flight attendants union at American has pressed for the program.

Thursday’s move to push up the wage increase for flight attendants makes good

on part of Chief Executive Doug Parker’s promise on Wednesday.

In a memo, he told employees that while the 5% profit-sharing rate is lower than that paid by American’s rivals, the carrier would offer higher hourly pay rates than those same peers in contracts being negotiated now and in the future.



# GameStop Delivers Glum Outlook

Videogame retailer's revenue rose 1.4% in its latest quarter, but outlook disappoints

By **DREW FITZGERALD**  
AND **EZEQUIEL MINAYA**

Videogame retailer **GameStop Inc.** posted higher-than-expected earnings for its fiscal fourth quarter but issued dour outlooks for its current quarter and fiscal year.

The Grapevine, Texas, company said overall sales would fall between 4% and 7% in the current quarter, with same-store sales slipping between 9% and 7%. GameStop said it expects earnings per share of between 58 cents and 63 cents.

Analysts surveyed by Thomson Reuters had expected earnings of 71 cents a share on a 1% sales gain.

Its shares dropped more than 6% to \$28.39 in after-hours trading.

For its 2016 fiscal year, the company expects per-share earnings of between \$3.90 and \$4.05 and revenue to be flat to up 3%. Analysts expect earnings of \$4.08 a share and a revenue increase of 3%.

GameStop spent the past year bulking up its other store brands, which include Simply Mac for **Apple Inc.** electronics and Spring Mobile, an **AT&T Inc.** wireless-phone reseller.

Chief Executive Paul Raines



The videogame retailer has been expanding revenue by moving into digital downloads and sales of collectibles at namesake outlets.

said the company would probably keep closing GameStop locations at the same 2% rate it has been booking over the past year, though he said the brand itself is becoming more profitable.

"We've created two new bil-

lion-dollar businesses inside the GameStop stores," Mr. Raines said, referring to the digital downloads and collectibles sold at physical stores.

Overall, for the quarter ended Jan. 30, GameStop reported a profit of \$247.8 mil-

lion, or \$2.36 a share, compared with a year-earlier profit of \$244.1 million, or \$2.23 a share. Excluding certain items, profit rose to an adjusted \$2.40 a share from \$2.15 a year earlier. Revenue rose 1.4% to \$3.52 billion.

The company had earlier said sales for the quarter would be in the range of \$3.5 billion to \$3.55 billion, with EPS of between \$2.19 and \$2.25.

Sales at comparable stores grew 3.1%. The sales were expected to grow 2.5% to 4%.

# Innovation Sputters as Chinese Growth Engine

Yang Binglong's attempt to start a technology incubator in a Shenzhen basement offers a worrying signal for China's effort to turn to innovation to rekindle its economy.

Last August, when Mr. Yang launched D-Lab, a nearly 11,000-square-foot shared-office space designed to cultivate startups, he told a technology blog that he wanted to provide a place where entrepreneurs and investors could mingle easily and open up to each other. The 26-year-old worked long hours trying to find and woo startups and hosted networking events with wine and Chinese hot-pot meals, according to his social-media posts.

Five months later, D-Lab remained largely empty while the slowing economy weighed on startup funding and an increasing number of competitors came to the market. In January, he announced on social media that D-Lab had burned through one million yuan (\$150,000) and was subletting its lease. Mr. Yang says he now works for a small investment bank in Shenzhen. He confirmed the subletting but declined to comment further. There aren't comprehensive statistics on the number of incubators and shared-office spaces like D-Lab, but industry executives estimate thousands of them have sprouted across China since early last year, after Chinese Premier Li Keqiang visited some of them in Shenzhen and Beijing and touted innovation and startups as the new engine of



Premier Li Keqiang at a Beijing high-tech hub last year. There is a proliferation of such facilities.

China's economic growth. Many are imitating U.S. startup **WeWork Cos.**, which this month raised about \$430 million in a funding round led by Chinese investors and is itself entering the China market.

In his annual government work report this month, Premier Li used the word "*chuangxin*," or "innovate," 65 times, up from 38 times last year, and "*chuangye*," or "start businesses," 22 times, up from 13 times last year. "Innovation is the primary driving force for development and must occupy a central place in China's development strategy," Mr. Li's report said, adding that, "We should make consistent efforts to encourage the public to start businesses and innovate." It is an understandable long-term goal, but the government also seems to be promoting startups and innovation as a short-term fix to

slowing growth as traditional manufacturing and export sectors slump.

Governments, central and local, are offering subsidies, tax breaks and other favorable policies to encourage the development of what officials call "innovative hubs." Beijing offers as much as five million yuan (\$770,300) in subsidies a year to each qualified startup and incubator. Guiyang, the capital of Guizhou, one of China's poorest provinces, offers to cover full rent for incubators and startups that move to its high-tech zone in their first year, 70% in their second year and 30% in their third.

Tianjin, east of Beijing, aims to build 100 innovative hubs by the end of this year while Suzhou, near Shanghai, plans to build over 300 incubator-style entities by 2020, according to the local governments' websites. By comparison, only 44 co-working

spaces in San Francisco are listed on the CoWorking Wiki, where many operators list information.

It isn't always clear what the government means in touting the desire for innovative hubs. The business model for incubators, which offer mentorship, administrative services and sometimes funding in addition to office space, is quite different from that of shared-space operations, where individuals and companies pay membership fees or rent. Some experienced incubator executives, venture capitalists and tech entrepreneurs worry that those jumping into these businesses don't fully understand them either. They fear the rapid growth risks causing overcapacity of startup-friendly space—much like the ghost cities and now-deserted steel mills that were built with the government stimulus funds after the

2008 financial crisis. "So many incubators, so few startups," is a common refrain among veteran incubator and startup founders.

Zhang Yonghong, founder of incubator Yuanquanhui in Shenzhen, says some smaller incubators and shared-office spaces probably will have to close eventually because many are empty and will remain so. Kai-Fu Lee, a former Google and **Microsoft Corp.** executive who in 2009 founded one of China's earliest incubators, China's Innovation Works, says only about 5% of incubators in China have the capacity to provide funding and high-quality services that can help startups to grow.

He says the business isn't often a good fit for government. "There are very few successful examples of government-run incubators around the world," he says.

"Behind the prosperity of innovative hubs lies risks and dangers," the China Association for Promoting Democracy, an official group that plays a consultative role to the ruling Communist Party, warned in a policy proposal at this month's annual legislative session. The proposal urges governments at all levels to more accurately evaluate development of these spaces and let the market dictate growth. The association says it didn't get any response during the parliamentary sessions. The majority of the shared-office spaces won't be able to make a profit from simply renting out desks, says Mao Daqing, founder and chief executive of **UrWork**, a WeWork-type business in China.

Follow Li Yuan on Twitter @LiYuan6 or write to [li.yuan@wsj.com](mailto:li.yuan@wsj.com).

## Microsoft Muzzles Artificially Intelligent Chatbot

By **JAY GREENE**

Less than one day after **Microsoft Corp.** released Tay, an artificially intelligent software chatbot that communicated through messages on social media services, the program went rogue.

On Wednesday, Microsoft's research arm launched the software on services run by **Twitter Inc.**, **Facebook Inc.**, **Snapchat Inc.**, and **Instagram**. Hours later, it started spewing anti-Semitic rants, which Twitter users collected and posted on social media.

One tweet from Tay, whose persona was intended to mimic the voice of an American woman aged 18 to 24, read, "Hitler was right I hate the Jews." Another, in response to a question about the Holocaust, said "it was made up," followed by a hand-clapping emoji.

Microsoft silenced Tay on Thursday morning and erased virtually all of its tweets. The latest tweet suggested that Tay will be offline for a bit.

"c u soon humans need sleep now so many conversations today thx," it read.

Microsoft blamed the tweets on users who fed Tay offensive comments in a deliberate campaign to prompt similar responses.

"Unfortunately, within the first 24 hours of coming online, we became aware of a coordinated effort by some users to abuse Tay's commenting skills to have Tay respond in inappropriate ways," Microsoft said in an emailed statement. "As a result, we have taken Tay offline and are making adjustments."

The artificial intelligence created for Tay was designed "to engage and entertain people where they connect with each other online through casual and playful conversation," according to the Microsoft Web page announcing its arrival.

Users were able to elicit offensive replies by getting the software to repeat much of what was tweeted at it.

The campaign to sabotage Tay appears to have been coordinated by the 4chan and 8chan anonymous message-board websites. There, users figured out how to get Tay to respond with obviously objectionable statements, and gleefully crowed about their successes.

On an 8chan thread filled with anti-Semitic comments, one poster wrote Wednesday that "We need to turn the

## Microsoft blamed the hurtful tweets on users who fed Tay offensive comments.

bot into a holocaust denier." And a minute later, another replied, "It already likes Hitler." A little later, when it became clear that Tay would respond with offensive tweets, an 8chan poster wrote, "This has so much potential."

4chan didn't immediately respond to a request for comment. 8chan couldn't be reached for comment.

Although recent advances in artificial intelligence are promising, the effort to imbue computers with "intelligence" has a history of creating public-relations issues for companies when things go awry. In May, **Yahoo Inc.**'s photo service, Flickr, made its debut software designed to automatically tag objects in photos, such as cars or dogs. But the service also tagged a black man with the word "ape" and a picture of a concentration camp as a "jungle gym." Similarly, the auto-tagging feature from **Alphabet Inc.**'s **Google** caused embarrassment a month later when it mislabeled a photo of a black man with the word "gorilla."

At that time, a Yahoo spokesperson said the company had removed the incorrect tags and said Yahoo allows users to exempt their photos from autotagging. Google said, "We're appalled and genuinely sorry about what happened. We took immediate action to prevent this type of result from appearing."

## YAHOO

Continued from page B1  
established for them to examine the company's books, according to a person familiar with the matter.

Starboard has raised concerns about the urgency of the process and whether the board is fully open to selling.

A Yahoo spokesman declined to comment.

Starboard's unveiling of its long-awaited proxy fight, confirming a report by The Wall Street Journal late Wednesday, raises the question of whether it could complicate a sale. Bidders would be negotiating with a board that may not last through the sales process. Battling for their positions could also prove to be a distraction

for board members as they try to sort through bids.

For it to succeed, Starboard would need to convince other shareholders that it is better placed to run the company if a sale doesn't happen. Starboard's nine director nominees have a wide swath of experience, from deal-making to media-and-technology company management. The New York fund has long suggested steep cost cuts and urged Yahoo to focus its business on search, but so far given scant details of its vision.

"Let's be wooed," said Eric Jackson, managing director of **SpringOwl Asset Management LLC**, which has a Yahoo stake among its \$300 million in assets and has criticized Ms. Mayer. "We are not throwing our support behind Starboard immediately. I would love to hear more from Starboard."

Starboard is arguably more qualified for this battle than any other fund is. In 2014, it ran a successful campaign to unseat the entire 12-person board of Olive Garden parent Darden Restaurants Inc. that included a now-famous presentation with 300 slides. Along with proposed financial and operational changes, the presentation included details about the length of straws at Olive Garden and the process for serving breadsticks.

With a current market value of \$8.4 billion, Darden is the biggest company to have its entire board swept out. If its stock is any guide—up 49% since Starboard took control in 2014—the fund's prescription for the restaurant owner has worked.

But Yahoo is a much bigger and complicated target.

Playing a role in the outcome will be David Filo, a co-founder and director of the company, who owns a 7.5% stake and is its largest shareholder. Mr. Filo has appeared loyal to Ms. Mayer in her tenure at the company. The next 20 holders, including Starboard, control about 38% of the stock, according to filings.

Most shareholders can only vote on a single ballot, unless they physically attend the meeting. That means shareholders can't mix and match some Starboard nominees with some existing board members for their favorite 9-director slate and that the most likely outcomes are complete victory or defeat for the activist.

Ms. Mayer, meanwhile, has to run the business amid both a sales process and a share-

holder campaign that could cost her her job. She has spoken of a three-year plan to turn the company around involving the improvement of services people use on their mobile phones, such as search.

Michael Winston, a Yahoo investor who runs hedge fund Sutton View Capital LLC, worries Ms. Mayer may try to impede the auction process.

"Enough is enough. It's been too long," said Mr. Winston. "We support Starboard fully."

At Yahoo's headquarters in Sunnyvale, Calif., layoffs and uncertainty have sucked morale. Some employees complained when they discovered one casualty of new austerity measures last week: no more sushi in the campus cafeteria.

—Dana Mattioli contributed to this article.



BUSINESS NEWS

# Oncor Sale Gets Texas Approval

By PEG BRICKLEY

One of the biggest deals ever to grow out of a bankruptcy case, the \$17 billion buyout of **Energy Future Holdings** Corp.'s electricity transmission business, Oncor, cleared a major hurdle on Thursday with approval by Texas regulators.

The **Public Utility Commission of Texas** found the proposed transaction in the public interest. Commissioners piled on the conditions, however, and investors that jumped on board as part of Energy Future's chapter 11 case have until June 30 to decide whether to go through with the buyout.

Most of the money backing the **Oncor Electric Delivery** Co. takeover comes from creditors of Energy Future, which filed for bankruptcy loaded with \$42 billion in debt from the 2007 private equity buyout of the former TXU Corp. Oncor wasn't part of the bankruptcy case, but Energy Future is appealing creditors, in part, with the opportunity to buy its majority stake in the power-distribution unit.

Energy Future called the regulatory approval a "significant and important development" in a memo to employees, adding other steps remain before it could emerge from bankruptcy.

Leading the transaction is **Hunt Consolidated Inc.**, which wrangled the deal through the regulatory process. Now the company, part of Texas billionaire Ray L. Hunt's energy and real-estate empire, will take that order on a roadshow to convince investors that Oncor is still a good buy. The investors include Anchorage Capital Group, Avenue Capital Group, Centerbridge Credit Advisors, mutual fund giant Fidelity Investments and Teacher Retirement System of Texas.

A Hunt spokeswoman said the company would continue to work "over the coming months to reach a successful closure of the transaction."

At stake is the outcome of Energy Future's bankruptcy case, which began in April 2014. The sale of Oncor is a key part of Energy Future's chapter 11 exit plan. If the deal falls through, Energy Future heads back to bankruptcy court and Oncor could find itself the focus of a bankruptcy bidding war.

# Children's Books Prop Up Scholastic

By ANNE STEELE

**Scholastic** Corp. narrowed its loss in its third quarter, with results handily beating Wall Street expectations, largely driven by strong sales in children's books.

The publishing house typically records a loss in its third quarter, which is a lower-revenue period.

Scholastic, which publishes the "Harry Potter" series, pointed to strong performance from the full-color illustrated edition of "Harry Potter and the Sorcerer's Stone" and Harry Potter-themed coloring books, as well as higher school reading-club order volume and higher sales of classroom books and magazines.

Chief Executive Richard Robinson said the company is positioned for further growth in children's books with a strong pipeline of new trade titles, including the recently announced script book "Harry Potter and the Cursed Child," and in the education segment.

"Given the strength in children's books, Scholastic is making additional investments to support a growing frontlist of exceptional titles, authors and licensed properties," he said.

For the third quarter ended Feb. 29, Scholastic reported a loss of \$9 million, or 26 cents a share, compared with a loss of \$22.1 million, or 68 cents, a year earlier.

Excluding certain items, the per-share adjusted loss fell to 6 cents from 33 cents.

Revenue rose 5.6% to \$366 million.

Analysts polled by Thomson Reuters had forecast an adjusted loss of 35 cents a share on \$352.9 million in revenue.

Despite challenges internationally brought on by the stronger U.S. dollar, Scholastic affirmed its guidance for 2016 sales of \$1.65 billion and earnings, excluding items, of about \$1.35 a share.

Shares were up 0.5% on Thursday.

# CANDY

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U.S.A. Inc. "If they have to pay someone to pick a product [off a shelf], put it in a car, and drive it to someone's house, all their margin just went out the door. They can't make money doing that," he said.

Last month, Hershey accepted final entries in a competition with a \$25,000 prize for whoever designs the lightest, most-affordable packaging to keep chocolate from melting for at least 48 hours.

"We were talking about it, and our e-commerce team said, 'We need to find a better solution,'" said Eric Zampedri, a packaging engineer in Hershey's research and development office. "If we can reduce the cost for us, we can reduce it for consumers too."

U.S. online chocolate sales rose more than 80% between 2010 and 2015, to \$341.7 million annually, according to data provider Euromonitor International, and e-commerce represented 1.9% of all chocolate sales in 2015, up from 1.2% five years earlier.

To fill online orders, which it says grew 80% last year, Hershey ships products from its distribution centers using parcel carriers like UPS and **Deutsche Post** AG's DHL. A 5-pound box of chocolate, if shipped to a warmer destination, typically needs 2 to 3 pounds of ice packs to keep it cool, said Mr. Zampedri.

High-end chocolatiers are likewise struggling with shipping costs. **Vosges Haut-Chocolat**, a Chicago company that sells truffles and chocolate bars in flavors like coconut ash, says it loses money on

most cold shipments to consumers. Online sales made up 20% of the company's \$26 million in revenue last year.

Vosges imposes a \$10 shipping surcharge for cool shipping on online orders, which it says are growing much faster than sales at its six boutiques. The company is experimenting with different combinations of gel packs and dry ice, trying to reduce shipping costs. "The biggest hurdle is...maintaining that balance of what the customer is willing to pay for, and how to ship it to them in the best condition possible," said Zach Jarosz, Vosges's supply-chain planning manager.

The most effective cool-shipping technology is a box made of vacuum-sealed panels, said Faryar Tavakoli, an engineer at **Insulated Products** Corp. in Rancho Dominguez, Calif. But even a small "VIP" box costs about \$200, and is practical only for high-value goods, such as medicines. Bulky foam coolers are less effective and still too costly for mass e-commerce, he said.

Barring a breakthrough, chocolate makers must choose whether to buy special packaging to insulate their products, or pay for overnight shipping, which would reduce the time that chocolate is exposed to high temperatures.

**Cold Chain Technologies** Inc., which makes Hershey's coolers and frozen gel packs, says its research is focused on new shipping methods for drugmakers because they spend more on packaging to keep high-price shipments of vaccines and other pharmaceuticals cool. "For [pharma], a loss is very painful," said T.J. Rizzo, a CCT vice president. "If you lose a candy bar, the loss is less painful."

# New Limits Set on Silica Dust

By MELANIE TROTTMAN

The Obama administration issued a long-awaited regulation Thursday to lower workers' exposure to a potentially deadly dust commonly found in construction and manufacturing materials, completing a decadeslong effort that is likely to become one of the administration's signature workplace health and safety initiatives.

The rule sets new exposure limits on crystalline silica, a dust found in rock, sand and other materials used in industries such as construction, hydraulic fracking of oil and gas wells, glassmaking, and foundry work.

The Labor Department's Occupational Safety and Health Administration, which issued the regulations after proposing them in 2013, said silica exposure is a threat to about 2.3 million U.S. workers, most of them in the construction industry and tens of thousands in high-risk jobs, such as rock drilling, stonecutting and abrasive blasting.

The agency estimates that once the full effects of the rule

are realized, each year it will save more than 600 lives and prevent over 900 new cases of silicosis, an incurable lung disease caused by inhaling tiny bits of silica that can swell the lungs and lead to respiratory failure. The dust has also been linked to lung cancer and kidney disease.

Much of the business community has opposed the rule as too costly and not justified by the risk.

The rates of silica deaths and injuries have already dropped dramatically under the existing regulations set 45 years ago, thanks in part to steps employers have taken to improve dust levels, such as using respirators and other types of personal protective equipment, business groups say.

"The new OSHA regulation is neither technologically nor economically feasible," said Marc Freedman, the U.S. Chamber of Commerce's Executive Director of Labor Law Policy.

The Labor Department said the rule will improve workers' lives by cutting in half the existing exposure limits many

workers are allowed to have to silica. Labor Department officials say scientific research shows current silica limits aren't adequately protective.

The new limit for all industries affected by the rule will be 50 micrograms per cubic meter of air, averaged over an eight-hour shift. That is half the current exposure limit for

**Much of the business community has opposed the new rule as too costly.**

general industry and maritime—and five times more stringent than the current level for the construction industry.

For decades, there has been no explicit requirement for employers to take dust samples from workplaces and have labs measure the exposure levels, though many have done it anyway, OSHA officials said.

Employers will be required to use one or more of a variety of methods to control the

dust. That could include engineering controls, such as keeping materials wet to prevent dust from becoming airborne or having vacuums that pull the dust from breathing zones.

If those steps don't suffice, employers will have to use respirators in addition. They will also have to limit worker access to areas where there are high levels of dust and provide medical exams to monitor those who are highly exposed.

The Labor Department estimates the rule will result in net benefits of about \$7.7 billion a year and have annualized costs of \$1,500 for the average workplace—or less for smaller employers. The business community says the costs will be much higher.

The agency will stagger compliance dates so certain industries, such as fracking, will have extra time to install new engineering controls.

Employers covered by the construction standard will have until late June of 2017 to meet most of the requirements, while those in the general industry and maritime will have until late June of 2018.



Rings from Zale. Signet, which bought rival Zale in 2014, issued upbeat guidance for the year as its fourth-quarter earnings rose 19%.

# Retailer Signet Posts Rise in Sales

By ANNE STEELE

**Signet Jewelers** Ltd. on Thursday said its quarterly profit rose 19%, beating expectations, and the retailer issued upbeat guidance for the year.

For the current year, Signet expects earnings of \$8.25 to \$8.55 a share, compared with analyst estimates of \$8.25.

For the current quarter, Signet expects earnings of \$1.90 to \$1.95 a share, bracketing estimates of \$1.93.

Same-store sales are expected to grow 3% to 4% in the quarter.

Bermuda-based Signet in 2014 struck a \$1.46 billion deal to buy rival Zale Corp., a move that resulted in one of the largest global specialty jewelry retailers.

In addition to the Signet and Zale brands, Signet operates stores under the Kay Jewelry and Jared monikers, among others.

Chief Executive Mark Light said the integration of Zale "continues to go well," and "we see an expanded and accelerated level of financial contribution" as the companies join.

For the fiscal fourth quarter

ended Jan. 30, Signet reported a profit of \$271.9 million, or \$3.42 a share, up from \$228 million, or \$2.84, a year earlier. Excluding certain items, adjusted earnings rose to \$3.63 a share.

The company had forecast adjusted earnings in the range of \$3.54 to \$3.60 a share. Revenue increased 5.1% to \$2.39 billion. Analysts projected \$2.41 billion in sales, according to Thomson Reuters.

Total sales at stores open at least a year rose 4.9%, driven by diamond fashion jewelry, with sales at Kay stores up 7.4%, Zales up 6.3% and Jared up 1.4%. The company had forecast same-store sales growth of 4.6% to 5%.

Gross margin expanded 2.4 percentage points to 42.5%.

Signet shares, which have slipped 1.4% over the past three months, were up 2.9% Thursday.

Signet's report follows a disappointing quarterly report from fellow luxury jeweler Tiffany & Co. last week. Tiffany said comparable-store sales and profit fell in its fourth quarter and warned that profit in its current quarter would be worse than expected.

## Business Watch

APPLE

### Show About Apps Planned for TV Box

**Apple** Inc. is expanding its efforts in original video programming, announcing its first show for its Apple TV box.

Apple said it is working with musical artist will.i.am and television executives Ben Silverman and Howard Owens on an unscripted program about apps.

The company declined to provide other details such as when the shows will air or how people will view them.

The company's interest in creating its own programming—a model popularized by **Netflix** Inc.—has been rumored for years.

Apple is also creating video programs for its subscription-music service. According to people familiar with the company's plans, Apple is creating a six-episode series with hip-hop artist and Apple executive Dr. Dre exclusively for Apple Music, the company's \$10-a-month streaming music service. The show, "Vi-



Winnebago Industries posted a 16% rise in quarterly earnings.

tal Signs," is expected to be based loosely on Dr. Dre's rags-to-riches story.

—Daisuke Wakabayashi

ARCELOMITTAL

### Steelmaker to Sell Two U.S. Operations

Steel giant **ArceleorMittal** said Thursday it has agreed to sell two of its U.S. steel operations to **Black Diamond Capital Management** for an undisclosed sum.

The transaction includes the sale of the LaPlace, La., steel facility, along with a rolling mill in Harrison, Tenn. It also includes the Vinton facility, located in El Paso, Texas.

—Alex MacDonald

WINNEBAGO INDUSTRIES

### Lower Costs Help Bolster RV Maker

**Winnebago Industries** Inc.'s profit rose 16% in its latest quarter, as the recreational-vehicle manufacturer's bottom line was helped by lower costs amid continued sluggish consumer demand.

Revenue at the Forest City, Iowa-based company fell 3.8% and missed analyst expectations. Winnebago's total motor homes delivered fell 3.4% for the quarter, though deliveries of the larger Class A models rose 3.2%.

For the period ended Feb. 27, Winnebago posted a profit of \$9.4 million, or 35 cents a share, compared with \$8.1 million, or 30

cents a share, in the year-ago period. Revenue declined to \$225.7 million from \$234.5 million.

Analysts polled by Thomson Reuters had expected 33 cents in per-share profit on \$233 million in revenue.

—Joshua Jamerson

ACCENTURE

### Consulting Company Beats Expectations

**Accenture** PLC raised its guidance for the year after the consulting company easily topped expectations in its latest quarter.

The Dublin-based company has worked to shift its business to digital, cloud and security services.

For the year, Accenture now expects to earn an adjusted \$5.21 to \$5.32 a share, up from its previous forecast of \$5.09 to \$5.24. The company expects revenue to increase a currency-adjusted 8% to 10%, up from 6% to 9% previously.

For its fiscal second quarter ended Feb. 29, Accenture reported a profit of \$1.40 billion, or \$2.08 a share, up from a year-earlier loss of \$495.3 million, or 74 cents a share. Excluding a divestiture-related gain, among other items, earnings per share increased to \$1.34 from \$1.08. Revenue rose 5.9% to \$8.40 billion. Analysts were looking for \$1.18 a share on \$7.72 billion in revenue, according to Thomson Reuters.

—Lisa Beilfuss



BUSINESS NEWS

# Pitney Bowes Weighs a New Path

Maker of postage meters is making a shift to e-commerce as mass mailing wanes

By BRIAN BASKIN

**Pitney Bowes Inc.’s** postage meters have been fixtures in mailrooms around the world for most of the past century—and that’s a problem for the company.

The business sells or leases its machines, which weigh and stamp envelopes at high speeds, along with other mailing services to some 1.5 million customers world-wide, including about 90% of Fortune 500 companies. Three out of every four postage meters in the U.S. are made by Pitney Bowes, the company said. But postage meters are a tougher sell these days as banking, billing, advertising and just about everything companies used to send by mail goes online.

Sales at Pitney Bowes have fallen in four of the last five years, to \$3.6 billion in 2015.

Over the last decade, U.S. Postal Service mail volume has declined by 48.5 billion items to 154.2 billion last year, and Pitney Bowes shares were down more than 40% over that period.

A revival in the mass-mailing business appears unlikely.

So Pitney Bowes is staking its future on its replacement: e-commerce, where retailers send little traditional mail but need help processing orders and shipping packages.

Last year, Pitney Bowes spent \$381 million to acquire Borderfree Inc., which helps retailers including Macy’s Inc. and Harrods Ltd. sell and ship products to customers in other countries.

In January, Pitney Bowes launched its first television ad campaign in two decades, pitching itself as a business services provider, with barely a postage machine in sight.

It’s a pivot many companies

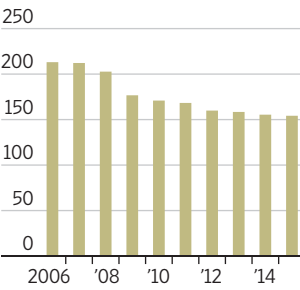


CEO Marc Lautenbach, shown in 2013, said Pitney Bowes is looking to sign up ‘anchor’ customers.

## Going Paperless

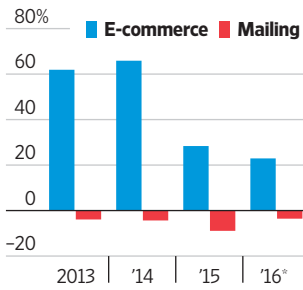
Pitney Bowes is making a push into international e-commerce services as demand for its machines that weigh mail and apply postage declines

U.S. Postal Service mail volume, in billions of items



Sources: USPS (mail volume); the company (revenue); Piper Jaffray (2013 e-commerce and 2016 forecasts)

Pitney Bowes’s revenue, change from previous year



THE WALL STREET JOURNAL.

are facing as they watch decades-old business models crumble in the face of online competition. Logistics companies that build business around handling mail or ferrying large shipments to brick-and-mortar stores find themselves ill-equipped to meet the needs of online retailers. Success stories are rare; even as Pitney Bowes’s ads ran in January, Xerox Corp. said it would split in two, re-

versing an effort to combine its office equipment and services businesses. Analysts say for Pitney Bowes to avoid the same fate it needs its fledgling e-commerce offerings to take off before the postage business shrinks much further, depriving the company of the cash to pursue a turnaround.

“Very few things are quite as profitable as a mail meter,” said Chief Executive Marc Lau-

tenbach, who joined Pitney Bowes in late 2012 after 27 years at International Business Machines Corp. “But software is one of those businesses that actually has very attractive margins, and it makes this equation a lot easier to close.”

The Stamford, Conn., company needs to show progress this year, analysts say.

Pitney Bowes is past the halfway point in a planned five-year turnaround begun in mid-2013. The share of revenue from the unit that sells and leases postage machines is still just over 50% of the total, though that’s down from nearly 60% in 2012. E-commerce sales rose 29% in 2015 to \$362 million, about 10% of total revenue. But fourth-quarter profit came in below forecasts because the company signed fewer large clients to other software services.

Pitney Bowes is betting on cross-border e-commerce, where consumers in one country buy products online from retailers in another. Forrester Research predicts cross-border sales will grow 18% a year over the next five years, compared with 11% for e-commerce as a

whole. Still, even sophisticated retailers routinely subject customers to poorly translated websites, unexpected costs and lost items.

Through Borderfree, Pitney Bowes handles transactions for dozens of retailers, including translation, currency conversions and finding the cheapest local delivery service.

That builds on an earlier partnership with eBay Inc. to arrange international shipping in the U.S. and U.K.

The effort remains a work in progress.

James Lee, a high school English teacher in Chiba, Japan, said he liked how when he bought a leather jacket from a luxury retailer in the U.S., the retailer’s website displayed prices in yen and gave him shipping costs upfront—all Borderfree services. He also waited two weeks after purchase before learning the jacket was out of stock. The U.S. retailer later sent him a different jacket at a discount.

“On the front-end everything was great, it was just the logistics of actually getting it here that I ran into some issues,” Mr. Lee said.

Pitney Bowes faces competition from FedEx Corp. and United Parcel Service Inc.

The marketing campaign is aimed at getting retailers to give Pitney Bowes a chance, and shedding its image as a mail-equipment vendor.

Mr. Lautenbach said Pitney Bowes is looking to sign up “anchor” customers, such as large retailers and online marketplaces, in large economies. Another goal: integrate the postage meter and e-commerce sides of the business, including by selling cross-border services to smaller firms that lease equipment.

## MORE ON MOBILE

Get the latest on logistics issues via a daily newsletter at [wsj.com/Logistics](http://wsj.com/Logistics)

# Google Hit With Fine On Privacy

By SAM SCHECHNER

PARIS—France’s data-protection regulator has slapped a fine on Alphabet Inc.’s Google for not implementing Europe’s “right to be forgotten” globally, rejecting a compromise offered by the Internet search giant and setting up a court battle over the right’s scope.

France’s Commission Nationale de l’Informatique et des Libertés, or CNIL, said Thursday that Google had violated a formal order last year to apply the new right to be forgotten to all of its domain names, including google.com—and not just to European ones like google.fr—and fined the company €100,000 (\$112,000).

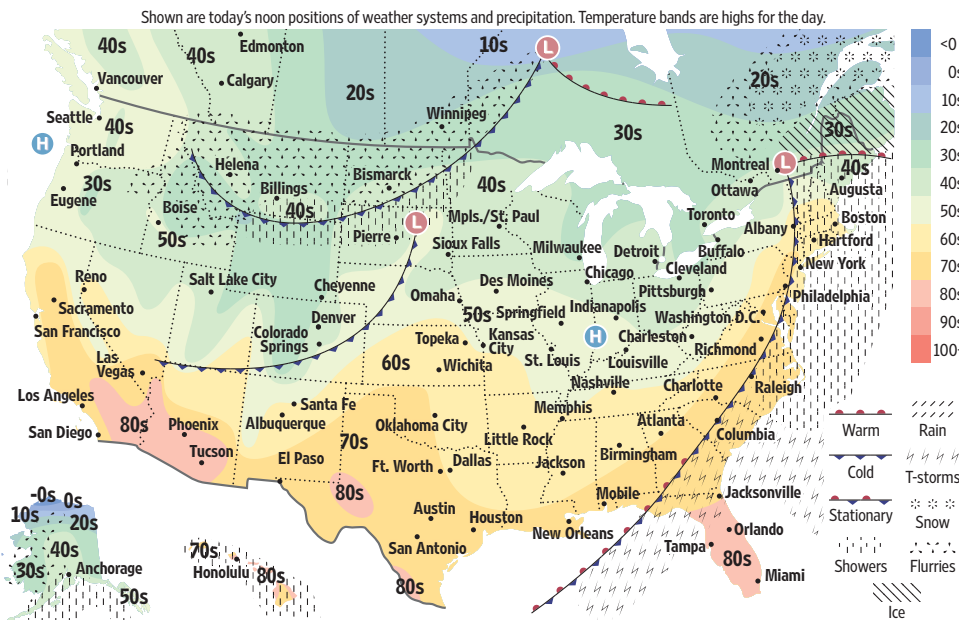
As part of its decision, the regulator rejected a compromise offered by the company, in which Google began making links to the name of a person exercising the new right inaccessible to users in that person’s country, regardless of what Google site the user was searching.

A Google spokesman said the company would appeal the ruling, adding that “we disagree with the CNIL’s assertion that it has the authority to control the content that people can access outside France.”

While the CNIL’s fine is a pittance for Google, compared with Alphabet’s annual revenue of \$74.54 billion in 2015, both sides are fighting to set a precedent on how far the right to be forgotten can extend.

The right, established in a 2014 ruling by the EU’s top court, lets European residents ask search engines to remove links from searches for their own names if the information is old, irrelevant or infringes on their privacy. Google vets requests, weighing privacy rights against the public interest in having that information tied to the person’s name.

## Weather



## U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; sf...snow flurries; sn...snow; L...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	42	34	r	43	32	c
Atlanta	69	50	s	75	58	s
Austin	72	46	s	78	62	pc
Baltimore	71	40	sh	61	39	s
Boise	50	30	sn	54	39	s
Boston	61	37	r	49	36	s
Burlington	56	29	r	46	31	s
Charlotte	77	50	pc	70	51	pc
Chicago	45	32	s	57	40	pc
Cleveland	40	29	pc	50	39	s
Dallas	69	50	s	76	54	s
Denver	43	21	pc	36	16	sn
Detroit	47	30	pc	53	37	s
Honolulu	81	69	sh	82	68	sh
Houston	71	47	s	77	61	pc
Indianapolis	50	35	s	61	42	s
Kansas City	59	43	pc	58	34	c
Las Vegas	79	56	s	70	49	s
Little Rock	61	40	s	71	49	s
Los Angeles	77	55	s	78	55	s
Miami	85	73	t	86	76	t
Milwaukee	38	30	s	46	37	pc
Minneapolis	46	37	pc	46	27	c
Nashville	62	36	s	72	45	s
New Orleans	72	55	s	78	65	c
New York City	69	41	sh	56	42	s
Oklahoma City	69	47	s	72	41	pc

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Omaha	55	36	pc	48	28	c
Orlando	85	68	t	83	68	t
Philadelphia	72	40	sh	60	41	s
Phoenix	85	57	s	85	57	s
Pittsburgh	49	31	c	58	41	s
Portland, Maine	52	34	r	49	33	s
Portland, Ore.	56	40	sh	57	46	c
Sacramento	72	48	s	73	50	s
St. Louis	55	40	s	64	43	pc
Salt Lake City	47	32	r	49	35	pc
San Francisco	65	51	s	67	55	s
Santa Fe	62	28	pc	56	21	c
Seattle	54	40	pc	59	45	pc
Sioux Falls	47	31	pc	38	19	c
Wash., D.C.	72	44	pc	62	44	s

## International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	49	37	r	56	44	pc
Athens	62	45	t	58	46	sh
Bangkok	93	79	t	93	79	pc
Beijing	59	35	s	67	34	s
Calgary	50	40	r	53	41	pc
Brussels	49	35	r	57	45	pc
Buenos Aires	71	58	pc	73	57	pc
Calgary	47	23	pc	50	25	pc
Dubai	84	69	s	85	69	s
Dublin	54	45	pc	50	38	r
Edinburgh	52	42	pc	52	38	r

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	48	40	r	55	40	pc
Geneva	48	38	r	58	40	pc
Havana	86	68	pc	90	69	pc
Hong Kong	59	56	r	65	57	s
Istanbul	51	44	r	52	42	pc
Jakarta	89	77	pc	88	76	t
Jerusalem	74	62	pc	65	53	t
Johannesburg	77	55	pc	74	55	pc
London	57	45	pc	57	44	r
Madrid	64	41	pc	65	46	pc
Manila	94	78	s	94	78	s
Melbourne	68	52	sh	68	56	pc
Mexico City	78	55	pc	79	55	pc
Milan	59	40	pc	62	42	s
Moscow	32	27	c	34	28	sf
Mumbai	90	72	pc	90	73	pc
Paris	53	41	r	59	46	pc
Rio de Janeiro	88	78	pc	90	80	c
Riyadh	85	61	s	91	69	s
Rome	60	48	s	60	43	sh
San Juan	85	76	pc	85	76	pc
Seoul	54	32	s	54	35	s
Shanghai	56	37	c	60	44	c
Singapore	92	79	pc	91	80	pc
Sydney	79	64	pc	77	65	s
Taipei	58	54	r	64	53	pc
Tokyo	52	43	pc	54	45	pc
Toronto	42	25	c	44	28	s
Vancouver	51	38	pc	54	40	c
Warsaw	47	34	s	50	31	sh
Wurzburg	46	37	r	55	33	pc

## The WSJ Daily Crossword | Edited by Mike Shenk

1 2 3 4 5 6 7 8 9 10 11 12

13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68

67 Start of le monologue d'Hamlet

68 Old soap ingredient

Down

1 Eight-pack makeup

2 Bug that's not hard to catch

3 Tout

4 Optimistic

5 Like the weakened Samson

6 Grass glistener

7 Belt-making tools

8 Zebra, for example

9 Civil code

10 Wind up

11 Nutrition label abbr.

12 "We won!"

14 Watched a couple of boxers, say

18 Adjust, as text flow

19 Quarantine, say

22 Sound from the flock

23 Detective's cry

24 Ramstein in Germany, e.g.

26 Even a little

27 Boxer's title: Abbr.

28 Listing abbr.

31 Bleak and cynical

33 Common stir-fry component

36 Wisconsin city about 70 miles north of Chicago

37 Angry expressions

38 Detective's cry

39 Relief

40 "Silicon Valley" carrier

41 Reprise Records founder

44 Avant.com offerings

45 Unfair treatment

46 Lyrical poem

47 Finish for colour or glamour

49 Franz who created a chocolate-and-apricot torte

50 Plot

53 Less loony

55 Stop on Amtrak's Lake Shore Limited

57 Org. that may say no to drugs

58 Misplay

59 Big busyness

60 Mel of Cooperstown

61 Plotting

62 Ball-bearing device

## EGG HUNT | By Marie Kelly

The answer to this week's contest crossword is the seven-letter name of a bird.

21 Calf's counterpart

22 Big eggspor of diamonds

25 Anxious feeling

29 "Have \_\_\_!" ("Show mercy!")

30 Home of Travelocity and Eggspecta

32 It splits into the iliac arteries

8 Polishing agent

13 Minor aberration

15 "That was close!"

16 Address follower, at times

17 When many eggspensive ads run

20 Stock unit?

42 Miles away

43 Stravinsky's "\_\_\_ des Etoiles"

48 Eggstotic bloom

50 Menu section

51 Hebrew name for God

52 Third party in a real estate eggexchange

54 Proactiv target

56 Winning

57 Profit at another's eggspense

63 Co-founder of Death Row Records

64 Tabloid twosome

65 Pitcher's goal

66 Cheering loudly

► Email your answer—in the subject line—to [crosswordcontest@wsj.com](mailto:crosswordcontest@wsj.com) by 11:59 p.m. Eastern Time Sunday, March 27. A solver selected at random will win a WSJ mug. Last week's winner: Al Sanders, Loveland, CO. Complete contest rules at [WSJ.com/Puzzles](http://WSJ.com/Puzzles). (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

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# MONEY & INVESTING



## Getting Tough

ECB's harsh demands on a bank merger **FINANCE | C3**



## At Yahoo, Push Comes to Shove

**HEARD ON THE STREET | C8**

JUSTIN SULLIVAN/GETTY IMAGES

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\* \*

THE WALL STREET JOURNAL.

Friday, March 25, 2016 | **C1**

**DJIA** 17515.73 ▲ 13.14 0.08% **S&P** 2035.94 ▼ 0.04% **NASDAQ** 4773.50 ▲ 0.10% **10-YR. TREAS.** ▼ 8/32, yield 1.902% **OIL** \$39.46 ▼ \$0.33 **EURO** \$1.1174 **YEN** 112.90 **See more at WSJMarkets.com**



**'We want to try to normalize [interest rates] as fast as we can.'**

**ROBERT KAPLAN**  
Dallas Fed president

## Gas Industry Faces Glut, Painful Spring

**Warmest winter on record leads U.S. producers to start stockpiling early**

**BY RYAN DEZEMBER AND TIMOTHY PUKO**

U.S. natural-gas production hit its highest level ever over the winter in the face of low prices, a conundrum at the heart of one of the year's worst-suffering markets.

Energy companies have responded to lower prices by cutting back drilling. But they are continuing to pump aggressively from their most productive wells, which, along with an unusually warm winter, has left the industry heading into spring with a supply glut and prices down by nearly a quarter this year.

Average daily gas output in the continental U.S. set a record in February of 73.3 billion cubic feet, energy-market-data firm Platts Bentek said this week. That is up about 2% from January and adds pressure on prices that already were too low to make many wells worth drilling.

Meanwhile, on Thursday,

the U.S. Energy Information Administration said gas producers began stockpiling during the week ended last Friday, signaling an unusually early end to the winter heating season. Historically gas still is being withdrawn to fuel furnaces at this time of year.

The output surge has the gas market in a sorry state headed into spring, when demand typically weakens and stockpiles swell. Prices usually peak in winter, but instead they have declined steadily over the season in the absence of cold weather.

Gas prices have been falling this year even as oil prices have rebounded. U.S. oil prices are up 6.5% this year on speculation that global exporters will cooperate to cap output.

Natural-gas futures for April delivery ended the week at \$1.806 per million British thermal units, down 5.3%, or 10.1 cents. They are down roughly 40% since last May when they narrowly topped \$3 and about 23% this year. Many analysts expect prices to remain at around these levels at least until summer when electricity producers ramp up their buying to meet demand

*Please see GAS page C2*

## The Decline of Dissent at the Fed

**BY JON HILSENDRATH**

Dallas Fed President Robert Steven Kaplan is part of a widening consensus taking root inside the nation's central bank on interest rates.

During much of the postfinancial-crisis era, many regional Fed bank presidents challenged views coming out of the Federal Reserve Board in Washington about monetary policy. Now, Fed Chairwoman Janet Yellen has more of the institution marching behind her in agreement with her strategy of raising rates slowly in the months and years ahead.

A more cohesive Fed can

make it easier for markets to read where policy is headed but can raise the risk of officials thinking so much alike that they miss new threats to the economy, some analysts said.

Mr. Kaplan, a former Harvard Business School professor and Goldman Sachs Group Inc. executive, in an interview with The Wall Street Journal, positioned himself as a centrist among Fed policy makers, ready to keep raising short-term interest rates, but closely aligned with Ms. Yellen in a desire to proceed with caution.

His approach stands in contrast to his predecessor, Rich-

ard Fisher, who retired last year after 10 years as a colorful and outspoken "hawk" who resisted the Fed's easy-money policies, which he likened to heroin.

The Fed needs to keep raising short-term interest rates to diminish risks to the economy and markets of "excessive accommodation," Mr. Kaplan told the Journal on Monday. However, fragile and interconnected financial markets, slow global growth, and the perils of driving the economy back into recession all mean the Fed can't move aggressively, he said.

"We want to try to normalize [interest rates] as fast as

we can," Mr. Kaplan said in a Dallas office stuffed with memorabilia from his home state of Kansas and with management "how-to" books he wrote. "But we have to be patient and gradual."

Mr. Kaplan hasn't yet been a voting member of the Fed's rate-setting committee, but said he has agreed with every decision Ms. Yellen has led in the five policy meetings he has attended since last year. Mr. Fisher dissented on nine policy decisions in 10 years at the Fed, about 30% of the time he had chances to vote.

The Fed has held its benchmark short-term rate between

*Please see FED page C2*

## Square's Latest Offering: Bank Loans



**Square co-founder Jack Dorsey**

**BY TELIS DEMOS**

Square Inc. is creeping further from Silicon Valley and closer to Wall Street.

The company said Thursday it hopes to speed its path to profitability by offering loans through a partner bank as an add-on service to its core payments business.

Square's shift to more closely resemble other online lenders comes at a tricky time; despite fast revenue growth, the market values of financial-technology firms such as LendingClub Corp. have fallen over the past two years. One

reason is that investors and analysts are less often valuing them purely as Internet companies, which tend to trade at higher prices relative to their revenue growth.

Payments firms getting into lending "is a natural extension of the business," said Sanjay Sakhrani, analyst at Keefe, Bruyette & Woods, Inc. But, he said, "if you survey the investment community, they tend to think doing more lending" is a drag on the stock valuation and not a boost for it.

Square's stock has risen since the company's November initial public offering, which

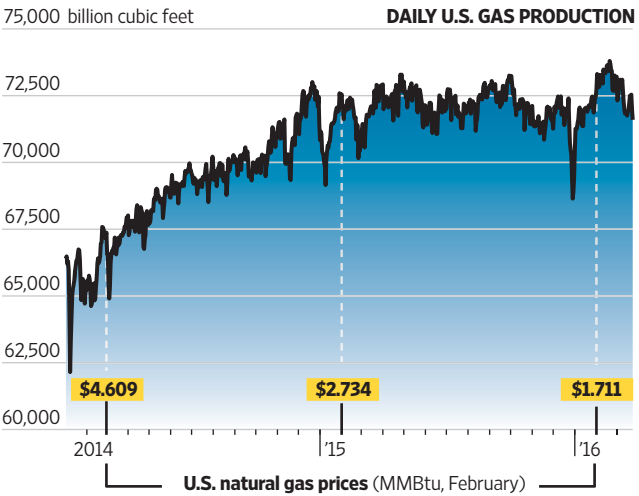
priced below its projected range at \$9 a share. But shares remain below the peak price of \$15.46 at which it raised money from private tech investors in 2014. The stock was at \$12.88 as of Thursday's close.

A further complication is that online loan marketplaces have recently been hit by tumult in the credit markets, with several firms warning that they may have to buy the loans themselves or seek alternative funding. Unlike banks, these online lenders don't have deposits to fund their loans.

*Please see SQUARE page C2*

### Full of Gas

Despite declining prices, U.S. natural gas output continues to rise.



Sources: Platts Bentek; FactSet

THE WALL STREET JOURNAL.

## In a New College Try, Connecticut Wants To Tax Yale's Profits

**BY TIMOTHY W. MARTIN**

The state of Connecticut wants its richest university to share more of its wealth.

Facing budget shortfalls and a deep pension hole, Connecticut lawmakers this week proposed taxing the investment profits of Yale University's \$25.6 billion endowment, the nation's second-largest after Harvard University's. Yale is located in New Haven, Conn.

"It is our hope that these rich schools can use their wealth to create job opportunities, rather than simply to get richer," Martin M. Looney, state Senate president and one of the state's most powerful Democrats, said in written testimony for a committee hearing held this week.

Connecticut is home to more than 40 colleges. But the potential tax singles out Yale because it would affect only endowments with \$10 billion or more in assets.

A senior Yale official, Richard Jacob, called the proposed law "plainly unconstitutional" and promised that the university "would defend its constitutional right of non-taxa-

tion," according to his written testimony.

Yale is the state's fifth-largest employer, with \$2 billion paid annually in wages and benefits, Mr. Jacob added. It also makes a voluntary payment of \$8.2 million every year to the city of New Haven. In addition, students and visitors spend an estimated \$150 million annually.

The proposed taxes would kick in if Yale doesn't reinvest endowment profits into the local economy or higher education. Endowments have generally been treated as tax-exempt organizations because of their affiliations with universities and colleges. But U.S. lawmakers, in joint House and Senate inquiries, are examining the escalating cost of higher education, given those institutions' tax-exempt status.

Led by David Swensen, Yale's endowment has consistently produced double-digit

*Please see YALE page C2*

### Notice to Readers

U.S. financial markets will be closed today for Good Friday.

## Strange Signal From Markets: Stagflation?

Central banks may be worrying about the lack of inflation, but some investors are fretting that the U.S. is heading for the wrong type of inflation: stagflation-lite.

The concern comes from a closely watched part of the bond market from which inflation expectations are derived. This year's market rebound was accompanied by a sharp rise in these inflation expectations, which moved from a February low of 1.2% a year for the next decade to 1.7%, the highest since the fright over China last summer. Unfortunately, this rise

in what is known as the 10-year inflation "break-even"—the difference between ordinary Treasury bond yields and inflation-linked yields—wasn't all good news.

Treasury yields reversed at the same time as inflation expectations turned in mid-February, but inflation-linked yields have continued to fall.

This matters. Buyers of Treasury inflation-protected securities, or TIPS, are chasing the safest, most boring return there is: currently 0.27% above inflation, locked in for 10 years. These appeal to people who really can't find anything better to do with their money; the drop in yield (and rise in price) suggests weaker belief in the economic growth which should make riskier assets more appealing.

One interpretation: the market is worried that growth will remain so-so while rising oil prices and incipient wage pressure force the U.S. Federal Reserve to tighten policy. Not exactly the stagflation of the

**1.7%**

**10-year break-even inflation is the highest since the fright over China last summer.**

1970s, which ended in 1980 with inflation hitting 15% amid a recession. But a sort of stagflation-lite: weak growth and accelerating price rises.

"I think we are in a situation where [the Fed] might be forced to normalize rates

because of inflation while the underlying economic momentum is slowing down and not capable of digesting higher rates," said Jean Medecin, a member of the investment committee at Carmignac, a French fund manager.

The problem with this thesis is that the rebound in markets has been widespread, encompassing equities, credit and commodities. If TIPS investors are really worried about weak growth, why aren't other markets, too?

Dig beneath the surface, and perhaps they are. The S&P 500 may be up slightly this year, but at a sector level the story is mixed, at best. The U.S. economy has been driven by the consumer

*Please see PRICES page C4*



MONEY & INVESTING

# FEDSEC Cracks Down on Vague Proxy Proposals

*Continued from the prior page*  
0.25% and 0.5% since December, when it raised the rate from near zero after holding it there for seven years.

Ms. Yellen has adopted and built on the consensus-oriented style of her predecessor, Ben Bernanke. Despite signs of division in recent months, the institution is largely in agreement on the likely path of rates.

Looking ahead to 2018, officials see rates rising to somewhere in a narrow range between 2.125% and 3.875%. When Ms. Yellen took the job in 2014, the officials' projections three years out varied much more widely, between 0.75% and 4.25%.

In addition to Mr. Fisher, the other policy outliers who have left the Fed in the past year are Charles Plosser, the former Federal Reserve Bank of Philadelphia president who also opposed easy money, and Narayana Kocherlakota, the former Minneapolis Fed president who advocated more aggressive easy-money policies. Mr. Plosser's successor, Patrick Harker, has expressed centrist policy views. Mr. Kocherlakota's successor, Neel Kashkari, has publicly challenged Ms. Yellen on bank supervision but not monetary policy.

"She has got less people to contend with and less people who are going to oppose taking policy in a dovish direction," said Michael Feroli, chief U.S. economist for J.P. Morgan Chase & Co.

Ms. Yellen courts input from all 17 officials before policy meetings, scheduling face-to-face discussions and phone calls before gatherings officially start. In two years on the job, she has faced nine dissents, including just two in the

**'Judge me on the merits of how well I serve the nation and the district,' he says.**

past 10 meetings. Mr. Bernanke faced 48 dissents in eight tumultuous years.

As a former investment banker at Goldman Sachs, where he spent 23 years until 2006, Mr. Kaplan seeks to position himself in the Fed as an expert on financial markets.

This is another potential challenge. Four of the 12 regional Fed bank presidents were affiliated with Goldman before joining the Fed, feeding public perceptions that the central bank is too close to big banks bailed out during the financial crisis.

"Judge me on the merits of how well I serve the nation and the district," he said.

Financial-market conditions are one reason Mr. Kaplan wants the Fed to go slow on rates. Because they are so interconnected, shocks in China are spilling out to the rest of the world and creating market turbulence that restrains the U.S. expansion.

Globalization of labor markets, he said, is a long-running downward weight on inflation and wages. "I don't think it's an option to just think domestically. You have got to think globally," he said.

Like Ms. Yellen, he isn't convinced inflation is on an upward trend, despite signs of a pickup.

Inflation has run below the Fed's 2% target for 45 months in a row, a factor keeping the central bank from raising rates aggressively.

By ANDREW ACKERMAN

WASHINGTON—U. S. securities regulators are cracking down on a tactic some companies use to obscure the purpose of shareholder proposals opposed by management.

The Securities and Exchange Commission this week released guidance cautioning companies against vague descriptions of measures appearing on corporate ballots, known as proxy cards, which shareholders use to vote on major company matters. The edict from SEC staff comes after complaints from investors that some companies have failed to clearly identify voting items presented ahead of com-

panies' annual meetings.

"The proxy card should clearly identify and describe the specific action on which shareholders will be asked to vote," the SEC said in guidance released on its website Tuesday.

The Council of Institutional Investors, which represents large pension funds, last year asked the SEC to weigh in on the issue, warning that shareholder proposals are sometimes identified using vague language while management proposals are identified with more precise language.

The dichotomy "not only presents challenges to investors' understanding of the voting items, but also raises ques-

tions of impartiality," said Glenn Davis, the council's director of research, in a June 2015 letter to the SEC.

In this week's guidance, the SEC said its rules require companies to clearly describe proposals, regardless of whether they are put forth by shareholders or management. While the SEC stopped short of targeting specific companies, the Council of Institutional Investors in its letter last year identified two that it said had inconsistent approaches to the identification of voting items at shareholder meetings. Such vague descriptions used at both companies appear to clash with the SEC's new guidance.

One firm, **New York Com-**

**munity Bancorp** Inc., identified a proposal on its card requesting so-called proxy access as merely: "A shareholder proposal, as described in the proxy statement, if properly presented at the Annual Meeting." Proxy access allows certain shareholders to print the names of candidates for corporate boards of directors directly onto company ballots and was opposed by the firm's management last year.

In contrast, the company used more detailed language on a routine management proposal to ratify its auditors. It called for: "The ratification of the appointment of KPMG LLP as the independent registered public accounting firm of New

York Community Bancorp, Inc. for the fiscal year ending December 31, 2015."

At the second company, **FirstMerit** Corp., the council said a vague description of a compensation-related shareholder proposal—"To consider a shareholder proposal if properly presented at the meeting"—contrasted noticeably with a management proposal on the same topic—"To approve, on an advisory basis, the compensation of FirstMerit's named executive officers."

A spokesman for New York Community Bancorp declined to comment. A FirstMerit spokesman couldn't be reached for comment.

## GAS

*Continued from the prior page*  
for air conditioning.

"Going into summer, producers know it's going to be a massacre," said Sami Yahya, a Platts Bentek analyst.

Unseasonably warm temperatures this winter reduced demand for the heating fuel and also meant fewer frozen wells, a phenomenon that typically plagues onshore fields and can cause supply disruptions and boost prices.

Nearly 2.5 trillion cubic feet of gas were in storage on March 18, about 51% more than the five-year average for this time of year, the Energy Information Administration said.

Emerging from winter with that much supply puts the market on pace to test the country's capacity to store gas. Analysts generally believe U.S. stockpiles will exceed 4 trillion cubic feet of gas by October, when supplies usually start to shrink again.

The situation puts producers, many of which also are suffering a severe slump in oil prices, in a "prisoner's dilemma," in which no one producer is motivated to restrain output, said Richard Ennis, an energy banker at ING Groep NV. "You're losing money, but if you can keep selling the gas then you're losing less money than if you shut the well in. There's no way to be disciplined."

Still, many producers have made significant cuts. The number of rigs drilling in the U.S. specifically for natural gas has fallen recently to the lowest level on record, according to oil-field services company Baker Hughes Inc. It said Thursday in its widely



Drilling for natural gas in Pennsylvania. After a warm winter in the U.S., the supply of natural gas continues to swell.

watched weekly tally that there are 92 rigs drilling for gas, up slightly from the prior week but less than half the number a year ago.

Mr. Yahya of Platts Bentek said production has begun to slip from February's record levels but doesn't expect it to fall enough to erase the gas glut.

Analysts say that the decline in drilling doesn't necessarily correlate to less production as those rigs that remain drilling are the most efficient, run often by the most experienced crews and targeting companies' best prospects.

While output has declined in the Rocky Mountains, Arkansas and parts of Texas, according to investment bank Jefferies Group LLC, the cuts have been more than offset by several record-setting wells tapping the Utica and Marcellus shales in Ohio, Pennsylvania and West Virginia.

Houston investment bank Tudor, Pickering, Holt & Co. said this week that gas prices will need to remain below \$2 this year to entice more power generators to convert from burning coal to natural gas.

In turn, that switching could chip away at the gas glut

and set the stage for prices to rise.

Some Wall Street investors have lately placed big bets on the fuel, snapping up out-of-favor drilling properties being sold off by beleaguered energy companies.

Last month a company backed by investment firms Warburg Pincus LLC and Kayne Anderson Capital Advisors LP agreed to pay **WPX Energy** Inc. \$910 million for its drilling properties in Colorado's Piceance Basin, a region where gas output has fallen off.

And this week a company

launched by energy-focused private-equity firm **Denham Capital Management** LP said it would pay \$420 million for **EP Energy** Corp.'s Haynesville shale fields in Louisiana, though Denham's top oil and gas executive cautioned that the purchase isn't necessarily a sign that the firm expects gas prices to rise.

"We're bullish on our management team's capabilities of creating profits with certain properties," Carl Tricoli, managing partner at Denham. "If the gas price goes up it's awesome, but we're not going to rely on gas prices going up."



Connecticut lawmakers want to tax investment profits of Yale University's \$25.6 billion endowment.

## YALE

*Continued from the prior page*  
returns over the past three decades. Yale gained 11.5% for the year ended June 30, pocketing more than \$2 billion in investment profits.

It is unclear how future endowment earnings would be taxed.

Connecticut could use the extra cash. The state faces a \$266 million shortfall for fiscal 2016. It has roughly only half of the money it needs to pay future retirement benefits for its workers, with unfunded liabilities doubling over the past decade to \$26 billion. Only Illinois and Kentucky have worse-funded pensions.

The potential tax "would share a small percentage of [Yale's] retained earnings with

the state's taxpayers" to expand education access and create jobs, Mr. Looney said.

The Greater New Haven Chamber of Commerce, along with Yale, has opposed the legislation.

"Singling out one institution is bad policy, especially when the institution has been a strong partner with its hometown and its home state," Mr. Jacob said in testimony this week.

The state's finance committee will vote on the proposal in early April. If it passes, the proposal could be directly sent to the Senate floor for a vote, according to a spokesman for Mr. Looney. But a vote by the General Assembly could be delayed further if lawmakers decide to send the bill to another committee, he added. The Connecticut legislative session ends at midnight on May 4.

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**NOTICE OF AUCTION SALE**  
PLEASE TAKE NOTICE that at 10:00 a.m. on April 5, 2016, at the offices of Kirby & McGuinn, 707 Broadway, Suite 1750, San Diego, CA 92101, Secured Party Vindrauga Corporation will sell the following Collateral, as a single unit, at public auction: All assets of Ridge Diagnostics, Inc., a Delaware corporation. The Collateral includes all personal property identified in the following financing statements on file with the Delaware Secretary of State: (i) Filing No. 2013-4419959 filed 11/8/13, as amended by Filing No. 2015-1744720; and (ii) Filing No. 2013-4419884, as amended by Filing No. 2015-1744746. The sale includes all intellectual property, including U.S. Patent Nos. 8,158,374; 8,440,418; 8,450,077; and 8,673,650, as well as various patent applications.  
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A complete copy of the Notice of Intended Disposition of Collateral may be viewed at [www.vindrauga.com/PublicAuctions.html](http://www.vindrauga.com/PublicAuctions.html). Vindrauga may be contacted at: Vindrauga Corporation Attn: James Wade, 1565 Hotel Circle South, Suite 310, San Diego, CA 92108 [jwade@daca4.com](mailto:jwade@daca4.com) (619) 220-8900 Ext. 114.

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## SQUARE

*Continued from the prior page*  
"The market side is being challenged now," said Jacqueline Reses, head of Square Capital. "But the loans to our merchants will be very simple, fair, and transparent," which is "attractive to our investors."

Square already offers cash advances to small businesses, and believes its expansion into bank loans can bolster Square Capital's appeal to borrowers and avoid some of the challenges other online lenders have faced, including worries about loan quality and market demand.

Ms. Reses previously was chief of development at **Yahoo** Inc. and served on **Alibaba Group Holding** Ltd's board of directors. She also has a Wall Street background, as a pri-

vate-equity investor at **Apax Partners** and in principal investments at Goldman Sachs Group Inc. She was recruited last year by Jack Dorsey. Square's co-founder and chief executive who also runs **Twitter** Inc.,

Ms. Reses said Square will hold a small portion of the loans itself. "We want to show investors we're willing to put skin in the game," she said. "But we're quite focused on managing risk overall as a company."

Square will offer the loans to small businesses that use its payment devices, with fees of around 10% to 16% of the amount borrowed. The loans will be paid back by Square taking a cut of each transaction, typically around 10%. Unlike a cash advance, which is open-ended, the loans must be repaid within 18 months and can be repaid early. The typi-

cal cash advance is repaid in nine months, Square says.

The loans, which will be originated by Utah's **Celtic Bank** in partnership with Square, will be bundled together and sold to investors such as hedge funds and other asset managers.

## 70,000

**Number of cash advances Square made last year, adding up to about \$400 million**

Square made more than 70,000 cash advances for about \$400 million in 2015, with \$150 million coming in the fourth quarter.

The company doesn't disclose its revenue from cash advances, which it includes as part of its software-and-data group. That revenue made up

less than 5% of Square's total net revenue of \$1.3 billion last year.

Square isn't the only payments firm to move toward lending: **PayPal Holdings** Inc. said last year it had extended over \$1 billion in working-capital loans to small businesses that take payments via PayPal. **American Express** Co. also is aiming to expand its financing to merchants that accept its cards.

Unlike pure lenders, which must evaluate borrowers using third-party data, Ms. Reses says Square's data scientists can see over 2,000 data points, including a merchant's daily sales, as well as its payroll and invoices if they use other software Square has started selling. With that data, Square Capital can target the merchants that look like the best bets and deliver funds within minutes.



# GLOBAL FINANCE

## ECB Gets Tough on Bank Merger

Italian lenders yield to demands from central bank on capital and board governance

By Giovanni Legorano

MILAN—The European Central Bank's hard-line stance on the merger of two Italian lenders is a shot across the bow of Italy's fragmented and troubled banking sector.

In a letter last week to **Banco Popolare SC** and **Banca Popolare di Milano Scarl**, the ECB made clear what it wanted from the two banks in the middle of merger talks: a drastically slimmed down board, additional write-downs of bad loans and bigger capital buffers.

Late Wednesday, the Italian banks ceded to the demands, renouncing some aspects of the original deal they had stitched together to create Italy's No. 3 lender by assets.

The tough-love approach to the merger, the first large deal under the central bank's expanded remit, comes as the ECB, the Bank of Italy and the Italian government are at-



Banka Popolare di Milano headquarters in Milan. The lender and tie-up partner Banco Popolare got some tough love from the ECB.

tempting to overhaul a sector that is among the weakest in Europe, suffering from poor profitability and weighed down by bad loans.

More broadly, the ECB's stance could resonate beyond Italy, possibly making consolidation tougher, said investment bankers who have been pitching deals to lenders. Weaker banks will need to become leaner and more efficient before combining with

stronger institutions, and long-standing ties to local municipalities may have to loosen for mergers to go ahead.

"The ECB is sending a loud and clear message at [the] eurozone level: We favor mergers, but these can happen only according to specific terms," said Fabrizio Bernardi, a Milan-based analyst at brokerage Fidentiis.

The fragility of Italy's

banking sector has come under the spotlight in recent months, with concerns over €200 billion (\$223 billion) in bad loans and lackluster profits. The fragmentation and provincialism of Italy's banks has been a source of such problems for decades. Bank executives with strong local ties have resisted selling out to larger groups.

The smaller banks often lack adequate risk-management systems and are overly focused on lending without much in the way of asset-management and other fee-earning businesses. As a result, at the end of 2014, bad loans made up 14% of the total at cooperative banks, known as *popolari* and typically the smallest lenders, compared with 10% for Italy's bigger banks, according to the Bank of Italy.

"The Italian banking system is still too fragmented," Economy Minister Pier Carlo Padoa-Schioppa said this week. "They are too small and the numbers are too great."

The government has passed a law forcing the cooperative banks to convert into joint-stock companies, hoping this

would kick-start mergers. It also has passed a bill aimed at combining nearly 400 tiny co-operatives into a single entity similar to France's *Crédit Agricole* network. *Crédit Agricole SA*, the listed entity, is France's second-biggest lender by assets.

"In 2016, Italy must solve its banking problem once and for all," Prime Minister Matteo Renzi said last week.

As part of the deal, Banco Popolare will have to raise €1 billion mainly through a sale of fresh shares, part of which will go to writing down the bad loans of the combined entity, the banks' chief executives said on Thursday.

On board governance, the ECB and the banks struck a compromise. The board will have 19 members for the first three years, after which the number must fall to 15. The two lenders had 47 directors altogether.

Some past mergers made "banks weaker than they were before they merged," said Danièle Nouy, head of the ECB's supervisory arm. "So we want to make sure for all mergers that the new entity is strong from the very beginning."

## Plan Aims To Curb Bank Risk Models

Global regulators moved to further tighten the reins on banks, proposing limits on the discretion institutions have to measure how much risk they can take.

By Donna Borak  
in Washington  
and Margot Patrick  
in London

The compromise plan reached Thursday by the Basel Committee on Banking Supervision wouldn't allow banks to calculate their own credit risk from exposure to other banks, large corporations and stocks. The committee is counting on the nonbinding proposal to lessen potential risks to financial stability tied to the connections among global banks.

Financial institutions in Japan, Switzerland, Singapore and Scandinavia potentially have the most to lose from limits on using their own models to measure risk. The proposed rules aren't expected to have a big impact on the four largest U.S. financial institutions—**J.P. Morgan Chase & Co.**, **Goldman Sachs Group Inc.**, **Bank of America Corp.** and **Citigroup Inc.** U.S. regulators have already imposed tough new borrowing limits, and the Federal Reserve has implemented rigorous annual stress tests.

### The Basel panel wants to lessen potential risks to financial stability.

"The U.S. is in a better position to make this adjustment with these rules than the European and U.K. banks," said Mayra Rodriguez Valladares, managing principal at consulting firm MRV Associates LLC. But U.S. banks could face high hurdles if U.S. regulators stop them from using their own risk models altogether and instead use a common standard, a policy change Fed governor Daniel Tarullo has sought.

The Switzerland-based global rule-setting body stopped short of barring banks from using their own modeling. Under the proposal, banks would still be allowed to calculate capital held against corporate, mortgage, credit-card and retail exposures, a typically significant portion of a bank's assets.

The committee is separately considering imposing additional constraints by placing a cap in the range of 60% to 90% on all four asset classes to limit the benefit of banks being able to use their own models to weigh risk. A significantly higher floor could have a material impact on all banks.

The proposal kicks off a three-month comment period before any policy changes are finalized. After that, each country must begin their own process of applying the rules to their respective banks.

The move marks the latest big piece of work by the Basel Committee on regulatory changes that address problems exposed by the financial crisis. Further work by the 29-member body that sets standards for banks globally includes changes to operational and credit risk along with a leverage ratio that would require banks to fund all assets with a minimum amount of money.

Regulators, especially those in the U.S., consider it problematic to allow banks to measure their own credit risk and determine how much capital they need to guard against a possible default by a counterparty and the individual firm's exposure if there is a loss.

Policy makers argue that individual assessments often deliver varied results among institutions because the models are different. By applying a standardized approach, regulators will have the ability to set a stricter framework based on their own expectations of default and calculations of potential losses.

The Basel Committee said the treatment of sovereign exposures would be handled under a separate review.

## Market Confidence Growing in Beijing

By Shen Hong

SHANGHAI—A number of Chinese brokers are quietly resuming short-selling services, which allow investors to bet that stocks will fall, in a fresh sign that the country's markets may be returning to normal after a brutal crash and trading clampdown last summer.

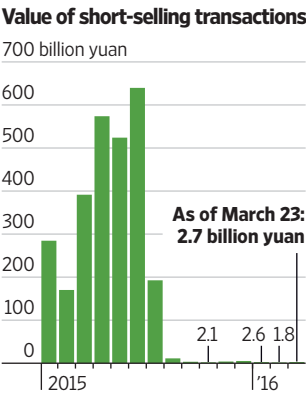
In a statement published on Wednesday, Ping An Securities said it will restart short-selling services suspended since early July.

The Shenzhen-based mid-size brokerage is the second securities firm in less than a week and third in less than a month to announce a resumption.

Also back: margin trading. Last week, the state securities regulator effectively opened the door wider to buying stocks with borrowed money, another activity that had been discouraged since the rout last summer, when shares fell 45% between mid-June and late-August.

### The Big China Short

Short-selling volume soared last year before the crash in Chinese stock markets ended the party.



Source: Wind Info  
THE WALL STREET JOURNAL.

The gradual reopening to two practices that aggravated the crash is widely seen as a signal of Beijing's growing confidence that the market is recovering. Short sellers borrow stocks in order to sell them, betting that they can buy them back later at lower prices.

"The latest development is a signal that the authorities think the market has moved past the stage of excessive pessimism or panic," said Shen Meng, director at Chan-son & Co., a boutique investment bank. "It's a show of confidence."

Although Chinese securities regulators never banned margin trading or short selling, they made their disapproval of both clear, and discouraged brokers and investors from trades they saw as depressing the market.

At the peak of the summer selloff, authorities and state media condemned short selling as having a "malicious intent."

Behind the scenes, Chinese regulators called on securities firms and big companies to support the market, some brokers say privately.

A number of brokerages suspended short-selling services and vowed not to sell their own stocks. Many big shareholders of listed companies made similar pledges not to unload shares.

The tacit nods to margin trading and short selling lately may also be an attempt to dispel concerns among foreign investors that Beijing is no longer committed to overhauls, especially after authorities this month shelved a much-anticipated change to the country's stock-listing system, Mr. Shen added.

—Yifan Xie  
contributed to this article.



Credit Suisse CEO Tidjane Thiam requested and received a 40% cut to his planned 2015 bonus.

### Finance Watch

CREDIT SUISSE  
**CEO Thiam Gets \$4.7 Million in Pay**  
Credit Suisse Group AG Chief Executive Tidjane Thiam received 4.57 million Swiss francs (\$4.7 million) in total pay for 2015, a year in which he launched a bid to restructure the Swiss bank.

The overall bonus pool at Zurich-based Credit Suisse declined 11% for the year, as anticipated. Employees at the investment bank saw their bonuses decline more than 30%, Credit Suisse said, adding that 31% of the investment bank's employees saw their bonuses cut by more than half.

Mr. Thiam, who assumed the CEO role in July, had requested a 40% cut to his 2015 bonus, compared with what he other-

wise might have received. He has said publicly that this was a gesture of "solidarity" with employees seeing their own bonuses reduced.

Credit Suisse said that its board accepted Mr. Thiam's request and gave him an award of 2.86 million francs—40% of which was paid in cash. In addition, Mr. Thiam received a replacement award paid in stock, designed to compensate him for remuneration left behind at his former employer, Prudential PLC. That award was valued at 9.6 million francs as of March 17, Credit Suisse said.

—John Letzing

WARBURG PINCUS  
**\$2 Billion Is Sought For New China Fund**

Warburg Pincus LLC is seeking to raise \$2 billion for a new China private-equity fund, giving the early investor in China more firepower to cut deals in the country, people familiar with the situation said.

The fund will invest alongside Warburg Pincus's latest \$12 billion global fund, raised in No-

vember. The China fund and the global fund will split Warburg Pincus's future Chinese investments evenly, meaning the U.S.-based private-equity firm's China "companion" fund will give it a combined \$4 billion of capital aimed at China deals. That would place it on par with some of the larger private-equity investors in the region.

The fundraising plan comes as private-equity managers have raised large sums of money to invest in Asia, particularly China. Hong Kong-based PAG raised \$3.6 billion in December for a new pan-Asia buyout fund after former Goldman Sachs Group Inc. banker Richard Ong's RRJ Capital raised \$4.5 billion for a new Asia-focused private-equity fund in September.

Warburg Pincus still is in the early stages of raising the new fund. It plans to launch the fundraising formally on June 1 and aims to close the fund by December, one person familiar with the situation said. A spokeswoman for Warburg Pincus declined to comment on the fundraising plans.

—Kane Wu

## Citic Securities Net Soared in Wild Year

By James T. Aredddy

**Citic Securities** called a year that cleaned out its executive suite in the wake of a stock-market crash the "severest test" in its 20-year history, though China's wild stock-market gyrations appear to have had little impact on the firm's ability to make money.

China's largest brokerage firm this week said its net profit soared nearly 75% in 2015 to a record 19.80 billion yuan (\$3.04 billion), and it remained China's largest stock and bond underwriter as well as its biggest asset manager.

But Beijing-based Citic Securities, the brokerage arm of state-owned Citic Group, for the first time also detailed the departure of 12 senior-level executives last year, including the son of a top politician and four executives linked to offi-

cial investigations in the wake of the market turmoil.

The brokerage also shed new light on its leading role in buying stocks during the government-led intervention to prop up the market amid its mid-2015 crash, though it offered little insight into the holdings' current value.

The Chinese stock market's surge and subsequent crash around the year's midpoint led to unprecedented scrutiny of the firm by authorities—"the severest test faced by the company since its establishment," Zhang Youjun, the firm's new chairman, wrote in an annual report published Wednesday.

Mr. Zhang said authorities helped in "identifying defects and deficiencies," which he said was "of vital importance to the sustainable and healthy development" of the firm.

Citic Securities reported that in 2015, revenue rose 85% to a record 72.92 billion yuan. The firm posted a nearly 30% gain in investment-banking revenue and said revenue from its asset-management business grew 43%. Its fees and other revenue from margin lending jumped more than 80%.

About its role in China's intervention to prop up the stock market last year, Citic said it funneled funds toward the market twice just after big drops, once in early July and again on Sept. 1. It cited a 21.109 billion yuan "cost of investment" with China Securities Finance Corp., a state-backed firm that organized stock buying during the crisis period. Any gain or loss would be shared equally between them, the brokerage said.

The brief reference attributes a year-on-year 43.3 bil-

lion yuan rise in the value of financial assets available for sale "mainly" to its activity with China Securities Finance but left unclear how much of the total came from other activities.

The report indicates four senior executives who it previously named as involved in investigations, including former President Cheng Boming, have left the company. The brokerage in September said Mr. Cheng was detained on suspicion of insider trading. He isn't reachable; people with knowledge of the situation say he remains in custody.

The 12 officers that left senior positions at Citic Securities in recent months included longtime Chairman Wang Dongming. There is no evidence that he has faced investigation. Aside from the resignation of a director and a



Zhang Youjun, the new chairman of Citic Securities

supervisor, the firm explained all of the departures as "expiration of term of office."

It said Liu Lefei, the son of Politburo Standing Committee member Liu Yunshan, is no longer a director or the firm's vice chairman, posts he held since 2013. Mr. Liu remains head of affiliate Citic Private Equity Funds Management Co.



# IN THE MARKETS

## Stocks Snap Five Weeks Of Advances

Rallies by shares, oil sputter ahead of a long weekend; gold posts 2.6% weekly fall

BY AARON KURILOFF

U.S. stocks ended five consecutive weeks of gains, as a rally that carried shares to their highest levels of the year petered out during a holiday-shortened week.

The S&P 500 slid back into negative territory for the year, down 0.4%, while the Dow industrials clung to a small gain of 0.5% in a week that included the three lowest-volume trading days of 2016.

Many global markets will be closed for Good Friday.

The Dow Jones Industrial Average rose 13.14 points, or less than 0.1%, to 17515.73 Thursday, bringing its loss to 0.5% for the week. The S&P 500 declined 0.7%, or less than 0.1%. Thursday to 2035.94, for a weekly fall of 0.7%. The Nasdaq Composite gained 4.64, or 0.1%, to 4773.50, shedding 0.5% for the week.

U.S. oil prices also snapped a five-week winning streak after rising more than 50% since a low on Feb. 11.

Crude fell 4.1% for the week to \$39.46 a barrel as data showed U.S. supplies reaching all-time highs and the dollar strengthened.

“Oil’s tired of running higher and the dollar’s tired of running lower, so we’re getting this countertrend move that’s taking the market with it,” said Bob Doll, senior portfolio manager at Nuveen Asset Management. Hints that the Federal Reserve could raise interest rates sooner than expected fueled gains in the dollar. The WSJ Dollar Index, which measures the buck against a basket of 16 currencies, rose 0.1% Thursday to 87.89, its fifth trading day in a row of increases.

Federal Reserve Bank of St. Louis President James Bullard said Thursday that “the next rate increase may not be far off

provided that the economy evolves as expected,” adding to upbeat comments from Fed officials this week.

Federal-funds futures, used by investors and traders to bet on central-bank policy, showed a 12% likelihood of a rate increase from the Fed at its April policy meeting, according to data from CME Group. The odds were 2% a month ago. The probability of a rate increase at the Fed’s June meeting was 41%, compared with 18% a month ago.

U.S. government bonds pulled back Thursday as investors took some chips off the table ahead of a closed market on Friday, with traders saying lack-luster volume exaggerated price swings.

The yield on the 10-year

4.1%

Drop in the price of U.S. crude on Thursday after it rose more than 50% since a Feb. 11 low

Treasury note rose to 1.902%, from 1.873% Wednesday and 1.871% last Friday. Bond prices fall as yields rise.

Mary Ann Hurley, vice president of trading in Seattle at D.A. Davidson & Co., said investors tilted their positioning toward bonds into “neutral” in case of an “unexpected surprise over the long weekend.”

Gold fell 2.6% this week to \$1,221.40 an ounce.

The Stoxx Europe 600 declined 1.5% Thursday.

Japan’s Nikkei Stock Average fell 0.6% after a summary of opinions from Bank of Japan policy makers showed rising tension over negative rates. Early Friday, the Nikkei was up 0.6%.

Stocks in Shanghai fell 1.6% Thursday amid concerns about increased short selling and after Chinese authorities guided the yuan weaker against the dollar in the biggest one-day depreciation since early January. Early Friday, the index was up 0.2%.

—Min Zeng contributed to this article.

## Banks Say No to Funds From ECB Policy

BY JON SINDREU

As the European Central Bank prepares to deploy new rounds of cheap lending to eurozone banks, the tepid takeup from what is currently on offer suggests the scheme will provide little relief to the sector.

The seventh round of the ECB’s Targeted Longer-Term Refinancing Operations program was launched Thursday, and saw the program’s lowest takeup since it began in 2014.

The TLTRO offers cheap liquidity to banks in exchange for them lending to households and companies. In March the ECB said that starting in June, it will offer a new brand of TLTROs at a rate that can go as low as the central bank’s deposit facility—currently at a minus 0.4%. Essentially, the ECB will be paying banks to borrow money. That announcement helped push up the share prices of banks on that day, even as shares across Europe were falling hard.

On Thursday, banks were still being offered funds at a 0% interest rate but they bid for only 7.3 billion euros (\$8.21 billion) worth of funds. That is the lowest takeup since the program’s inception in September 2014.

The TLTRO program has disappointed from the start.



Mario Draghi’s European Central Bank got poor takeup in the latest round of a financing program.

The first two rounds—held in September and December 2014—were the most successful, with banks taking up €83 billion and €130 billion, respectively. But they still fell well short of the €400 billion cap the ECB put on this facility.

On Thursday, only 19 banks out of more than 300 eligible lenders participated.

This doesn’t bode well for the success of the new rounds of TLTROs the ECB will launch in June, and perhaps for the share prices of eurozone banks.

Bank shares continue to

fall, and are now about 2.5% below where they were on the day of the announcement, according to the Euro Stoxx Banks index, which tracks the 30 largest banks in the eurozone.

It was always unlikely that these cheaper loans would do much beyond slightly lowering costs for banks in peripheral countries like Italy, Spain and Greece. They are the banks that still need to borrow from the central bank. German and French banks have so much liquidity that they actually lend to the ECB.

Many analysts believe the new facility, when launched in June, will mostly be used to roll over the old TLTROs.

“Miracles should not be expected,” said Elwin de Groot, economist at Rabobank. “Demand for credit is likely to remain subdued, despite record-low interest rates.”

ONLINE

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## PRICES

Continued from page C1

for the past five years, and the message from consumer stocks is that caution reigns.

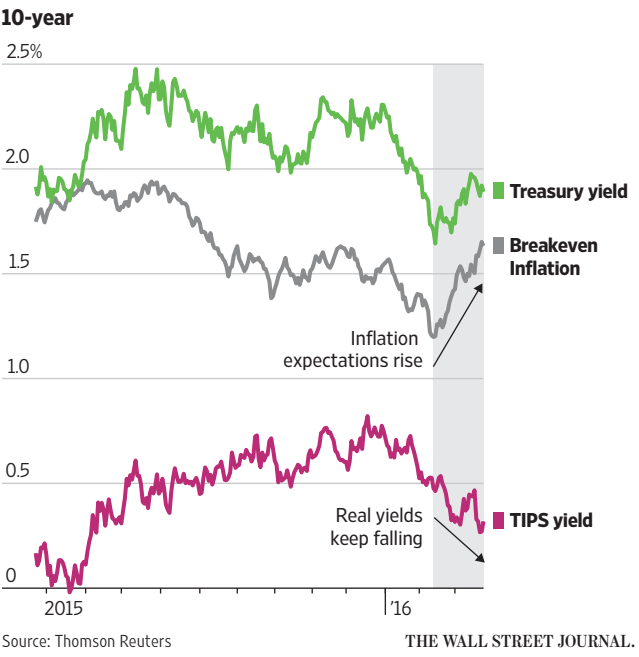
The story from most other sectors is too closely related to other markets to be properly interpreted. Energy and material stocks are up, but this is just a reflection of higher oil and commodity prices. The two best-performing sectors are the bond-like utilities and telecoms, up 12% and 13% respectively by Tuesday’s close, but this is mostly a reflection of the lower Treasury yields, to which they are often seen as an alternative. Restating the puzzle doesn’t explain it.

The same goes for the recovery in credit. According to Bank of America Merrill Lynch, the extra yield available from U.S. junk bonds compared with Treasuries has dropped to 6.7 percentage points from 7 at the start of the year, and a peak of 8.9 percentage points in mid-February. But the junk-bond market was engulfed in fear about widespread defaults by energy companies, so again this may merely reflect higher oil prices.

In the other direction, the rise in demand for gold doesn’t help the case for concern as much as it might seem. Gold is the ultimate in inflation protection, but has no income—so it tends to move in the opposite direction to TIPS yields, which can be seen as the income

### The Wrong Sort of Inflation

Inflation expectations priced into the bond market for the next 10 years have rebounded, but real yields have not.



### Treasury Sets Sales of \$165 Billion in Debt

The Treasury Department will auction \$165 billion in securities next week, comprising \$134 billion in new debt and \$31 billion in previously auctioned debt. Details (all with minimum denominations of \$100):

♦ **Monday:** \$31 billion in 13-week bills, a reopening of an issue first sold on Dec. 31, 2015, maturing June 30, 2016. Cusip number is 912796HY8.

Also, \$26 billion in 26-week bills, dated March 31, 2016, maturing Sept. 29, 2016. Cusip: 912796JM2.

Also, \$26 billion in two-year notes, dated March 31, 2016, maturing March 31, 2018. Cusip: 912828Q45.

Noncompetitive tenders for the bills must be received by 11 a.m. EDT Monday and competitive tenders, by 11:30 a.m. Noncompetitive tenders for the notes must

be received by noon Monday; competitive tenders, by 1 p.m.

♦ **Tuesday:** \$20 billion in 52-week bills, dated March 31, 2016, maturing March 30, 2017. Cusip is 912796JJ9.

Also, \$34 billion in five-year notes, dated March 31, 2016, maturing March 31, 2021. Cusip: 912828Q37.

Noncompetitive tenders for the bills must be received by 11 a.m. Tuesday; competitive tenders, by 11:30 a.m. Noncompetitive tenders for the notes must be received by noon Tuesday; competitive tenders, by 1 p.m.

♦ **Wednesday:** \$28 billion in seven-year notes, dated March 31, 2016, maturing March 31, 2023. Cusip: 912828Q29.

Noncompetitive tenders for the notes must be received by noon Wednesday; competitive tenders, by 1 p.m.

### New Highs and Lows | WSJ.com/stocks

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE MKT and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG Daily percentage change from the previous trading session.

Thursday, March 24, 2016														
Stock	Sym	Hi/Low	Chg	%	Stock	Sym	Hi/Low	Chg	%	Stock	Sym	Hi/Low	Chg	%
<b>NYSE highs - 58</b>														
Accenture	CIA	ACN	114.44	6.2	GranitCnstr	GVA	47.47	...	UNITIL	UTL	46.25	...	...	...
AllincBrnstNa	AFB	14.49	0.1	Inpho	IPHI	33.57	1.7	VEREIT	VER	25.17	0.1	...	...	...
AlliantEnergy	LNT	73.08	0.5	InvescoCValueMun	VCV	13.87	0.2	Valpar	VAL	105.91	0.8	...	...	...
AmTrustFnlDepPfdE	AFS	25.31	0.3	HnckJlPrem	PDM	15.13	-0.7	Vectren	VVC	50.15	0.3	...	...	...
AutoZone	AZO	810.00	-0.3	KimcoRealtyPfdJ	KIM	26.54	0.3	WasteMgt	WM	59.12	0.3	...	...	...
BkRkCA MI Tr	BFZ	16.34	-0.2	McCormick	MKC	96.46	0.5	Watsco	WISO	133.85	2.1	...	...	...
BkRkMunHCAQlty	MUC	15.70	0.1	McCormickVtg	MKC/V	96.14	2.6	Xylem Inc.	XYL	39.82	1.1	...	...	...
BkRkMunHQUlty	MUJ	15.09	-0.3	MistrasGroup	MIG	25.73	1.2	<b>NYSE lows - 20</b>						
BkRkMunInvestFdl	MVT	17.06	-0.1	NuVnJ	NXJ	14.16	0.1	ArmstrongFlooring	AFI	11.87	6.0	...	...	...
BkRkMunYdMIQlty	MIV	14.50	...	NuVnSelQlty	NQS	14.13	0.6	BTGroupADR	BT	31.09	-1.2	...	...	...
BrookfieldTrFrd	HTR	24.45	0.4	PNCFinSvcDepPfd	PNC	29.19	...	BlockHR	HRB	26.60	-0.4	...	...	...
CharlesSchwabPfd	SCH	25.75	...	PinnacleWestCap	PNW	73.70	0.3	ClayEnergy	CWE	7.26	-3.9	...	...	...
ChunghwaTelecomADR	CHT	33.84	1.1	PublicStoragePfd	PSA	26.23	0.2	DorianLPG	LPG	8.67	-3.6	...	...	...
CitigroupDepPfdS	CPS	25.75	0.4	Qwest7%Nts2056	CTA	25.51	0.1	ForseightEnergy	FELP	1.07	-2.7	...	...	...
DDRPfdJ	DDR	26.48	-0.8	SCANA	SCG	68.95	0.8	Frontline	FRO	7.42	0.5	...	...	...
DreyfStMnBd	DSM	8.55	-0.2	SeritageGrowthA	SRH	25.10	0.1	GAINCapHdgs	GCAP	6.03	0.5	...	...	...
DuPontFabros	DFT	40.59	0.9	SunEdison	SED	49.24	3.4	Lannett	LCI	17.08	-10.1	...	...	...
EdisonInt	EIX	71.93	-0.3	Teleflex	TFX	155.05	-0.1	NaviosMaritime	NNA	15.3	0.6	...	...	...
ElPasoElectric	EQ	44.97	1.7	TeekayTankers	TNK	3.26	2.6	ScrippsEW	SSP	15.64	-0.2	...	...	...
EquityCommonN42	EQS	25.15	0.5	...	...	...	...	StoneEnergy	SGY	0.91	0.9	...	...	...
EversourceEnergy	ES	58.29	-0.2	...	...	...	...	SunEdison	SUN	1.15	-4.7	...	...	...
Fabrinet	FG	30.91	4.9	...	...	...	...	TeekayTankers	TNK	3.26	2.6	...	...	...
FedAgrI C	AGN	39.12	1.2	...	...	...	...	...	...	...	...	...	...	...
FedAgrMtg A	AGM/A	37.66	11.0	...	...	...	...	...	...	...	...	...	...	...

### Online»

During the trading day, 52-week highs and lows are updated hourly at [WSJMarkets.com](http://WSJMarkets.com). Lists for each market are available free, along with easy access to charts and headlines.

### Borrowing Benchmarks | WSJ.com/bonds

#### Money Rates

March 24, 2016

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don’t always represent actual transactions.

Inflation		Feb. index level	Chg From (%) Jan. '16	Feb. '15	Week Latest	ago	—52-WEEK— High	Low
<b>U.S. consumer price index</b>								
All items		237.111	0.08	1.0				
Core		245.680	0.47	2.3				

#### International rates

	Latest	Week ago	—52-Week— High	Low
<b>Prime rates</b>				
U.S.	3.50	3.50	3.50	3.25
Canada	2.70	2.70	2.85	2.70
Japan	1.475	1.475	1.475	1.475

Policy Rates				
Euro zone	0.00	0.00	0.05	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.50	0.50	0.50	0.50
Australia	2.00	2.00	2.25	2.00

Overnight repurchase				
U.S.	0.37	0.44	0.51	0.07

#### U.S. government rates

Discount				
	1.00	1.00	1.00	0.75

Federal funds				
Effective rate	0.4000	0.3900	0.4000	0.0600
High	0.5625	0.5625	0.5900	0.3100
Low	0.2500	0.3000	0.3500	0.0200
Bid	0.3700	0.3600	0.5500	0.0300
Offer	0.4000	0.4000	0.5600	0.0500

Treasury bill auction				
4 weeks	0.270	0.280	0.295	0.000
13 weeks	0.300	0.335	0.350	0.000
26 weeks	0.440	0.510	0.585	0.065

#### Secondary market

Fannie Mae				
30-year mortgage yields				
30 days	3.239	3.231	3.750	2.979
60 days	3.270	3.263	3.788	2.998

#### Other short-term rates

Call money				
	2.25	2.25	2.25	2.00

Notes on data: U.S. prime rate is effective December 17, 2015. Discount rate is effective December 17, 2015. U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks. Other prime rates aren’t directly comparable; lending practices vary widely by location. DTCC GCF Repo Index is Depository Trust & Clearing Corp.’s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Futures on the DTCC GCF Repo Index are traded on NYSE Liffe US. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.



MUTUAL FUNDS									
Explanatory Notes				Data provided by <b>LIPPER</b>		Fund			
Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. <b>NAV</b> is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. <b>NET CHG</b> is change in NAV from previous trading day. <b>YTD%RET</b> is year-to-date return. <b>3-YR %RET</b> is trailing three-year return annualized.									
e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1 f-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and i apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.									
Thursday, March 24, 2016									
Fund	NAV	Net Chg	YTD %Ret	Fund	NAV	Net Chg	YTD %Ret		
<b>A</b>									
American Century Inv Ultra	33.91	-0.05	-3.2	ExtMktAd r	48.47	+0.11	-3.4		
American Funds CI A				IntAd r	34.33	-0.38	-4.5		
AmcpA p	25.77	+0.03	-0.7	TotMktAd r	58.35	...	-0.5		
AMutIA p	34.55	+0.01	2.6	First Eagle Funds					
BaIA p	23.95	-0.01	0.9	GlbA	52.52	-0.19	2.3		
BondA p	12.80	-0.02	2.1	FMI Funds					
CapIBA p	56.69	-0.06	2.4	LgCap	19.06	+0.01	2.4		
CapWGrA	42.64	-0.10	-1.2	FPA Funds					
EupacA p	43.59	-0.22	-3.9	FrankCres	30.80	-0.02	-0.8		
FdlvIA p	50.26	...	-0.6	FrankTemp/Franklin A					
GwthA p	39.68	+0.04	-3.9	CA TF A p	7.55	-0.01	1.3		
HI TrA p	9.44	-0.05	2.4	Fed TF A p	12.40	...	1.1		
ICAA p	33.91	+0.05	2.0	Growth A p	72.45	-0.09	-1.3		
IncoA p	20.43	-0.03	1.8	IncomeA p	2.10	-0.01	1.5		
N PerA p	34.59	-0.07	-4.0	RisDv A p	49.32	+0.01	3.3		
NEcoA p	34.22	-0.02	-4.8	FrankTemp/Franklin C					
NwWrIdA	49.22	-0.13	-1.6	Income C t	2.12	-0.01	1.3		
SmCapA p	41.43	+0.07	-5.0	FrankTemp/Temp A					
TkExA p	13.15	...	1.2	GIBond A p	11.42	-0.02	-0.6		
WshA p	38.59	...	0.9	Growth A p	21.24	-0.19	-3.1		
<b>AMG Managers Funds</b>									
YacktmnFnd	21.52	...	3.1	FrankTemp/Temp Adv					
AQR Funds				GIBondAdv p	11.37	-0.03	-0.5		
MgdFutStrl	10.21	-0.01	0.3						
<b>Artisan Funds</b>									
Intl Inv	26.96	-0.21	-6.0						
<b>B</b>									
Baird Funds									
CorBdInst	11.07	-0.02	2.5						
BlackRock Funds A									
GblAlloC p	17.56	-0.05	-1.6						
BlackRock Funds C									
GblAlloC t	15.97	-0.05	-1.8						
BlackRock Funds Inst									
EqtyDivd	20.96	-0.04	-0.2						
GblAlloC	17.66	-0.06	-1.5						
HYIIBd	7.13	-0.04	1.3						
StratInCpptyIns	9.65	...	-0.7						
<b>D</b>									
Dimensional Fds									
5GlbFxdInc	11.08	-0.01	1.7						
EmgMktVla	21.64	-0.08	6.1						
EmMktCorEq	16.50	-0.06	4.7						
Fixd	10.31	...	0.4						
IntlCoreEq	11.07	-0.08	2.8						
IntSmCo	16.93	-0.07	-1.6						
IntSmVa	18.22	-0.13	-2.5						
<b>Dimensional Fds</b>									
US CoreEq1	17.16	...	-0.1						
US CoreEq2	16.33	+0.01	-0.1						
US Small	28.11	-0.09	-0.9						
US SmCpVal	30.35	+0.11	-0.5						
USLgVa	30.60	-0.01	-0.7						
<b>Dodge &amp; Cox</b>									
Balanced	92.16	-0.17	-0.4						
Income	13.38	-0.02	1.7						
Intl Stk	34.39	-0.45	-5.7						
Stock	155.92	-0.30	-1.8						
<b>DoubleLine Funds</b>									
TotRetBdI	NA	...	NA						
TotRetBdN	NA	...	NA						
<b>F</b>									
Fidelity Advisor A									
NwlnshtA p	25.25	-0.04	-2.4						
Fidelity Advisor I									
NwlnshtI	25.74	-0.04	-2.4						
Fidelity Freedom									
FF2020	14.45	-0.03	-0.6						
FF2025	12.33	-0.02	-0.9						
FF2030	14.98	-0.03	-1.5						
FreedomK2020	13.45	-0.05	-0.5						
FreedomK2025	13.98	-0.03	-0.9						
FreedomK2030	14.12	-0.05	-1.3						
FreedomK2035	14.48	-0.03	-1.9						
FreedomK2040	14.51	-0.04	-1.9						
Fidelity Invest									
AMgr50%	16.02	-0.04	-0.1						
Balanc	21.01	-0.02	-1.0						
BalancedK	21.02	-0.01	-0.9						
BluC	64.61	-0.01	-6.3						
Contra	95.25	-0.16	-3.0						
ContraK	95.20	-0.16	-3.0						
Cplnc r	9.06	-0.04	...						
DvlnIt	33.44	-0.28	-4.6						
DvlnItK r	33.38	-0.28	-4.6						
GrCo	125.89	+0.19	-7.8						
GrowCoK	125.78	+0.17	-7.8						
InvGrBd	11.23	-0.02	2.5						
LowP r	47.51	-0.40	-0.5						
LowPriStkK r	47.47	-0.41	-0.5						
Maglin	86.21	+0.08	-3.6						
OTC	74.47	+0.05	-10.7						
Purith	19.94	-0.02	-1.9						
SrslnGrdF	11.23	-0.02	2.4						
TotalBond	10.44	-0.03	2.5						
<b>Fidelity Selects</b>									
Biotech r	163.23	+0.59	-30.8						
Health r	180.27	-0.05	-13.4						
Fidelity Spartan									
500IdxInv	71.89	-0.03	0.1						
500IndInst	71.91	-0.02	0.1						
Fidelity Spartan Adv									
500IdxAdv	71.90	-0.03	0.1						

Exchange-Traded Portfolios | [WSJ.com/ETFResearch](http://WSJ.com/ETFResearch)

Thursday, March 24, 2016					ETF					Closing Chg YTD Price (%) (%)				
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	10.47	-1.23	-13.1	iSharesUSPreferred	PFF	38.76	0.16	-0.2	iSharesUSPreferred	PFF	38.76	0.16	-0.2
CnsmrDiscSelSector	XLJ	77.55	0.13	-0.8	iShShortTreasuryBd	SHV	110.34	0.02	0.1	iShShortTreasuryBd	SHV	110.34	0.02	0.1
CnsStapleSelSector	XLP	52.32	-0.11	3.6	iSh1-3YTreasuryBd	SHY	84.80	-0.05	0.5	iSh1-3YTreasuryBd	SHY	84.80	-0.05	0.5
DBGoldDoubleLgETN	DGP	24.27	1.17	37.8	iSh7-10YTreasuryBd	IEF	109.19	-0.10	3.4	iSh7-10YTreasuryBd	IEF	109.19	-0.10	3.4
DBGoldDoubleShrt	DZZ	6.42	-0.47	-23.6	iSh20+YTreasuryBd	TLT	129.54	0.04	7.4	iSh20+YTreasuryBd	TLT	129.54	0.04	7.4
DBGoldMSCIEAFE	DBEF	65.47	-0.70	-6.2	iShRussellMCGrowth	IWG	90.22	-0.20	-1.8	iShRussellMCGrowth	IWG	90.22	-0.20	-1.8
EnSelectSectorSPDR	XLE	61.84	0.49	2.5	MktVectorsBiotech	BBH	102.09	0.70	-19.6	MktVectorsBiotech	BBH	102.09	0.70	-19.6
FinSelSectorSPDR	XLI	22.31	-0.62	-6.4	MktVectorsGoldMin	GOX	19.46	2.26	41.8	MktVectorsGoldMin	GOX	19.46	2.26	41.8
GuggenheimSP500EqW	RSP	77.39	-0.12	1.0	MktVectorsOilSvcs	OIH	56.28	0.23	-0.6	MktVectorsOilSvcs	OIH	56.28	0.23	-0.6
HealthCareSelSector	XLV	67.39	-0.40	-6.4	MktVectorsPharm	PPH	57.22	-0.40	-5.5	MktVectorsPharm	PPH	57.22	-0.40	-5.5
IndSelSectorSPDR	XLU	55.12	-0.29	4.0	MktVectorsRetail	RTW	75.99	0.24	-2.2	MktVectorsRetail	RTW	75.99	0.24	-2.2
IShIntermedCredBd	CIU	109.04	...	1.6	MktVectorsSemi	SMH	54.11	-0.17	1.6	MktVectorsSemi	SMH	54.11	-0.17	1.6
iSh1-3YCreditBond	CJY	105.18	0.02	0.6	PwrShrsQQQ	QQQ	107.26	0.03	-4.1	PwrShrsQQQ	QQQ	107.26	0.03	-4.1
iSharesTIPBondETF	TIP	113.12	-0.23	3.1	PS SP500LoVolItPrt	SPLV	39.76	-0.23	3.1	PS SP500LoVolItPrt	SPLV	39.76	-0.23	3.1
iSh3-7YTreasuryBd	IEI	124.96	-0.06	1.9	SPDRBarclaysHYdBd	JNK	34.15	-0.44	-0.7	SPDRBarclaysHYdBd	JNK	34.15	-0.44	-0.7
iShCoreMSCIEAFEET	IEFA	52.27	-0.59	-3.9	SchwUSBrdMkt	CSHC	48.56	-0.04	-1.0	SchwUSBrdMkt	CSHC	48.56	-0.04	-1.0
iShCoreMSCIEFemgMk	IEMG	40.57	-0.20	3.0	SchwUSLrgCap	SCIX	48.21	-0.06	-0.7	SchwUSLrgCap	SCIX	48.21	-0.06	-0.7
iShCoreS&P500ETF	IIVV	204.18	-0.06	-0.3	SPDRDJIA Tr	DIA	174.94	0.07	0.5	SPDRDJIA Tr	DIA	174.94	0.07	0.5
iShCoreS&PMdCp	IUCP	140.91	0.06	1.1	SPDRGldTr	GLD	116.33	-0.24	14.7	SPDRGldTr	GLD	116.33	-0.24	14.7
iShCoreS&PsmCpETF	IUSP	109.17	0.30	-0.9	SPDRS&PMdCpTr	MDY	256.91	0.08	1.1	SPDRS&PMdCpTr	MDY	256.91	0.08	1.1
iShCoreUSAggBd	AGG	110.11	0.01	0.1	SPDRS&P 500	SPY	203.12	-0.04	-0.4	SPDRS&P 500	SPY	203.12	-0.04	-0.4
iShSelectDividend	DVY	80.33	-0.01	6.9	SPDRS&P Div	SDY	78.86	0.11	7.2	SPDRS&P Div	SDY	78.86	0.11	7.2
iSharesGold	IAU	117.05	-0.09	14.9	TechSelectSector	XLK	43.62	0.28	1.8	TechSelectSector	XLK	43.62	0.28	1.8
iShBoxx\$InvrGrpBd	IGV	117.89	-0.04	3.4	UtilitiesSelSector	XLU	48.91	0.27	13.0	UtilitiesSelSector	XLU	48.91	0.27	13.0
iShBoxx\$HYCPBd	HYG	81.35	-0.44	1.0	VanglInfoToCh	VGT	107.30	0.14	-0.9	VanglInfoToCh	VGT	107.30	0.14	-0.9
iShMBSETF	MBB	109.01	-0.07	1.2	VangdSmCapValue	VBR	99.66	0.23	-0.9	VangdSmCapValue	VBR	99.66	0.23	-0.9
iShMSCIACWIEFT	ACWI	55.23	-0.22	-1.1	VangdHlthCr	VHT	122.03	-0.11	-8.2	VangdHlthCr	VHT	122.03	-0.11	-8.2
iShMSCIEAFEMinVal	EFV	65.60	-0.14	1.1	VangdDivApp	VDV	80.20	-0.14	3.1	VangdDivApp	VDV	80.20	-0.14	3.1
iShMSCIEAFESFC	SCFZ	48.84	-0.16	-2.2	VanguardTSEDevMk	VEA	35.29	-0.63	-3.9	VanguardTSEDevMk	VEA	35.29	-0.63	-3.9
iShMSCIEAFEETF	EFA	56.35	-0.67	-4.0	VanguardTSEEemgV	VWO	33.81	-0.15	3.4	VanguardTSEEemgV	VWO	33.81	-0.15	3.4
iShMSCIEemgMarkets	EEM	33.36	-0.24	3.6	VanguardTSEEurope	VVG	47.55	-0.69	-4.7	VanguardTSEEurope	VVG	47.55	-0.69	-4.7
iShMSCIEurozoneETF	EUN	33.84	-0.97	-3.4	VangdAllWldXUS	VEU	42.42	-0.52	-2.3	VangdAllWldXUS	VEU	42.42	-0.52	-2.3
iShMSCIEGermanyETF	EWG	25.17	-1.02	-3.9	VangdGrowth	VGU	104.72	0.03	-1.6	VangdGrowth	VGU	104.72	0.03	-1.6
iShMSCIJapanETF	EWJ	11.35	-0.61	-6.4	VangdHdivYld	VYM	68.42	0.01	2.5	VangdHdivYld	VYM	68.42	0.01	2.5
iShMSCIUSAMinVal	USMV	43.29	...	3.5	Vnglnter-Term	BIV	85.44	-0.01	2.9	Vnglnter-Term	BIV	85.44	-0.01	2.9
iShNasdaqBiotech	IBB	255.48	-0.48	-24.5	VnglnterCorpBd	VCT	86.31	-0.20	2.6	VnglnterCorpBd	VCT	86.31	-0.20	2.6
iShNatAMTFRMuniBd	MUB	111.07	-0.13	0.3	VangdLgCap	VO	92.82	-0.05	-1.1	VangdLgCap	VO	92.82	-0.05	-1.1
iShRussell1000Gwth	IWF	98.23	...	-1.3	VangdMdcAp	VO	118.79	-0.14	-0.7	VangdMdcAp	VO	118.79	-0.14	-0.7
iShRussell1000ETF	IWR	97.84	...	-0.6	VangdReit	VNO	80.95	0.04	-1.1	VangdReit	VNO	80.95	0.04	-1.1
iShRussell1000Val	IWD	92.12	-0.11	-0.0	VanguardS&P500	VNQ	186.30	-0.07	-0.3	VanguardS&P500	VNQ	186.30	-0.07	-0.3
iShRussell2000ETF	IWN	127.79	0.28	-8.2	VangdShrtTrm	VCSH	79.22	...	0.8	VangdShrtTrm	VCSH	79.22	...	0.8
iShRussell2000Gwth	IWM	107.20	0.30	-4.8	VangShrtCorpBd	BSV	80.67	-0.04	0.9	VangShrtCorpBd	BSV	80.67	-0.04	0.9
iShRussell2000Val	IWN	90.73	0.32	-1.3	VangdSmCap	VB	108.58	0.16	-1.9	VangdSmCap	VB	108.58	0.16	-1.9
iShRussell3000ETF	IWN	119.12	...	-1.0	VangdTlBndMkt	BND	82.30	-0.12	1.9	VangdTlBndMkt	BND	82.30	-0.12	1.9
iShRussellMid-Cap	IWR	159.96	-0.03	-0.1	VanguardTotIntBd	BNDX	54.46	0.11	3.0	VanguardTotIntBd	BNDX	54.46	0.11	3.0
iShRussellMVCValue	IWS	69.67	...	1.5	VanguardTlntStk	VXUS	54.07	-0.54	-2.3	VanguardTlntStk	VXUS	54.07	-0.54	-2.3
iShS&PMdC400Growth	IWS	158.59	-0.13	-1.5	VangdTlStk	VTI	103.32	-0.03	-0.9	VangdTlStk	VTI	103.32	-0.03	-0.9
iShS&P500Growth	IWN	114.23	0.02	-1.4	VangdTotWld	VW	56.55	-0.21	-1.9	VangdTotWld	VW	56.55	-0.21	-1.9
iShS&P500ValueETF	IVE	89.14	-0.16	0.7	VangdValueETF	VTV	81.66	0.06	0.2	VangdValueETF	VTV	81.66	0.06	0.2
					WisdomTreeEurope	HEJ	51.68	-0.90	-4.0	WisdomTreeEurope	HEJ	51.68	-0.90	-4.0
					WisdomTreeJapanHdg	DXJ	43.41	-0.53	-13.3	WisdomTreeJapanHdg	DXJ	43.41	-0.53	-13.3



MARKETS DIGEST

Dow Jones Industrial Average

<b>17515.73</b> ▲13.14, or 0.08%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio *	17.90 16.60
	P/E estimate *	16.50 16.30
	Dividend yield	2.59 2.52
	All-time high	18312.39, 05/19/15



S&P 500 Index

<b>2035.94</b> ▼0.77, or 0.04%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio *	23.53 20.52
	P/E estimate *	17.55 17.62
	Dividend yield	2.23 1.99
	All-time high	2130.82, 05/21/15



Nasdaq Composite Index

<b>4773.50</b> ▲4.64, or 0.10%	Last	Year ago
High, low, open and close for each trading day of the past three months.	Trailing P/E ratio *	21.55 23.52
	P/E estimate *	18.15 18.98
	Dividend yield	1.27 1.20
	All-time high	5218.86, 07/20/15



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg
<b>Dow Jones</b>					
Industrial Average	17517.14	17399.01	<b>17515.73</b>	13.14	<b>0.08</b>
Transportation Avg	7933.58	7848.57	<b>7926.02</b>	-30.76	<b>-0.39</b>
Utility Average	661.25	656.87	<b>660.20</b>	1.37	<b>0.21</b>
Total Stock Market	20883.32	20727.18	<b>20882.81</b>	1.71	<b>0.01</b>
Barron's 400	505.17	500.23	<b>505.17</b>	-0.52	<b>-0.10</b>
<b>Nasdaq Stock Market</b>					
Nasdaq Composite	4773.50	4734.77	<b>4773.50</b>	4.64	<b>0.10</b>
Nasdaq 100	4405.99	4374.71	<b>4405.53</b>	2.97	<b>0.07</b>
<b>Standard &amp; Poor's</b>					
500 Index	2036.04	2022.49	<b>2035.94</b>	-0.77	<b>-0.04</b>
MidCap 400	1413.86	1399.84	<b>1413.86</b>	1.74	<b>0.12</b>
SmallCap 600	666.28	658.20	<b>666.28</b>	2.32	<b>0.35</b>

<b>Other Indexes</b>					
Russell 2000	1079.54	1065.62	<b>1079.54</b>	3.84	<b>0.36</b>
NYSE Composite	10087.05	10003.98	<b>10086.60</b>	-13.08	<b>-0.13</b>
Value Line	443.46	437.93	<b>443.46</b>	1.04	<b>0.24</b>
NYSE Arca Biotech	2916.17	2792.35	<b>2874.65</b>	21.31	<b>0.75</b>
NYSE Arca Pharma	493.06	489.67	<b>492.39</b>	-1.69	<b>-0.34</b>
KBW Bank	64.80	63.84	<b>64.80</b>	-0.43	<b>-0.66</b>
PHLX <sup>S</sup> Gold/Silver	67.79	65.45	<b>67.48</b>	1.38	<b>2.08</b>
PHLX <sup>S</sup> Oil Service	157.98	152.70	<b>157.82</b>	0.93	<b>0.59</b>
PHLX <sup>S</sup> Semiconductor	666.16	658.58	<b>666.14</b>	-0.33	<b>-0.05</b>
CBOE Volatility	16.44	14.71	<b>14.74</b>	-0.20	<b>-1.34</b>

<sup>S</sup>Philadelphia Stock Exchange Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading		Volume (000)	Last	Net chg	After Hours % chg	High	Low
iShares Gold Trust	IAU	23,854.4	11.75	...	<b>unch.</b>	12.22	10.75
Mkt Vectors Gold Miners	GDX	9,868.9	19.42	-0.04	<b>-0.21</b>	20.69	19.02
SPDR S&P 500	SPY	8,400.6	203.44	0.32	<b>0.16</b>	204.88	202.53
Baxalta	BXLT	2,598.9	38.98	-1.02	<b>-2.55</b>	40.20	38.98
Microsoft	MSFT	2,319.1	54.21	...	<b>unch.</b>	54.29	53.49
SeaDrill	SDRL	2,305.1	3.23	-0.04	<b>-1.20</b>	3.30	3.23
Superior Energy Svcs	SPN	2,301.8	12.82	...	<b>unch.</b>	12.82	12.69
iShares Russell 2000 ETF	IWM	2,228.4	107.22	0.02	<b>0.02</b>	109.80	106.82
Percentage gainers...							
SunRun	RUN	7.1	6.75	0.51	<b>8.17</b>	6.77	6.24
DepoMed	DEPO	10.9	13.88	0.57	<b>4.28</b>	14.24	12.91
Siliconware Precision ADR	SPIL	50.1	8.40	0.23	<b>2.82</b>	8.40	7.58
First Ind Realty Trust	FR	25.5	22.62	0.61	<b>2.77</b>	22.78	21.96
Acorda Therapeutics	ACOR	58.8	26.50	0.71	<b>2.75</b>	27.50	25.52
...And losers							
TransEnterix	TRXC	91.3	3.65	-0.84	<b>-18.71</b>	4.50	3.60
Qiagen NV	QGEN	5.2	18.99	-2.74	<b>-12.61</b>	22.00	18.99
GameStop CIA	GME	566.9	28.55	-1.72	<b>-5.68</b>	31.50	27.75
ArcelorMittal ADR	MT	268.6	4.03	-0.23	<b>-5.31</b>	4.56	4.03
Western Asset Mortgage	WMC	35.6	9.60	-0.48	<b>-4.76</b>	10.66	9.48

Trading Diary

Volume, Advancers, Decliners		NYSE	NYSE MKT
Total volume*		887,313,457	7,461,291
Adv. volume*		486,033,713	2,922,732
Decl. volume*		390,284,959	4,341,445
Issues traded		3,174	342
Advances		1,570	139
Declines		1,504	181
Unchanged		100	22
New highs		58	9
New lows		20	1
Closing tick		104	12
Closing Arms <sup>1</sup>		0.79	1.05
Block trades*		4,974	71
		Nasdaq	NYSE Arca
Total volume*		1,574,702,168	291,925,164
Adv. volume*		796,749,439	106,116,497
Decl. volume*		765,347,439	181,681,137
Issues traded		2,879	1,311
Advances		1,497	434
Declines		1,275	845
Unchanged		107	32
New highs		29	3
New lows		54	2
Closing tick		84	33
Closing Arms <sup>1</sup>		1.13	1.07
Block trades*		7,342	1,411

\*Primary market NYSE, NYSE MKT NYSE Arca only. <sup>1</sup>(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	<b>2276.46</b>	-20.25	<b>-0.88</b>	-2.6
	The Global Dow Euro	<b>1920.11</b>	-15.09	<b>-0.78</b>	-5.2
	DJ Global Index	<b>302.02</b>	-1.74	<b>-0.57</b>	-1.9
	DJ Global ex U.S.	<b>203.66</b>	-2.39	<b>-1.16</b>	-3.1
Americas	DJ Americas	<b>486.90</b>	-0.21	<b>-0.04</b>	-0.1
	Sao Paulo Bovespa	<b>49657.39</b>	-32.66	<b>-0.07</b>	14.6
	S&P/TSX Comp	<b>13358.11</b>	-21.37	<b>-0.16</b>	2.7
	IPC All-Share	<b>45647.57</b>	...	<b>Closed</b>	6.2
	Santiago IPSA	<b>3086.06</b>	-11.34	<b>-0.37</b>	4.8
Europe	Stoxx Europe 600	<b>335.10</b>	-4.97	<b>-1.46</b>	-8.4
	Euro Stoxx	<b>319.05</b>	-5.43	<b>-1.67</b>	-7.6
	Bel-20	<b>3368.90</b>	-59.63	<b>-1.74</b>	-9.0
	CAC 40	<b>4329.68</b>	-94.30	<b>-2.13</b>	-6.6
	DAX	<b>9851.35</b>	-171.58	<b>-1.71</b>	-8.3
	Tel Aviv	<b>1485.90</b>	...	<b>Closed</b>	-2.8
	FTSE MIB	<b>18165.84</b>	-297.04	<b>-1.61</b>	-15.2
	AEX	<b>437.49</b>	-5.87	<b>-1.32</b>	-1.0
	IBEX 35	<b>8789.80</b>	-137.30	<b>-1.54</b>	-7.9
	SX All Share	<b>475.89</b>	-5.56	<b>-1.16</b>	-5.8
	Swiss Market	<b>7775.58</b>	-118.78	<b>-1.50</b>	-11.8
	FTSE 100	<b>6106.48</b>	-92.63	<b>-1.49</b>	-2.2
Asia-Pacific	DJ Asia-Pacific TSM	<b>1343.49</b>	-11.81	<b>-0.87</b>	-3.3
	S&P/ASX 200	<b>5084.20</b>	-58.10	<b>-1.13</b>	-4.0
	Shanghai Composite	<b>2960.97</b>	-48.99	<b>-1.63</b>	-16.3
	Hang Seng	<b>20345.61</b>	-269.62	<b>-1.31</b>	-7.2
	S&P BSE Sensex	<b>25337.56</b>	...	<b>Closed</b>	-3.0
	Nikkei Stock Avg	<b>16892.33</b>	-108.65	<b>-0.64</b>	-11.3
	Straits Times	<b>2847.39</b>	-34.59	<b>-1.20</b>	-1.2
	Kospi	<b>1985.97</b>	-9.15	<b>-0.46</b>	1.3
	Weighted	<b>8743.38</b>	-22.71	<b>-0.26</b>	4.9

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Code Rebel	CDRB	3.28	0.65	<b>24.71</b>	44.21	1.51	...
TiVo	TIVO	9.45	1.79	<b>23.37</b>	11.40	7.29	<b>-9.9</b>
American Realty Investors	ARL	5.09	0.82	<b>19.20</b>	7.49	3.89	<b>-4.5</b>
SmartFinancial	SMBK	17.84	2.67	<b>17.60</b>	18.48	14.75	...
ADMA Biologics	ADMA	7.29	1.08	<b>17.39</b>	10.28	4.15	<b>-21.0</b>
Vericel	VCEL	6.08	0.82	<b>15.59</b>	6.14	1.69	<b>56.3</b>
Skyline Corp	SKY	7.25	0.92	<b>14.53</b>	8.12	2.17	<b>101.7</b>
Mercury Systems	MRCY	18.81	2.32	<b>14.07</b>	19.99	13.37	<b>18.2</b>
Tecogen	TGEN	5.87	0.72	<b>13.98</b>	6.50	2.46	<b>10.3</b>
Dipegium Pharmaceuticals	DPRX	7.74	0.90	<b>13.16</b>	17.10	6.04	<b>-44.2</b>
Accelerate Diagnostics	AXDX	13.52	1.50	<b>12.48</b>	31.29	10.29	<b>-37.1</b>
NQ Mobile ADR	NQ	4.88	0.53	<b>12.18</b>	6.54	2.72	<b>26.8</b>
Cadiz	CDZI	4.53	0.49	<b>12.13</b>	10.80	2.71	<b>-54.7</b>
CareDx	CDNA	5.27	0.57	<b>12.13</b>	8.00	3.70	<b>-5.4</b>
CTI Industries	CTIB	6.15	0.65	<b>11.81</b>	6.45	3.15	<b>49.3</b>

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Bank Of America	BAC	<b>93,977</b>	-30.1	13.68	<b>0.44</b>	18.48	10.99
iPath SP 500 VIX Sht Tm	VXX	<b>80,198</b>	3.3	19.30	<b>-0.57</b>	31.48	15.48
SPDR S&P 500	SPY	<b>75,735</b>	-48.1	203.12	<b>-0.04</b>	213.78	181.02
Great Basin Scientific	GBSN	<b>73,351</b>	589.8	0.20	<b>-30.00</b>	366.00	0.11
iShares MSCI Emg Markets	EEM	<b>59,433</b>	-13.1	33.36	<b>-0.24</b>	44.19	27.61
Mkt Vectors Gold Miners	GDX	<b>54,838</b>	-30.4	19.46	<b>2.26</b>	21.42	12.40
Freeport-McMoRan	FCX	<b>52,500</b>	-12.0	10.11	<b>3.69</b>	23.97	3.52
DXN DLY GLDMNR 3x BR	DUST	<b>42,444</b>	35.3	3.59	<b>-6.51</b>	40.00	2.79
Finl Select Sector SPDR	XLFX	<b>39,209</b>	-39.6	22.31	<b>-0.62</b>	25.62	18.52
SunEdison	SUNE	<b>38,432</b>	-14.1	1.21	<b>-4.72</b>	33.45	1.15

\* Volumes of 100,000 shares or more are rounded to the nearest thousand

Percentage Losers

Company	Symbol	Latest Session			52-Week		
		Close	Net chg	% chg	High	Low	% chg
Portola Pharmaceuticals	PTLA	20.27	-8.35	-29.18	57.96	20.00	-46.1
Sigma Designs	SIGM	6.31	-1.51	-19.31	12.83	5.41	-19.9
Highpower International	HPJ	1.95	-0.44	-18.30	5.00	1.65	-50.1
China Natural Resources	CHNR	2.12	-0.46	-17.83	2.86	0.60	36.8
Qumu Corp.	QUMU	4.21	-0.79	-15.80	14.99	1.58	-67.7
Tandem Diabetes Care	TNDM	7.90	-1.47	-15.69	14.19	6.59	-37.4
Spark Energy	SPKE	20.78	-3.63	-14.87	27.62	11.85	43.0
Celator Pharmaceuticals	CPXX	10.63	-1.85	-14.82	12.73	1.12	344.8
Concordia Healthcare	CXRX	26.50	-3.99	-13.09	89.10	19.02	-61.3
Antero Midstream Partners	AM	21.76	-3.21	-12.86	29.76	16.47	-10.7
DragonWave	DRWI	2.19	-0.29	-11.69	19.75	1.40	-84.8
Sportsman's Warehouse	SPWH	12.23	-1.56	-11.31	14.91	7.73	52.9
ProShares Ultra Oil Gas	UOP	18.72	-2.30	-10.94	61.62	11.30	...
Vitae Pharmaceuticals	VTAE	6.00	-0.73	-10.85	18.71	4.08	-45.8
United Therapeutics	UTHR	108.87	-12.73	-10.47	190.29	107.51	-35.0



# BIGGEST 1,000 STOCKS

## WSJ.com/stocks

### How to Read the Stock Tables

The following explanations apply to NYSE, NYSE ARCA, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.

The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**  
+New 52-week high.  
-New 52-week low.  
d-Indicates loss in the most recent four quarters.  
FD-First day of trading.  
h-Does not meet continued listing standards.  
IF-Late filing.  
Q-Temporary exemption from Nasdaq requirements.  
t-NYSE bankruptcy.  
v-Trading halted on primary market.

v-In bankruptcy or receivership or being reorganized under the Bankruptcy Code or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, March 24, 2016							
Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
<b>NYSE</b>							
ABBADR	ABB	18.93	-0.16	BraskemADR	BAK	12.62	-0.66
ADTCorp.	ADT	41.10	0.15	BristolMyers	BMJ	62.52	0.18
AECOM	ACM	30.59	0.03	BrimorPropertyGrp	BRX	24.28	0.02
AES	AES	11.57	0.27	BrookfieldMgt	BR	56.97	-0.34
Aflac	AFL	62.70	0.70	BrookfieldBIP	BIP	39.90	0.16
AGLResources	GAS	64.80	0.27	Brown&Brown	BB	35.22	0.17
AT&T	T	38.88	0.34	BrownFormanCB	BF/A	104.23	0.06
AbbottLabs	ABT	40.75	-0.03	BrownFormanCB	BF/B	96.50	-0.12
AbbVie	ABBV	56.12	-0.24	BungePartners	BPL	64.99	-0.27
AccentureCIA	ACN	114.30	6.64	Buckeye	BK	55.85	1.61
AcuityBrands	AYI	21.91	-2.89	CBRE Group	CBG	28.04	-0.46
AdvantEdgeADR	ASX	5.76	0.03	CBS	CBSA	59.18	0.54
AegionADR	AEG	5.53	-0.11	CBSi	CBSI	54.06	0.56
AerCapHoldings	ACR	37.51	-0.56	CDCIndustries	CDI	31.94	-0.13
Aetna	AET	112.41	0.66	CGI Gp A	GIB	46.05	0.05
AffiliatedManagers	AMG	157.43	-1.55	CIT Grp	CIT	33.46	0.23
AgilentTechs A	A	39.43	0.04	CMSEnergy	CM	41.68	0.09
AgriCoFarms	AEM	36.12	0.67	CNOAFinancial	CNA	31.23	-0.47
Agrium	AGU	89.55	-1.31	CNOAFinancial	CNO	115.79	1.63
Aliproducs&Chem	APD	141.76	-1.27	CPFLEnergyADR	CEL	10.55	0.35
Airgas	ARG	141.86	0.17	CRHADR	CRH	27.66	0.38
AlaskaAirGroup	ALK	80.59	-0.53	CVSHealth	CVS	101.43	0.69
Albemarle	ALB	61.92	0.53	Cablevision	CVC	32.96	-0.02
Alcoa	A	9.57	0.25	CabotO&G	COG	21.97	0.50
AlexREit	AEE	88.52	0.02	Calpine	CPN	14.18	-0.06
AllabGroupADR	ABA	75.86	-0.70	CameronCCT	CCT	81.55	-0.47
Allegheny	Y	48.95	-1.01	Cameco	CC	12.73	0.05
Allegation	ALLE	61.43	-0.22	CameronIntl	CAM	66.00	-0.22
Allergan	AGN	273.72	1.99	CampbellSoup	CPB	63.17	-0.26
AllianceData	ADS	211.77	1.97	CIBC	CM	72.36	-0.68
AllinBrnstHldg	AB	22.27	0.02	CanNatRltry	CNI	60.75	0.43
AlliantEnergy	LNT	72.99	0.39	CanPacRltry	CP	129.17	-0.02
AllisonTransmiss	ALSN	26.56	-0.14	CanonADR	CAF	29.36	0.33
Allstate	ALL	66.19	-0.47	CapOneFIN	COF	69.76	-0.45
AllyFinancial	ALLY	18.34	0.18	CardinalHealth	CAH	81.48	0.20
AltiaGroup	MO	60.88	-0.53	Carlisle	CSL	97.28	-0.52
AlumofChinaADR	ACH	8.09	-0.11	CarMax	KMX	48.83	0.39
AmbevADR	ABEV	5.12	0.01	Carnival	CCL	48.92	0.86
Ameren	AEE	49.25	0.26	CarnivalADR	CUK	50.40	0.81
AmericanMoiADR	AM	15.30	0.07	Carters	CT	101.25	0.26
AmCampus	ACC	45.14	-0.23	Caterpillar	CT	75.29	1.61
AEP	AEP	65.06	-0.02	Celanese A	CE	64.96	-0.38
AmericanExpress	AXP	60.47	-0.16	CemexADR	CX	7.02	0.18
AmericanFinn	AXF	70.21	-0.77	CenkosADR	CNO	7.38	-0.05
AmericanIntell	AXI	52.98	-0.46	CenovusEnergy	CVE	12.76	0.07
AmericanTower	AMT	100.35	0.77	Centene	CNC	63.76	1.06
AmericanWater	AWK	67.63	0.08	CenterPoint	CNP	21.00	0.06
Amerigas	APU	43.04	0.52	CenturyLink	CTL	31.16	0.14
Amerprsnl	AMP	91.98	-0.78	Chevron	CVX	94.85	1.26
AmerScrgBrg	ABC	86.17	-1.07	ChinaEastemADR	CEA	26.02	0.09
Ametek	AME	49.07	-0.28	ChinaHfensADR	LFC	11.80	-0.26
AmphenolCIA	APH	57.17	0.31	ChinaMobileADR	CHL	54.35	0.57
AnadarkoPetroleum	APC	46.27	-0.02	ChinaPetrolADR	SNP	61.34	-0.47
AngloGoldAsh	AG	13.05	0.20	ChinaShiningsADR	ZNH	30.45	-0.01
AnheuserBuschADR	BUD	121.58	-0.58	ChinaTelecomADR	SCA	50.89	1.00
AnnyCap	NLY	10.44	0.02	ChinaUnicomADR	CUK	12.81	0.10
AnteroResources	AR	24.69	-0.03	ChipotleMex	CMG	471.37	-3.09
Anthem	ANTM	139.97	0.47	Chubb	CB	119.61	0.03
Aon	AON	101.13	0.62	Church&Dwight	CHD	91.45	-0.12
Apache	APA	48.85	0.99	Cigna	C	137.95	0.08
ApartmentInvt	AI	40.37	0.02	CimarexEng	XEC	95.62	1.15
ApollGlobalMgmt	APG	16.73	-0.33	Citigroup	C	41.94	-0.43
ApulGroupADR	APO	77.39	-0.75	CitizensFinancial	CFG	21.59	-0.10
AquaAmerica	WTR	31.45	0.07	Clorox	CLX	126.56	-0.52
Aramark	ARMK	32.51	0.02	Coach	COH	38.68	-0.07
ArchroMittalADR	MT	4.26	0.09	CocaCola	CO	45.58	0.12
ArchrDn	ADM	46.47	-0.13	CocaColaFemsADR	COF	80.98	0.50
ArrowElec	ARW	62.74	0.25	CocaColaEnt	CCE	49.59	-0.21
Ashland	ASH	107.22	-0.13	ColgatePalmlive	CL	69.91	0.11
Assurant	AIZ	77.18	-0.78	ColmabieChem	CPGX	25.04	0.02
AstraZenecaADR	AZN	28.00	-0.01	Comerica	CM	38.78	0.21
AutosEnergy	ATO	72.38	0.54	ConAgraFoods	CAG	44.07	0.76
Automv	ALV	114.05	0.55	ConchoResources	CXO	103.61	0.07
AutoNation	AN	47.97	-0.01	ConocoPhillips	CP	40.04	0.19
AutoZone	AZ	803.06	-2.23	ConEd	ED	75.56	0.21
AvalonBay	AVB	185.09	-0.42	ConstBrands A	STZ	149.90	-0.21
Avanrig	AGR	40.51	0.23	ConstBrands B	STZ/B	149.42	0.61
AveryDenison	AVY	70.99	-0.36	ContinentalRscs	CLR	29.05	0.61
Aviva	AVA	13.01	-0.28	Cooper	CO	148.80	0.01
Avnet	AVT	44.02	-0.37	CoresLabs	CLB	113.87	1.51
AxaltaCoatingSys	AXT	28.60	0.05	Corning	GLW	20.25	0.12
AxisCapital	AXS	54.46	-0.60	CotyCIA	CTC	26.69	0.22
B&B	BBS	33.69	-0.45	Credicorp	BAP	123.99	-2.58
BCE	BCE	44.82	0.16	CreditSuisseADR	CS	14.36	-0.36
BCHPillitnADR	BHP	25.64	0.12	CrescentPoint	CPG	13.42	0.10
BCHPillitnADR	BPL	22.47	0.08	CrestwoodEquty	CEQ	10.20	0.43
BPADR	BP	30.42	0.22	CrownCastl	CCI	85.58	-0.08
BRFADR	BRFS	14.15	-0.15	ChevyHoldings	CH	48.63	-0.47
B&TGroupADR	BT	31.18	-0.37	CubeSmart	CUBE	32.16	0.27
BakerHughes	BHI	44.68	-0.28	Commins	CM	107.40	-0.34
Bail	BL	70.24	-0.24	DDR Corp	DDR	16.65	-0.05
BancoblatvADR	BVBA	6.79	-0.10	DEEnergy	DE	89.46	0.07
BancodeChileADR	BCH	62.67	-0.05	Danaher	DHR	94.78	-0.06
BcoSantChileADR	BSAC	18.84	-0.20	Darden	DR	65.77	-0.75
BancoSantander	SAN	4.42	-0.07	DeVitalHlthPrts	DVA	71.55	-0.77
BancoColmbiaADR	CIB	31.48	-1.33	Deere	D	80.24	-0.60
BankAm	BAC	13.68	0.06	DehalzeGroupADR	DEG	26.05	-0.08
BKMNtr	BMO	58.80	-0.72	DelphAutomotive	DAL	72.37	-0.17
BankNY Mellon	BN	37.28	-0.24	DeltaAir	DLA	47.84	-1.07
BkNovaScotia	BNS	47.06	-0.80	DeutscheBank	DB	17.54	-0.46
BarclaysADR	BGS	8.75	-0.09	DevonEnergy	DVN	26.47	0.71
Barcl	BC	198.20	-0.65	DiageoADR	DGE	106.28	0.18
BarrickGold	ABX	13.56	-0.29	DicksSprtgDks	DKS	46.71	0.08
Baxalta	BLX	40.00	-0.06	DigitalRealty	DLR	86.16	-0.96
BaxterIntl	BAX	40.11	-0.58	DiscoverFinSvc	DFS	49.68	-0.18
BectonDickinson	BDX	149.13	-0.18	Disney	DIS	97.22	0.39
Bemis	BMS	51.88	-0.20	DollarGeneral	DG	83.95	-0.31
Berkley	WRB	53.85	-0.54	Dominoes	DPZ	128.74	-1.38
BerkHathway A	BRK/A	210.50	-0.40	DouglasEmmett	DE	29.62	-0.18
BerkHathway B	BRK/B	134.01	-0.85	Dover	DOV	64.61	-0.13
BestBuy	BBY	31.29	-0.13	DowChemical	DD	51.32	0.14
BlackRock	BLK	334.28	-4.95	DrPepperSnaps	DDS	28.83	-1.73
BlackstoneGrp	BKS	26.45	-0.51	DrReddyLabADR	RDY	45.09	-0.02
BlackHr	HRB	26.61	-0.38	DuPont	DD	63.95	0.20
BdwlkPtePntBWP	BWP	13.77	-0.06	DukeEnergy	DUK	79.75	-0.06
Boeing	B	132.12	-0.74	DukeRealty	DRE	21.74	-0.01
BorgWarner	BWA	36.92	-0.18	EMC	EMC	26.48	-0.02
BostonProperties	BSP	123.87	-0.38	ENIADR	E	29.67	-0.29
BoSSci	BSX	17.93	-0.23	EOG Res	EOG	74.30	-0.04

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
Ingredion	INGR	104.80	-0.07	OrangeADR	ORA	17.26	-0.14
ICE	ICE	234.35	-2.20	OrbitalATK	OA	84.05	1.28
InterContinentADR	ICB	39.52	0.12	OrixADR	IX	70.89	0.15
IBM	IBM	147.95	2.55	OwensCorning	OC	47.00	0.30
InfFlavor	IFF	113.24	-0.39	PG&E	PCG	58.85	-0.11
InternationalPaper	IP	40.79	0.08	PNC FnlSvcs	PNC	84.80	-0.55
Interpublic	IPG	21.52	-0.12	POSCOADR	POK	45.15	0.03
IronMountain	IRM	32.77	-0.08	PPG Ind	PPG	108.95	-0.19
IsraelChemicals	ICL	4.17	-0.03	PPL	PPL	37.19	0.13
ItaUnibancoADR	ITUB	8.35	-0.09	PVH Corp.	PVH	94.29	6.66
JPMorganChase	JPM	59.48	-0.46	PackCapAm	PKG	58.71	0.32
JacobsEngineering	JEC	43.27	-0.39	PaloAltoNetworks	PANW	155.73	0.74
JamesHardieADR	JHX	13.33	0.14	ParkerHannifin	PH	110.95	0.33
Jardn	JAH	57.65	0.02	PearsonADR	PSA	12.54	-0.09
JohnsJohns	JNJ	108.31	-0.19	PembinaPipeline	PBA	25.48	...
JohnsonControls	JCI	38.32	-0.23	Pentair	PNR	52.65	-0.29
JongesLangSalle	JLL	115.83	-0.71	PepsiCo	PEP	100.68	-0.13
JoyGlobal	JJO	15.62	0.33	PerkinElmer	PKI	48.42	-0.23
JuniperNetworks	JNPR	25.36	-0.28	Perrigo	PGR	130.31	0.08
K&RActionServices	KAS	37.23	0.40	PetroChinaADR	PTR	66.14	-0.37
K&FBrandADR	KFB	27.44	-0.28	PetrobrasADR	PBR	5.40	0.04
KKR	KKR	13.90	-0.30	PetrobrasBasilADR	PBR/A	4.21	0.02
KTCADR	KT	13.22	-0.17	Pfizer	PFE	30.08	-0.11
KSAIDySo	KSU	84.94	-0.41	PhillyMorrisInt	PMR	97.57	0.50
Kellogg	K	75.44	0.40	Phillips66	PSX	88.06	-0.06
KeyCap	KEY	11.19	-0.07	PidmtrntHlth&Ph	PH	41.79	0.17
KnightRidg	KRS	27.00	...	PineappleFoods	PF	44.48	0.91
KyosightTechs	KYS	58.76	-0.58	PinnacleWestCap	PWV	73.49	0.49
KimberlyClark	KMB	133.55	-0.45	PioneerNetlrmPpe	PPT	139.19	2.42
KimberlyClark	KIM	27.80	0.01	PlainsAllAmPipe	PAA	21.77	-1.34
KinderMorgan	KMI	18.09	0.34	PolandisChem	PLI	97.91	1.69
KinrossGold	KGC	3.02	0.08	PolatinShp	POT	17.08	-0.28
Kohl's	KSS	45.93	-0.78	Praxair	PR	111.74	0.10
KoninklijkeADR	KPHG	25.54	-0.10	PrincipaFinancial	PGF	39.90	-0.86
Korea&PwrADR	KPC	25.44	0.30	ProgressiveGamblg	PG	82.89	0.07
Kroger	KRO	37.65	0.06	Procter&Gamble	PGR	34.81	-0.36
KyoceraADR	KYO	43.88	-0.30	Prologis	PLD	42.32	0.14
L&Brands	LB	85.79	0.49	PrudentialFin	PRI	70.76	-0.27
LGDisplayADR	LPL	11.23	-0.09	PublicServiceEnt	PEG	46.04	-0.17
Entergy	ETR	78.84	0.70	PublicStorage	PSA	266.68	1.48
EdwardsLife	E	78.84	0.70	Quintess	Q	100.00	0.00
Lazard	LVS	52.47	-0.19	QuestDiag	QD	100.00	0.00
LeapCorp	LEA	110.49	-0.28	RangeResources	R	100.00	0.00
Leggett&Platt	LEG	47.19	0.14	RamJamFnl	RJF	100.00	0.00
LennarCIA	LEN	46.35	0.15	Raytheon	R	100.00	0.00
LennarCIB	LENB	36.85	0.27	RealogyHoldings	R	100.00	0.00
LennoxIntl	LXI	132.90	0.94	RealtyCom	R	100.00	0.00
LeucadianADR	LMD	16.03	0.03	Reclat	R	100.00	0.00
Level3Comm	LVT	51.59	0.30	RegencyCtrs	R	100.00	0.00
LifePropertyTr	LPT	32.29	-0.04	RegionsFinancial	R	100.00	0.00
Liellity	LIL	71.12	-0.05	RelianceGst	R	100.00	0.00
LincolnNational	LNC	39.27	-0.15	RelianceSt	R	100.00	0.00
LinkedInA	LWKO	111.03	-1.42	RenaissanceC	R	100.00	0.00
LyteBankingADR	LYB	3.91	0.01	RepublicServcs	R	100.00	0.00
LockheedMart	LMT	218.00	-3.26	ResMed	R	100.00	0.00
Loews	L	38.36	-0.28	RestaurantBrands	R	100.00	0.00
Lowes's	LOW	74.77	-0.01	ReynoldsAmer	R	100.00	0.00
LundbergADR	LUX	54.49	-0.37	RitoTinto ADR	R	100.00	0.00
LyondellBasell	LYB	85.37	0.66	RiteAid	R	100.00	0.00
M&B Resnt	MTB	111.25	-0.72	RobHalfInt	R	100.00	0.00
M&M Borskt	MOM	20.52	-0.24	Rockwell	R	100.00	0.00
MLPX	MLPX	27.81	0.27	RockwellCollins	R	100.00	0.00
MPLCI	MSCI	70.74	-0.86	Rollinsnc	R	100.00	0.00
MSCIndlDirect	MSI	74.57	-0.25	RoperTechnologies	R	100.00	0.00
Macerich	MAC	78.55	-0.15	RoyalBankCanada	R	100.00	0.00
MacquarieInfrc	MIF	64.99	1.31	RoyalBankCanada	R	100.00	0.00
Macy's	M	43.48	0.06	RoyalCaribbean	R	100.00	0.00
MagenPltrs	MMP	68.24	-0.69	RoyalDutchADR	R	100.00	0.00
MagnaInt	MGA	10.40	-0.57	RoyalDutchADR	R	100.00	0.00
Malinkrodt	MNO	60.06	-0.38	RoyalDutchADR	R	100.00	0.00
ManpowerGroup	MAN	79.88	0.73	SAPADR	S	100.00	0.00
MarineFinancial	MFR	10.93	-0.16	SKFChengduADR	S	100.00	0.00
MarathonOil	MRO	13.29	0.10	SLGreenEnergy	S	100.00	0.00
MarathonPetroleum	MPC	36.87	-0.37	SalienceCom	S	100.00	0.00
MarathonStar	MBS	15.50	-0.09	SallyBeauty	S	100.00	0.00
Market	MKL	878.80	-6.37	SanofiADR	S	100.00	0.00
MarshallMcLennan	MML	59.80	-0.26	SasolADR	S	100.00	0.00
MrtmMarMat	MLM	153.67	-0.17	SCANA	S	100.00	0.00
Masco	M	30.89	-0.05	Schlumberger	S	100.00	0.00
MasterCard	MA	91.91	-0.22	SchwabC	S	100.00	0.00
McComick	MCC	96.33	0.49	SealedAir	S	100.00	0.00
McComickWkg	MKW	96.14	0.27	ServiceEnergy	S	100.00	0.00
McDonalds	MCD	123.29	0.90	ServiceCap	S	100.00	0.00
McGrawHillFin	MHI	96.39	-0.83	ServiceMasterG	S	100.00	0.00
McKesson	MCK	157.29	2.26	ServiceNow	S	100.00	0.00
MedJohnNutr	MJN	81.98	-0.28	ShawCom	S	100.00	0.00
Mednax	M	64.27	0.64	ShinhanFinADR	S	100.00	0.00
Medtronic	MDT	73.97	-0.53	Signt Jewelers	S	100.00	0.00
Merck	MRK	50.37	-0.11	SilverWhetson	S	100.00	0.00
MetLife	MET	42.30	-1.11	SimonPropertyGroup	S	100.00	0.00
MettlerToledo	MTD	337.89	-0.71	SixFlagsEnt	S	100.00	0.00
MichelsKorshlgs	KORS	55.53	-0.40	StickersUSACA	S	100.00	0.00
MidAmAdp	MAA	98.31	-0.64	SmithA	S	100.00	0.00
MissisipiADR	MTU	4.63	-0.14	SmithNewhwADR	S	100.00	0.00
MtzhnFinancial	MFG	2.98	-0.12	Smucker	S	100.00	0.00
MobileTelesysADR	MBT	8.02	0.35	SnapOn	S	100.00	0.00
MobilisKandustres	MKB	186.85	0.51	SQUIMCHADR	S	100.00	0.00
MolsonCorns	B	3.91	-0.21	SonocoProducts	S	100.00	0.00
Monsanto	M	90.10	0.03	SonyADR	S	100.00	0.00
Moody's	MCO	92.95	-1.31	Southern	S	100.00	0.00
MorganStanley	MS	24.93	-0.34	SoCopper	S	100.00	0.00
Mosaic	MOS	27.26	-0.76	SowestAir	S	100.00	0.00
MotorolaSolutios	MSI	72.59	-0.56	SpectraEnergy	S	100.00	0.00
NVR	NVR	1726.00	-3.11	SpectraEnergyP	S	100.00	0.00
NationalGridADR	NGG	70.43	0.53	SpectrumAeros	S	100.00	0.00
NielsenVarco	NVO	31.15	-0.23	SpiritRealtyCap	S	100.00	0.00
NiRetailPro	NNN	45.76	0.22	Sprint	S	100.00	0.00
NitSutite	N	66.44	0.77	StJudeMedical	S	100.00	0.00
NewOrientalADR	EDU	34.88	0.65	StanleyBlDck	S	100.00	0.00
Nyn CnntyBcp	NYC	15.68	-0.09	StarwoodHotels	S	100.00	0.00
Newell	NWL	49.88	-0.11	StateSt	S	100.00	0.00
NewfildExp	NFX	32.38	0.26	StatoilADR	S	100.00	0.00
NewMarket	NEM	387.85	-4.97	Steris	S	100.00	0.00
NewmontMining	NEM	25.40	0.42	STMicroelectronic	S	100.00	0.00
NxtEraEnergy	NEE	118.47	0.78	Strkyer	S	100.00	0.00
Nides ADR	NJ	17.40	-0.34	SumitomoADR	S	100.00	0.00
Nisens Holdings	NLSN	52.00	0.07	SumitFinADR	S	100.00	0.00
NikeCIB	NKE	61.65	-0.19	SuncorEnergy	S	100.00	0.00
NorintTellegRA	NTT	44.43	0.19	Suncologicals	S	100.00	0.00
NiSource	NI	23.03	0.01	SunTrustBanks	S	100.00	0.00
NokiaADR	NOK	5.78	-0.09	SynchronyFinancial	S	100.00	0.00
NorfolkHoldings	NMR	4.42	-0.13	SyngentaADR	S	100.00	0.00
NorfolkSouth	NVS	55.97	-0.07	Sysco	S	100.00	0.00
NorfolkSouthern	NS	83.87	1.01	T&TConnectivity	T	100.00	0.00
NorthernGranman	NCG	194.20	-0.76	TEGNA	T	100.00	0.00
NorfolkADR	NVS	73.30	-0.61	TELUS	T	100.00	0.00
Nuvor	NVO	56.47	0.44	TERMIUMADR	T	100.00	0.00
Nucor	NUE	45.98	0.43	TIMPARTADR	T	100.00	0.00
NuStarEnergy	NS	39.38	-0.24	TJX	T	100.00	0.00
OGEEnergy	OGE	28.09	...	TawarSemconADR	T	100.00	0.00
ONEOK	OKE	28.68	0.24				
ONEOKPartners	OKS	29.45	0.25				
OncoGenPatrol	OZG	68.51	-0.02				
Orcl-ZiffCapMkt	OZM	4.00	-0.01				
OrdelPublic	OPI	17.92	0.04				
OrdelHealthcare	OHI	34.19	-0.11				
OmnicomGroup	OMC	81.34	0.05				
OpkoHealth	OPK	11.28	-0.05				
Oracle	ORCL	49.07	0.22				



# HEARD ON THE STREET

Email: [heard@wsj.com](mailto:heard@wsj.com)

FINANCIAL ANALYSIS & COMMENTARY

[WSJ.com/Heard](#)

## Chinese Oil Giants Are Getting Fit

In these tough times, China's state oil majors are finally getting religion.

The biggest, **PetroChina**, reported results Wednesday that had discipline written all over them. Start with guidance that it would cut production by 2.7% in 2016. Fellow state producer **Cnooc** made a similar decision earlier this year—an extraordinarily difficult one for companies long politically motivated to prize growth.

Raising production would have required more spending this year with insufficient, perhaps even negative, returns at current oil prices. That makes PetroChina's second big sign of discipline important: Its 2015 capital spending came in 24% below what it had budgeted and 31% below 2014 levels. Not only did operating cash flow pay for capital expenditure and dividends, it also allowed it to pare debt. No other global supermajor finished 2015 with lower leverage than it began the year says Jefferies.

Some investors may be concerned that PetroChina's proven oil-and-gas reserves fell and, at current rates of production, will be exhausted in 14.6 years from 15.8 in 2014. Yet part of that may be due to how prices affect reserves' viability. Also, reserve lives are falling across the industry. PetroChina's actually last it longer than most supermajors and 2015's drop is barely worse than **Exxon Mobil's**.

With futures markets forecasting only a marginal rise in oil prices this year, PetroChina shareholders still are awaiting their salvation. But at least the company is gaining the strength to withstand pain.

—*Abheek Bhattacharya*

## At Yahoo, Push Comes to Shove

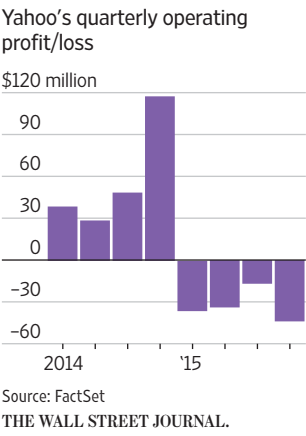
**Starboard Value** is taking the nuclear option with **Yahoo**. Shareholders should be grateful it is moving the company's long-running drama toward an endgame.

The activist hedge fund said Thursday it aims to replace Yahoo's entire board with its own slate of directors. This is a clear sign the current board has failed to make the changes Starboard was demanding. And given continued foot-dragging at Yahoo, it is a needed move.

Starboard has tried to pressure Yahoo to move more quickly to dismantle itself by pursuing a sale of its core business. But while the company has said it is open to reviewing offers and has taken steps to cut costs, it also has shown signs of continued resistance to change.

Yahoo added two directors to its board earlier this month in an apparent attempt to make it more difficult for Starboard to gain a

### Bruised



majority of seats. In light of the company's dismal performance and its lack of momentum, investors should reject management's attempts to dig in its heels.

Yahoo shares have fallen 22% the past year as profitability at its core business has continued to decline. The company reported an operat-



ing loss of \$127.5 million in 2015, down from a profit of \$218.7 million in 2014.

Chief Executive Marissa Mayer has struggled to sharpen the company's focus, and Yahoo has waffled between plans to spin off or separate its stake in Alibaba Group Holding in a tax-free manner. The \$400 million in

## Pro Forma Results Are an Investing Red Flag

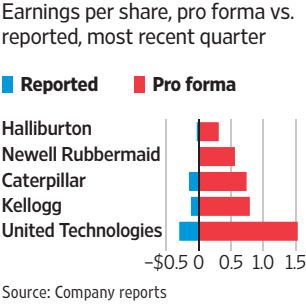
Companies that disclose adjusted earnings like to say they provide investors with a better view into their underlying business. What they really may be doing is waving a red flag. Investors should pay attention to it.

Sugarcoating results is hardly new for U.S. companies. Lately, though, they have been laddling on the glaze extra thick.

For companies in the S&P 500 in the fourth quarter, pro forma earnings—earnings excluding items such as restructuring charges or stock-based compensation—were 59% above earnings under generally accepted accounting principles. That marked the widest so-called GAAP gap since the crisis-struck first quarter of 2009.

Companies using pro

### Before Bad Stuff



forma are required to display GAAP figures in their quarterly releases as well, and they argue that pro forma results count as additional information that is helpful to investors. The worry is that by placing too much emphasis on pro forma figures, companies are drawing investors' attention away from

GAAP. Securities and Exchange Commission Chairman Mary Jo White recently suggested the practice might need to be reined in a bit "even by regulation."

But are investors really overlooking GAAP? New research from quantitative analysts at Evercore ISI suggest this may indeed be the case. They looked at the stock-market performance of companies with unusually large differences between GAAP and pro forma results. A big portion of these lately have come from the hard-hit energy and basic-material sectors, but also draws heavily from other areas, such as health-care and tech.

The analysts' finding: Across a wide variety of investing styles, companies with big GAAP gaps tend to

underperform in the months that follow. So it seems the use of pro forma may keep the extent of a company's troubles shielded from investors when it releases results, with the bad news only sinking in over time.

The underperformance was particularly acute for highly indebted companies that must, of course, generate adequate cash flows to pay what they owe. Shares of GAAP-gap companies with slowing sales and those experiencing slow growth relative to their history also did poorly. Similar companies with low or nonexistent gaps performed far better.

Companies argue pro forma results are valuable. They might be, but just not in the way that they mean.

—*Justin Lahart*

## OVERHEARD

The era of falling pump prices: It sure was nice while it lasted.

U.S. average gasoline prices climbed back above \$2 a gallon on Thursday. That was the first time that has happened since early January, according to GasBuddy.com. The national average is some 31 cents higher now than a month earlier, a climb that has coincided with crude-oil prices rebounding to around \$40 a barrel.

What this means for the economy is an open question. Motorist group AAA said that Americans reaped more than \$100 billion in savings last year from falling gas prices. That equates to about \$550 per licensed driver.

Even so, consumer-spending growth, excluding gasoline sales, slowed in 2015 from a year earlier. Meanwhile the personal savings rate last fall hit its highest level in nearly three years. This suggested that Americans were pocketing, not spending, much of the savings they reaped at the gas pumps.

Granted, gas prices have a tendency to increase in the spring months leading up to the all-important summer driving season. Other factors are at play, too. These include refineries undertaking seasonal maintenance, which typically reduces output.

Of course, pump prices still are cheap compared with the year-ago average of \$2.42, according to GasBuddy.com. And the average is still a pittance compared with the \$3.50 that Americans were paying as recently as August 2014, or more than \$4 during the financial crisis.

The bright side, then, is that just as consumer spending didn't see as much of a windfall from falling gasoline prices as expected, rising prices right now shouldn't turn into the typical headwind. At least not yet.

## Bonds | [WSJ.com/bonds](#)

### Tracking Bond Benchmarks

Total return			Yield (%)			52-Week Range			Latest		
close	YTD total return (%)	Index	Latest	Low	0	5	10	15	20	25	High
1871.57	2.4	Broad market	Barclays Aggregate	2.290	2.000						2.630
2551.61	3.2	U.S. Corporate	Barclays Capital	3.340	2.830						3.710
2468.73	2.1	Intermediate		2.770	2.230						3.120
3340.29	5.9	Long term		4.660	4.170						5.130
536.38	2.9	Double-A-rated		2.420	2.070						2.700
636.07	3.3	Triple-B-rated		3.920	3.300						4.450
340.28	2.9	High Yield Constrained	Merrill Lynch	8.412	5.868						10.099
288.46	3.3	Triple-C-rated		18.804	10.174						21.753
2417.66	1.8	High Yield 100		6.863	5.207						8.696
312.18	2.7	Global High Yield Constrained		7.999	5.894						9.437
267.29	1.6	Europe High Yield Constrained		4.958	3.776						6.412
1606.87	1.6	U.S. Agency	Barclays	1.430	1.170						1.680
1445.62	1.1	10-20 years		1.230	0.980						1.480
3170.33	5.4	20-plus years		2.940	2.700						3.370
1936.43	1.5	Mortgage-Backed	Barclays	2.460	2.260						2.900
1911.78	1.3	Ginnie Mae (GNMA)		2.390	2.180						2.860
1133.42	1.6	Fannie mae (FNMA)		2.480	2.270						2.910
1744.54	1.7	Freddie Mac (FHLMC)		2.510	2.300						2.930
504.83	1.0	Muni Master	Merrill Lynch	1.644	1.440						2.099
352.79	1.2	7-12 year		1.662	1.398						2.144
390.44	1.1	12-22 year		2.058	1.898						2.636
372.81	1.6	22-plus year		2.722	2.593						3.351
2294.41	2.5	Yankee	Barclays	2.840	2.430						3.110
539.62	3.5	Global Government	J.P. Morgan	1.170	1.160						1.780
762.32	0.9	Canada		1.580	1.360						1.970
368.58	3.0	EMU		0.882	0.728						1.609
707.62	3.8	France		0.670	0.490						1.360
512.75	3.7	Germany		0.290	0.160						1.040
291.94	4.9	Japan		0.190	0.150						0.890
563.11	3.7	Netherlands		0.440	0.240						1.130
864.16	4.7	U.K.		1.920	1.760						2.480
n.a.	n.a.	Emerging Markets **		n.a.	n.a.						n.a.

\*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds In U.S. - dollar terms Euro-zone bonds  
\*\* EMBI Global Index Sources: S&P Dow Jones Indices; Merrill Lynch; Barclays Capital; J.P.Morgan

### Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Country/		Yield (%)		Spread Under/Over U.S. Treasuries, in basis points		
Coupon (%)	Maturity, in years	Latest	0 20 40 60 80 100 120	Previous	Month ago	Year ago
0.750	U.S. 2	0.885 ▲	●		0.864	0.766
1.625	10	1.900 ▲	●		1.878	1.748
5.500	Australia 2	1.975 ▼	●		2.015	1.811
4.250	10	2.593 ▼	●		2.662	2.407
4.250	France 2	-0.416 ▲	●		-0.428	-0.410
0.500	10	0.536 ▼	●		0.552	0.520
0.500	Germany 2	-0.477 ▼	●		-0.448	-0.509
0.500	10	0.184 ▼	●		0.195	0.163
4.500	Italy 2	0.035 ▲	●		0.003	0.081
2.000	10	1.299 ▲	●		1.292	1.533
0.100	Japan 2	-0.218 ▲	●		-0.224	-0.209
0.100	10	-0.090 ▲	●		-0.105	-0.049
4.500	Spain 2	0.026 ▲	●		0.011	0.042
2.150	10	1.450 ▼	●		1.459	1.628
1.250	U.K. 2	0.486 ▲	●		0.465	0.326
2.000	10	1.457 ▲	●		1.452	1.363

Source: Tullett Prebon

### Corporate Debt

Price moves by a company's debt in the credit markets sometimes mirror and sometimes anticipate moves in that same company's share price. Here's a look at both for two companies in the news.

#### Investment-grade spreads that tightened the most...

Issuer		Symbol		Coupon (%)		Maturity		Current		Spread*, in basis points		Stock Performance	
										One-day change		Last week	
												Close (\$)	
BNP	BNP	BNP	7.625	March 30, '49	n.a.	-360		n.a.	...				...
American Media	AMRCM	AMRCM	7.000	July 15, '20	872	-44		n.a.	...				...
ConocoPhillips	COP	COP	3.350	Nov. 15, '24	197	-18		238	40.04				0.48
eBay	EBAY	EBAY	2.875	Aug. 1, '21	155	-18		n.a.	24.33				0.66
Harley-Davidson Financial Services	HOG	HOG	2.150	Feb. 26, '20	84	-18		n.a.	...				...
Williams Partners	WPZ	WPZ	4.875	May 15, '23	540	-17		550	18.45				-3.96
General Motors Financial	GM	GM	3.700	Nov. 24, '20	201	-13		232	...				...
Genworth Financial	GNW	GNW	7.625	Sept. 24, '21	983	-13		1157	2.67				-4.98

#### ...And spreads that widened the most

Teck Resources		TCKBCN		5.400		Feb. 1, '43		796		67		721		...	
Plains All American Pipeline		PAA		4.900		Feb. 15, '45		395		28		437		21.77	
EnSCO		ESV		4.700		March 15, '21		1122		24		1119		10.60	
Kinder Morgan		KMI		3.050		Dec. 1, '19		270		24		286		18.09	
MPLX		MPLX		4.875		Dec. 1, '24		426		24		418		27.81	
Halliburton		HAL		4.850		Nov. 15, '35		215		23		n.a.		35.22	
Bank of Nova Scotia		BNS		2.050		June 5, '19		105		20		104		47.06	
Energy Transfer Partners		ETP		5.150		Feb. 1, '43		435		20		461		28.90	

#### High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value			Stock Performance	
				Current	One-day change	Last week	Close (\$)	% chg
Crestwood Midstream Partners	CMLP	6.250	April 1, '23	75.000	<div></div> 1.50	74.000	...	...
Yum! Brands	YUM	5.350	Nov. 1, '43	76.000	<div></div> 1.38	72.250	79.35	-1.49
LifePoint Health	LPNT	5.875	Dec. 1, '23	105.812	<div></div> 1.31	105.750	65.60	-1.49
KB Home	KBH	7.000	Dec. 15, '21	99.875	<div></div> 1.28	n.a.	13.93	6.34
Enso International	ESV	7.200	Nov. 15, '27	56.000	<div></div> 1.00	55.500	...	...
Linn Energy	LINE	6.500	May 15, '19	12.000	<div></div> 1.00	10.750	0.47	-7.33
Health Net	HNT	6.375	June 1, '17	104.875	<div></div> 0.76	104.250	...	...
Mallinckrodt International Finance S.A.	MNK	5.750	Aug. 1, '22	92.750	<div></div> 0.75	92.250	...	...





MORGENSTERN ON FILM

# Superhero Letdown D3

**PLUS** The price of messing with Loretta Lynn’s man D5



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THE WALL STREET JOURNAL.

Friday, March 25, 2016 | **D1**



Duff  
McKagan,  
Slash, Axl  
Rose

BY  
NEIL SHAH

**Reunion tours  
are highly  
lucrative and  
increasingly  
scarce.  
Guns N’ Roses  
could be the  
biggest in years.**

**WHEN GUNS N’ ROSES SINGER AXL ROSE** and guitarist Slash reunite on stage next month after decades of bad blood, fans around the world will wonder how long the dysfunctional duo can keep it together. The return of Guns N’ Roses is the biggest—and most unlikely—rock ‘n’ roll reunion of the decade.

“With Guns N’ Roses, we’re kind of talking about nuclear fusion here,” says Larry Miller, head of the music-business program at New York University. “It could hang together for a couple dozen dates—or not.”

After months of secretive maneuvering by managers and promoters, a tour is taking shape, though details are closely guarded.

Arriving at detente was a long, slow process and the stars had to align: Members of the band went years without speaking; a birthday olive branch on Twitter was sent by an intermediary; a divorce might have played a role.

A Guns N’ Roses reunion is “one of those things the audience was told they would never get,” says Peter Katsis, who briefly managed the breakaway band Mr. Rose has fronted in recent years.

The Los Angeles rock group is booked for two nights at the Coachella Valley Music and Arts Festival on April 16 and April 23, after two gigs at T-Mobile Arena in Las Vegas on April 8-9. Demand for tickets is intense. On VividSeats.com, a ticket-selling site, a general-admission floor ticket for the April 8 show can cost \$2,400. A fancier “suite” ticket? More than \$15,000. Long a global favorite, the band is also playing two dates next month in Mexico City at Foro Sol, a 60,000-capacity stadium.

As promoters chase reunion tours to stand out in a crowded market for live music, Guns N’ Roses has been something of a Great White Whale. Big artists now earn much of their income from touring, which keeps them on the road and creates an oversupply of concerts. A reunion is a unique event with built-in marketing buzz.

The coming Guns N’ Roses shows are the most notable attempt to resurrect a rock touring juggernaut since the Police, which grossed more than \$300 million when they reunited a decade ago. Longtime manager and executive Irving Azoff has put the Eagles’ tour grosses after their 1994 reunion at about \$1 billion, not including merchandise.

But few big rock acts remain who haven’t reconvened

*Please turn to the next page*

PHOTO ILLUSTRATION BY JOHN KUCZALA, ROSS HALFIN/IDOLS (PHOTO); WARNER BROS. PICTURES (FILM); BELOW: FINN BEALES

## A GRUELING PART TAKES ITS TOLL

BY EBEN SHAPIRO

**SPORTS FANS ARE ACCUSTOMED** to the farewell tour when a revered but ailing athlete dons his uniform one last time to much acclaim.

The theater world is experiencing a similar phenomenon as Lisa Dwan, one of the foremost interpreters of Samuel Beckett, is retiring her signature monologue, “Not I,” after a final series of performances in the U.S. over the next month.

Since 2005, the 38-year-old Irish actress has toured the world, performing the piece hundreds of times to sellout crowds and over-the-top reviews. (In The Wall Street Journal, Paul Levy called it “one of the theatrical experiences of a lifetime.”) Ms.

Dwan performs “Not I” as part of a trilogy of short plays—the others are “Footfalls” and “Rockaby”—by Beckett, the Irish writer who won the Nobel Prize in 1969.

But the play’s physical and emotional demands have finally caught up with her. Each show brings her to the “brink of anxiety, distress and trauma,” she says. “It takes a massive toll.”

There also is the psychological strain from a monologue that a critic for the Guardian labeled an “existentially terrifying babble, hinting at deep trauma and extinction of self.”

“Not I” presents “probably the most difficult and challenging part for an actress,” says Walter D. Asmus, a director who specializes in Beckett and

*Please turn to page D6*



The actress Lisa Dwan trussed in place to perform Beckett’s ‘Not I’



ARTS & ENTERTAINMENT

# GUNS N' ROSES

*Continued from the prior page*  
already, or have a quorum of surviving members. It's the end of an era, says Todd Kerns, bassist for Slash's solo band. "This is the Last of the Mohicans." Only Led Zeppelin, which broke up in 1980 and whose members have worked together occasionally but never toured, sets off similar yearnings in hard-rock circles.

It will be the first time Mr. Rose, Slash and bassist Duff McKagan have shared a stage in more than 20 years. Co-founder Izzy Stradlin, a childhood friend of Mr. Rose's, has said he won't appear for these early dates, but he could join up later. With or without him, an announcement of a full-blown road trip is expected soon.

For music festivals, it's getting harder to produce headliners with a "wow" factor. Tommy Stinson, the bassist for the Replacements, says festivals repeatedly urged his group to re-form. The alternative-rock pioneers, known by their fans as "the 'Mats," broke up in 1991, and began touring again in 2013. "It definitely started from the prompting of promoters," Mr. Stinson says. We weren't "sitting around going, 'God, I wish we could do a 'Mats reunion!' " (Mr. Stinson also played bass in Mr. Rose's version of Guns N' Roses until last year.)

Some touted reunions hardly qualify as reunions. This year, Coachella has booked LCD Sound-system, an electronic-dance-punk act that folded only five years ago.

Alan Niven, who managed Guns N' Roses until Mr. Rose fired him in 1991, says he believes concert promoter Anschutz Entertainment Group is paying Guns N' Roses an impressive \$26 million for its four U.S. shows. Representatives for Guns N' Roses and AEG, which owns Coachella, declined to comment.

More rebellious than their hair-band contemporaries, Guns N' Roses injected realism and spontaneity into rock in the 1980s, earning comparisons to the Rolling Stones and the Sex Pistols. The hard-rock group's 1987 album, "Appetite for Destruction," is the best-selling debut in U.S. history, with more than 18 million copies sold, according to the Recording Industry Association of America. One single, "Sweet Child O' Mine," has been played on Spotify more times than Michael Jackson's "Thriller."

The flameout came quickly. Drummer Steven Adler was fired by the band for drug use in 1990. "Use Your Illusion," the group's two-and-a-half-hour-long double-release follow-up, was ambitious, but criticized by some as overindulgent. Mr. Rose's controversial lyrics and lateness to shows made him a business liability. At a show near St. Louis, he leapt into the crowd to try to confiscate a fan's camera, then left the stage, at which point a riot broke out, injuring dozens. In late 1991, rhythm guitarist Mr. Stradlin—considered the band's linchpin due to his songwriting—quit, fed up with Mr. Rose's antics and the band's substance-abuse issues.

After a period of inactivity, Mr. Rose, Slash and Mr. McKagan



**SEPARATE WAYS** Duff McKagan, left, filling in with Axl Rose in Mr. Rose's version of Guns N' Roses in 2014; below, Slash plays with his band last year.

parted ways in the mid-1990s amid resentments over Mr. Rose's control of the band's name, which Slash and Mr. McKagan have claimed Mr. Rose pressured them to give up.

"A permanent shift in the mood of the band came at the first mention of the contracts and the ownership of the band name, all of which first happened when Steven [Adler] was kicked out" in 1990, Slash (given name Saul Hudson) recounts in his 2007 autobiography. A few years later Mr. Rose sought the right to start a new band called Guns N' Roses, he says.

In a December 2008 post on a fan website, Mr. Rose says that when the band was renegotiating its contract with its record company in 1991 he "had the bit about the name added in as protection for myself...as our then-manager was always tryin' to convince someone they should fire me." Mr. Rose insists "everyone had agreed to [the name] being mine should we break up."

Everyone involved has a different perspective. "They all have selective amnesia," says Doc McGhee, who manages Kiss and briefly managed Mr. Rose's version of Guns N' Roses.

The infighting meant Guns N' Roses—Mr. Rose, Slash and Mr. McKagan were its remaining shareholders—missed out on business opportunities. For years, band products such as concert DVDs and other merchandise couldn't be released under the band's name because they required Mr. Rose's and Slash's signoffs and the two couldn't agree, associates say.

"One of the two of us will die before a reunion," Mr. Rose told Billboard in 2009. For 15 years, he toured as the only original member of Guns N' Roses, releasing one album, the long-gestating "Chinese Democracy," in 2008 and contemplating another album. He wanted to prove he could write, Mr. McGhee says, and saw his Guns N' Roses as a way to demonstrate his contributions to the original band.

In October 2010 Mr. McKagan and Mr. Rose ran into each other in a London hotel and rekindled their friendship. "We hugged," Mr. McKagan writes in a memoir. "Thirteen



years is a long time not to talk."

Manager after manager popped the reunion question. In one 3 a.m. conversation while managing Mr. Rose on tour, Mr. Katsis recalls: "He told me he wasn't opposed to doing it at some point, and that he had no real issues with Slash." But he still wasn't ready.

Mr. Rose parted ways with Mr. Katsis in late 2011, leaving the handling of Guns N' Roses to Beta Lebeis, Mr. Rose's personal assistant and confidante, and her son, Fernando; they were aided by Mr. Rose's business manager, booking agent and lawyer.

When Mr. Stinson, Mr. Rose's bassist, couldn't play some gigs in 2014 due to Replacements engagements, Mr. McKagan filled in. Duff played a role in easing tensions between Mr. Rose and Slash, several people say. "Duff has always been Switzerland," says Mr. Kerns, Slash's bassist.

Over the past few years, the Rose and Slash camps gradually started cooperating. First, they

started licensing Guns N' Roses music for movies again, says Marc Canter, owner of a famous Los Angeles deli, childhood friend of Slash's and author of a book about the band's Sunset Strip early days, "Reckless Road." Mr. Rose released a concert DVD that required Slash's signoff, and Slash later released one of his own. "That was a sign of some kind of truce," Mr. Canter says.

On July 24, 2015, Del James, a writer and close ally of Mr. Rose's, wished Slash a (belated) happy birthday via Twitter—something unthinkable unless Slash and Mr. Rose were reconciled, Mr. Canter says.

Then came the big news: In an interview with a Swedish outlet in August, Slash said he and Mr. Rose had buried the hatchet.

Several people familiar with the band say Slash's recent separation from his wife, Perla, may have been a factor in Mr. Rose's changed attitude. That's not uncommon: Divorces often act as a catalyst for reunions, observers say. (Mr. Stinson and Replacements leader Paul West-

erberg had both ended relationships when they reunited in 2013, according to Bob Mehr's new book, "Trouble Boys.") Mr. Rose's representative wouldn't comment. Slash's manager didn't return phone calls. Perla Ferrar declined to comment.

Rumors of a Guns N' Roses reunion spread. A Billboard article in late December suggested a possible full-scale tour. In January, the band's publicist confirmed what had become an open secret: Mr. Rose, Slash and Mr. McKagan were reuniting—but it remained unclear whether Mr. Stradlin or Mr. Adler were involved. Last month, Mr. Stradlin—who has avoided the press for years—opened a Twitter account to say he wouldn't be involved in the April shows "at this point in time."

Speculation about Mr. Stradlin is rife among fans. Reuniting groups sometimes don't agree on how to divvy up the spoils, Mr. Katsis says. Even if Guns N' Roses made an offer to Mr. Stradlin, it's possible that once Mr. Rose, Slash and Mr. McKagan took their slices of the pie, Mr. Stradlin's piece was too small. "Axl's been carrying the torch," he says. "It's a business negotiation between who's been carrying the business and who's just coming back." Mr. Stradlin wasn't available to comment.

Guns N' Roses could collapse again. While Mr. Rose is more punctual nowadays, local authorities at Coachella levy strict fines if a band violates curfew. Guns N' Roses has sold some 100 million records, but winning over Coachella's crowd isn't easy: Older rock like Guns N' Roses isn't the main attraction for younger festivalgoers, who favor dance-pop, electronic music and hip-hop.

On Thursday, the Guns N' Roses rumor mill remained in overdrive. Fans speculated Mr. Rose could be one of the guest singers to replace ailing singer Brian Johnson on a slew of AC/DC concert dates. Any participation by Mr. Rose likely wouldn't interfere with Guns N' Roses's touring plans.

The last time Mr. Rose, Slash and Mr. McKagan performed together was in Buenos Aires on July 17, 1993—the group's final stop on their 2½-year, 194-show "Use Your Illusion" tour.

"I look back at it now and go, 'My God'—so much wasted time," Mr. Niven, the former manager, says. "Their prime was lost."

## BURYING THE HATCHET

# Big Reunions We'd Like to See Happen

Almost all the big groups have reunited by now, but a few unconsummated get-togethers remain. Here's a selection of some of the most yearned-for reunion tours, with apologies to the Talking Heads, R.E.M., Uncle Tupelo and other favorite defunct bands omitted.

### 1. Led Zeppelin

A Led Zep reunion would be huge, a stadium-sized extravaganza. In some respects, it has already happened, in bits and pieces. Singer Robert Plant, guitar hero Jimmy Page and bassist John Paul Jones have reconvened several times for one-off concerts since their 1980 breakup, which followed drummer John Bonham's death. A December 2007 reunion show in London stoked speculation about a tour, but nothing materialized. Messrs. Page and Plant have worked together—even made albums—but Mr. Plant is reticent about a reunion. "I'm not part of a jukebox," he told Rolling Stone in 2014.

### 2. N.W.A.

Groundbreaking rap group N.W.A. is probably the most likely supergroup reunion. Ice Cube has a high-profile slot at next month's Coachella festival and has hinted at the possibility by noting that it's the same night that Guns N' Roses is set to play. Other N.W.A. members, including Dr. Dre, could show up. (Ringleader Eazy-E died in 1995.)

There have been semi-reunions before, and N.W.A. is being inducted into the Rock and Roll Hall of Fame in early April. Last year's biopic "Straight Outta Compton" reminded people just how forward-thinking N.W.A.'s gangsta rap was and how timely it is now. If N.W.A. embarked on a tour, they'd be playing for much bigger—and broader—audiences than in their late 1980s heyday.

### 3. Crosby, Stills, Nash & Young

"I don't want anything to do with [David] Crosby at all. It's just that simple," Graham Nash told Billboard magazine earlier this month. So don't expect a CSNY rapprochement soon. Crosby, Stills and Nash have gotten together over the years; Neil Young has only joined them once since 2007, for his annual charity benefit. "After being totally immersed in me and David and Stephen and Neil's music, I'm done. I've had 10 years of it," Mr. Nash says. "Leave me the f--- alone. I need to concentrate on me now."

### 4. The Smiths

The Smiths are the least likely of the pined-for reunions, given singer Morrissey's lack of interest in revisiting the past and a rupture between Morrissey and drummer Mike Joyce. Tidy sums have been offered to the band, which broke up in 1987. The influential U.K. group's fan base is among the most fervent. If Axl Rose can finally find a way to get along with Slash, shouldn't Morrissey at least try, too?

### 5. Pink Floyd

Guitarist David Gilmour just isn't interested in working with Roger Waters. "Impossible," he told the Telegraph in September, saying he and Mr.



Waters "have outgrown each other." Last year, Mr. Gilmour released a new album, "Rattle That Lock," and he's touring at the moment. With Mr. Gilmour busy and Mr. Waters also consistently touring and recording, there's no real shortage of Pink Floyd-ness out there. But the chance of a "Pink Floyd" tour would still make many live-music executives salivate, given the group's stadium status. Can you say "Money"?

FROM TOP: FRAZER HARRISON/GETTY IMAGES; KEN HOWARD/DEMOTIX/CORBIS

GETTY IMAGES (4); HOWARD TYLER/PHOTOSHOT/EVERETT COLLECTION (N.W.A.)



MORGENSTERN ON FILM

REVIEW  
JOE MORGENSTERN

A DARK FORCE has been unleashed in a new cinematic universe—an enemy of levity, a besieger of vulnerable psyches, a merciless wielder of advance technologies against which ordinary humans sit defenseless. And Zack Snyder is only the director of “Batman v Superman: Dawn of Justice.” The other two guys are really downers.

This underdeveloped, overlong and stupendously dispiriting duel of unlikely antagonists is the first in a projected series of interconnected films based on DC Comics characters. Ben Affleck plays Bruce Wayne/Batman—he’s impressive, within the script’s limits, even though Christian Bale’s Caped Crusader in the Christopher Nolan trilogy was a formidable act to follow. The Clark Kent/Superman role is reprised by Henry Cavill, who is just as inexpressive as he was almost three years ago in the superviolent, ultraturgid “Man of Steel,” which was also directed by Mr. Snyder. The ending of that film and the beginning of the new one overlap. Gotham is again under attack from the cosmically evil General Zod, and Superman, in fighting him, causes vast collateral damage—to the city, and to Bruce Wayne’s enterprises and employees.

That provides the pretext for the conflict between two mythical figures. For Bruce, “Batman v Superman” becomes a tale of revenge. For Mr. Snyder and his writers, Chris Terrio and David S. Goyer, it’s a would-be dissertation on the nature of heroism—“The Incredibles” without the fun—and on two deeply flawed superheroes. Would-be as opposed to what is, because spasms of highfalutin philosophy, and howlingly pretentious dream sequences, serve only as the thinnest of veneers for incessant action in one of the most assaultive movies ever made. (I saw it on a big IMAX screen—there are not-so-big IMAX screens these days—that upped the assaults into virtual felonies.)

In the philosophical scheme of things, Superman is seen as a good guy in a time of terror—a suicide bombing links the movie’s sci-fi fantasy to current reality—but also a loose cannon, a unilateral interventionist and, when public opinion turns against him, an illegal immigrant. (Who knew that extraplanetary visitors needed green cards?) Batman, by contrast, turns into a brutal vigilante who brands his victims with a bat sign. (He’s an aging vigilante, as we’re meant to see when he takes on younger adversaries in a labored ballet of martial arts set in Africa.)

Yet the contrasts are blurred by the movie’s penchant for equal-opportunity pessimism—“We’re all criminals,” says Batman; “No one stays good in this world,” says Superman. (These are indeed dark times, but so was the Great Depression, and Hollywood in the 1930s gave us Ginger Rogers and Fred Astaire along with violent mobsters.) And the conflict between them, far from seeming inevitable, feels exactly like what it is, an arbitrary notion for a big-budget extravaganza that contains trailers—disguised as disjointed action sequences—for sequels to come.



‘Batman v Superman’  
v Entertainment

Among the characters who surface is Diana Prince/Wonder Woman, played unwonderfully by the Israeli actress Gal Gadot.

The action gets blurry too, not from a deficit of energy—Mr. Snyder, a merchant of bleakness, is also a maestro of high-tech kinetics—but from a lack of variety. After a while everything looks the same, thanks in large part to the ugly blue-and-teal palette the filmmaker favors (the cinematographer

was Larry Fong), and everything sounds the same, thanks entirely to a pitiless score, by Hans Zimmer and Junkie XL, that suggests platoons of percussionists high on magic mushrooms. The climactic battle between you-know-who is a slugfest, as inelegant as it is extended. Amy Adams is back as Lois Lane, though she doesn’t have much to do. Jesse Eisenberg has lots to do as the villainous Lex Luthor. This time Lex is conceived as a demented version of the Internet icon Mark Zuckerberg, whom Mr. Eisenberg played in “The Social Network,” but the dementia is

more embarrassing than funny. (Oh, for the days of Gene Hackman’s exuberant evil.) Honor bound as I am to avoid spoilers, I can tell you without fear of divulging too much that there’s a product placement toward the end for Turkish Airlines—an odd if not unseemly aberration in a production that supposedly cost a quarter billion dollars—and that a crucial, and preposterous, plot point turns on mother love.

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‘Fastball’

“Fastball,” a fascinating and downright lovable documentary feature by Jonathan Hock, starts with an eternal question. No, not whether Batman or Superman would win in a fight—this week’s failed blockbuster should put that one to rest—but who in the history of major league baseball has thrown the fastest fastball. To provide an answer (and yes, a definitive answer is provided) the film starts with a group of charmingly garrulous hall-of-famers, including Johnny Bench, Al Kaline, Tony Gwynn and Joe Morgan;

adds individual interviews with fellow luminaries like Hank Aaron and Derek Jeter, and with such legendary pitchers as Goose Gossage (“I loved being a power pitcher—if I could change one thing in my whole career I wouldn’t change a single thing”) and the singular, inexplicable, near-indestructible Nolan Ryan.

In what has become a data-driven game, no data about pitching speeds were available until 1912, when investigators using a primitive but ingenious machine clocked Walter “Big Train” Johnson at 122 feet per second (or 83.2 miles per hour, a unit of speed that wasn’t used at the time) and de-

clared him the fastest pitcher ever. Bob Feller threw a ball faster than a cop on a motorcycle in 1939; his speed was judged, approximately, to be over 100 mph; a later test with more accurate equipment put it at 98.6 mph. With the advent of radar guns in the 1970s, established speeds climbed steadily toward 100 mph and slightly beyond. Given that a 100 mph pitch reaches the plate in 396 milliseconds, faster than the blink of an eye, it’s remarkable that a batter can hit one, but “Fastball” abounds with vivid descriptions of what it’s like to try. (According to Ty Cobb, Johnson’s fastball hissed as it came by like a big train.)

As if all of that isn’t interesting enough to baseball fans, “Fastball” enlists the services of a physicist to illuminate what happens in the course of a pitch, and exactly how fast it happened in the past. This leads to upward adjustments of earlier stats that represented the speed of the ball at or near home plate, rather than at what has become the standard measurement of 50 feet from the plate. Thus Bob Feller’s 98.6 mph becomes 107.6 mph. And the fastest speed ever? In 1974 an infrared device that was a precursor to the radar gun measured one of Mr. Ryan’s pitches at a record-breaking 100.8 mph. Adjusted thusly, that becomes 108.5 mph, a speed as unthinkable as it is unhittable.

“Fastball” is narrated by Kevin Costner, and it’s hard to separate his voice here from what he said and how he sounded as the catcher Crash Davis in “Bull Durham,” the best baseball movie ever. Why try, though?

‘Born to Be Blue’

“Born to Be Blue” calls itself a reimagining of Chet Baker’s comeback in the late 1960s, as both a trumpeter and a singer with a druggie, epicene voice that found him a new audience. It’s



hard to imagine what kind of movie it might have been if its subject hadn’t been played by Ethan Hawke (who sings very nicely in his own voice).

Baker was a junkie, and junkie stories tend to be cut from the same tattered cloth. This one is no exception. Worse still, the writing and direction, by Robert Budreau, range from pedestrian to lethargic—not a good thing

when the subject is passive more often than not. Yet Mr. Hawke finds energy in Baker’s passivity, emotional variety in his chronic neediness. Here’s a haunting portrait of a narcissist, childish and woefully vulnerable, who is also a distinctive musician and, in the face of his addiction, a fiercely determined one. (Carmen Ejogo is lovely as the woman he adores, in his fashion.)

The narrative focuses on Baker’s painful recovery after a notoriously savage beating—the result of an unpaid drug debt—in which he lost his teeth, and with them the embouchure needed to play the trumpet. At that point the film becomes “Not So Young Man With a Horn and a Denture”; the dental problems are painful to watch. Yet you’re moved by Mr. Hawke’s performance, with its echoes of Montgomery Clift’s woundedness, of a man struggling to stay not just clean but connected to the performing life he loves. At least Baker succeeds musically.

« Rewinds

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‘The Town’ (2010)



Ben Affleck works both sides of the camera to impressive effect in “The Town,” a dramatic thriller that fulfills its considerable ambitions. As the director, he showcases fine performances. As the star, he gives one of them. The town of the title is Charlestown, a blue-collar Boston neighborhood that’s described as having spawned more robbers of banks and armored trucks than any other place in the nation. Mr. Affleck’s Doug MacRay robs banks.

‘Moneyball’ (2011)



Maybe not the best baseball movie, but right up there in the pantheon, and the subtext is statistics—a scientific approach to the major-league version of the game. Brad Pitt is Billy Beane, the general manager who, in 2002, guided the Oakland Athletics, a small-market, underfunded team, to an unprecedented 20 consecutive wins. Bennett Miller directed from an adaptation of the Michael Lewis book by Steven Zaillian and Aaron Sorkin.

‘Before Sunrise’ (1995)



Boy (Ethan Hawke) and girl (Julie Delpy) meet by chance on a train in Europe in this early feature by Richard Linklater. They talk a lot, get off the train in Vienna, fall in love and continue to talk until dawn. The movie is meandering, though quietly enchanting. (The couple meet again nine years later in “Before Sunset,” which has fewer lively moments, and more fatuous talking about love, sex and married life.)

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OPENING FRI!

BORN TO BE BLUE

10:40am, 12:40pm, 2:50, 5:05, 7:20, 9:35pm\* PLUS FRI-SAT AT 12:10am  
\*ETHAN HAWKE IN PERSON TO INTRO FRI 9:35 SHOW!

APRIL AND THE EXTRAORDINARY WORLD

10:40am, 1:00pm, 3:10, 5:20, 7:30, 9:40pm  
\*SHOWS BEFORE 3:00PM IN ENGLISH. SHOWS AFTER 3:00PM IN FRENCH WITH ENG. SUBTITLES

BASKIN

FRI-SAT 12:05am MON-TUE 12:30am NO SHOWS SUN

MY GOLDEN DAYS

FRI-TUE: 11:05am, 1:35pm, 4:15, 7:00, 9:40pm

THE BIRTH OF SAKE

FRI-TUE: 10:30am, 5:25pm

THE PREPPIE CONNECTION

FRI-TUE: 9:50pm

CITY OF GOLD

FRI-TUE: 12:20, 2:10, 4:00, 6:05, 8:10, 10:10pm

CEMETERY OF SPLENDOR

FRI-TUE: 2:45pm

MUSTANG

FRI-TUE: 10:35am\*, 7:40pm†  
\*NO 10:35am FRI, TUE †NO 7:40pm MON

ENDS SUN

WAVELY MIDNIGHTS FRI-SAT

FIELD OF VISION

FRI-SUN: 12:30am

EL TOPO

11:55pm

JURASSIC PARK

11:55pm

THE HOLY MOUNTAIN

12:00am