

THE WALL STREET JOURNAL

What's News

Business & Finance

- ◆ **Morgan Stanley plans** to cut several hundred jobs in its wealth-management division, an area that is critical to the firm's success but has shown signs of weakening lately. **B1**
- ◆ **Warren Buffett's** Berkshire Hathaway trimmed its flagship position in Apple in the fourth quarter, selling about 1% of its Apple shares. **B1**
- ◆ **U.S. stocks regained** their footing after a selloff sparked by inflation fears a day earlier. The S&P 500, Nasdaq and Dow rose 1%, 1.3% and 0.4%, respectively. **B11**
- ◆ **Japan dropped** a rank to become the world's fourth-largest economy after a weak end to 2023, as growth in tourism spending failed to offset sluggishness in domestic consumption and capital spending. **A16**
- ◆ **Sony raised its** full-year net profit view after third-quarter profit beat expectations, saying it will take steps to drive growth in its entertainment business as it prepares to spin off its financial unit. **B3**
- ◆ **Self-driving car** company Waymo issued its first-ever recall over a software issue after two of its cars in Phoenix collided with a pickup truck that was being towed. **B3**
- ◆ **The QQQ exchange-traded** fund will turn 25 next month, having grown into a \$250 billion behemoth as a tool that investors use to gain broad exposure to big tech stocks. **B1**
- ◆ **Shell said it expects** global demand for liquefied natural gas to grow beyond 2040, driven by industrial demand in China and economic development in South Asia and Southeast Asia. **B2**

World-Wide

- ◆ **Israel said it wouldn't** resume negotiations aimed at halting fighting in the Gaza Strip and the release of hostages until Hamas softens its demands, a setback for the Biden administration's push to secure a deal that could avert an Israeli offensive on the densely populated city of Rafah. **A1**
- ◆ **The U.S. is** investigating several Israeli airstrikes in Gaza that killed dozens of civilians and the possible use by Israel of white phosphorus in Lebanon. **A5**
- ◆ **A probe by the FTC** into recent shortages of chemotherapies and other drugs is examining the role played by companies that help buy and distribute the bulk of medicines sold to U.S. hospitals. **A1**
- ◆ **One person was killed** and more than 20 others suffered gunshot wounds during a mass shooting near Union Station in Kansas City, Mo., where crowds had gathered to celebrate the Chiefs' Super Bowl win, police said. **A3**
- ◆ **With the Senate's** bipartisan immigration deal in tatters, Biden is weighing what he can do unilaterally to curb illegal crossings at the southern border and defuse a politically toxic issue before November's elections. **A4**
- ◆ **Classified intelligence** held by the U.S. relates to a Russian military capability involving incomplete ambitions to develop a nuclear weapon in space, people familiar with the matter said. **A4**
- ◆ **Iranian officials said** explosions that ruptured natural-gas pipelines in two of the country's provinces were a terrorist attack. **A5**

CONTENTS	Markets Digest... B7
Arts in Review... A11	Opinion... A13-15
Banking & Finance B10	Personal Journal A9-10
Business News... B3	Sports... A12
Crossword... A12	Technology... B4
Heard on Street... B12	U.S. News... A2-4
Markets... B11	World News... A5-7/16

Christians Around the World Mark Start of Lent



ASHES TO ASHES: Students line up to have their foreheads marked with a cross of ashes during a Catholic Mass in Bogotá for Ash Wednesday, the start of Lent, a period of repentance and penance for Christians that leads up to Easter on March 31.

Israelis Pull Out Of Talks For Gaza Pause

Netanyahu charges Hamas makes 'delusional demands' for hostages' return

TEL AVIV—Israel said Wednesday it wouldn't resume negotiations aimed at halting fighting in the Gaza Strip and the release of hostages until Hamas softens its demands, a setback for the Biden administration's push to secure a deal that could avert an Israeli offensive on the densely populated city of Rafah.

By Dov Lieber, Carrie Keller-Lynn and Thomas Grove

Central Intelligence Agency Director William Burns concluded negotiations with top Middle Eastern officials in Egypt's capital on Tuesday without making major strides toward a deal.

On Wednesday, Prime Minister Benjamin Netanyahu of Israel said he wouldn't send a delegation back to Cairo to continue the talks because Hamas hadn't presented any new offers since he rejected the group's initial proposal last week.

Netanyahu's office said he "insists that Israel will not give in to Hamas's delusional demands." Israel would resume talks if Hamas softened its stance, the statement said.

Israel has resisted Hamas's demands for a permanent cease-fire and a complete withdrawal of its military from Gaza, according to officials familiar with the talks.

- ◆ **U.S. probes Israeli strikes on civilians**..... A5
- ◆ **Iran says sabotage caused pipeline blast**..... A5

Drug Shortages Trigger Probe By FTC Into Industry Players

By Liz Essley Whyte

The Federal Trade Commission is launching a probe into recent shortages of chemotherapies and other drugs, examining the role played by companies that help buy and distribute the bulk of medicines sold to U.S. hospitals.

The inquiry shines a spotlight on a little-noticed corner of the drug supply chain—but one that can have an outsized impact on stores of critical medicines.

The agency is exploring whether the companies that broker drug purchases for

hospitals, along with the middlemen that ship the medicines, have misused their market power to push down prices of generic drugs so much that some manufacturers can't profit and have stopped production, causing shortages.

The probe is seeking information about a market dominated by a handful of companies. Three groups help purchase drugs on behalf of most hospitals in the U.S., while the three leading wholesalers supply about 90% of drugs to hospitals and other buyers across the country.

In a public request for in-

formation, the FTC is asking about the drug distributors and hospital purchasing groups and their contracting practices, market concentration and compensation as part of the agency's examination of drug shortages and their causes. The agency announced the inquiry on Wednesday.

"For years Americans have faced acute shortages of critical drugs, from chemotherapy to antibiotics, endangering patients," FTC Chair Lina Khan said. "Our inquiry requests information on the factors driving these shortages and scrutinizes the practices of opaque

drug middlemen."

The Healthcare Supply Chain Association, the trade association representing the hospital purchasing groups, has blamed drug shortages on manufacturers' quality problems and said the groups work with hospitals to manage shortages and increase the number of drug suppliers.

The groups "help stabilize the market for generic drugs by working with manufacturers on contracts that provide the certainty and predictable demand they need to remain in the market," HCSA Chief

Baylor's Small But Active Fund Beats Ivy Traders

By Juliet Chung

Baylor University traded its way to the top of the university endowment performance rankings last year.

Many universities allocate their money among different assets and adjust periodically. Baylor, led by a former trader, seizes on market moves frequently to boost or cut exposure to its managers.

"The only thing I'm doing is what the market tells me to do: If the market goes up, we take some money back. If the market goes down, we give it money," said investment chief David Morehead. "It is finance 101."

Morehead regularly touts Baylor's performance compared with other endowments to its outside fund managers. He takes particular pride in beating the Ivies, which Baylor has largely done over the past five years despite those endowments' larger staffs. Besides Morehead, Baylor has four investment staffers, all women.

The endowment gained 6.4% for the fiscal year ended June 30, beating all the Ivy League endowments. Over the past five years, its 10.9% annualized return outpaced that of all the Ivies except for Brown University, which notched a 13.3% average annual gain. Baylor ranks in the top 5% of all U.S. endowments for the period, according to Wilshire Trust Universe Comparison Service.

Please turn to page A2

INSIDE



PERSONAL JOURNAL
Penny-pinching on a cruise ship means saying no to plenty of extras. **A9**



BUSINESS & FINANCE
Buffett's Berkshire Hathaway trimmed its position in Apple in the fourth quarter. **B1**

Tooth Fairy Inflation Is Real: Now Some Drop \$100 Bills, Gifts

Parents are going bigger for the mini milestones, but others are pushing back

By Serena Ng

When her daughter was about to lose her first baby tooth, Kokoa Lawson went to work researching ideas. She wanted to make the tooth fairy experience magical and extra special for her only child.

She gave her daughter a \$100 bill decorated with glitter and tiny removable rhinestones. "She kind of lost her mind when she found it," says Lawson, who lives in Temecula, Calif.

But some cousins were jealous about the tooth-fairy haul and Lawson says she "did get a little pushback from friends."

"I simply said, 'This is just what our tooth fairy does,' and suggested they make it special in their own way for their kiddos," says Lawson, 40, who works as a model and actress. Her outlay dropped to \$20 for subsequent teeth.

The tooth fairy is getting more generous and creative worldwide—and parents are learning how tricky that can be.

Parents already were going big for birthday parties and college acceptances, but now they are accepting, making a splash for smaller milestones, too. Pinterest, the online platform



Holy molar

Please turn to page A8

EV Revolution Gets A Reality Check

Buyers don't prove as eager as makers

The Michigan plant where the F-150 Lightning electric truck is built used to vibrate with excitement.

By Mike Colias, Nora Eckert and Sean McLain

President Biden visited in 2021 and test drove the blazing-fast pickup. Before the first ones even started rolling off the assembly line in the spring of 2022, Ford said it would expand the factory

to quadruple the number it could build.

That energy is rapidly fading. Ford is cutting the plant's output by half, and workers are relocating to other facilities, mostly those making gas-powered pickups and SUVs.

The sudden change "was a little bit of a shocker," said Matthew Schulte, who inspects trucks at the factory in suburban Detroit. "Reality has set in."

Please turn to page A8

Oops! Lyft's Big Blooper Puts Stock on Wild Ride

By Preetika Rana and Chelsey Dulaney

There are many ways for a company to mess up quarterly earnings reports. Lyft this week suffered an eye-popping flub: adding an extra zero to a closely watched profitability measure.

Lyft's earnings release Tuesday said one of its profit margins was expected to expand by 500 basis points—or 5 percentage points—in 2024. That margin was only expected to expand by 50 basis points, the company's chief financial officer later clarified on a call with analysts.

Releasing the earnings report with the error turned a very good quarter into a fantastic one. The company's stock soared more than 60% in after-hours trading, a move

likely exacerbated by trading algorithms that didn't immediately catch that a 5-percentage-point increase in margins might be a mistake.

"It was a bad error, and that's on me," Lyft Chief Executive David Risher said in an CNBC interview Wednesday. He said the company has a process to handle such releases that includes "thousands of eyes" and the extra zero was missed. "Super frustrating for everyone and the team," Risher said.

Still, he said, he didn't want the mistake to take away from the company delivering the best financial quarter in its history. And the market appeared to take notice on Wednesday, with Lyft shares hitting a 52-week high after investors saw the correct version.

Please turn to page A4



U.S. NEWS

U.S. WATCH



LOVELY DAY: Many couples tied the knot in a mass Valentine's Day wedding on the steps of the Bexar County courthouse in downtown San Antonio.

WASHINGTON, D.C. Officers Shot, Hurt, Before Standoff

Three police officers were shot in Washington during an attempted animal cruelty arrest that touched off an hourslong standoff Wednesday, police said. The wounds included injuries to officers' hands and feet, Metropolitan Police Department Chief Pamela Smith said. They were being treated at hospitals, per the Metropolitan Police Department. A fourth officer was hurt at the scene, but wasn't shot. The shooter remained barricaded inside a home in the southeast part of the city and continued firing shots hours after opening fire on police, a police spokeswoman said. Crisis negotiators were speaking to the suspect, Smith said. One officer was struck by gunfire twice, but the rounds were stopped by a bulletproof vest, said Gregg Pemberton, chairman of the police union. Roads were closed and schools were locked down in the southeast part of the city, and police warned people to stay far from the area. —Associated Press

MASSACHUSETTS Dozens Charged In Gang Crackdown

Dozens of gang members operating mostly out of a public housing development in Boston have been accused of dealing drugs, targeting their rivals in shootings and recruiting young people with the enticement of appearing in their songs and videos, federal authorities said Wednesday. Acting U.S. Attorney Joshua Levy said the charges against more than 40 members and associates of the Heath Street Gang included unemployment and Covid-19 fraud totaling more than \$900,000. They are also accused of organized retail theft, in which they allegedly stole thousands of dollars in merchandise from stores in Massachusetts and New Hampshire, including Nordstrom and Victoria's Secret. "The defendants charged in the racketeering conspiracy have been alleged to be involved in three separate murders and multiple shootings," Levy said. —Associated Press

ALASKA Backcountry Skier Killed in Avalanche

An avalanche on Alaska's Kenai Peninsula killed one backcountry skier and injured two others. The avalanche occurred Tuesday afternoon in the Chugach National Forest, about 90 miles south of Anchorage. It happened as the three men hiked up a mountain so they could ski back down, Alaska State Troopers wrote in an online report Wednesday. The surviving skiers said they fell about 800 feet to 1,000 feet, said Clay Adam, deputy EMS chief at the community of Cooper Landing. One skier was partially trapped in the snow, and the other two were reported to have had head injuries, Adam said. The injured skiers were able to get free of the snow on their own, officials said, and dug out their companion, who died despite receiving cardiopulmonary resuscitation at the scene. He was identified as Joseph Allen, 28, of Anchorage, troopers said. —Associated Press

Baylor's Performance Tops Others

Continued from Page One
The private Christian school in Waco, Texas, has 20,000 students and a \$2 billion endowment. That figure is up from \$900 million when Morehead arrived in 2011. "Dave in particular is much more active with asset allocation than pretty much anybody I've met in the business," said Ken Lee, chief investment officer for Dallas-based Children's Health, a not-for-profit pediatric hospital serving North Texas. "Tactical can sometimes cut both ways, but he's been consistently right."

It is far easier to notch big gains on a smaller pool of assets than it is on the tens of billions of dollars that some Ivy League endowments manage. Baylor's strategy, which has flourished in the volatile markets of recent years, might not do as well if things get calmer. The trigger for Morehead and his team to act is a move of at least 10% in a sector or fund. For instance, Baylor has added or trimmed three to five times a year, for years, in one firm's different equities strategies. Baylor has benefited from timely bets on volatile sectors such as energy and biotech. It recently has been decreasing its energy exposure as crude-oil prices have climbed. In August 2020, with the pandemic raging, Morehead bet on a reopening of the economy. He had heard from Baylor's biotech manager, RA Capital Management in Boston, that vaccines were months away. He gave more cash to two existing Baylor managers to create portfolios of companies that they believed would benefit from a return to normal. Many investors making the

same bet bought airlines, hotels and restaurant stocks. Baylor's portfolio was less obvious, including: FleetCor, a fuel-payments provider for the trucking industry, TransDigm, a maker of aerospace components likely to benefit from the resumption in travel, and Accesso, which provides ticketing software for theme parks and the like. The trade paid off. Baylor today draws less than a 10th of its operating budget from the endowment. The fund helps pay for faculty salaries, student scholarships and capital-improvement projects. Morehead took over the endowment in 2021. When he was hired to run Baylor's public investments in 2011, the endowment had experienced a revolving door of investment chiefs. It had suffered a 15%

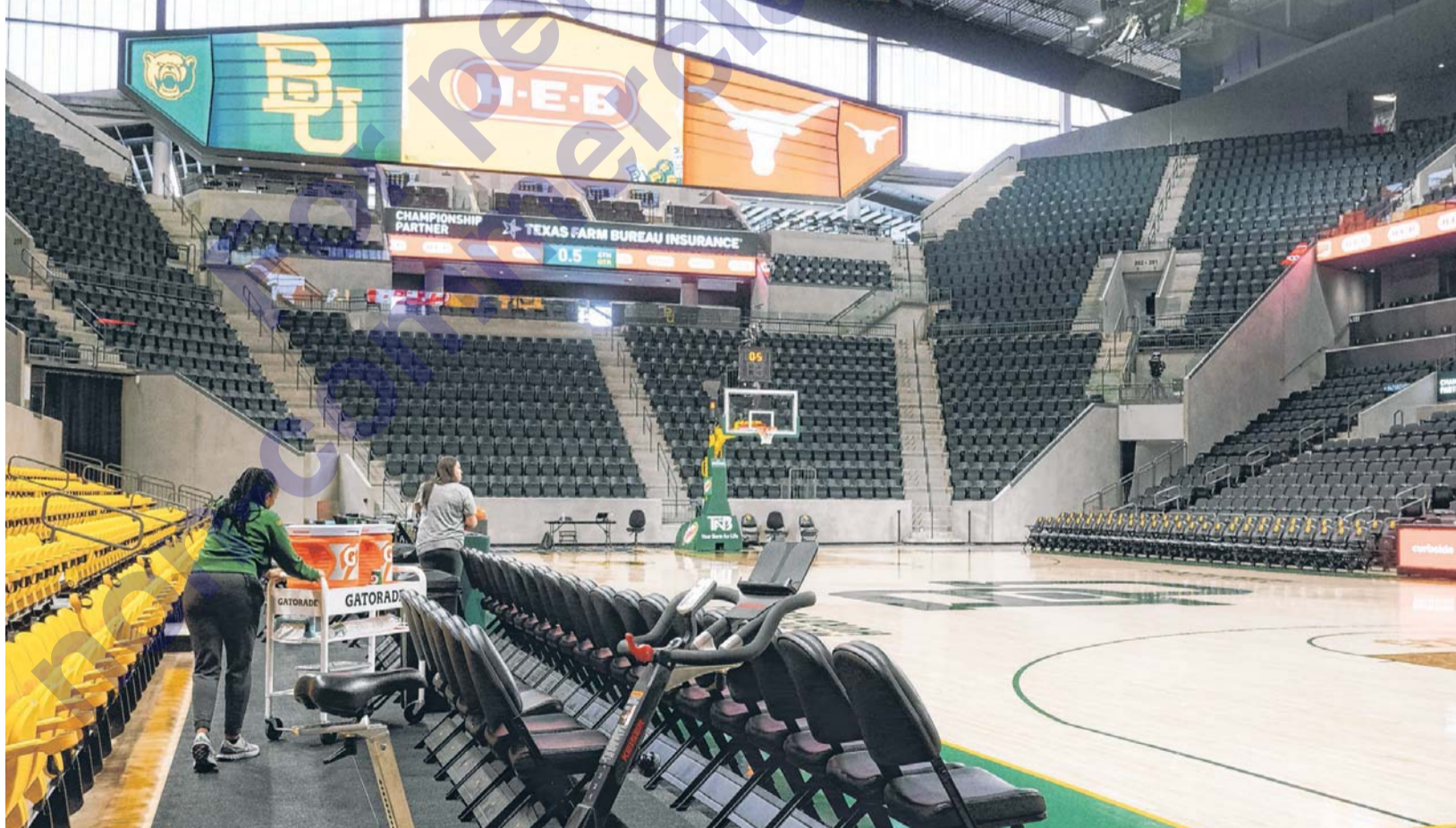
loss and liquidity crunch in the financial crisis. Its assets didn't recover until 2014. The lack of available cash was a drag on returns because the endowment couldn't boost its private investments when prices were low after the financial crisis. Renee Hanna, who runs Baylor's private investments, started remaking the portfolio by selling assets at a discount on the secondary market in 2014. The portfolio finally started outperforming its benchmark in the 2018 fiscal year. The private portfolio, which makes up about half of the endowment, is concentrated in themes Baylor thinks will thrive over the long term, including technology and healthcare. One area it avoids is China, which had produced big returns for many endowments in the past. "We don't try to be diversified; we don't try to be invested in all things," Hanna said. Before Baylor, Morehead had spent almost 20 years investing in stocks, bonds and commodities at a series of hedge funds and writing sell-side research at investment bank William Blair. Like most traders, he was at his desk early in the morning. He was stopped short one evening by his then second-grader asking if she would see him the next morning. "It made me think, what kind of dad do I want to be?" Morehead said. "My toxic trait is I get bored. I thought, is there anything over the last 20 years I've done that I want to do for the next 20 years? The answer was, not really...We were open to a big adventure."

Endowment Returns

Average annualized returns for the five years ended June 30

ENDOWMENT	ASSETS	RETURNS
Brown University	\$6.6B	13.3%
Baylor University	2.0	10.9
Dartmouth College	7.9	10.8
Yale University	40.7	10.2
Princeton University	34.1	9.8
University of Pennsylvania	21.0	9.5
Cornell University	10.0	9.3
Harvard University	50.7	9.1
Columbia University	13.6	7.0

Note: Assets are as of June 30 Source: the schools



The basketball court at Baylor University, a private Christian school in Waco, Texas.

FTC Probes Shortages Of Drugs

Continued from Page One
Executive Todd Ebert said. The Healthcare Distribution Alliance, the trade association representing pharmaceutical distributors, has said shortages occur because of many factors, including drug-makers having trouble finding raw materials or sharp spikes in demand. It has said its members work to minimize disruptions. The Alliance said Wednesday it would respond to the FTC. Insufficient supplies of critical chemotherapies forced doctors to ration supplies last year, and intensified attention on periodic shortages of various generic drugs. Many patients weren't able to get generic chemotherapy drugs called carboplatin and cisplatin, forcing them to go longer

between treatments or turn to second-best alternatives. The three leading hospital group purchasing organizations, or GPOs, are Vizient, Premier and HealthTrust. Centora, Cardinal Health and McKesson are the big drug wholesalers. Premier said it has helped resolve 15 drug shortages since 2020. The GPOs help hospitals keep a lid on costs by negoti-



FTC Chair Lina Khan

ating better rates. But doctors, patient advocates and generic-drug makers said the groups have used their power representing most hospitals to secure prices that are so low that drugmakers can't make a profit, forcing the manufacturers to cut back production or exit the business altogether. The dynamics can be especially taxing for makers of sterile injectable products, including some chemotherapies and anesthesia agents, which have complex manufacturing processes that are difficult and costly to set up. Sterile-injectable manufacturers often halt production if they don't win a GPO contract, according to the critics. The limited number of companies producing the drugs makes the supply chain even more fragile and shortages more likely when a natural disaster hits or one drugmaker has to shut down a production line to resolve a quality issue. Doctors, patient advocates and generic-drug makers have attributed more than a decade of chronic shortages of sterile injectable drugs to the supply

system, and have blamed the GPOs for shortages generally. Consumer groups, including Public Citizen and the American Economic Liberties Project, have urged the FTC to look into the role of GPOs. "It's about time," said Dr. Joel Zivot, an anesthesiologist who has worked with the advocacy group Physicians Against Drug Shortages to point out problems with GPOs. "Hopefully something will come of this." The inquiry is the latest instance of the FTC's scrutiny of competition in healthcare. The agency in September sued one of the country's biggest anesthesiology providers, challenging a private-equity practice of combining small physicians' practices into a larger entity. In November, it challenged more than 100 drugmaker patents that it said were improperly listed with the Food and Drug Administration, delaying generics from entering the market. It is also investigating pharmacy-benefit managers, which negotiate rebates on drugs for health plans or employers.

CORRECTIONS & AMPLIFICATIONS

Billie Holiday wrote the song "Now or Never" with Curtis R. Lewis. A Review article on Saturday about Holiday incorrectly gave the song's title as "Now and Never."

A Naples, Fla., home listing for \$295 million was owned by the late John Donahue and his wife, Rhodora. A headline with a Mansion article Friday incorrectly gave his name as Jim.

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

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U.S. NEWS

Bid to Raise Local Tax Deduction Falls Short In House

By RICHARD RUBIN

WASHINGTON—Even a pinch of SALT couldn't cut through the bitterness in Congress on Valentine's Day.

The House on Wednesday rejected the smallest proposed change yet to the \$10,000 cap on the state and local tax, or SALT, deduction. The bill from Rep. Mike Lawler (R., N.Y.) would double the cap for married couples to \$20,000, only for tax year 2023 and only for those making less than \$500,000.

But a procedural vote failed, with 225 opposed and 195 in favor, as Democrats joined with conservative Republicans to block the legislation.

Lawler's \$12 billion bill was aimed at the core political problem caused by the SALT cap, which Republicans created in the 2017 tax law.

The deduction limit frustrates high-income residents of key suburban districts in New York, New Jersey and California. Some of them got net tax cuts from the 2017 law as a whole and some didn't, but that \$10,000 cap—especially laid next to \$20,000 or \$30,000 property tax bills—is still quite politically salient.

The Republicans who represented those districts in 2017 couldn't block the cap, which was designed to raise money from high-income households to pay for across-the-board tax rate cuts. And lawmakers of both parties who have held those swing seats since 2017 haven't been able to get the rest of Congress to repeal or raise the \$10,000 limit, which has been hitting harder in recent years because it isn't pegged to inflation.

For many high-income people, the cap raises the net cost of living in New York as opposed to Texas and Florida, states without income taxes that rely more on sales taxes. New York lawmakers worry about wealthy residents leaving and eroding the state's tax base.

As opposed to prior repeal efforts, Lawler's bill takes a more focused approach by limiting the change to married couples making under \$500,000. More than half the direct benefits would still go to couples making more than \$250,000, according to the Tax Foundation, a group that favors a tax code with lower rates and fewer breaks.

New York Republicans insisted that SALT cap changes be attached to any tax bill and threatened to use their leverage in the narrowly divided House to force that outcome. But the House just passed a bipartisan tax bill without touching the SALT cap. GOP leaders instead set up separate consideration of Lawler's bill, and he and other New York Republicans say they are pushing hard for their voters' interests.

"Currently, our tax code penalizes married couples," said Rep. Nick LaLota (R., N.Y.). "They only get the individual deduction."

But House members didn't even vote directly on the Lawler bill. They blocked it on a procedural vote to allow debate.

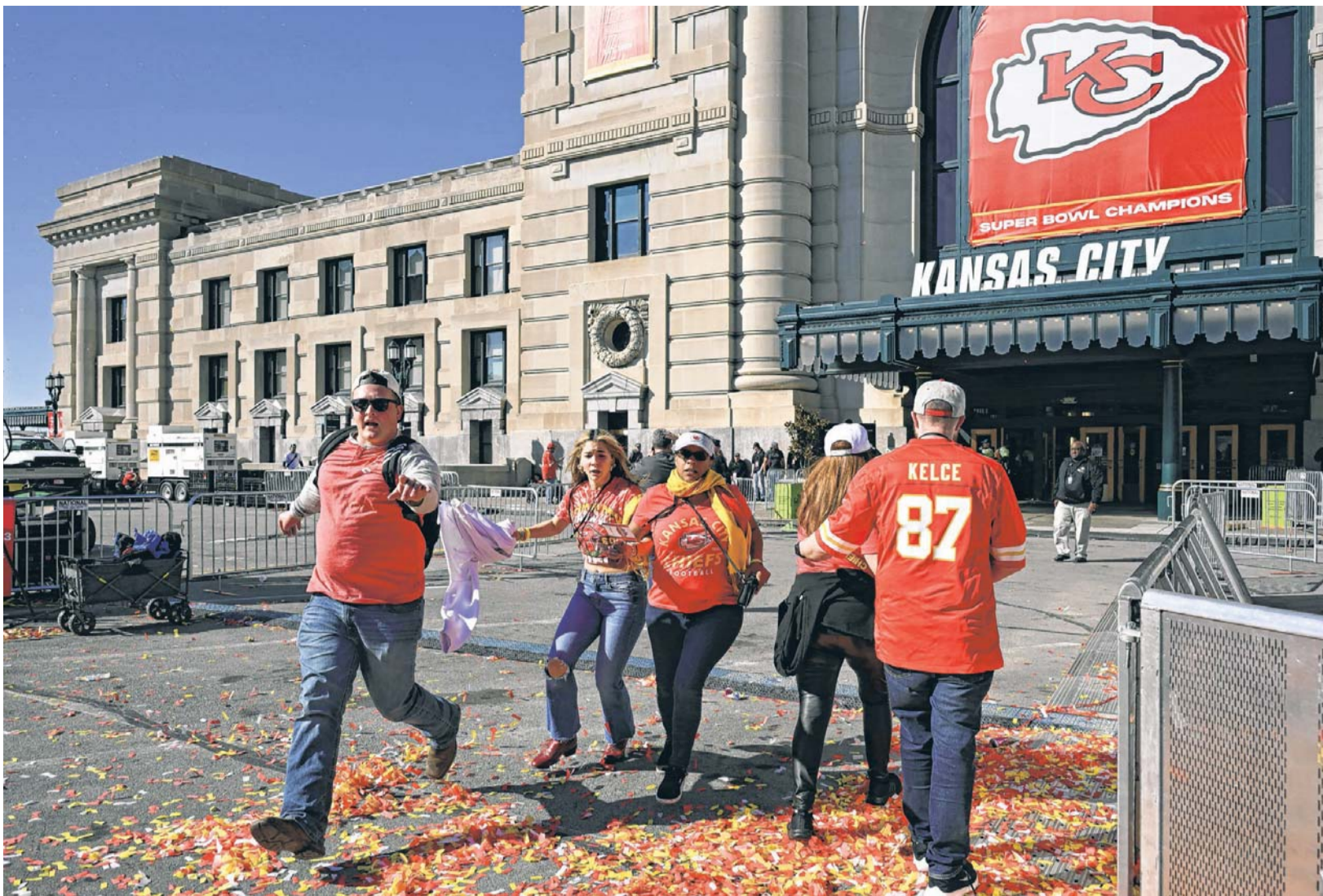
Republicans, who have a 219-212 majority, lost some of their own members on that step. Rep. Chip Roy (R., Texas) opposed the procedural measure in the House Rules Committee and on the House floor.

"I don't think we should be going down that road," he said. "It's one of the features of what we tried to negotiate in 2017."

And Democrats, even those from high-tax states, were reluctant to cast a procedural vote with Republicans.

The SALT stalemate looks next year. After 2025, the \$10,000 cap is scheduled to expire, along with much of the rest of the 2017 tax law. Whoever is sitting in those swing seats in the next Congress will be back again, pushing against the cap.

—Lindsay Wise contributed to this article.



People fled after shots were fired near the Kansas City Chiefs' Super Bowl LVIII victory parade in Kansas City, Mo., on Wednesday. Three people were in custody.

Fatal Shooting Hits Chiefs Rally

Radio DJ dead, over 20 hurt by gunfire at parade for Kansas City's Super Bowl win

By SHANNON NAJMABADI AND ERIN AILWORTH

KANSAS CITY, Mo.—To the massive crowd gathered to celebrate the Kansas City Chiefs' Super Bowl win, the gunshots that split the air outside Union Station at the end of the parade Wednesday sounded like firecrackers—just another part of the revelry.

Then people started shouting "Gun, gun!" and everyone began to run, including Mayor Quinton Lucas, who had attended the parade with his wife and mother, and was inside Union Station when the shots

were fired. Officers streamed by with their own weapons drawn. The violence ended with one person dead, more than 20 others shot—including a number of children—and three people detained in the ongoing investigation.

Lisa Lopez-Galvan, a DJ at local radio station KKFI 90.1 FM, died in the shooting, a spokeswoman for the station said. "We struggle for words on this but the hole she leaves at the station and in our KC community feels insurmountable," the spokeswoman, Kelly Dougherty, said. "A senseless tragedy on a day that was supposed to be a celebration." Officials deployed more than 800 officers in anticipation of the big crowd gathered to celebrate the Chiefs' second straight Super Bowl win.

"We had security in any



Source: Kansas City Missouri Police Department

number of places, eyes on top of buildings and beyond," said Lucas. "Parades, rallies, schools, movies—it seems like almost nothing is safe."

Police Chief Stacey Graves, who was outside when the shots were fired, said one suspect was immediately pursued on foot. "It's going to take us

a little bit to determine exactly what led up to the shooting," she said.

Fire Chief Ross Grundyson said 22 people were shot, one fatally; eight had immediately life-threatening injuries; seven had life-threatening injuries; and six had minor injuries. Several shooting victims were children, according to a Children's Mercy hospital spokeswoman. Blair Falconer, who had driven from Overland Park, Kan., for the Chiefs rally, saw people running and diving for cover and officers trying to shield children.

Brian Milazzo, 37, huddled with his family members, a group that included several children, not wanting them to get trampled as people started running around them, he said.

Heather Gabelman, Milazzo's sister-in-law, said she

had felt like she had won the jackpot, with the rally coinciding with Valentine's Day and unseasonably good weather.

Instead, she said, they ended up "pretty scared for our lives."

Lucas, the mayor, said the Chiefs told him all players, coaches and staff were safe. He said he received a call from the White House offering federal assistance in the investigation.

President Biden called for legislation to address "this senseless epidemic of gun violence" and said that "people should have the right to go to school, to go to church, to walk the street—and to attend a Super Bowl celebration—without fear of losing your life to gun violence."

—Andrew Beaton and Ben Pershing contributed to this article.

New Experiments Aim to Cool Planet

By ERIC NILER

Dumping chemicals in the ocean? Spraying saltwater into clouds? Injecting reflective particles into the sky? Scientists are resorting to once unthinkable techniques to cool the planet because global efforts to check greenhouse gas emissions are failing.

These geoengineering approaches were once considered taboo by scientists and regulators who feared that tinkering with the environment could have unintended consequences. But now researchers are receiving taxpayer funds and private investments to get out of the lab and test these methods outdoors.

The shift reflects growing concern that efforts to reduce greenhouse gas emissions aren't moving fast enough to prevent the destructive effects of heat waves, storms and floods made worse by climate change. Geoengineering isn't a substitute for reducing emissions, according to scientists and business leaders involved in the projects. Rather, it is a way to slow climate warming in the next few years while buying time to switch to a carbon-free economy in the longer term.

Three field experiments are under way in the U.S. and overseas.

This month, researchers aboard a ship off the northeastern coast of Australia near the Whitsunday Islands are spraying a briny mixture through high-pressure nozzles into the air in an attempt to brighten low-altitude clouds that form over the ocean. Scientists hope bigger, brighter clouds will reflect sunlight away from the Earth, shade the ocean surface and cool the waters around the Great Barrier Reef, where warming ocean temperatures have contributed to massive coral die-offs.

The research project, known as marine cloud brightening, is led by Southern

Cross University as part of the Reef Restoration and Adaptation Program. The program, equivalent to \$64.55 million, is funded by the partnership between the Australian government's Reef Trust and the Great Barrier Reef Foundation and includes conservation organizations and several academic institutions.

In Israel, a startup called Stardust Solutions has begun testing a system to disperse a cloud of tiny reflective particles about 60,000 feet in altitude, reflecting sunlight away from

Earth to cool the atmosphere in a concept known as solar radiation management, or SRM. Yanai Yedvab, Stardust chief executive and a former deputy chief scientist at the Israel Atomic Energy Commission, wouldn't disclose the composition of the proprietary particles.

Yedvab said Stardust has raised \$15 million from two investors and has conducted low-level aerial tests using white smoke to simulate the particles' path in the atmosphere. After the company completes indoor safety test-

ing, it intends to conduct a limited outdoor test of the dispersion technology, monitoring devices and particles in the next few months, Yedvab said.

In Massachusetts, researchers at the Woods Hole Oceanographic Institution plan to pour 6,000 gallons of a liquid solution of sodium hydroxide, a component of lye, into the ocean 10 miles south of Martha's Vineyard this summer. They hope the chemical base will act like a big tablet of Tums, lowering the acidity of a patch of surface water and absorbing 20 metric

tons of carbon dioxide from the atmosphere, storing it safely in the ocean.

"When you have heartburn, you eat a Tums that dissolves and makes the liquid in your stomach less acidic," said Adam Subhas, an associate scientist at WHOI and the project's principal investigator. "By analogy, we're adding this alkaline material to seawater, and it is letting the ocean take up more CO₂ without provoking more ocean acidification. Everything that we're seeing so far is that it is environmentally safe."

The \$10 million project is funded by the National Oceanic and Atmospheric Administration, two philanthropies and several private donors, Subhas said. The release of sodium hydroxide, which will require the approval of the U.S. Environmental Protection Agency, is planned for August.

Experiments aimed at cooling the atmosphere by reflecting sunlight away from Earth are an attempt to mimic what happens when a volcano erupts. In 1991, Mount Pinatubo in the Philippines spewed sulfur and ash into the upper atmosphere, lowering the Earth's temperature by 0.5 degree Celsius (0.9 degree Fahrenheit) for an entire year.

But until a few years ago, many scientists opposed human interventions, fearing a slippery slope that would allow society to avoid making tough decisions about reducing emissions and could ultimately backfire.

"It very easily becomes an excuse for not doing all the things that we know will work," said Dan Jørgensen, Denmark's minister for global climate policy. "When we start interfering with nature, we risk it also having many very negative consequences that we cannot control and that we cannot foresee."

—Stacy Meichtry contributed to this article.

Twinking the Climate

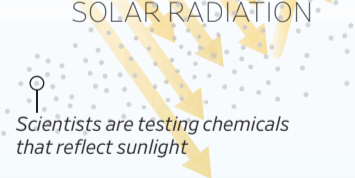
Three projects underway aim to alter the chemistry of the atmosphere and oceans to cool the planet

Stratospheric aerosol injection
Reflective particles mimic the cooling effect of volcanic eruptions.

Aircraft that can reach the stratosphere will disperse the particles

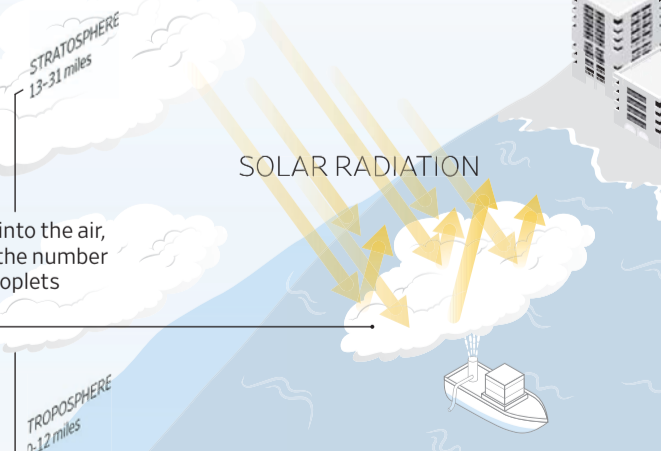


SOLAR RADIATION
Scientists are testing chemicals that reflect sunlight



Marine cloud brightening
By spraying saltwater mist into the air, scientists hope to increase the number and surface area of cloud droplets

Brighter clouds will reflect sunlight, shading the ocean surface



Ocean alkalinity enhancement
A liquid solution makes seawater more alkaline, drawing carbon dioxide from the atmosphere

After the chemical reaction, CO₂ is stored as bicarbonate in the upper ocean



Note: Not to scale
Sources: Stardust Solutions; Reef Restoration and Adaptation Program; Woods Hole Oceanographic Institution
Adrienne Tong/THE WALL STREET JOURNAL

U.S. NEWS



Migrants crossed the Rio Grande into El Paso, Texas, from Ciudad Juárez in Mexico last week.

Intelligence Threat Cited by Lawmaker Relates to Russia

WASHINGTON—A senior Republican lawmaker publicly warned about an unspecified “serious national-security threat” to the U.S. and requested President Biden to declassify information to allow for open discussion about how to respond to it, a move that sparked confusion in Congress just as lawmakers were debating whether to reauthorize a controversial spying program.

By Dustin Volz, Gordon Lubold and Siobhan Hughes

The unusual statement, issued by Rep. Mike Turner of Ohio, the Republican chairman of the House Intelligence Committee, said that classified intelligence had been made available to all members of Congress to review.

The classified intelligence is highly sensitive and relates to a Russian military capability involving incomplete ambitions to develop a nuclear weapon in space that could be used to target satellites, according to people familiar with the matter. One of the people said the issue was serious but something that select lawmakers had in their possession for weeks and wasn’t something presenting imminent urgency that should alarm the U.S. public or allies.

Jake Sullivan, Biden’s national security adviser, told reporters Wednesday that he had reached out to the so-called Gang of Eight—the Democratic and Republican leaders of each chamber and the heads of the intelligence committees—to schedule a briefing on a national-security matter that is set for Thursday. Sullivan didn’t specify what the issue was, but he did note that it was “highly unusual” for the national security adviser to reach out to members of Congress directly for such a briefing.

House Speaker Mike Johnson (R., La.) said he was aware of the threat and that “there’s no need for alarm.”

The request from Turner appeared to catch other top lawmakers and officials off guard, with some acknowledging they were aware of the threat and working to brief members.

It landed a day after Ukraine said that Russia had this month launched for the first time an advanced hypersonic missile that is difficult to shoot down during an air raid on Kyiv. The kind of missile allegedly used, if confirmed, would represent an escalation in Russia’s capabilities of attacking Ukraine. The Senate on Tuesday passed a \$95.3 billion aid package that includes more funding for Ukraine, but the bill’s future is uncertain in the House.

It also came amid a debate in the House splintering both parties concerning whether to renew a spy program that targets foreign threats overseas but collects electronic data on some Americans as well. Privacy advocates have long sought to require a warrant before the Federal Bureau of Investigation or other agencies can search the data for information about Americans, and Johnson had signaled there would be votes this week on legislation to renew the program, which will expire in April absent congressional reauthorization. Wednesday afternoon, a spokesman for Johnson said any votes on FISA would be delayed.

Sens. Mark Warner (D., Va.) and Marco Rubio (R., Fla.), the leaders of the Senate Intelligence Committee, said the panel “has the intelligence in question, and has been rigorously tracking this issue from the start.”

—Vivian Salama and Shelby Holliday contributed to this article.

Biden Weighs Border Fixes After Republican Blockade

Democrats, buoyed by New York win, try to go on offense on the perilous issue

By TARINI PARTI AND MICHELLE HACKMAN

With the Senate’s bipartisan immigration deal in tatters amid Republican opposition, President Biden is weighing moves he can make unilaterally to curb illegal crossings at the southern border—and defuse a politically toxic issue before November’s elections.

Voters weighed in Tuesday in a New York special election for a vacant congressional seat, with Democrat Tom Suozzi besting Republican Mazi Pilip in a contest that was focused on Biden’s immigration record. Suozzi endorsed the bipartisan border deal, accusing Pilip of criticizing Biden without proposing her own solu-

tion. He said Tuesday night his victory showed it was “time to move beyond the partisan bickering.”

Biden has sought to blame Republicans for tanking the border deal, suggesting they were following the lead of former President Donald Trump. Republicans have said the fault lies with Biden for reversing many of Trump’s border actions at the start of the presidency. In a memo Wednesday, Michael Tyler, the Biden campaign’s communications director, cited Suozzi’s victory and other wins to assert that there was “an undeniable pattern of strong Democratic performances under President Biden—and despite baffling punditry saying otherwise, that is good news for our campaign.”

House Speaker Mike Johnson (R., La.) played down the idea that the New York election was a bellwether, given that Democrats spent far more money and had a better-known

candidate. Suozzi, Johnson said, “ran like a Republican” on border issues.

Administration officials are looking at possible executive actions—if any—they can legally take. But without Congress intervening to change asylum laws or provide significantly more money to implement the administration’s existing deterrence policies, they have few good options to choose from.

One action the administration could take would involve further ramping up a program called Family Expedited Removal Management, under which migrant families are released into the country on ankle monitors, screened for asylum within a few weeks and deported if they don’t clear the initial standard.

Officials have also discussed reviving other Trump-era bans. In one case, the Trump administration tried to make any migrant ineligible for asylum if

they entered the U.S. illegally. Federal courts quickly struck down that ban, and it isn’t clear how the president would get over a similar hurdle.

The administration this week touted a 50% drop in illegal border crossings in January from December, making this past month one of the lowest of Biden’s presidency. The reduction is thought to be primarily thanks to stepped-up immigration enforcement in Mexico, at the behest of the Biden administration.

But the border bill’s collapse is causing other headaches. U.S. Immigration and Customs Enforcement, which arrests, detains and departs migrants, faces a \$700 million budget shortfall that would have been plugged by the border deal.

Biden is expected to blame Republicans in his March 7 State of the Union address, people familiar with the matter said. He will make it a bigger part of his campaign message.



Mitch McConnell concedes the isolationist wing is ascendant.

McConnell Gets a Win Amid Party’s Fractures

By LINDSAY WISE

WASHINGTON—For nearly two years, Senate Minority Leader Mitch McConnell regularly took to the Senate floor to urge America not to abandon Ukraine, even as support for the war-torn country eroded among Republican voters and his critics grew bolder and more vitriolic, openly questioning his ability to lead.

Now the 81-year-old Kentucky Republican, known for playing the long game, is celebrating the Senate’s passage of a \$95 billion foreign aid package that includes funding for Ukraine, Israel and Taiwan, and billions to replenish the Pentagon’s weapons stocks. McConnell delivered 22 GOP votes, a total that exceeded the number of Republicans who voted for other bipartisan bills including the infrastructure law in 2021.

But more than half of McConnell’s Senate Republican conference voted against the bill, and in an interview after the vote, he acknowledged his views in favor of muscular, engaged American leadership in the world no longer prevail. Instead, he said, it is the isolationist America First wing of his party, led by former President Donald Trump, that is ascendant for now.

“I think the declining support for Ukraine is almost en-

tirely because our nominee for president doesn’t think it’s a good idea,” McConnell said.

A year ago, McConnell told The Wall Street Journal that the isolationist trend in the Republican Party was relatively small and powerless against the party’s leadership, which he said was committed to providing money and weapons to Ukraine. Since then, the fractures among Republicans have become more pronounced, with older, more senior members tending to favor helping Ukraine, and younger members or those more closely aligned with Trump opposed.

“Nearly every Republican Senator under the age of 55 voted NO on this America Last bill,” Sen. Eric Schmitt (R., Mo.), who is 48, said on social media. “Youthful naivety is bliss, the wisdom of age may save the west,” shot back Sen. Kevin Cramer (R., N.D.), 63.

While McConnell acknowledged Trump’s influence, he didn’t mention him by name. The two men haven’t spoken since December 2020, when McConnell publicly congratulated Joe Biden for winning the presidency, rejecting Trump’s false claims that the election had been stolen from him. Trump has opposed the aid bill and has repeatedly called for McConnell’s removal as leader.

—Siobhan Hughes contributed to this article.

Clyburn to Exit House Leadership Position

By SURYATAPA BHATTACHARYA

South Carolina Rep. James Clyburn said he would step down from House Democratic leadership but will seek reelection in the fall.

Clyburn, who has represented South Carolina in Congress since 1993, has been considered a political kingmaker in his home state. He gave then-candidate Joe Biden a crucial endorsement in February 2020 ahead of the South Carolina Democratic presidential primary, which was considered a turning point in that year’s cam-

paign. The 83-year-old lawmaker, a longtime member of leadership and the highest-ranking Democrat in South Carolina, holds the No. 4 position as House assistant Democratic leader.

He previously served as the House majority whip, the third-ranking position in the chamber, alongside former House Speaker Nancy Pelosi (D., Calif.) and former House Majority Leader Steny Hoyer (D., Md.).

Pelosi and Hoyer stepped aside to make way for new Democratic leadership shortly

after Democrats lost control of the House in the 2022 midterm elections. Rep. Hakeem Jeffries (D., N.Y.), Rep. Katherine Clark (D., Mass.) and Rep. Pete Aguilar (D., Calif.) were elected to the top three leadership roles, with Clyburn staying on as assistant Democratic leader.

Clyburn served as House majority whip twice—becoming the first African-American to do so, according to his biography on the House website. He has also served as the chairman of the Congressional Black Caucus and the House Democratic Caucus.



Rep. James Clyburn

Lyft Surges After Typo Commotion

Continued from Page One sion of the company’s strong fourth-quarter results.

Better bookings

The company forecast better-than-expected bookings for the current quarter and said it expects to be cash flow positive in 2024. Simply put, that means Lyft will generate more cash than it spends during the year. Companies often point to this metric to signal a path to future profits.

Lyft shares have been volatile in recent quarters. Four of the past five quarterly reports have sent its stock tumbling by double-digit percentage declines, according to FactSet. But on Wednesday, Lyft’s stock jumped 35% to \$16.39, its highest close in more than a year.

Lyft shares might have been primed for a jump in trading on the back of unexpected good news. The stock has been more targeted by short sellers than its gig-economy counterparts, with short interest accounting for nearly 12% of Lyft’s shares outstanding compared with less than 3% for ri-

val Uber, according to data from FactSet.

Some people reacted to the snafu on the X social-media platform with surprise, jokes and memes. One user posted that the company “saved themselves \$7M by not paying for a Super Bowl commercial and got free marketing at tonight’s earnings call. Smart.”

“Your margin Lyft has unexpectedly cancelled, we apologize for the inconvenience,” another posted, referring to a notification riders see when drivers cancel a ride.

It isn’t unusual for companies to miscalculate one of the countless metrics included in financial reports and fix them later on. Some of those corrections are harmless, such as labeling a chart with the wrong quarter.

In 2019, an earnings report from cybersecurity company CrowdStrike was missing an important digit. Instead of forecasting quarterly revenue of \$138.6 million, it projected \$38.6 million. Shares slid as much as 6% before the results were reissued, sending the stock up as much. The company’s CEO blamed the wire service that released the report.

In 2016, Galena, the biopharmaceutical company, said in a securities filing that it was the target of an investigation into overprescribing of a painkiller it used to produce. It left out the word “not.” Shares fell 3% on the news.

In 1999, a biotech company called Biomatrix switched two digits on an inventory report. Instead of delivering 32,000 injectable knee-pain drugs, the company’s president said during an earnings call that it had been 23,000. Correcting the mistake was costly: The company’s shares slid 10% after it told investors via fax (it was 1999, after all), which revived concerns about it having too much inventory.

A typo in U.S. Bancorp’s 2022 annual report made it appear as though the bank’s loans had increased substantially in value since they were originated. In fact, they had declined. The typo didn’t affect other numbers in the financial results. But the flub came at a bad time, with investors laser-focused on lenders’ loan values in the wake of the collapse of Silicon Valley Bank.

Lyft isn’t profitable, but it has been trimming its losses.

35% Rise in Lyft’s stock on Wednesday, when it had its highest close in more than a year.

Uber reported its first full year of profit as a public company in 2023. Investors were encouraged by Lyft’s latest outlook because Uber also swung to profitability after becoming cash flow positive.

Driving demand

In a research note Wednesday, J.P. Morgan said it was encouraged by the moves that Lyft has made to drive stronger demand and profits, but that steady execution “will be required for Lyft to truly differentiate itself from a brand perspective and take share.”

Lyft has struggled to keep up with its larger competitor, Uber, and its stock has lost 79% of its value since listing in 2019.

The company’s co-founders stepped down from day-to-day management last year, following eroding market share, a sliding stock price and low employee morale. Under its new chief executive, Risher, the company cut hundreds of jobs, introduced new features for riders and drivers, and mandated that employees return to the office.

Risher is looking to unload businesses that aren’t generating big returns, including Lyft’s bikes division. “As we move in 2024, we have a foot on the pedal,” he said on the analyst call on Tuesday.

—Dan Gallagher contributed to this article.

WORLD NEWS

U.S. Probes Israeli Strikes on Civilians

By Dion Nissenbaum
and Jared Malsin

WASHINGTON—The U.S. is investigating several Israeli airstrikes in Gaza that killed dozens of civilians and the possible use by Israel of white phosphorus in Lebanon, as part of a probe by the State Department to determine whether Israel has misused its bombs and missiles to kill civilians, U.S. officials told The Wall Street Journal.

The process shows the dilemmas facing the Biden administration, which so far has ruled out putting conditions on arms transfers to pressure Israel, but faces increasing calls from some members of Congress to do so as the war wears on.

Israel's military campaign in Gaza has left President Biden politically exposed at home, months before the presidential election. His strong support for Israel has created a backlash among some progressive voters in key swing states who are dismayed by the large number of Palestinian civilians killed by the Israeli military. But any easing of this support could leave Bi-

den open to accusations that he is abandoning Israel in its time of greatest need.

One attack the State Department is investigating is an Oct. 31 airstrike on the densely populated Jabalia refugee camp near Gaza City that killed more than 125 people, the U.S. officials said. Israel said it targeted a Hamas commander in a tunnel under a high-rise.

Weapons investigators suspect that Israel used a 2,000-pound bomb in the strike, which could have been provided by the U.S. The United Nations Human Rights Office said the strike killed many civilians and could be a war crime.

Israeli officials declined to comment on what type of weapon they used, but said they tried to minimize civilian casualties in the Oct. 31 attack by using a delayed fuse that allowed it to detonate underground. The Israeli military declined to comment on the U.S. investigations.

The probes aren't indicative of a broader policy shift, but they mark the most organized effort by the Biden administration to determine whether

Israel has misused U.S. weapons to kill civilians.

Calls have grown louder for the administration to re-evaluate its military support for Israel, which amounts to about \$3.5 billion a year. To date, those efforts have failed.

Administration officials say Biden has successfully worked behind closed doors to temper Israel's military campaign, and they see this approach as more effective than public scolding or weapons-sales restrictions.

Officials are carrying out the probes as part of a new State Department process, set up last fall before the Gaza war started, designed to give the U.S. more tools to constrict military aid to nations if they misuse American weapons.

If investigators conclude that Israel misused American weapons, they could recommend a cutoff in the supply of military aid, suggest restrictions on their use or propose new guidance. But State Department spokesman Matt Miller said Tuesday that the process wasn't designed to act as a fast-moving examination that would trigger a quick shift in policy.



An Oct. 31 Israeli attack on the Jabalia refugee camp is being investigated by the U.S.

Israeli leaders say that they have taken extraordinary steps to protect civilian lives, and that they follow all international laws of war. They also say that Hamas embeds itself in civilian infrastructure and uses Gazans as human shields.

In addition to the strike on the Jabalia camp, U.S. officials are investigating the possible use of white phosphorus, a highly flammable compound that is banned in certain circumstances, during Israeli attacks in Lebanon in mid-October, according to a U.S. official.

The incendiary weapon that creates plumes of smoke can be used legally in war, for example to create a smoke screen, but its use is restricted and can constitute a war crime if it is fired at civilians. The chemicals contained in the weapons can burn bodies to the bone.

Lebanon's state-run news agency reported several attacks using white phosphorus in southern Lebanon in October. The Lebanese foreign minister said he had in-

structed the Lebanese mission to the U.N. to file a complaint with the Security Council over the attack. The Israeli military has said that its use of white phosphorus complies with international law.

Lebanon's Environment Minister Nasser Yassin said his ministry analyzed soil samples collected in southern Lebanon and detected in some cases levels of white phosphorus far exceeding the norms outlined by the U.S. Environmental Protection Agency.

Sabotage Caused Iran Pipeline Blasts, Officials Say

By Aresu Egbali
and Benoit Faucon

TEHRAN—Iranian officials said two explosions struck natural-gas pipelines in the country Wednesday, calling the blasts a terrorist attack, which comes amid heightened tensions in the Middle East over the Israel-Hamas war in Gaza.

Sabotage caused the blasts, which ruptured gas pipelines in the provinces of Chaharmahal-Bakhtiari and Fars, disrupting supply in parts of the

country, according to the Iranian oil ministry's official Shana news service. The pipelines are part of the country's gas-supply grid, taking gas from Asaluyeh, a hub for Iran's offshore South Pars gas field.

No group has claimed responsibility for the explosions. Arab separatists in southwestern Iran have claimed attacks on oil pipelines in the past, but rarely in other areas. Accidents occur regularly in Iran's industry, which is struggling from poor infrastructure and main-

tenance after decades of mismanagement and sanctions.

The damage on Wednesday was limited, and supply disruptions were contained by diverting gas from other provinces to the affected areas, said Iranian Oil Minister Javad Owji, according to state media. He said the supply was stable and that repair work would be completed soon.

Officials said gas meant for industrial use was diverted to households, which forced factories in some areas to stop work.

Owji, while speaking to state TV, compared the attack with mysterious and unclaimed assaults on gas pipelines in 2011. Those attacks occurred around the anniversary of Iran's 1979 Islamic Revolution, which Iran marked on Sunday this year.

The blasts took place with the Middle East on edge because of the war in Gaza between Israel and Hamas—an Islamist militant group that has moved closer to Iran in recent years. Tensions are high between the

U.S. and Israel on one side and other Iranian-backed militant groups in Lebanon, Syria, Iraq and Yemen on the other.

Iran faces a range of potential security threats, including from militant-opposition groups, Sunni extremists and separatist organizations at home. Armed opposition groups, some based in exile, have waged a long campaign against the Islamic Republic. A 2018 attack on an Islamic Revolutionary Guard Corps military parade initially was

claimed by Arab separatists who later denied responsibility. Islamic State extremists later took responsibility.

Last month, Islamic State militants claimed responsibility for a pair of bombings that killed dozens of people, dispelling suspicions that Israel might have been behind the attack amid worries of a broadening regional conflagration. Islamic State, a hard-line Sunni group, considers Shiite Muslims, which make up a majority of Iran's population, to be apostates.

Netanyahu Pulls Out of Gaza Talks

Continued from Page One
miliar with the talks. The two sides are also far apart on the ratio of Palestinian prisoners to be released for each hostage.

"There is a consensus in the war cabinet and among the security chiefs that Hamas's proposal is a non-starter," a person familiar with the Israeli position said.

Israeli officials have made it clear that if Hamas doesn't come back to the negotiating table with a proposal Israel considers more reasonable, Israel will launch the Rafah operation soon, the person familiar with Israel's position said. More than one million people—half the population of the Gaza Strip—have taken shelter in the southern border city.

Hamas officials have told negotiators they won't compromise on their demands, Egyptian officials said.

Netanyahu is coming under increasing domestic pressure by the families of hostages to cut a deal with Hamas. The Hostages and Missing Families Forum, a group representing the Israeli captives, said in a statement Wednesday that it was "astounded to learn of the decision of the prime minister to thwart the talks in Cairo" and that it would increase protests in front of the defense ministry in Tel Aviv.

The Biden administration has pressured Netanyahu to throw his backing behind the cease-fire talks, worried about the level of civilian casualties of a possible offensive in the densely packed city and the deepening humanitarian crisis in the Gaza Strip.

The standoff comes as the U.S. State Department is investigating Israel over airstrikes in Gaza that killed dozens of civilians and the possible use of highly flammable white phosphorus in Lebanon.

Netanyahu dismissed last week a Hamas proposal that called for the potential release of thousands of Palestinians detained in Israeli prisons along with a phased Israeli



An Israeli medical team evacuates a person who was injured by shells fired from Lebanon on Wednesday.

military withdrawal from Gaza. The offer was sent in response to a framework that won the backing of the U.S., Egypt, Qatar and Israel's Mossad intelligence agency in Paris.

Officials from Egypt and Qatar have in recent days drafted a possible compromise in which Israel would release from detention three Palestinians for each hostage freed from Gaza during an initial six-week cease-fire, according to officials familiar with the talks.

Netanyahu and Israeli military leaders have vowed to continue the war, aimed at eliminating Hamas and its military capabilities in Gaza.

Israel launched its war in the enclave after a Hamas-led assault on Israel on Oct. 7 killed 1,200 people, most of them civilians, according to Israeli authorities. Palestinian health authorities have said that more than 28,000 people, most of them women and children, have been killed since the start of the war. The figures don't distinguish between civilians and combatants.

Wednesday also saw an escalation on the border between Israel and Lebanon, with Israel's military and militants in Lebanon exchanging deadly fire in a widening round of tit-for-tat strikes.

Israel struck deep inside Lebanon after militant fire hit an Israeli military base and a nearby city, killing a female soldier and injuring another soldier plus seven civilians, Israeli officials said. The Israeli strikes killed at least five, including two Hezbollah fighters, the militant group said. Two children

and their mother were also killed in the Lebanese village of Souaneh, Lebanon's state-controlled news agency said.

Two of the militants' rockets struck inside the Israeli city of Safed, 8 miles from the border and beyond the emergency evacuation zone Israel has established to protect civilians. More than 100,000 Israelis living along the Lebanese border have been displaced since Hezbollah launched a series of cross-border strikes after the Oct. 7 Hamas attack.

Both sides have accused the other of increasing the scope of strikes in recent weeks, which threaten to undermine monthslong negotiations to defuse tensions at the border.

Hezbollah has been the main group involved in the exchanges with Israel, although it didn't take responsibility for Wednesday's strikes.

Israel said it shot back at the sources of fire Wednesday and followed up with airstrikes on targets such as Hezbollah military compounds, operational control rooms, and infrastructure in a mountain some 10 miles deep into Lebanon. Several of the targets belonged to Hezbollah's elite Radwan commando forces.

The U.S. has worked to bring an end to the destabilizing strikes on the Israel-Lebanon border.

Hezbollah, part of an Iran-backed array of militant groups that also includes Hamas, has said it won't consider a peace plan until Israel ends its invasion of Gaza.

—Adam Chamseddine contributed to this article.

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WORLD NEWS

U.S. ‘Ginsu’ Weapon Killed Militia Chief

Pentagon used six-bladed weapon in Iraq attack to avoid civilian casualties

BY GORDON LUBOLD AND NANCY A. YOUSSEF

WASHINGTON—The Pentagon killed a Kataib Hezbollah leader in downtown Baghdad last week using a weapon that employs six long blades to shred its target and minimize civilian casualties, defense officials said.

The modified Hellfire missile, which inside the military is referred to colloquially as “the flying Ginsu,” recalling the popular knives sold on TV infomercials in the 1970s, was used to target Abu Baqr al-Saadi, the leader of Kataib Hezbollah in Syria. The U.S. use of the Ginsu

in the Baghdad strike hasn’t been previously disclosed.

The strike on al-Saadi, who was traveling in a car, was part of a retaliatory response to the Iranian-backed group for their role in attacks on U.S. troops in Iraq, Syria and Jordan, where a Jan. 28 attack on a base killed three American soldiers, the officials said.

The weapon, formally known as the R9X, is an inert Hellfire missile designed by the Pentagon and the CIA to kill terrorist leaders. It was employed, in part, because of concerns that killing innocent bystanders could inflame an already tense political situation in Iraq, which hosts roughly 2,500 American troops, the officials said.

Imagery of the strike on al-Saadi, showing the remnants of a burning but largely intact vehicle, was reminiscent of others involving the Ginsu. A weapon

with an explosive warhead, like the traditional Hellfire missile, would have likely destroyed the vehicle.

U.S. military officials declined to comment on the use of the Ginsu.

The Ginsu, also sometimes referred to as the Ninja bomb, is designed to plunge more than 100 pounds of metal through the tops of cars and buildings to kill its target without harming individuals and property close by. Instead of exploding, it has telescoping knives that eject out of its nose at the moment of impact.

It is unclear how many times the Pentagon has used the weapon, but typically it is employed against high-profile individuals in areas where targeting them risks killing bystanders. Some U.S. defense officials say they believe al-Saadi may have been in a crowded part of the

Iraqi capital because he thought he was safer among so many civilians.

Iraqi Prime Minister Mohammed al-Sudani on Thursday said the strike could push Baghdad to terminate the mission of the U.S.-led military coalition in the country, according to his spokesperson. Iraqi officials have said the strike killed at least two other people; the Pentagon has said it believes only al-Saadi died.

Months of escalating clashes between the U.S. and Iranian-backed militias in the country have increased pressure—both from ordinary Iraqis and from political factions loyal to Iran—on the prime minister to fast-track an American exit. There have been at least 170 attacks on U.S. troops in Iraq, Syria and Jordan since shortly after the war between Hamas and Israel began on Oct. 7.

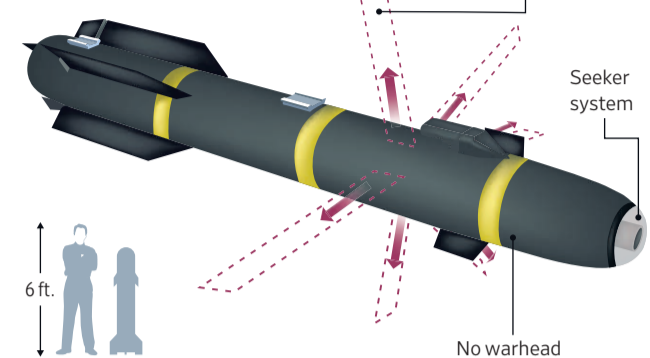
Inert, but Lethal

The U.S. has developed a variant of the Hellfire missile that replaces an explosive warhead with a ring of blades.

Hellfire R9X missile

Stowed and deployed weapon: six blades deploy at last second

Blades kill the targeted person, while the absence of an exploding warhead avoids unintended casualties.



Note: Graphic illustration based on description of weapon. Source: U.S. military. Roque Ruiz/THE WALL STREET JOURNAL

Families of Israeli Hostages Accuse Hamas of Genocide

BY CHAO DENG AND ANAT PELED

THE HAGUE—When Amit Shem Tov woke up at 4 a.m. Wednesday to board a flight to The Hague with his sister, it had been 131 days since their brother had been taken hostage.

“Just because it’s been so long, doesn’t mean we stop fighting,” said the 24-year-old barista, who has given up his job to bring worldwide attention to the plight of the hostages. “To the contrary, we’re working harder.”

Shem Tov and his sister, Dana, were among dozens of families and released hostages who traveled to The Hague on Wednesday to raise awareness about the hostages and help submit accusations of war crimes against Hamas to the International Criminal Court.

The families submitted a more than 1,000-page brief, which includes testimony from

some of the hostages who have already been released. It supports “allegations of genocide, crimes against humanity and war crimes,” including “the taking of hostages, killings and acts of sexual violence,” according to the Hostages and Missing Families Forum, a support group for the families that is representing them at the court.

The ICC’s chief prosecutor, Karim Khan, is investigating alleged crimes committed by both Hamas and Israel. The families, who are giving testimony over the course of months, are presenting evidence that they hope will get Khan to file an indictment that leads to arrest warrants for Hamas leaders.

“What the families are bringing is as much assistance as possible to enable the court to do their job,” said Yuval Sasson, a lawyer representing the Hostages and Missing



Families and supporters of Israelis held captive demonstrate in The Hague, seeking war-crimes charges against Hamas.

Families Forum.

ICC warrants prompt the police organization Interpol to seek assistance from law-enforcement agencies worldwide to locate and arrest wanted individuals, but the chances of arrest can be slim in some cases.

The motivation of the families in bringing the allegations

to the court go beyond the potential arrest warrants. Public advocacy is one of the few avenues families have to affect the fate of their loved ones.

Families are increasingly anxious about the survival of the remaining hostages. Talks over a cease-fire deal that would secure the release of

the remaining hostages hit a fresh setback Wednesday, as Israel said it wouldn’t send a delegation to Cairo to continue negotiations.

The families said they plan on Thursday to barricade the entrance of the Israeli military headquarters until the prime minister and security cabinet meet with them.

Shelly Aviv Yeini, who leads the legal team at the Hostages and Missing Families Forum that prepared the brief, said the submission at The Hague serves various aims for the families. The long-term goal is achieving justice, while the short-term objective is to add to pressure on governments to release the hostages, she said.

While it is uncertain whether Khan will bring an indictment that leads to arrests of Hamas members, the families said the warrants themselves, if issued, would serve the purpose of labeling them

as war criminals. “I think it has a lot of damage to their image,” said Yeini. “It will limit [Hamas’s] actions, I hope.”

Shem Tov’s brother, Omer Shem Tov, was kidnapped at a music festival in southern Israel on Oct. 7 and is one of 130 hostages who remain in captivity. Two Israeli hostages who were released told Omer’s family that he was alive and not injured.

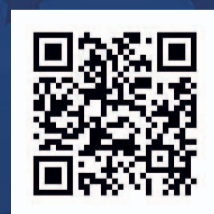
Amit Shem Tov has traveled the world, including the U.S. and Europe, to raise awareness about his brother and other hostages. He didn’t give testimony as a part of the brief for the ICC but felt it was important to show up the week it was being submitted.

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WORLD NEWS

Europe Boosts Military Spending

NATO members say they are rebuilding arms industries, to benefit of U.S. firms

By DANIEL MICHAELS

BRUSSELS—With a war raging nearby and the threat that a second Trump administration could pull the U.S. out of NATO, Europe has ratcheted up military spending. Arms manufacturers are working around the clock, and new factories are going up to meet demand.

But Europe has a long way to go—and tough choices to make—if it aims to reduce its dependence on U.S. military support and face down Russian aggression.

Although Donald Trump hasn't secured the Republican presidential nomination, he has reshaped U.S. debate over international-security alliances. The shift is evident in his campaign speeches blasting European members of the North Atlantic Treaty Organization, in House Republicans' blockage of military aid to Ukraine and Israel, and in critical comments from more Republican politicians.

Acrimony in the U.S. over its stance toward Ukraine, Europe and NATO contrasts with spreading conviction in Europe that a more muscular defense posture is vital because of Russia's growing belligerence. The shift predates Trump's recent attacks.

This year, for the first time in decades, European NATO members together will spend 2% of their combined gross domestic product on their militaries, Secretary-General Jens Stoltenberg said Wednesday. The \$380 billion spending total masks wide variation, he cautioned, with some countries above or below the threshold that they agreed in 2014 to reach this year.

"So we are making real progress," Stoltenberg said before NATO defense ministers gathered for a regular meeting at alliance headquarters. "Euro-



NATO Secretary-General Jens Stoltenberg said that for the first time in decades, members together will spend 2% of their combined gross domestic product on their militaries.

pean allies are spending more."

The spending might not be enough to sway U.S. critics who say it is too little, too late, and is coming after decades of low investment that enfeebled Europe's militaries. But the target of European spending might figure into the debate: Nearly two-thirds of the money European governments have pledged for military gear since Russia launched its full-scale invasion of Ukraine two years ago is directed at U.S. contractors, according to French think tank IRIS.

Europeans and some U.S. politicians are making the point increasingly loudly that the continent's rearming benefits American producers. U.S. F-35 jet fighters, Himsars rocket launchers and Patriot missile-defense systems are in strong demand from European governments—much to the consternation of European arms contractors and some officeholders.

For years, U.S. administrations have pressed European NATO allies to boost spending. Former President Barack Obama's defense secretary, Robert Gates, warned in a 2011

speech in Brussels of "the real possibility for a dim, if not dismal future for the trans-Atlantic alliance."

Trump later increased U.S. pressure, saying at a NATO meeting in 2018 that if Europeans didn't increase spending, "I'll do my own thing"—which was widely interpreted as pulling the U.S. from NATO. Some former advisers have said he discussed such a move with them.

In recent campaign speeches, Trump has claimed credit for Europe's spending increases and said if he were re-elected he wouldn't protect allies that don't meet budgeting promises. Instead, he said, he would encourage Russia "to do whatever the hell they want."

President Biden, Stoltenberg and many European leaders attacked Trump's threat as contrary to U.S. interests and endangering U.S. and allied troops. The Biden administra-

tion has pressed Europeans to spend more on defense.

Trump's campaign broadsides come as talk of spending more on defense in Europe has lost a taboo status that it had for years after the end of the Cold War. Driven more by fear of Russian President Vladimir Putin than of Trump's threats,

Europeans are slowly taking action and planning more.

European production of artillery shells and other weaponry vital to Ukraine's fight has risen 40% since Russia's invasion, with some factories working non-stop. Output still doesn't meet Ukrainian needs but officials are pressing to narrow the gap.

NATO's procurement agency last month agreed to support Germany, Spain, the Netherlands and Romania in a deal to buy up to 1,000 Patriot missiles, valued at roughly \$5.6 billion, to be manufactured at a new European plant

U.S. critics say it is too little, too late after decades of low investment.

being built by American arms contractor RTX and European missile-maker MBDA.

The European Union commissioner for internal markets, Thierry Breton, attended a regular meeting Tuesday of NATO ambassadors to discuss coordination on defense production and procurement between the two international organizations, which have more than 20 members in common. NATO defense ministers planned to address the issue Thursday.

Sustaining Europe's spending increases will be difficult and might come at the expense of spending on welfare, health-care and pensions. A big part of the recent bump in outlays also has been for acquisitions of equipment bound for Ukraine or to replace gear taken from armories. That demand is unlikely to continue for years, while a more fundamental rebuilding of European militaries is required and will be expensive, defense officials say.

Europe also needs to spend its money more effectively to achieve greater benefit from its scale, officials and analysts say. European armed forces struggle to cooperate on planning and deployments.

Planners have long tried unsuccessfully to reduce nationalism and competition among arms producers that causes duplication, waste and shortfalls in output of some vital equipment. The European-made NH-90 military helicopter, once touted as a model cross-continental project, ended up with more different variants than customer-countries, undermining uniformity. NATO members, 28 of which are in Europe, produce 14 different versions of the NATO-standard 155-millimeter artillery shell, according to Adm. Rob Bauer, NATO's highest military official.

"We need to bolster cooperation among member states," said Camille Grand, former NATO assistant secretary-general for defense investment, now at the European Council on Foreign Relations.

Detainees' Freedom To Be Won 'In Silence,' Russia Says

By GARETH VIPERS

The fate of Americans detained in Russia—including Wall Street Journal reporter Evan Gershkovich—only can be resolved "in silence," said Dmitry Peskov, a Kremlin spokesman.

Asked to comment on news that Secretary of State Antony Blinken had spoken by phone this week with Paul Whelan, a former U.S. Marine held in Russia since 2018, Peskov said: "I want to recall the words of President (Vladimir) Putin in his recent interview that these matters love silence."

"Therefore, in our interests, in the interests of the American side, in the interests of those involved, it is better that this is all decided in silence," he added.

Whelan was convicted on espionage charges that he, his family and Washington deny, after a secret trial in 2020.

Russia also has detained Gershkovich since March 2023 on an espionage allegation that he, the Journal and the U.S. government vehemently deny.

In an interview with former Fox News host Tucker Carlson on Thursday, Putin said a prisoner exchange probably would lead to the release of Gershkovich, but he declined to give a time frame. He didn't say whom Moscow would seek in return for Gershkovich or other U.S. citizens held in Russia.

However, in the interview with Carlson, Putin made a clear reference to Russian operative Vadim Krasikov, who is serving a life sentence in Germany for killing a Chechen émigré in Berlin in 2019.

In response to his comments, State Department officials called for the immediate release of Gershkovich and Whelan.



A wounded Ukrainian soldier near Avdiivka, where Kyiv is facing battle struggles.

On the Front Line, Soldiers Tune In to American Politics

By ALISTAIR MACDONALD AND IEVGENIYA SIVORKA

OCHERETYNNE, Ukraine—The consequences of politics in Washington are playing out in Oleksander Kucheriavenko's Humvee on the eastern front of Ukraine's war against Russia.

On a patrol Wednesday, Kucheriavenko, a sergeant, fired several grenade rounds from his armored vehicle at a Russian assault team—and then stopped, to conserve ammunition. Like many Ukrainian soldiers, Kucheriavenko is concerned that Republican attempts to block additional military aid will strip them of already scarce ammunition, armored vehicles and spare parts, rendering defense against Russian onslaughts even harder.

Early Tuesday, the Senate passed the funding plan. The bill now goes to the Republican-controlled House, where it faces an uncertain fate amid the greater power of Ukraine skeptics and the influence of Republican presidential front-runner Donald Trump, who has opposed more aid.

Ukraine's struggles in battles at hot spots such as the besieged city of Avdiivka near here show why the loss of U.S. funds, almost half of all foreign military aid, would be a massive blow.

Forces here are already running low on artillery and other

ammunition. One battery is down to nine rounds of one particular caliber. Brigades in Avdiivka bristle with U.S. Bradley armored vehicles, Abrams tanks and M109 self-propelled howitzers, all of which need replacements and a constant flow of spares as fighting whittles down supplies.

Ukraine is fighting an adversary with much deeper reserves of manpower and ammunition, leaving Kyiv reliant on Western help.

The fire from Kucheriavenko's U.S.-supplied Mk 19 grenade launcher killed at least two Russian soldiers, decapitating one, he said.

But because of the need to conserve ammunition, Kucheriavenko was unable to fire his full belt of 32 grenades, which he believes would have killed the entire six-man Russian assault team.

Such grisly tallies are essential in this war of attrition in which neither side has made significant breakthroughs for well over a year.

"We use ammunition only if the situation is critical," said Kucheriavenko of his grenade launcher, which is mounted on the U.S.-made Humvee.

That is why Ukrainian soldiers find themselves suddenly interested in U.S. politics.

"The lives of our boys depend on" U.S. funding, said

Kucheriavenko.

Since Russia invaded two years ago, the U.S. has donated around 44% of all foreign military assistance to Ukraine, according to the Kiel Institute research group in Germany, or around \$44.2 billion's worth, by the Department of Defense's latest tally.

To be sure Ukraine, has had much greater success against the Russian Navy in the Black Sea, despite only having a tiny navy of its own. Ukraine's military said Wednesday it had used naval drones to sink a Russian large landing craft off occupied Crimea.

Ukrainian soldiers have been keeping up with U.S. politics through Telegram channels and media outlets.

"Mitch McConnell is not a bad dude actually," said Andriy Prokopenko, 28, the commander of Kucheriavenko's unit. McConnell, the Republican Senate minority leader, has been a backer of Ukraine. The threat of American ammunition tailing off means some brigades are already holding back.

Kucheriavenko says his unit should be using about 1,000 Mk 19 grenade rounds a week but often ends up using 100 to 200. They save the ammunition for bigger assaults.

"Nobody is going to shoot a single soldier, we just don't have the munitions," he said.

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PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Thursday, February 15, 2024 | A9



Royal Caribbean's just-launched Icon of the Seas is the world's largest cruise ship, accommodating 7,600 passengers plus crew.

Penny-Pinching on a Cruise Ship

The massive Icon of the Seas offers endless chances to spend way beyond what you first pay

CARRY ON
DAWN GILBERTSON

The temptations to bulk up your cruise bill lurk on nearly every deck of Royal Caribbean's hulking new ship: \$30 boozy milkshakes and \$10 takeout sushi. A \$50 zip line and \$63 pickleball lessons. A \$400 daybed in the adults-only pool. I indulged in none of those upgrades on my seven-night voyage on the world's largest cruise ship last week. This was a penny-pinching mission. Could I spend as little as possible over the hefty starting price and still have a good time? Cruises are billed as all-inclusive vacations, but that's rarely true outside luxury ships. On mainstream cruise lines like Royal Caribbean, Norwegian and Carnival, the price of your cruise doesn't include soda, bottled water, alcoholic beverages, Starbucks, Wi-Fi, gratuities or shore excursions. Same goes for most restaurants outside the dining room, buffet or 24-hour cafes. Half of Icon's restaurants have an upcharge. It's not unusual for cruise passengers to go home with a bill as long as a CVS receipt, the charges total-

ing as much as or more than their cruise. Some cruisers proudly spend barely anything extra and even brag about it on Reddit.

The damage

How'd I do? My bill for Icon of the Seas extras came to \$253. Some 40% of that paid for extra Wi-Fi access to help me write this column. That's on top of the \$4,700 rate for two including prepaid gratuities, Wi-Fi for one device and taxes and fees. The best part: I felt little FOMO. The \$169 spa special would have been delightful, the \$200-a-person supper club perfect for Instagram. But the food in the (free) dining room was better than what I've had on past cruises. Lobster was on the menu twice. I lost count of how many breakfast sandwiches and overnight oats I had at the (free) Pearl Cafe and was disappointed I waited until the last day to try the roast beef sandwich at the (free) Park Cafe. I treated myself to (free) soft-serve cones almost every day. I swooshed down a twisting waterslide and suffered through a free abs class in the biggest and busiest gym I've seen at sea. At night, I saw a Broadway-caliber "Wizard of Oz" production, a



Pickleball and waterslides are among the free activities on board.



mesmerizing water show full of daredevils and a standing-room-only dueling pianos session. I caught a Journey tribute band, one of those silent dance parties and a midnight balloon drop on a Saturday night with 10,000 balloons. You expect all this when you plunk down that much for a week's vacation. This was the second sailing on the mammoth Icon, which can accommodate 7,600 passengers. Royal Caribbean executives have used every superlative in the book to describe the sizzling demand for the ship.

Imbibing cheaply

Alcohol and other drinks are an easy way to inflate your cruise bill.

Royal Caribbean was promoting a buy-one-get-one-half-off offer on deluxe drink packages for \$1,395 for two. That's more than the cost of some cheap cruises! So my thrifty strategy began in Miami the day before we departed. The cruise line allows each adult passenger to bring one bottle of wine and permits 12 bottles of non-alcoholic beverages per stateroom. I found a BOGO deal at CVS for Diet Pepsi, mostly for my 81-year-old mom. She joined me on board because it was cheaper than traveling solo when I booked a few weeks before the cruise. The soda lasted the length of the cruise, but it was a hassle to keep asking for ice for our room or fill a cup at one of the free beverage stations. The homemade iced coffee in a plastic cafeteria glass from Pearl Cafe provided a

decent caffeine fix, but I did pull out my Starbucks gift card a few times when jonesing for a latte. I had more Arnold Palmers with meals than I care to count. I definitely missed the unlimited drinks package given Icon's lineup of bars and lounges. Among the adult beverages I charged to my room was a \$14 Coco Loco frozen drink on a floating bar on CoCoCay, Royal Caribbean's private island in the Bahamas. I had to swim 30 feet in chilly water for the Coco Loco, but a floating bar was cheaper than renting a floating cabana for the day for \$4,600. That's not a typo. A few of them were booked during my visit. My mom was thrilled our strict budget allowed for room-service breakfast, if only continental breakfast and coffee and a banana for me. Our western Caribbean sailing made three stops: Costa Maya and Cozumel (both in Mexico) and CoCoCay, Bahamas. The ship's shore excursions are pricey (\$95 for a glass-bottom boat tour and \$170 for a different six-hour boat tour). On Costa Maya we took a taxi to Mahahual, a village near the port, and had \$3 shrimp tacos and \$9 guacamole with freshly made tortilla chips. You could skip shore excursions to give yourself time to explore more of the ship and its countless

nooks and crannies. On a deck one morning I saw a woman practicing yoga and a man saying the rosary. One of my favorite spots to wander was Surfside, the loud, colorful hot spot for families. So much joy there with kids getting their faces painted and riding the carousel, both free activities, or getting cotton candy for \$2. The bulk candy had mall prices, though, at \$17 per pound.

Life at sea, upsold

On our last sea day, I ventured to the Hideaway, the adults-only pool at the back of the ship, to see how the other half was living. Dawn Riley and her husband were lounging on a daybed, a bottle of Moët & Chandon in a bucket beside them. They paid \$400 for the day and had no regrets. They booked back-to-back sailings on the new ship, paying nothing but taxes and port fees for the cruise under a casino promotion. They decided to splurge on all the extras the first week—booking spa treatments, ATV rentals and sushi-making lessons. Their total tab for the first week: \$3,300. This week on the Icon, the couple is going my cheapskate route. The first thing they booked: dinner reservations in the (free) dining room.

PERSONAL TECHNOLOGY
JOANNA STERN

AI Brings Back Voices of Children Shot Dead

Parkland, Fla. Lawmakers are starting to get calls from a surprising group of kids—dead ones. Uzi Garcia: "I'm a fourth-grader at Robb Elementary School in Uvalde, Texas. Or at least I was, when a man with an AR-15 came into my school and killed 18 of my classmates, two teachers and me." Ethan Song: "In 2018, when I was 15 years old, I was killed by an unsecured gun at my friend's house." And there's 17-year-old Joaquin Oliver: "The thing is, I died that day in Parkland. My body was destroyed by a weapon of war." Then they say something like this: "I'm back today because my parents used AI to re-create my voice to call you." These automated calls—starting on the sixth anniversary of the Parkland school shooting that left 17 dead—are part of a campaign to raise awareness for gun safety and push for greater gun control. But this column isn't about gun policy, it's about a defining moment in artificial intelligence, and the use of deepfakes to spread messages and channel the dead. Joaquin's parents, Patricia and Manny Oliver, are behind the project. Outspoken activists since the death of their son, they say this approach is born of frustration. "This is a United States problem, and we have not been able to fix it," Manny told me. "If we need to use creepy stuff to fix it, welcome

to the creepy." Their nonprofit has launched The Shotgun, a website where you can pick one of the six AI-generated calls, type in your ZIP Code and direct a call to one of your elected representatives. But just because we can bring these voices back from beyond the grave, should we? After talking to these parents, I can understand their motivation.

How were the voices resurrected?

These hauntingly realistic voices were created with an AI voice generator from ElevenLabs. It's the same service I used last year to create my own audio clone, which fooled my family and my bank. I uploaded nearly an hour of audio so the machine-learning models could match my rhythm and intonation. Then I typed what I wanted my audio deepfake to say. These parents didn't have the opportunity to record clear audio of their kids. Most of the samples pulled from home videos were marred with background chatter or music. Yet the technology has gotten so good (and scary), it created near-perfect facsimiles. When Brett Cross first heard his son Uzi's voice, "I bawled hard," he told me. "When I think about it, I tear up." Kristin Song, Ethan's mother, said she sobbed as well. Patricia said she heaved the voice felt like Joaquin was still here. "It was exactly like him," she told me. "You want that to be true. I wanted



him to say, 'Hi, Mommy, how are you? I love you.'"

Why were the voices resurrected?

Deciding what these voices should say presented an ethical knot. How do you know what someone who isn't here anymore would feel? How do you know what they would—or wouldn't—want shared? Every parent I spoke with said they were confident: Their kids would say they wished they were still alive. They would say they wouldn't want other children to be shot and killed. Joaquin's parents used his social-media posts as a guide. Before his death, he'd discussed protecting children from guns and school shootings. Joaquin's father, Manny,

▲ The voices of Ethan Song, Joaquin Oliver and Uzi Garcia are being used to push for gun safety.

said his son wanted to be remembered as "big—like Lennon, like Mandela, like Ali." He sees this as a way to carry out his son's wish. There's a strong sense from the parents involved that this will help cement their children's legacies and bring new protections for kids at risk of being killed by guns. Other parents who lost children in shootings, including other Parkland parents, decided not to participate, said Manny. **Should the voices be resurrected?** One fear with this application of AI is how it could be used for harm. Imagine the voices of these very

same children being used to spread disinformation or hate speech. Recently, audio deepfakes of dead celebrities such as Robin Williams and George Carlin have popped up online, to the objection of their families. Estate planning now often involves directives for social media and other online accounts when you die. Going forward, expect to say yea or nay to posthumous AI re-creations of your likeness as well, said Alison Arden Besunder, chair of the trusts and estates group at law firm Goetz Fitzpatrick. In my experience of reporting on the intersection of death and technology, I've learned two things: First, everyone deals with death in their own way. "You're not truly dead until the last person who remembers you is gone," Brett, Uzi's father, told me. "So for however many years I have left, I'm going to keep introducing him to this world so that he'll outlast me." And second, tech will continue to evolve the ways we celebrate and grieve those who are no longer here. If you think what we have today is nuts, wait a few more years. Some will call it creepy. Others will say it's world changing. Both are probably right.

Watch a Video

Scan this code to see Joanna Stern's sit-down with Joaquin Oliver's parents about preserving his legacy.



PERSONAL JOURNAL.

What Your Watch Says About You

While Rolexes and Pateks are luxury classics, personality now trumps price in today's new power watch culture



ON THE CLOCK
CALLUM BORCHERS

Beth Monaghan gifted herself a watch last Christmas after selling her Massachusetts communications firm, Inkhouse, to New York public-relations heavyweight BerlinRosen. She could have easily splurged on a luxury timepiece.

She chose an \$85 Swatch instead. "I have a very simple aesthetic, and I'm not attached to status symbols," says Monaghan, 48 years old, adding that the stripped-down timekeeper is a perfect companion during silent retreats as she trains to become a meditation coach.

Today's power watches take almost any form. Rolexes and Patek Philippes remain marks of achievement, but humbler models—from G-Shocks to Citizens—can signal an active lifestyle or understated confidence.

The key to rocking one is authenticity. An accessory that conveys your distinctive taste and personality can accentuate your image as a creative thinker, fitness buff or overachiever. If your main goal is to show off wealth, then you're doing it wrong. Clasp a trophy around your wrist can get you pegged as pretentious in no time.

Roger Hochschild, Discover Financial's CEO from 2018 until last summer, wears a titanium Seiko dive watch with a bright orange face reminiscent of the bank's logo. It's in a line of watches that collectors call "samurai" because of their sword-like minute hands. It can also be hard to find because it is out of production.

Hochschild says his wife tracked one down in Singapore several years ago and gave it as a birthday present.

"Once I was visiting relatives outside Atlanta and was at Home Depot in shorts and a T-shirt when a man came up to me and asked, 'Are you Roger?' " he re-



calls. "It was one of Discover's Atlanta-area employees, and he had recognized me by the watch."

Owning a mansion or driving a Bentley screams status. Wearing a nice watch is more like winking. Apart from a few household names, many top-of-the-line watch brands are unrecognizable to the untrained eye, not to mention unpronounceable by the untrained tongue. (Try saying Audemars Piguet.) Your impressive timepiece might make most people shrug, and that's kind of the point.

Like an asset class
We're living in an era of quiet luxury, and watches were low-key style flexes long before cashmere hoodies.

Boston Consulting Group estimates worldwide luxury watch sales totaled \$79 billion in 2022 and will swell to \$101 billion in 2026. Sales of vintage, preowned watches are growing especially fast, as online forums and market-

places like Hodinkee and the 1916 Company bring together enthusiasts to buy and sell.

"The ability to measure the value of your investment over time and the ability to trade has completely changed the ownership of these watches," says Pierre Dupreelle, a BCG managing director and partner who co-wrote the firm's watch study.

Some watch owners treat their timepieces like an asset class, says 1916 Company Chief Executive John Shmerler. Customers work with watch advisers at his firm much like they would consult financial planners.

"We would call you and say: 'Here are the values of some of the pieces that you own if you decide that you want to sell,'" he says.

I wear a Timex Waterbury GMT

Watches were low-key style flexes long before cashmere hoodies.

because it reminds me of my first full-time job. Timex started as the Waterbury Clock Co., and I started at a group of local newspapers owned by the Republican-American of Waterbury, Conn., whose 240-foot clock tower

dominates the city's skyline.

I also have an Apple Watch so the child-care center at my gym can call me mid-workout whenever one of my five kids needs a diaper change or has a meltdown (in other words: frequently). Even a ubiquitous smartwatch says something about a person's priorities.

Goldman Sachs CEO David Solomon and several other executives at the bank started wearing Apple Watches around 2019, when Goldman and Apple launched a joint credit card. The accessory was a symbol of synergy, and Solomon

grew to love its many features, he said through a spokesman. No word on whether he'll go back to his old favorite, an American-made Shinola, now that Goldman's partnership with Apple is ending.

Telling stories
For some, the story behind a watch trumps functionality and is all about making a statement or preserving a memory.

Taylor Swift collected Grammy Awards for her album "Midnights" this month while wearing a necklace watch with the time set to 12 o'clock. Miami Dolphins football coach Mike McDaniel keeps his timepiece—a Breitling Navitimer worth \$19,000, according to the South Florida Sun Sentinel—frozen at 2:46, the time he got the job.

Joe Yeung, a 39-year-old software engineering manager at General Electric, buys progressively more complex watches as he advances in his career. He's hunting for a perpetual calendar watch, which can be a six-figure investment and is considered the pinnacle of horological craftsmanship because it accounts for leap years and can go centuries between adjustments.

Immersed in digital technology in his daily life, Yeung craves analog marvels. "It's actually because I work with software," he says, "that I gravitate towards tactile, mechanical things like watches."

Then there's Nvidia CEO Jensen Huang, a tech-sector fashion plate known for his leather jackets. He has sometimes appeared in public with a large-face chronograph. What's on his wrist these days?

"Jensen's moved away from wearing wristwatches," a spokesman informed me.

That's the ultimate power move, a different PR pro told me. Big shots have assistants to monitor the clock.



Watches tell more than time. Taylor Swift, left, won Grammy Awards for her album 'Midnights' earlier this month while wearing a necklace watch set to 12 o'clock. Miami Dolphins football coach Mike McDaniel, center, wears a Breitling frozen at 2:46 to mark the time he was offered the job. Goldman Sachs Chief Executive David Solomon, right, started sporting an Apple Watch when his bank launched a partnership with Apple.

Men Turn To Stylists For Dressing Guidance



ON TREND
JACOB GALLAGHER

Jay Buys's wife changed his life with 10 words: "You know, you don't have to just wear band T-shirts."

Shirts from Nine Inch Nails and Thrive—for years, this was the bulk of Buys's wardrobe. Were they *awesome*? Yes. Did they make him look like the CEO of a successful web-design firm? Not quite. "If I looked better, I would've felt better," said Buys, 44 years old, of San Diego. So he hired someone to teach him to look better.

For most, the term "stylist" brings to mind a celebrity dresser putting Timothée Chalamet in a bombastic red-carpet outfit. But there is also an industry of white-collar stylists helping hapless corporate types find the right shirts and trousers for their daily lives.

For Buys, that guy was Patrick Kenger.

Kenger runs Pivot, a personal styling service that charges as much as \$5,000 to remake your



▲ To revamp his wardrobe, Jay Buys, CEO of a web-design firm, paid for a personal styling service to help him move beyond band T-shirts.

▲ Nate Dudek said he wasn't born with a strong visual sense. 'I never had my own confidence in going shopping and buying suits or dress clothes,' he said.

wardrobe. Kenger's job is part Marie Kondo, part therapist and large part a personal shopper. He helped Buys retire the band tees at work, subbing them with Suitsupply blazers and Bonobos trousers.

The switch had a Superman-bursting-out-of-the-phone-booth effect on Buys: "I look like I know what I'm doing." Strangers seem to think so, too. He was startled when a random 20-something at the grocery store saw his leather John Varvatos jacket and chirped, "I like your drip, bro!"

Today, strivers in tech, law and finance are wealthier than ever, but corporate dress codes have collapsed. The hoodie-clad billionaire has become a cliché. In the C-suite, Loro Piana sneakers have trounced dress shoes.

At the same time, we're in a new era of boardroom boasting. Executives crow about their pay packages, their workout routines (looking at you Mark Zuckerberg!) and the rarity of their sneakers.

Stylists say their work has ballooned in the past decade as the range of options on what's office "appropriate" has laylaid even confident professionals.

Around a year ago, Raj Nangunoori, 36, a neurosurgeon in Austin, googled in search of a stylist. "I looked sloppy and I didn't want to look sloppy," he said. He spent working hours in scrubs, but out of them, he was adrift. "Even shorts, like I was never great at picking out shorts," Nangunoori said.

He hired Peter Nguyen, a former

menswear designer turned \$10,000 stylist. Nguyen's entrepreneur- and tech-type clients are long on money, short on time and scant on clothing knowledge. Nguyen's first step is a questionnaire: What music do you listen to, what are your hobbies, where do you vacation? "I view my clients like they're characters in a movie," he said. They give him their background and Nguyen's job is to outfit that character.

The pair landed on a neat framework for Nangunoori's new look: What would Ryan Reynolds wear? Prosaic tees were swapped for polo-neck sweaters and James Perse chinos were tailored to fit properly. More importantly, Nguyen persuaded him to ditch his shopping mistake paint-splattered jeans.

"I can't pull off what Travis Scott's wearing," said Nangunoori, relaying all his hard-bought wisdom.

Like working with a trainer, some clients are wary of admitting they enlisted a fashion guru. One CEO I spoke with who hired a stylist told his business partner he had done so, only to be mocked. After that, he decided, "I'm not talking to anyone."

"I never had my own confidence in going shopping and buying suits or dress clothes or even my weekend stuff," said Nate Dudek, 42, an executive at a software company living in East Hampton, Conn. A "technology nerd," Dudek wasn't born with a strong visual sense. "That goes from everything from picking a wall color in my house to the way I dress." His tees-and-jeans wardrobe was as spicy as a glass of milk.

In 2022, about one year before co-founding his own company, Dudek "set out to invest in myself" by hiring Cassandra Sethi, a New York stylist behind the company Next Level Wardrobe, whose services currently start at \$5,500. Dudek's wife, who has "killer style" and occasionally shopped for him, took some time warming up to the idea. "She was like, 'Why? I'm so good at buying you clothes!'"

But Dudek wanted an objective outside adviser—someone who didn't know him as well as his wife—to overhaul his closet. (His wife has come around, and is relieved not to be his unpaid personal shopper.)

He never met Sethi in person. She shipped him boxes of clothes and they deduced what suited him best over Zoom. The transformation, Dudek said, "was fairly obvious."

CLOCKWISE FROM TOP: SAM KELLY/THE WALL STREET JOURNAL; ISTOCK (3); BLOOMBERG NEWS; GETTY IMAGES (2)

FROM LEFT: JAY BUYS (2); NATE DUDEK; FLORENNE MARK

ARTS IN REVIEW



▲ Interior court of the museum, which features the celebrated murals by Diego Rivera.

CULTURAL COMMENTARY

A Model for Museums' Stability

The Detroit Institute of Arts offers a sustainable way to navigate uncertain economic times

By Salvador Salort-Pons

Nearly four years after the Covid-19 pandemic began, art museums in the U.S. continue to struggle. According to the American Alliance of Museums' annual survey of museum-goers, published in November 2023, visitation at two-thirds of them remains below pre-2020 levels. Pandemic relief funds are depleted, and other forms of government support are being scaled back. In addition, inflation is driving up operating costs.

Some museums have responded by raising ticket prices, curtailing programming and cutting staff. Unfortunately, the Dallas Museum of Art, the San Francisco Museum of Modern Art and the Solomon R. Guggenheim Museum have all implemented layoffs. Earlier this month, New York's Rubin Museum announced plans to sell its building and transition to a "museum without walls" approach.

At the Detroit Institute of Arts, we know what it is to face financial uncertainty. Between the Great Depression and 2012, we lived with it. The year after the 2008 recession,

for example, the leadership was forced to lay off nearly 90 employees. Struggling with minimal public funding, an insufficient \$62 million operating endowment, and a \$26 million operating budget, our days seemed to be numbered. We had a \$25 million line of credit and relied on private donors and corporations to raise the necessary funding for us to break even at the end of the year. It felt as if our mission was simply to survive.

Yet since 2012 the DIA has been on a path to financial self-sufficiency using a new business model. We believe it could serve as a framework for other institutions in today's difficult economic climate.

That year, the residents of Macomb, Oakland and Wayne counties, which surround and include the DIA, voted in support of a millage, a property tax whose proceeds would be collected and transferred to the DIA to be used for the support and operation of the museum for a period of 10 years. Thus, a property owner with a home value of \$200,000 pays approximately \$20 per year in additional taxes.

The millage gave the DIA something it never had: revenue pre-

dictability. Every year for a decade the museum was able to count on enough revenue to provide about two-thirds of its operating budget. The remaining third came primarily from fundraising and earned income. Any additional funds raised were invested in our operating endowment to secure the museum's future. Our business model helped to ensure that during the pandemic, the DIA could operate without layoffs or furloughs.

The millage laid the groundwork for a partnership between the museum and the Tri-County communities that keeps the DIA fully engaged and relevant to our diverse audiences. Residents receive unlimited free general admission to the museum and the majority of our temporary exhibitions. Furthermore, we provide free field trips for all K-12 school groups and local senior organizations, including the cost of group transportation. We also partner with municipalities and nonprofits to bring museum experiences outside of the building and directly into the community.

Yet this hard-won progress was



▲ Exterior view of the Detroit Institute of Arts, which is free for the local area's residents to visit.

nearly lost in 2013 when Detroit filed for bankruptcy. Because the city owned the museum building, its grounds and the art collection—one of the best encyclopedic collections in the country, one that includes the first Van Gogh and Matisse paintings to enter an American museum, the celebrated Diego Rivera murals and one of the top collections of African-American art in the world—there was a real possibility that all or part of our holdings would be sold to sat-

isfy the city's creditors.

Fortunately, through the generosity of foundations, corporations, individuals and city pensioners, that didn't happen. And today, no longer owned by the city of Detroit, the DIA operates as an independent nonprofit holding the museum's assets in a perpetual charitable trust. But that near-death experience confirmed the wisdom of our long-term plan.

In 2020 Tri-County residents voted to renew the millage through 2032. And so, thanks to this support, plus our fiscal responsibility and fundraising, the DIA is now in the best financial position in its history and carries no debt. This fiscal year, the millage is expected to provide \$28.6 million—68% of the museum's annual \$41.8 million operating budget. The remainder of our budget continues to be supported primarily by fundraising and earned income.

Consequently, we are able to maintain full staffing levels, robust community engagement, a growing reputation for our world-class exhibitions, meaningful educational programs and new opportunities for emerging artists. Visitation levels are now very close to pre-pandemic levels, with over 600,000 visitors coming to the DIA in 2023.

Just as important, we have the breathing room to continue executing the long-range plan of building our operating endowment, currently valued at \$385 million. Our goal is to reach \$500 million by 2027 and about \$800 million by the time the millage ends. We currently don't withdraw funds from our operating endowment,

but instead reinvest its income. Once we reach our goal, this endowment will generate enough revenue to replace what the museum annually receives from the millage, allowing us to weather economic uncertainty while continuing to deliver outstanding art and educational experiences.

Though our model may not be replicable in every community, we believe it illustrates how creative partnerships can form between the

public and cultural institutions. It is through this unique funding model that we can find an alternative path to sustainability for cultural institutions. We still have a lot of work to do to get our operating endowment to the level that we need to achieve financial independence, but we have a realistic path to accomplish this goal. We are very grateful for the support we receive from our Tri-County communities and we look forward to continuing to serve them at the highest possible level.

Mr. Salort-Pons has served as the director of the Detroit Institute of Arts since 2015.

Museums across the country are still struggling in the wake of the pandemic.

MUSIC REVIEW

Songs of an Ambling Americana Duo

By Barry Mazor

One of the benefits of Americana is that the genre provides a place where compatible artists from different slices of the roots-music spectrum can collaborate comfortably. Eric Brace and Thomm Jutz are a case in point. The former is best known as the leader of the longstanding, melodic roots-rock band Last Train Home; the latter as a much-recorded bluegrass songwriter. They have written, recorded and toured together for over a decade, primarily alongside Mr. Brace's longtime musical partner Peter Cooper, who died after a head injury in December 2022. Their first album as a duo, "Simple Motion" (Red Beet/Proper), is set for release on Feb. 16.

They have strongly shared interests, but that they met at all would once have seemed far-fetched. Mr. Jutz (pronounced "Yootz") was born and raised in Germany, and was classically trained, but he became infatuated with country music, particularly bluegrass, and moved to Nashville in 2003, where he became an in-demand guitar player, producer-engineer, songwriter and performer. His "To Live in Two Worlds" was a 2020 Grammy nominee for Best Bluegrass Album, and he was the International Bluegrass Music Association's 2021

songwriter of the year. Mr. Brace had established his roots-rock reputation as a singer, writer and bandleader while he was still working in the District of Columbia as a music reporter for the Washington Post. He relocated to Nashville in 2004, established his own Americana label, Red Beet, and formed the musical partnership with Mr. Cooper, with whom he shared a Best Children's Album Grammy nomination for 2011's "I Love," a multi-artist salute to Tom T. Hall's songs for kids.

That last is a key to the sensibility Messrs. Brace and Jutz share, well-reflected in the new album: a predilection to engage with and honor their musical predecessors—and America's history and culture—in their songs and album concepts, at times in sagas with a fairly literary bent. The second and last album they created with Mr. Cooper as a trio, 2019's "Riverland," was built on ballads about life on the Mississippi and in the state that shares the river's name. Now the duo takes up a quite natural topic for well-traveled



Eric Brace & Thomm Jutz
SIMPLE MOTION



touring musicians with an affection for traditional train songs and sea shanties—getting around and noting what's changed

while on the move. As they put it in the album's title song, one of the six of its 14 they wrote together, "When I hear a train at night / Makes me wish for everything that's gone."

The set is hardly 100% nostalgia-driven, though. A lighthearted, self-referential standout is "Can't Change the Weather," which memorializes musical combos' travel irritations—being stuck in separate airports unable to make it to a gig. They might have

▲ Thomm Jutz and Eric Brace; their first album as a duo, "Simple Motion," comes out on Feb. 16.

called that one "Simple Stasis." Mr. Brace's "Anywhere but Here," driven by the flowing fiddle of Chris Stapleton's former bandmate Tammy Rogers, is about taking off after heartbreak, by any means available, and his "Ramble" reminds us that trains and boats and planes are not the only ways to break out of a rut. ("Put on your shoes and ramble.")

Those are all relatively short, catchy and jaunty, but the duo's dramatic narratives also find their place. The album opener, "Frost on the South Side," relates experiences of migrant farm workers heading south

for the winter, suspecting new machinery will kill any demand for their return. "Adam & Eve" recounts the story of an actual 2012 shipwreck off of County Cork, Ireland—between the small islands of those names—to the sound of a tin whistle. And for some more literary engagement, the set closer is "Sea Fever," the John Masefield poem so many of us were encouraged to memorize in middle school, set to a sea-shanty-like tune by Mr. Brace, with Mr. Jutz's typically delicate guitar picking behind.

Both of these gents are particularly fluid and graceful vocalists, more in keeping with the polished sounds of the '60s folk revival than with the raspier tones prevalent in the "alternative country" post-punk era they emerged from, which many will surely find inviting. Their accomplished harmony here enhances both voices further.

After two decades working in Music City as performers, writers and producers (including producing this outing themselves), these compadres have seen some momentous changes in town and sing about them in the elegiac "Nashville in the Morning," written by Mr. Jutz and Trey Hensley. It notes the endless demolition and construction, the new high rises, the musicians who have come and gone, but still expresses love for the place and what gets created there. "Just a Moment," another number about what has changed in their time, suggests, "Listen hard for something good / Something fine and unelectric." With this charming album, that won't be a difficult search.

Mr. Mazor reviews country and roots music for the Journal.

SPORTS

Basketball Has an Unstoppable Move

This season, the biggest stars in the NBA have discovered new players to pass to: themselves.

By ROBERT O'CONNELL

Anthony Edwards was stuck. The Minnesota Timberwolves' star guard had a defender draped all over him, with four other sets of eyes tracking his every move. His teammates were covered, the clock was running down.

So Edwards passed the ball to the one player on the court he knew he could trust. Himself.

In a January game against the Memphis Grizzlies, Edwards lobbed the ball up and off the backboard, raced after it, and slammed it through the rim with a two-handed dunk. It was a thrilling sight, an audacious display of athleticism and ingenuity.

But the most remarkable thing about Edwards' maneuver was that it wasn't unique. Across the league, this technique—let's call it a self-ooop—is becoming a go-to move for the NBA's top players.

In past generations, the self-ooop was reserved for pregame warm-up lines or no-defense All-Star games. Now it's evolved into a legitimate strategy, for those bouncy and clever enough to pull it off. Edwards said that necessity—and a deep memory bank of hoops highlights—inspired his attempt.

"I was looking for somebody, and nobody was open," Edwards said. "But I'd seen somebody do it in an All-Star game, so I was like, 'I'm gonna try it.'"

The very next evening, Philadelphia 76ers star Joel Embiid paid homage, tossing the ball up from the free-throw line and chasing it down for a dunk. "I saw it last night," Embiid said of Edwards' jam. "I said, 'If he can do it, why can't I do it too?'"

Turning to the self-ooop in a meaningful game is not unprecedented. Kobe Bryant made use of the maneuver. LeBron James did it when the stakes were highest, in back-to-back NBA Finals in 2017 and 2018.

But this season represents a high-water mark. Two prominent rookies, the 7-foot-4 Victor Wem-



Minnesota Timberwolves guard Anthony Edwards self-ooops the ball in a game against the Memphis Grizzlies.

banyama and 7-foot-1 Chet Holmgren, have pulled off the move, reaching their improbably long arms over stunned defenses.

One player has even used the self-ooop to create three points instead of two. Last week, Indiana Pacers guard Tyrese Haliburton put his own twist on the concept, ping-pong the ball back to himself to attract the attention of the defense before tossing it out to a teammate for a wide-open 3-pointer.

What has brought the self-ooop to the forefront isn't style but strategy. For all its razzle dazzle, the maneuver is tactically sound and, in the right situation, nearly impossible to guard against. It uses a crowding defender's momentum against him, and flips a disadvantageous position into a

head start. Couple the on-the-fly geometry with a top-flight vertical leap, and what looks unlikely to succeed, at first glance, becomes unstoppable.

That doesn't mean it's easy. A few days after Edwards' January slam, the Boston Celtics' Jaylen Brown tried to mimic it. But he flubbed the pass, and the ball rolled out of his left hand.

In more disciplinary eras of basketball decades past, the self-ooop might have presented a risk to players like Brown: If it didn't pay off, he'd find himself glued to the bench.

"Unequivocally, the old school would have thought, 'Oh, this isn't a serious basketball play,'" said Doris Burke, an NBA commentator for ESPN.

Tom Crean, who coached Ed-

wards during his one season at Georgia, couldn't recall his former player ever having used the move in college. Whether Crean would have scolded Edwards for trying it would have depended on one thing: "Did it work or not?"

"But the way he did that, it made all the sense in the world, if you look at it," Crean said of Edwards' dunk. "It was not a flippant move. It was a creative, quick move... You'd rather great players have errors of commission, where they're trying to make plays, than omission."

The move also arrives at a time when mutual influence seeps through the sport at a faster rate than ever. It is no surprise, said Burke, that the self-ooop has proliferated quickly among stars in the Instagram era.

"In this day and age, when highlights become the vehicle for this generation to see and understand the game, it's all at your fingertips," Burke said. "So you watch it one night on your phone, and then you try it on the court the next day."

The self-ooop has helped restore the dunk's status as one of the most exciting plays in the game.

In the heyday of soaring superstars—from the 70s and 80s of Julius Erving to the 90s of Michael Jordan and the 2000s of Bryant and Vince Carter—the slam was the sport's exclamation point, a cue for an arena to start roaring. The arrival of Stephen Curry and the onset of an analytical age, though, changed things: the 3-pointer became the sport's most valuable, and most celebrated, shot.

You can trace the slam's dwindling stature through the NBA's annual dunk contest, held during All-Star weekend. In decades past it attracted A-listers: Dr. J, Dominique Wilkins, Jordan, Bryant. Now it is mostly the terrain of little-known

players looking to make a name. Last year, Mac McClung—who had spent most of the season with the Delaware Blue Coats of the developmental G League—took home the crown.

If the self-ooop has brought dunking back, it has also introduced a challenge to the NBA's stat-keepers. Does the scorer deserve an assist? Should he be dinged for a missed shot preceding the made one?

For now, official box scores acknowledge no assists on the plays; they get marked down on the stat sheet as buckets like any other. But they're more than that: plenty fun, and maybe the future.

"That was an at-the-park move," Holmgren said after his version. "It just happened, it's not like I was like, 'I'm gonna do this.' But I saw it, the play was there, and I made it happen."

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword grid with numbered squares for clues.

- 13 Study closely
21 Sounds sheepish?
22 "Not a chance!"
24 Following a parabolic trajectory
25 "There, there"
27 Shawkat of "Arrested Development"
28 Type type
30 Lighter than lite
31 Corsage flower
33 ATM key
34 Aquarium swimmers
35 Brief aliases
36 Word before bay, day or pay
37 Pours through the doors
42 Lunging Olympian
44 Dish with cheese
46 Bread maker?
47 Luster, say
48 See 1-Down
50 Sonnets and such
51 Flood preventers
53 Laugh-out-loud sort
54 Life in Lima
56 Punch sound
57 Fuss
58 Tub temperature tester
59 Bonobo, e.g.

He's One of Baseball's Best Pitchers. How Come No One Wants Him?

By LINDSEY ADLER

SPRING TRAINING is underway, with pitchers and catchers reporting to camps in Arizona and Florida. Meanwhile, the reigning National League Cy Young Award winner is preparing himself without a clue where he will play this upcoming season.

Blake Snell, who also won the American League Cy Young Award in 2018, is not only one of the most dangerous arms in baseball. He's also the best remaining free agent out there, and his unresolved situation is holding up the market for a slew of other valuable players.

It's no coincidence that many of them—including Snell—happen to share the same agent: Scott Boras.

As the most powerful agent in baseball, Boras is a frequent adversary of MLB executives and eager fans who tire of having many of the game's most valuable players represented by the most intractable and opinionated agent working in professional sports. The Boras philosophy is to not just get a player a contract deal that they find personally satisfactory, but to routinely establish new benchmarks for comparable players who hit the market in the future.

Boras is the only current baseball agent to hold a press conference each offseason to address the strengths of his players and assess the broader market. However, he challenges the notion that setting a contract precedent comes before organizational fit.

"My function is to inform the players of their valuation in a particular market, and then it's up to the players what they choose to do," Boras said. "My job is information and advocacy, but the player makes the decision."

In addition to Snell, starting pitcher Jordan Montgomery, outfielder Cody Bellinger, and third baseman Matt Chapman are Boras clients who remain unsigned.



Two-time Cy Young winner Blake Snell remains unsigned.

Despite Snell's obvious talent, interest in him appears cool from teams who would rather not pay the Boras premium. The 31-year-old left-hander has to this point only received one publicly reported offer—a five-year deal from the Yankees that went nowhere.

Meanwhile, Snell's slow market has seemingly impacted Montgomery, a fellow 31-year-old left-hander. Montgomery, another Boras client, is the second-best remaining starter. He's likely to command a lower price than Snell—his recent numbers are weaker—making him a more affordable option for a wider range of clubs.

But he's been a curious victim of the Boras bottleneck. Team officials who have spoken with Boras about his remaining free agent pitchers say that inquiries about Montgomery have largely been brushed aside by his agent in favor of discussing Snell.

Their shared agent might be attempting to find a match for Snell first to set a high bar for Montgomery, who would then be more in demand as the last remaining true starter available.

Boras firmly disputes this: "I treat each player individually, and the order of signing is not in any way relevant to either player."

He points to the many other players he represents who have signed major-

league deals this winter. According to FanGraphs, Boras Corporation has finalized 14 contracts this offseason, the most of any agency. (CAA, which represents Shohei Ohtani, is the champion of this offseason, securing nearly one billion dollars in total salary for 10 clients.)

Boras clients know how he operates. They are typically well-versed in the business politics of baseball, and his clients say the agency rigorously prepares them to hold out for market value.

This winter, one Boras-represented free agent told friends he was prepared to "dig in" and prioritize the strength of a long-term contract over reporting at the start of spring training.

The coming days might be when a new market develops for unsigned players. In essence, that's what Boras is banking on with Snell and his other free-agent clients: As team executives look around at the team they have assembled, weaknesses will be revealed. Pressure then increases to improve the roster—and when pressure rises, so do prices.

"Winning owners understand that with this select group of the free agent market, they are outcome-determinative of the owner's goal: If you sign this player, it's going to dramatically affect your winning prospects going forward," Boras said.

WALK OUT | By Adam Regn Arvidson

Table with crossword clues categorized by Across and Down.

Previous Puzzle's Solution

Grid solution for the previous puzzle.

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

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Thursday, February 15, 2024 | B1

S&P 5000.62 ▲ 0.96% S&P FIN ▲ 0.96% S&PIT ▲ 1.10% DJTRANS ▲ 0.24% WSJ IDX ▼ 0.19% 2-YR. TREAS. yield 4.576% NIKKEI (Midday) 37948.35 ▲ 0.65% See more at WSJ.com/Markets

Tiny Fund Takes Aim at Giant BP

Bluebell Capital has history of going after big targets and often hitting them

By JENNY STRASBURG

LONDON—Giuseppe Bivona and his partners run a tiny activist hedge fund from a small office not far from Buckingham Palace. The single room has big windows, seven desks and little space for much else.

From this unlikely perch, the fund, called **Bluebell Capital Partners**, aims to punch far above its weight by launching campaigns against some of the world's biggest companies, most of them in Europe. Sometimes the punches land.

The fund's latest target, British oil giant **BP**, has already granted Bivona a meeting with its chairman, according to people familiar with the meeting. And BP's new chief executive officer, Murray Auchincloss, last week was compelled to rebut Bluebell's



Bluebell criticizes BP's plan to invest more in clean energy at the expense of oil-and-gas drilling.

arguments when announcing the company's otherwise rosy earnings report.

That might seem an outsize response to a fund that has accumulated a holding likely worth less than 0.01% of BP's

roughly \$103 billion market capitalization, based on Bluebell's general description of its portfolio. Bluebell declined to disclose its exact investment.

Bluebell's criticism could resonate because it taps into a

core challenge facing BP: its commitment to shrinking oil-and-gas production while boosting investment in less-profitable green-energy sources.

Meanwhile many investors,

including Bluebell, simply want more of BP's cash to be handed back to them.

In his opening salvo to BP, a letter sent in October, Bivona called the plan to invest more in clean energy at the expense of oil-and-gas production "irrational." Bivona argues that doing so in effect strengthens competitors such as **Shell**, **Exxon Mobil** and **Chevron**, which aren't setting short-term targets to dial back on drilling.

"You only make richer the shareholders of your competitor," said Bivona in an interview. "I'm questioning how they deploy capital, for sure. Big time."

During BP's public earnings call last week, an analyst referred to Bluebell's proposals as "sort of intriguing."

BP appreciates engagement with shareholders, Auchincloss said in response, but he added that Bluebell is wrong on the merits of its argument.

"Obviously, we don't agree with them," he told The Wall Street Journal. *Please turn to page B2*

Morgan Stanley Wealth Unit Hit By Layoffs

By ANNA MARIA ANDRIOTIS

Morgan Stanley plans to cut several hundred jobs in its wealth-management division as new Chief Executive Ted Pick seeks to rein in costs in an area that is critical to the Wall Street firm's success but has shown signs of weakening lately.

The cuts, which include a small number of managing directors as well as noncustomer-facing employees, are expected to hit less than 1% of the wealth unit's employees, which number less than 40,000 in total.

Affected employees are expected to be notified as soon as this week, people familiar with the matter said.

The layoffs represent one of the first major moves under Pick, who took over as CEO from longtime chief James Gorman on Jan. 1.

Wealth management has become a driver of revenue and profit at Morgan Stanley following a string of acquisitions. Morgan Stanley last year finished integrating E*Trade, which it bought in 2020 for about \$13 billion, and is eliminating overlapping positions and jobs that it doesn't deem necessary anymore.

The wealth unit, which helps people manage their money and investments, oversees a total of about \$5 trillion and accounts for about half of the company's total revenue.

Morgan Stanley also relies on wealth management to smooth out the ebbs and flows of investment banking and trading.

The wealth division has been showing signs of slowing down in recent quarters, however, with revenue coming in flat in the fourth quarter from *Please turn to page B10*

The QQQ ETF, Now a Behemoth, Turns 25

By JACK PITCHER

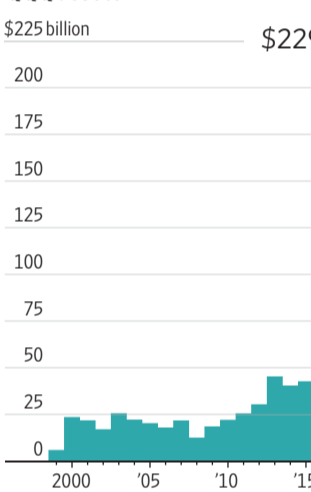
Technology companies are powering the stock market ever higher, a few widely held stocks are responsible for most of the gains and **Microsoft** is the U.S.'s most valuable company.

The year is 1999, a date that also marks the debut of the **Invesco QQQ Trust** exchange-traded fund, known as QQQ. Its launch transformed the investing world in some ways. Yet tech investors still face some of the same fundamental questions—and market dynamics—25 years later.

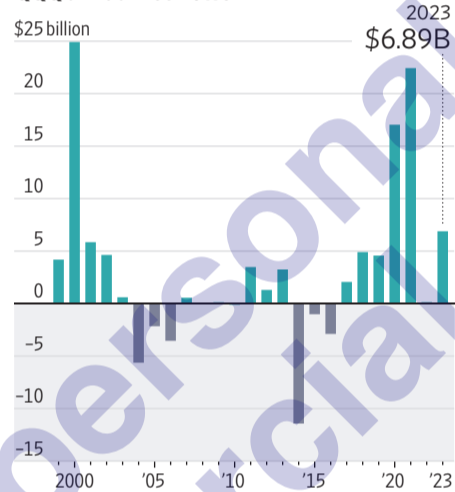
The fund, once synonymous with the dot-com boom and bust, has grown into a \$250 billion behemoth. It is the primary tool used by investors big and small to gain broad exposure to big tech stocks.

QQQ, which invests in the 100 largest nonfinancial companies listed on the Nasdaq stock exchange, will turn 25 next month. It has ridden major ups and downs over that period but been a winner for buy-and-hold investors: A \$1,000 investment on the fund's March 10, 1999, debut would have been worth \$9,394 at the end of 2023 when reinvesting dividends, almost double a similar investment in a fund tracking

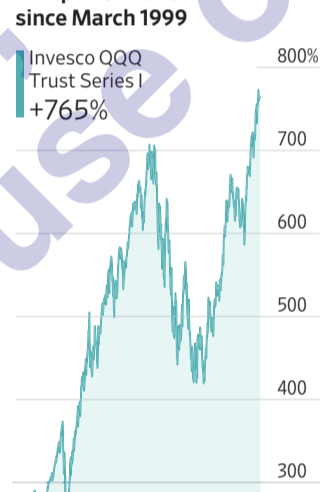
QQQ assets



QQQ annual net flows



ETF performance since March 1999



the S&P 500.

Microsoft, now valued at just over \$3 trillion, is QQQ's largest holding today just as it was in 1999. **Apple** was in the fund at launch, as was **Amazon.com**. Those compa-

nies have dramatically shifted their core businesses in the past 25 years while remaining dominant stock-market performers. "People forget that Amazon rose to prominence because it was trying to put

Barnes & Noble out of business," said Ryan McCormack, an Invesco senior ETF strategist who covers QQQ. "Apple made computers and then iPods. Microsoft sold software on CD-ROMs."

Nasdaq launched QQQ near the peak of the dot-com bubble. It popped not long after the fund's launch, sending shares crashing more than 80% between early 2000 and *Please turn to page B11*

INSIDE



TECHNOLOGY

Alphabet-owned Waymo issues its first recall of self-driving cars after a crash. **B3**



FINANCE

Defining a Chinese company creates headaches for bankers handling IPOs. **B11**

South African Labor Disputes Turn Violent With Kidnappings

By ALEXANDRA WEXLER

SPRINGS, South Africa—Mmamiya Mayane was a few hours into her shift at a gold mine here when three colleagues emerged from an adjacent corridor. Pickaxes in hand, the men told Mayane and her team to follow.

"They said, 'Don't ask questions,'" said Mayane, 38 years old, recalling the Dec. 7 incident at the Modder East gold mine operated by the Chinese-owned company Gold One.

For four days, Mayane was given nothing to eat and only tea to drink, while her kidnappers pressured the mine's owners to recognize a new union. One miner was so badly beaten with ax handles and bolts usually used to support the underground tunnel roofs that his eyes swelled shut, she said. Another was stripped naked after he was assaulted with various mining tools.

Mayane and her colleagues had landed in the middle of a new, dangerous trend in the at-times treacherous world of South African mine-labor disputes. Dissatisfied miners are taking their co-workers hostage and confining them in deep underground shafts to



Families of hostages wait outside a gold mine last year.

force concessions from corporate bosses.

Mining companies and workers say the violent strikes emerged as part of a turf war between the country's two biggest mining unions, whose competition for fee-paying members has heated up just months before national elections. At some mines, they were also employed to demand higher wages and other changes to compensation.

The wildcat strikes began in October at Gold One, which has experienced two such underground protests, and have

since spread to several other mines, including Impala Platinum, the world's second-largest producer of platinum.

The disputes add to the physical risks of some of the world's most dangerous jobs and further hinder South Africa's embattled mining sector, where hundreds of thousands of workers still toil underground in some of the oldest and deepest shafts on earth. South Africa is the world's largest producer of platinum and a major gold producer.

The average salary of an *Please turn to page B2*

Your Body Could Be Your Next Office Badge

By DANNY LEWIS

Instead of posing for a photo and setting up passwords, in the future a new employee might spend a few minutes supplying biometric information. Face scanned, gait analyzed, spoken phrase recorded and *voilà*: Your body becomes your security key.

Biometrics experts envision a seamless experience. "As soon as you arrive at the parking lot, your geolocation is fed

into a system from the phone that has been given to you. As soon as you come through the front door, facial recognition could open the door and could also unlock your computer," said Mohamed Lazzouni, the chief technology officer at Aware, a company that develops security systems to authenticate people's identities.

The technology could do away with the hassle of forgotten badges and regular *Please turn to page B4*

Berkshire Hathaway Trims Its Apple Stake

By KAREN LANGLEY

Warren Buffett's **Berkshire Hathaway** trimmed its flagship position in **Apple** in the fourth quarter.

Berkshire sold about 1% of its Apple shares in the final three months of 2023, leaving it with a 5.9% stake in the iPhone maker worth about \$167 billion on Wednesday, according to Dow Jones Market Data.

The Apple position held by the famed investor's Omaha, Neb., company has grown to an outside share of its more than \$300 billion stock portfolio. As the tailwinds of the tech trade pushed Apple shares higher, investors who follow the company have wondered how much bigger Buffett and his deputies would allow the position to grow.

Apple shares have soared 367% since the end of 2018, while the S&P 500 has about doubled. Buffett praised Apple at Berkshire's annual meeting last year, saying "it just happens to be a better business than any we own."

Apple shares, however, haven't kept pace with some of its Big Tech peers in recent months. The company lost its crown as the U.S.'s most valuable company to **Microsoft**. It has faced many challenges, including regulatory scrutiny of its App Store policies, declining sales in China and investor worries about its growth prospects. Several analysts have downgraded the stock.

Apple shares are down more than 4% in 2024 and slipped *Please turn to page B2*

INDEX TO BUSINESSES

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

A	DoorDash.....B12	McKesson.....A2
ABN AMRO Bank.....B10	Dow.....B4	Meta Platforms.....B5
Accesso.....A2	E	Microsoft.....B1
Accolade Partners.....B10	Elliott Investment Management.....B10	Morgan Stanley.....B1
Alibaba.....B11	Exxon Mobil.....B1	N
Allstate.....B12	F	Nintendo.....B12
Ally Financial.....B4	FleetCor.....A2	Nvidia.....B11
Alphabet.....B3,B5,B11	G	O
Amazon.com.....B1	Goosehead Insurance.....B12	Occidental Petroleum.....B2
Andreessen Horowitz.....B10	H	P
Apple.....B1	HealthTrust.....A2	Prudential.....B12
Arm.....B11	Heineken.....B3	R
AXA.....B12	Hippo.....B12	Robinhood.....B11,B12
B	HP.....B2	Root.....B12
Berkshire Hathaway.....B1	I	Royal Caribbean.....A9
BHP.....B3	Instacart.....B12	S
Bluebell Capital Partners.....B1	J	Shein.....B11
BP.....B1	JD.com.....B11	Shell.....B1,B2
Brunswick.....B5	K	Simon & Schuster.....B4
ByteDance.....B5	KKR.....B4	Snap.....B5
C	Kraft Heinz.....B11	Sony.....B3,B12
Cargill.....B10	L	T
Cardinal Health.....A2	Lemonade.....B12	TransDigm.....A2
Carlyle.....B4	Lyft.....A1,B11	U
Cencora.....A2	M	Uber Technologies.....B11,B12
Chevron.....B1,B2	Mapfre.....B12	V
Cisco.....B4		Verisk Analytics.....B12
Crown Castle.....B10		Vizient.....A2
D		
Didi Global.....B11		

INDEX TO PEOPLE

A	Huang, Jensen.....A10	N
Auchincloss, Murray.....B1	I	Nowak, Brian.....B12
B	Iyer, Sesh.....B4	P
Barra, Mary.....A8	J	Pick, Ted.....B1
Bivona, Giuseppe.....B1	Jacobs, John.....B11	Previn, Fletcher.....B4
Bochanski, Steve.....B5	K	R
Buffett, Warren.....B1	Kalmar, Melanie.....B4	Risher, David.....A1
D	Kernohan, Brian.....B5	Rustgi, Atul.....B10
Dupreelle, Pierre.....A10	L	S
E	Lazzouni, Mohamed.....B1	Shmerler, John.....A10
Ezzat, Aiman.....B10	Looney, Bernard.....B2	Solomon, David.....A10
F	M	Swaak, Robert.....B10
Farley, Jim.....A8	Mahendra-Rajah, Prashanth.....B12	Swartz, Michael.....B5
G	Martin, Thomas.....B11	T
Gorman, James.....B1	Martinez, Thomas.....B12	Taneja, Hemant.....B4
Gwillim, Ryan.....B5	McCormack, Ryan.....B1	Taricco, Marco.....B2
H	Miller, Ted.....B10	Try, Lalitha.....A16
Hanna, Renee.....A2	Morehead, David.....A1	Toyoda, Akio.....A8
Hill, Steve.....B2	Morton, Michael.....B1	W
Hochschild, Roger.....A10	Musk, Elon.....A8	Wagner, David.....B11
Houchos, Philippe.....A8	Muthukrishnan, Sathish.....B4	Warnick, Jason.....B12
		Woods, Darren.....B2

Listen to a Podcast: Sam Altman's \$7 Trillion 'Moonshot'



OpenAI's ChatGPT kicked off an AI revolution. Scan this code for a podcast on how OpenAI CEO Sam Altman now has his sights set on raising up to \$7 trillion to overhaul the global chip industry.

Buffett Trims Stake In Apple

Berkshire revealed the moves Wednesday in a filing with the Securities and Exchange Commission. Institutional investors who manage at least \$100 million in U.S. stocks and other equities are required to disclose their positions at the end of each quarter. Investors have 45 days after the quarter ends to submit the Form 13F filings, so the lists provide a dated look at portfolios. Still, many investors study Berkshire's filing for a read on how Buffett may have been thinking about the markets.

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BUSINESS & FINANCE



The energy company estimated global demand for liquefied natural gas would rise over 50% by 2040. A Chinese LNG tanker.

Shell Sees Gas Boom Through 2040

By CHRISTIAN MOESS LAURSEN

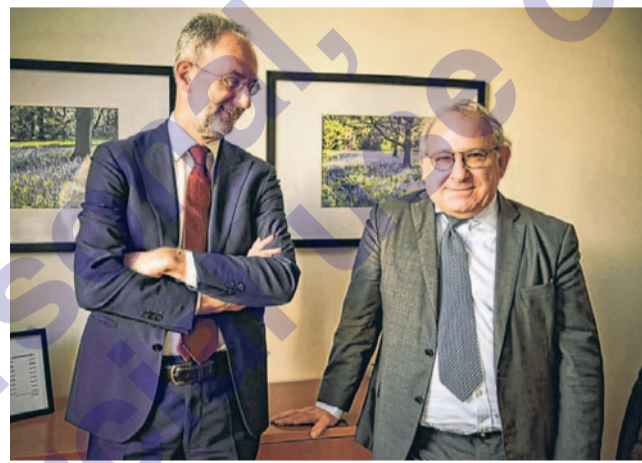
Shell said it expects global demand for liquefied natural gas to grow beyond 2040, driven by industrial demand in China and economic development in South Asia and Southeast Asia. The British oil-and-gas major said Wednesday it estimates the global demand for the gas to rise by more than 50% by 2040 as the Chinese industrial sector pivots from coal to gas, and South Asian and Southeast Asian countries use more LNG to support their economic growth.

China is likely to dominate LNG demand growth this decade as its industry seeks to cut carbon emissions by switching from coal to gas," Executive Vice President for Shell Energy Steve Hill said. Global trade in LNG grew to 404 million metric tons last year from 397 million tons as tight supply halted further growth. While demand in some regions has already peaked, it is set to rise globally and to reach 625 million to 685 million yearly tons in 2040, Shell said.

Over the following decade, declining domestic gas production in parts of South Asia and Southeast Asia could drive a surge in demand for LNG as these economies increasingly need fuel for gas-fired power plants or industry," it said.

Tiny Fund Takes Aim At BP

Street Journal in an interview. BP hasn't set new long-term oil-and-gas production targets and has said it is sticking with the strategy it previously laid out. Bluebell backs BP's commitment to long-term net-zero environmental goals, Bivona said, but he argues that the company is shrinking production faster than society's demand is dropping off.



Marco Taricco (left) and Giuseppe Bivona of Bluebell Capital.

BP should instead return more cash to shareholders so they can invest where they want in the energy sector, Bivona said—green or otherwise. Some shareholders see Bluebell's demands as the wrong kind of activism. "We don't think responsible shareholders will allow a conservative investor to slow down a transition that is already moving far too slowly," said Mark van Baal, founder of shareholder advocacy group Follow This, which has pushed BP and other major oil companies to cut carbon emissions faster. BP last week promised to boost cash payouts to shareholders, part of a fourth-quarter earnings report that also

debates over how the world's biggest energy companies should manage the drive to reduce greenhouse-gas emissions. After energy stocks tanked during the pandemic, investors openly questioned whether that marked the early-stage demise of fossil-fuel-based business models. Three years ago, another small activist firm called Engine No. 1 took on Exxon Mobil in an expensive proxy fight, arguing that the U.S. giant didn't have a plan for a future with shrinking oil demand and that it should invest more in the energy transition. The fund won three seats on the Exxon board, and the company later pledged to target carbon neutrality on its own emissions. Unlike some of its European peers, Exxon hasn't pulled back on oil-and-gas production. Since then, the Ukraine war and other geopolitical turmoil

have intensified concerns about energy security and driven up energy prices. Exxon has enjoyed record profits the past two years, leading CEO Darren Woods to contend his cautious approach to the transition—and his steadfast commitment to oil and gas—was the right course. Bivona and Bluebell co-founder Marco Taricco, both Italian, met at Columbia Business School in the 1990s before going on to investment-banking careers at Goldman Sachs and other banks, working in Milan, London and New York. They started Bluebell in 2014 as an advisory firm providing investment ideas to other hedge funds, including Elliott Investment Management and Jana Partners, for years among the most feared U.S. activists, collectively managing billions. By comparison, Bluebell started with about \$20 million and now has \$130 million in its main fund. Bivona said Bluebell doesn't need huge positions. It mobilizes support through other investors, unions and selective media interviews, according to marketing materials, without waging expensive proxy battles. For one such campaign involving a chemicals company, Bluebell bought a single share to make the point that size was overrated. Bluebell's main pool of assets is divided up across holdings in about a dozen companies. The typical holding time of a position is 18 months, Bivona said.

Labor Disputes Turn Violent

underground employee at Modder East gold mine is 10,500 South African rand, equivalent to around \$550, a month, according to Gold One. Miners typically work eight-hour shifts, six days a week. At the protest where Mayane was held, the kidnappers sent a note to the mine's managers at the surface that said they would start killing hostages if no food was sent down. One miner was hospitalized with severe lacerations after being whipped on the lower half of his body, said Ziyaad Hassam, head of legal for Gold One. "We would just sit, we couldn't even sleep," Mayane said. "We were stressed, thinking about our families." The underground strikes in South Africa are a new phenomenon in the yearslong fight between the National Union of Mineworkers, which



Mineworkers outside the Gold One Modder East mineshaft last October

has long been aligned with the governing African National Congress, and the more militant Association of Mineworkers and Construction Union. Recently, AMCU has been pushing to expand its membership among South Africa's gold miners. It took over as the majority union in the platinum industry about a decade ago. AMCU approached Gold One's Modder East gold mine in June to seek organizational

rights, which would allow the union to negotiate compensation and other labor issues on behalf of its members, Hassam said. At the time, the mine had an exclusive agreement with NUM to represent underground workers, about 80% of the mine's 2,500 employees. AMCU had to start a legal process to be recognized at the mine. The union's would-be members decided they didn't want to wait.

On Oct. 22, Mnikelo Faniso, a foreman at Modder East, stepped into a cage that took about three minutes to descend some 1,600 feet underground. Almost immediately, several men armed with spades, pickaxes and roof bolts stopped Faniso and other members of his team in a passage and said that if the mine didn't recognize AMCU, no one would be working that day. "About five miners tried to

leave. They didn't want to be part of it. They were beaten," Faniso, 54, said. He drank only water and ate nothing for three days. The miners went in groups to relieve themselves in green porta-potties. After three days people were weak and ill, Faniso said. Some missed medication for chronic illnesses. "We were afraid," Faniso said. On the third day, Faniso said a group of about 10 men approached the strike leaders and told them to beat them if they wanted, but they were leaving. Faniso eventually joined more than 175 other miners who walked to the surface via emergency exits. "I cried when I got out," Faniso said. "I don't know how I survived the ordeal." Faniso said he is now sometimes frightened to go to work. "But I have to go," he said. "There's nothing I can do." Soon after the first strike, NUM voluntarily relinquished its exclusive rights to represent workers at Modder East, citing the need to avoid job losses. But Gold One says it can't speed up the legal processes required to recognize AMCU under the threat of violence. To date, the company

has fired more than 550 employees over the two wildcat strikes. "The underground strikes are absolutely unacceptable," said Victor Ngwane, a union organizer for NUM whose remit includes Gold One. "That's a criminal act, to put the lives of many people in danger. You also risk jobs, and the whole operation." AMCU didn't respond to several requests for comment. Hassam estimates that closely held Gold One, which doesn't publish its finances, lost as much as \$800,000 a day, not just on the days of the strikes, but the days following when operations had to ramp back up. "A sit-in of this nature, where it effectively becomes a hostage situation, was previously unheard of in the industry," Hassam said. The company has offered counseling to employees who were held hostage underground and their families, he said. The strikes have added pressure on South African mining companies. The total profits of 29 major mining companies fell 48% during the year ended June 2023, compared with a year earlier, according to PwC.

BUSINESS NEWS

Sony Beats Forecast, Sets Spinoff for '25

By KOSAKU NARIOKA

Sony Group has raised its full-year net profit view after third-quarter profit beat expectations, saying it will take steps to drive growth in its entertainment business as it prepares to spin off its financial unit.

The Japanese entertainment and electronics company's net profit increased 13% from a year earlier to 363.92 billion yen (\$2.41 billion) for the three months ended Dec. 31, thanks partly to higher earnings from the image-sensor and music businesses. That beat the estimate of ¥319.23 billion in a poll of analysts by data provider Visible Alpha.

Third-quarter revenue increased 22% from a year earlier to ¥3.75 trillion.

In May, Sony said it was considering spinning off its insurance and online-banking unit, responding to longstanding calls from some investors to focus on its core entertainment businesses.

Though the financial business brings in steady profits, it has only limited connections to the company's other businesses like its PlayStation vid-

eogame consoles and image sensors used in Apple phones.

Sony plans to distribute slightly more than 80% of the shares it holds in the financial unit to its shareholders through dividends in kind, retaining a stake of just under 20% after the spinoff.

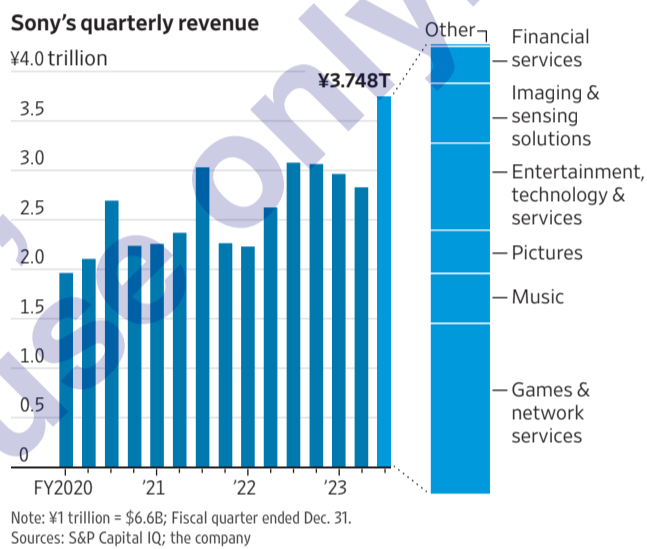
It aims to list the business in October 2025.

In addition to the spinoff, Sony said it plans to take steps to drive growth in its entertainment and image-sensor businesses.

Operating profit from the image-sensor segment rose to ¥99.72 billion in its third quarter from ¥84.85 billion during the year-earlier period as the global smartphone market began recovering. Operating profit from its music business climbed thanks partly to greater revenue from streaming.

Operating profit from the company's game business fell to ¥86.14 billion due partly to promotion expenses in the quarter—which included the holiday shopping season—from ¥116.25 billion a year earlier. PlayStation 5 sales rose to 8.2 million units from 7.1 million units a year earlier.

Sony shares fell 0.5% Wednesday in Tokyo.



The company had largely avoided problems plaguing the autonomous car sector before the Phoenix accident. A Waymo in the city.

First Waymo Recall Follows Crash of Self-Driving Cars

Alphabet unit plans software fix after two of its vehicles hit pickup being towed

By ALYSSA LUKPAT

Self-driving-car company Waymo issued its first-ever recall over a software issue after two of its cars in Phoenix collided with a pickup truck being towed backward.

Alphabet-owned Waymo said it voluntarily recalled software used in its cars after two of its vehicles in Arizona hit the truck on Dec. 11. The company said it has since updated the software in its fleet

which didn't interrupt its ride-hailing service.

Waymo has largely avoided the trouble plaguing the self-driving car business. General Motors-owned Cruise, another leader in the industry, pulled its cars off the road and is under federal investigation after one of its autonomous vehicles last year dragged a pedestrian in San Francisco about 20 feet.

Other companies in the industry are under increased scrutiny over whether their cars are equipped for any situation on the road.

In San Francisco, where some residents ride-hail robotaxis, the fire department said people surrounded a

Waymo vehicle this month and set it on fire.

Waymo, which has a fleet of roughly 700 autonomous vehicles, said Tuesday that it is committed to safety. The company said it notified the city police and Arizona public-safety officials the day of the Phoenix crashes. Waymo said the collisions caused minor vehicle damage and no one was injured.

Two Waymo vehicles crashed a few minutes apart into the pickup truck while it was being towed across a center turn lane and a traffic lane, the company said. Waymo said its vehicles incorrectly predicted how the pickup truck

and the tow truck would move. The company said it has since updated its software to address the issue.

Waymo, based in Mountain View, Calif., said it filed its recall with the National Highway Traffic Safety Administration. The company declined to comment beyond its Tuesday statement about the crashes. The NHTSA didn't return a request for comment Wednesday.

Waymo said it has done research showing that its autonomous vehicles are involved in a lower rate of crashes compared to human drivers. The company said it has completed more than a million ride-hail trips.

Heineken Sees Tough Road As Sales Volume Declines

By MICHAEL SUSIN

Heineken said net profit fell by more than expected after higher pricing hit its volumes and warned that economic and geopolitical volatility could hurt its performance this year.

The Dutch brewer said net profit in 2023 was €2.3 billion, the equivalent of \$2.46 billion, compared with €2.68 billion a year earlier.

Consolidated beer volumes—which includes Heineken and more than 300 other brands such as Amstel and Red Stripe—decreased 4.7% organically. Volumes of the Heineken brand grew by 2.5%.

“After a strong 2022, 2023 proved to be challenging. Strong pricing to offset very high input and energy cost inflation and volatile macroeconomic conditions in some key markets affected our volume momentum,” the company said Wednesday.

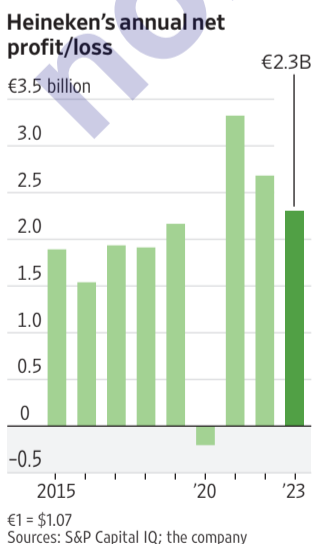
Revenue for the year rose 4.9% to €36.38 billion. Net revenue before exceptional items and amortization grew organically by 5.5% to €30.31 billion from €34.64 billion in 2022.

Adjusted operating profit slipped to €4.44 billion from €4.5 billion, missing expectations of €4.46 billion, while the adjusted operating margin shrank to 14.7% from 15.7% a year ago.

Organic consolidated oper-



The Dutch brewer said beer volumes were hit by higher prices.



€1.73 a share.

Looking ahead, Heineken expects adjusted operating profit to grow organically in the range of a low-to-high-single-digit percentage, reflecting volatility in geopolitical and economic conditions, it said. The company expects adjusted net profit organic growth to be lower than adjusted operating profit organic growth, it said.

Heineken stock fell by about 6.4% Wednesday in Amsterdam.

“We remain cautious about the global economic and geopolitical outlook. Our focus going forward will be on revenue growth, balanced between volume and value, by continuing to invest behind our brands, innovations, commercial capabilities and route-to-consumer to deliver long-term sustained value creation,” Chief Executive Officer Dolf van den Brink said.

ating profit grew by 1.7%, beating analysts' expectations of flat growth.

The board declared an unchanged dividend payout of

BHP to Write Down Nickel Business

By RHIANNON HOYLE

ADELAIDE, Australia—**BHP Group** announced one of the mining industry's biggest write-downs of nickel operations since prices of the battery metal started to slump last year, illustrating how producers don't expect a turnaround soon as electric-vehicle sales growth slows.

BHP said it would write down its nickel business in Western Australia by roughly \$2.5 billion and may mothball

its current operations there for a time if conditions stay weak.

The world's biggest mining company said it would separately take an additional \$3.2 billion provision for the Samarco dam failure in Brazil in 2015, meaning it has now set aside some \$6.5 billion to cover costs associated with the disaster.

The combined \$5.7 billion of charges will hurt BHP's profit for the six months through December, which the mining company plans to release on

Tuesday.

Other producers plan to halt production or slow development plans. Glencore this week said the owners of the loss-making Koniombo nickel mine in New Caledonia had decided to suspend production, citing high operating costs and very weak prices. These actions deal a blow to governments needing reliable supply lines of minerals used in the energy transition.

Early Thursday in Sydney, BHP shares were down 1.6%.

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SCAN ME

TECHNOLOGY

KKR Agrees to Buy Stake in Cotiviti

Deal would be among the largest recent private equity transactions

By Chris Cumming and Laura Cooper

KKR & Co. has agreed to acquire a stake in Cotiviti from private-equity manager Veritas Capital in a deal valuing the healthcare-technology business at around \$11 billion.

The transaction would give the two New York-based firms

equal ownership stakes in Cotiviti, according to an announcement Wednesday. The Wall Street Journal reported in December that the firms were in discussions.

The deal would rank among the largest recent private-equity transactions. Buyout firms slowed dealmaking after the Federal Reserve began raising interest rates in 2022, with the debt used to finance acquisitions getting more expensive and harder to obtain.

The deal would also represent a significant payday for Veritas, which took Cotiviti

private for about \$4.16 billion in 2018. The firm specializes in buyouts of companies at the intersection of technology and government.

Veritas previously explored a Cotiviti deal with private-equity firm Carlyle Group, based in Washington.

Veritas plans to invest new capital in Cotiviti alongside KKR's commitment to help fund the company's growth. The deal with KKR is expected to close in the second quarter following regulatory approval.

Cotiviti makes regulatory and cost-control technology for

healthcare providers and insurers. Based in South Jordan, Utah, Cotiviti says it works with more than 180 healthcare payers including the 25 largest health plans in the U.S.

The deal would also be one of the largest recent transactions for KKR, which manages about \$553 billion. The firm last year completed a \$1.62 billion acquisition of publisher Simon & Schuster, and at the beginning of this year announced it had acquired the portion of insurer Global Atlantic that it didn't already own.

The deal could be a sign that large private-equity mergers are becoming more viable after a dismal 2023. Global private-equity deal activity fell to \$846 billion last year, 40% lower than in 2022 and the lowest annual total since 2013, according to data-provider Dealogic.

KKR's Cotiviti acquisition will be financed by bank debt, according to people familiar with the matter, rather than by private lenders, as has become typical for private-equity transactions in recent years.

Banks have become more

reluctant to finance takeovers due to high costs of capital and numerous "hung deals," or transactions in which the bank has difficulty reselling leveraged-buyout debt. That decline in lending has given nontraditional lenders such as private-credit firms a bigger share of the business of financing buyouts. KKR's investment in Cotiviti comes from KKR North America Fund XIII, a \$19 billion vehicle closed in 2022, and Veritas's new investment comes from Veritas Fund VIII, a \$10.65 billion pool that closed the same year.

Business Tech Is Finally Having Its Moment Thanks to AI

By Steven Rosenbush and Isabelle Bousquette

MENLO PARK, Calif.—The generative AI boom reflects a period of tech innovation that is ideally suited for revolutionizing the business world—unlike previous tech booms that favored the creation of big tech companies that served the consumer market.

The period of innovation that took off around 2007 made use of social media and app stores to help startups achieve scale in the consumer market, according to Hemant Taneja, managing director and CEO of venture-capital firm General Catalyst, speaking Tuesday at The Wall Street Journal's CIO Network Summit in Menlo Park, Calif.

This time it is different, Taneja said.

Generative AI is less suited to quickly building mass audiences—it doesn't create a platform of users. But it is ideally suited for transforming large organizations by making people and processes radically more productive.

"When the social mobile cloud started in 2007, mobile was a big distribution advantage, you could go out and ac-



Hemant Taneja, CEO of General Catalyst, said generative AI can transform large organizations.

quire customers, letting them take advantage of the global supply chain and build these full stack companies. AI doesn't give me any of that. It really is a transformation advantage," Taneja said.

He added, "The bulk of the value is to me about what is the role of AI in transforming both from a vertical standpoint and from a business

function standpoint. And most of our energy is looking at how are we going to do that? What is the role of AI in industries like healthcare? What is the role of AI in functions like marketing and customer support?"

More than a year after OpenAI kicked off the generative AI revolution with the public release of ChatGPT, companies

continue to find new ways to exploit the technology in areas such as customer service and software development. They are also using the technology to transform roles such as those in sales and marketing.

Speakers throughout Monday and Tuesday's CIO event delved into efforts by companies in a range of industries applying generative AI to the

transformation of business and operating models.

Sathish Muthukrishnan, chief information, digital and data officer at Ally Financial said he developed a generative AI tool that summarizes conversations between callers and customer service agents—a process that once involved manual note taking. Muthukrishnan said the company still keeps a human in the loop, but about 95% of the time they approve the summary.

At Cisco, CIO Fletcher Previn said he's leveraging GitHub Copilot, a generative AI coding tool. Previn said that when he introduced the tool, developers would accept the generated code about 19% of the time, but since then it has been steadily increasing. While the acceptance rate is still below 50%, Previn said that is in part because of skepticism on the part of developers.

"It's an evolution, and we're still early," he said.

Previn said the company is also using generative AI during the hiring and recruitment process. Human resources, for example, can use it to draft emails to job candidates. "We

get a higher response rate on emails that are generated by AI, than actual human beings," he said. "I think it probably does a better job of customizing it to the person."

Sesh Iyer, managing director and senior partner, co-chair of BCG X, Boston Consulting Group's technology partnership arm, said he's seeing a focus on industry-specific applications, such as leveraging generative AI for better underwriting in the insurance sector.

Melanie Kalmar, chief information and chief digital officer of Dow, said the materials-science company is targeting about 20 areas to apply generative AI, including materials safety, improving margins and researching whether new materials can be patented.

Such research previously required six or eight months of time and hiring an external legal firm, Kalmar said, but the company's new AI-based application allows its scientists to do that work themselves.

According to Cisco's Previn, "AI is a force multiplier for human potential."

—Belle Lin contributed to this article.

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Your Body As an Office Badge

Continued from page B1 password resets, and fortify companies' protection against cyberattacks. But it also raises concerns about ways the data could be used beyond security—and whether employers should have this level of insight into their workers' bodies and behavior at all.

Today some doctors offices use palm scanners to check in patients, while a face or fingerprint unlocks a smartphone. Facial recognition has become more common in airports, stadiums and concert venues. In coming years, security-industry executives say, advances in artificial intelligence and sensor technology could help organizations use multiple pieces of biometric data at once—like the pieces of a puzzle that make up an employee.

Eye scans featured heavily in the 2002 sci-fi film "Minority Report," which Lazzouni calls one of his favorites. In the movie, Tom Cruise's character accesses his highly secure workplace with the technology, which later comes back to haunt him. Despite the movie's dystopian slant, Lazzouni said he finds it exciting: "All you need to do is to just look into the reflection of that device that you are looking at, and it could read your iris and automatically give you all of the access that you need for whatever you need to interact with."

Aside from convenience, security experts say biometrics offer stronger protection for buildings and data than a keycard or a password can. "It's easy to copy an employee's password, but it's really hard to copy an employee's face that's actually moving," said Rhon Daguro, the CEO of AuthID, which makes identity-verification and digital-security systems.

Future office security sys-



Facial-recognition technology at an airport security checkpoint.

tems could simply lock out people who aren't recognized or cleared, Daguro said. "We have a log of your face, so we have exactly who's walking in and out of the building," he says.

AuthID itself uses no passwords at its workplace, Daguro says. "We open up the laptop, the camera turns on, we put our face in the window, and all of a sudden we're logged in." The policy means that biometric scans are a requirement for those who work at AuthID. Employees consent to the policy when they join, Daguro said in an email. And any biometric data gathered by the company—whether for AuthID's clients or its employees—is anonymized and encrypted, he said.

Biometric scans are an important deterrent as attempts to hack corporate systems have become more frequent and sophisticated, said Andrew Shikar, an executive director of the FIDO Alliance—for "Fast Identity Online"—an industry association that develops digital-security standards. Tech giants like Google, Apple, Amazon and Microsoft are among members of the group, whose aim is to reduce reliance on passwords. Instead, they are pushing for use of "passkeys," in which a piece of encrypted code on a physical device, such as a phone or laptop, is unlocked with the user's biometrics.

"Face images, liveness detection, iris scans, vein scans,

heart rate, everyone has a unique pulse or some biometrics that uniquely mark you as you, and can be used for sign-in purposes," Shikar said.

As secure as it may be, biometric technology also means using your most personal and permanent data, bringing privacy risks. "When it comes to biometrics, we want to make sure that people know what's being collected, they know what purposes it's being used for, and they can ask for it to stop if they become uncomfortable with it," said Hayley Tsukayama, associate director of legal activism at the Electronic Frontier Foundation, a nonprofit organization that advocates for civil liberties in the digital world.

Even the best technology makes mistakes, Tsukayama said. If the software confuses someone's identity, it will be important that workers have the right to appeal. The stakes are particularly high with biometric data, she said. "No one can issue me new fingerprints. No one can issue me a new face. And so if that information is hacked, for example, and in a format where other people can use it, that's the whole game."

A combination of encryption and government regulation on how biometric information is collected, used and stored is needed to lay the groundwork for the biometric-security industry, both Lazzouni and Daguro said.

Nevertheless, consumer technology has a way of easing people's concerns about sharing personal information, much as smartphones have helped normalize facial recognition, security-industry executives say.

BUSINESS & FINANCE



Brunswick, maker of recreational power boats, anticipates demand for boats in the U.S. will be flat in 2024.

Brunswick Aims to Control Costs

Boat maker has to refinance low-cost debt, trim expenses as demand softens

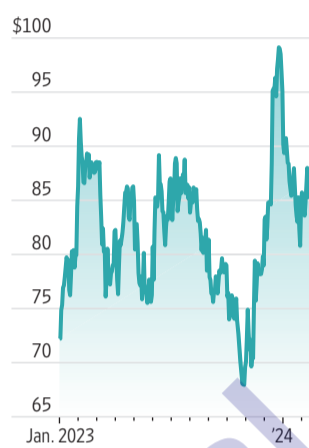
By JENNIFER WILLIAMS

In 2023, recreational boat and engine maker Brunswick scored its second highest annual revenue ever. Yet its finance chief is somewhat subdued on what's coming in 2024. "With all the economics and things going on in the market, I wish I could tell you it felt better than it did," Chief Financial Officer Ryan Gwillim said of last year's revenue. Brunswick, a leading maker of recreational power boats and marine engines in the U.S. and globally, this month reported revenue of \$6.4 billion for 2023, coming in just behind the \$6.8 billion peak set the prior year. The company ended 2023 with nearly \$500 million in free cash flow, while

its stock was up over 34%. It was a record year, Gwillim said, despite the uncertainties in the economy. The company, which lowered its guidance for last year twice, is looking to control costs and refinance debt as the industry copes with softer demand and the lingering effects of inventory shortfalls. This year, Brunswick's stock is down more than 10%. Boat makers were among those companies that saw sales soar as pandemic-weary consumers looked for safe ways to spend time outdoors and splurge on luxury experiences. As consumers become more conscious about their spending, and with interest rates weighing on their wallets, they are finding less money for lavish recreational purchases. Mettawa, Ill.-based Brunswick, maker of brands including Sea Ray, Bayliner and Mercury, aims to minimize the hit from having to refinance—at

higher rates—around \$450 million in debt that presently carries a rate below 1%, Gwillim said. At the same time, the finance chief is focused on ensuring the company's costs align with anticipated business conditions. Demand is among the biggest uncertainties facing the boat business this year. U.S. boat sales reached a 13-year high in 2020, up 12% from the year before, according to the National Marine Manufacturers Association. More than 310,000 power boats were sold in the U.S. that year, the data show, a figure that dropped to 267,306 in 2022 and then to an estimated 258,000 last year. Higher costs and rates have been deterring would-be buyers, and now, with the prospect of interest rates falling, some shoppers are waiting in hopes of wrangling lower monthly payments, Gwillim said. Brunswick anticipates demand for boats in the U.S.

Brunswick's share price since the start of 2023



Source: FactSet

will be flat in 2024. Brunswick, which sells its products to retailers that make them available for consumers, is working with those outlets to provide promotional financing to try to keep and spur demand. It has been monitoring prices closely,

which across the boat industry were up an average of roughly 20% from 2020 to 2023—around double the normal increase, according to Gwillim. Roughly every week Brunswick management is meeting to talk about pricing tactics to ensure prospective buyers aren't shut out of the market. "We are keenly focused on the price for the end consumer," he said. Spurring retail sales at the start of the year "is an important factor to how the overall year will end up."

But any company that sells big-ticket discretionary items has been grappling with the affordability equation, as both price tags and interest rates have risen, analysts say. In the boat industry, that has been compounded by inventory disruptions over the past few years as higher demand strained supply chains. Brunswick is more insulated from price pressures than other boat makers because of its higher-end products and consumer base, said Michael Swartz, a senior analyst covering consumer recreation and leisure stocks at Truist Securities.

"But we're going to have a period right now where people are kind of sitting on their hands," he said. "It doesn't mean that the consumer's not healthy or feeling better, but they are trying to time the purchase a little better."

Interest rates are top of mind for Gwillim given the company's coming refinancing. The \$450 million in senior notes from 2021 carry an interest rate of 0.85%, well below what Gwillim is expecting after refinancing. "I always joke that I tuck them into a drawer, and hope that people forgot about them, but that's not how it works," he said. The CFO will look for the best possible deal, but isn't going to take unnecessary risks by trying to time the refinancing. "We're not going to wait until the last minute, just to try to catch a rate decline," he said. Gwillim is anticipating a rate in the mid-5%-to-low-6% range, declining to give exact figures.

Social Media Faces Suit Over Effects on The Young

By BEN GLICKMAN

New York City is suing a slate of social-media companies, alleging that they are causing a youth mental-health crisis. Mayor Eric Adams announced on Wednesday that the suit against Meta Platforms, YouTube-owner Alphabet, Snap and TikTok-owner ByteDance was looking to force the companies to change their practices and to recover the costs associated with addressing youth mental-health issues. The mayor's office said that New York City spends more than \$100 million annually on youth mental-health programs and services.

The lawsuit, filed in the Superior Court of California in Los Angeles County on Wednesday morning, was brought by the NYC Department of Health and Mental Hygiene, the NYC Department of Education and NYC Health + Hospitals. Adams's office said the city was joining hundreds of other school districts in filing litigation.

The city alleges that the operators of TikTok, Instagram, Facebook, Snapchat and YouTube designed their platforms purposefully to manipulate children and teens and to make them addicted, the mayor's office said. The plaintiffs asked the court for relief to fund prevention education and mental-health treatment, plus compensatory and punitive damages. They also are seeking a liability order and an order requiring the defendants to change their practices.

Health Insurers Assess Climate



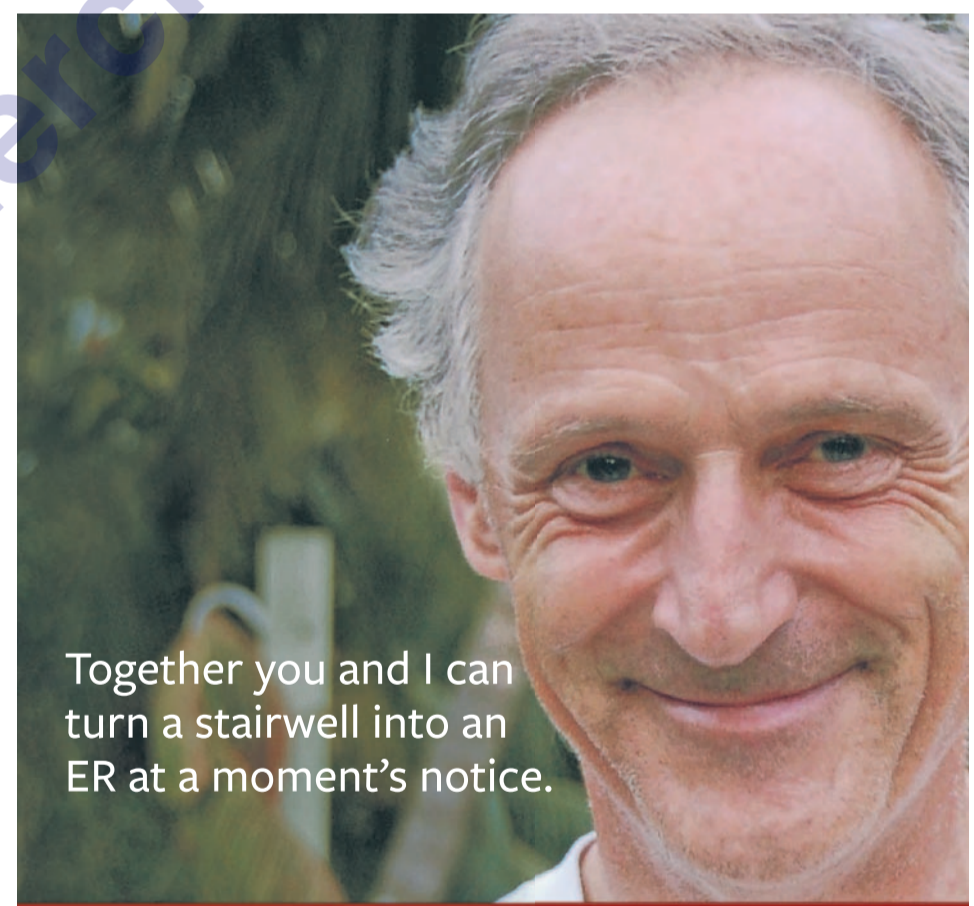
The Fairview Fire burns in the San Bernardino National Forest near Hemet, Calif., in 2022.

By YUSUF KHAN

Climate change is making house insurance more expensive and harder to get. Health insurance could be next, as research shows extreme heat and wildfires are putting more people in the hospital. Californians exposed to both extreme heat and wildfire smoke on the same day were at greater risk of being hospitalized for cardiorespiratory illnesses, according to a study published earlier this month by researchers at the University of California San Diego. In particular, the study linked higher temperatures to heart attacks and strokes and found that wildfire air pollution increased the risk of cancer and lung problems. After the hottest year on record and increasingly extreme weather events, health insurers are battling to figure out how climate change is going to affect their business. The companies are building new models to reassess premiums, estimate risk and meet incoming climate reporting standards as coverage costs rise in a warming world. "Part of the challenge we see with climate is historically we take a backward view to write these [insurance] models," said Brian Kernohan, chief sustainability officer, private markets, at Manulife

Investment Management. "Climate change is unique as there is no backward-looking side. So we are trying to predict what will happen in the future, which is much more difficult." The health impact of climate change is tough to estimate given it can be difficult to differentiate whether a death from a heart attack during extreme heat was caused by the mercury rising or other factors. Insurers lack historic and sufficiently detailed data to build predictive insurance models, according to Steve Bochanski, U.S. climate risk modeling leader at accounting giant PricewaterhouseCoopers. "It's definitely a challenge how you split out the effects of climate change and other factors [on health]." There is a big opportunity for insurers that get ahead and assess climate change risks in the near term, according to Bochanski. He added that insurers building models that better incorporate climate risks could adjust their premiums or coverage—for example, offering parametric policies that pay out on specific weather events. Health insurers are also looking for other ways to adjust to the trend. Wearable technology such as smart-

watches could increase the number of data points available to insurers, Bochanski said. Introducing wellness programs can reduce the risk of poor health as well, he added. For health insurers, climate risk is a new, more indirect worry, in contrast to home and auto insurers who are already raising rates in response to claims from more frequent climate-related events. Still, climate risk is a priority for all insurers facing mandatory climate reporting in places such as the European Union, Singapore and Canada. Companies are now being asked to consider and report how climate change is going to affect their business and how they plan to mitigate it. For example, Canada's financial regulator—the Office of the Superintendent of Financial Institutions—introduced legislation last March that will soon require companies to include physical risks from climate change and energy transition risks in their standard financial reporting. "This [climate reporting] is challenging, but it is beginning to be adopted at pace. And right now, it's the time to get up to speed with new reporting requirements," said Eleanor Reeves, partner at law firm Ashurst. "It's just the beginning of the journey."



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Dr. Paul McMaster, Doctors Without Borders Surgeon



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Photo: WFP/Vincent Tremeau/2023/DRC

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Palladium, Silver, Platinum, and Gasoline-NY RBBO.

Agriculture Futures table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Corn, Soybeans, Soybean Meal, Soybean Oil, and Wheat.

Cattle-Feeder, Cattle-Live, Hogs-Lean, Lumber, Milk, Cocoa, Coffee, Sugar, and Cotton futures table with columns: Open, High, Low, Settle, Chg, Open interest.

Currency Futures table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, and Euro.

Index Futures table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Mini DJ Industrial Average, Mini S&P 500, Mini Nasdaq 100, and U.S. Dollar Index.

Cash Prices | wsj.com/market-data/commodities

Wednesday, February 14, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Cash Prices table with columns: Wednesday, Wednesday, Wednesday. Includes Energy, Metals, Fibers and Textiles, Grains and Feeds, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 2/13

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

February 14, 2024

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.

Borrowing Benchmarks table with columns: Latest, Week ago, -52-Week-High, Low. Includes Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Other short-term rates, Call money, Commercial paper, Secured Overnight Financing Rate, Secondary market, Fannie Mae, DTCC GCF Repo Index.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

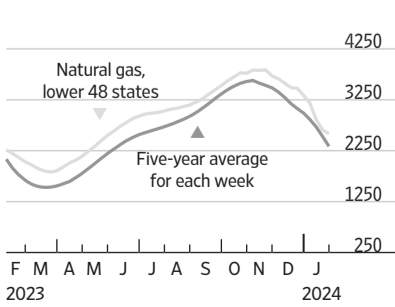
Inventories, imports and demand for the week ended February 9. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, Imports, and Demand table with columns: Current, Expected change, Previous week, Year ago, 4-week avg, 5-year avg. Includes Crude oil and petroleum prod, Gasoline, Finished gasoline, Reformulated, Conventional, Blend components, Natural gas, Kerosene-type, Distillates, Heating oil, Diesel, Residual fuel oil, Other oils, Net crude, petroleum products, incl. SPR.

Weekly Demand table with columns: Current, Expected change, Previous week, Year ago, 4-week avg, 5-year avg. Includes Total petroleum product, Finished motor gasoline, Kerosene-type jet fuel, Distillates, Residual fuel oil, Propane/propylene, Other oils.

Natural gas storage

Billions of cubic feet; weekly totals



Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet; Dow Jones Market Data; U.S. Energy Information Administration; Dow Jones Newswires

Interest Rate Futures

Interest Rate Futures table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5 Yr. Treasury Notes, 2 Yr. Treasury Notes, and 30 Day Federal Funds.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Bond Benchmarks table with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Includes Broad Market Bloomberg Fixed Income Indices, U.S. Corporate Indexes, High Yield Bonds, Global Government J.P. Morgan, Mortgage-Backed Bloomberg Fixed Income Indices.

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

Global Government Bonds table with columns: Country/Maturity, Yield (%), Spread Under/Over U.S. Treasuries, in basis points. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, U.K.

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Investment-grade spreads table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Includes Wells Fargo, Paramount Global, American Airlines, Markel, Mitsubishi UFJ Financial, Toyota Motor Credit, Citigroup, ArcelorMittal.

...And spreads that widened the most

Spreads that widened table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Includes Citigroup, Sumitomo Mitsui Financial, Caterpillar Financial Services, Pioneer Natural Resources, Nomura Holdings, Banco Santander, Royal Bank of Canada, Comcast.

High-yield issues with the biggest price increases...

High-yield price increases table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Includes Dish DBS, Occidental Petroleum, Liberty Interactive, Hughes Satellite Systems, Intesa Sanpaolo, Rakuten.

...And with the biggest price decreases

High-yield price decreases table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, in basis points. Includes Xerox, Goodyear Tire & Rubber, Bath & Body Works, Teva Pharmaceutical Finance Netherlands, Air Canada, Hughes Satellite Systems, Telecom Italia Capital, Apache.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Footnotes:

*New 52-week high.
**New 52-week low.
dd-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.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 2 p.m. the previous day.

Wednesday, February 14, 2024

Table with columns: Stock, Sym, Close, Net Chg. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Net Chg

Table with columns: Stock, Sym, Close, Net Chg. Includes sub-sections G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Net Chg

Table with columns: Stock, Sym, Close, Net Chg. Includes sub-sections O, P, Q, R, S, T, U, V, W, X, Y, Z.

Net Chg

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Net Chg

Table with columns: Stock, Sym, Close, Net Chg. Includes sub-sections O, P, Q, R, S, T, U, V, W, X, Y, Z.

Net Chg

Table with columns: Stock, Sym, Close, Net Chg. Includes sub-sections W, X, Y, Z.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American 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.

Wednesday, February 14, 2024

Table with columns: Stock, Sym, 52-Wk % High/Low, Stock, Sym, 52-Wk % High/Low, Stock, Sym, 52-Wk % High/Low, Stock, Sym, 52-Wk % High/Low, Stock, Sym, 52-Wk % High/Low. Includes sub-sections Highs, Lows.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-E-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, L2b-1-R redemption charge may apply, S-Stock split or dividend, F-Footnotes p and r apply, V-Footnotes x and e apply, X-Ev-Dividend, Z-Footnote x, e and s apply, NA-Not available due to incomplete price and 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.

Wednesday, February 14, 2024

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Net Chg

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Net Chg

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Net Chg

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Net YTD % Ret

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BANKING & FINANCE

Ex-CEO of Tower Operator Launches Board Proxy Fight

By Lauren Thomas

The co-founder and former chief executive of Crown Castle is making a push for board seats at the big owner of wireless-communications towers.

based in Houston and owns thousands of miles of fiber-optic cable used for transporting data and powering its customers' networks.



Crown Castle owns wireless towers and fiber-optic lines.

Accolade Gets Over \$1 Billion For Three Funds

By Yuliya Chernova

Accolade Partners said it raised a total of more than \$1 billion to invest in venture capital and growth equity funds.

colade has backed funds from venture firms including Accel, Andreessen Horowitz and Kleiner Perkins, as well as growth equity firms such as Lock 8 Partners, Radian Capital and Shore Capital Partners.

Profit News Boosts ABN AMRO Shares

By Elena Vardon and Ian Walker

ABN AMRO Bank shares climbed Wednesday after the Dutch lender updated its targets and launched a share buyback alongside its fourth-quarter profit, which beat market forecasts.

The group also nudged up its target for a key measure of balance-sheet strength which calculates capital against assets to 13.5% by the end of 2026 from 13% by 2024.

which owns 49.5% in the bank—said it will participate in the program to avoid an increase in its stake in the bank and sell €200 million of shares.

in our focus segments and in specific transition themes," Swaak said, adding that the bank will review its capital position every year at its fourth-quarter results going forward.

'This is a really good vintage to put money to work,' said Atul Rustgi. We haven't seen any net new liquidity from the venture side," Rustgi said about the past two years. Unlocking that is the key to a stronger venture fund-raising market, he said.

Financial Firms Brace For EU Cyber Rules

By Catherine Stupp

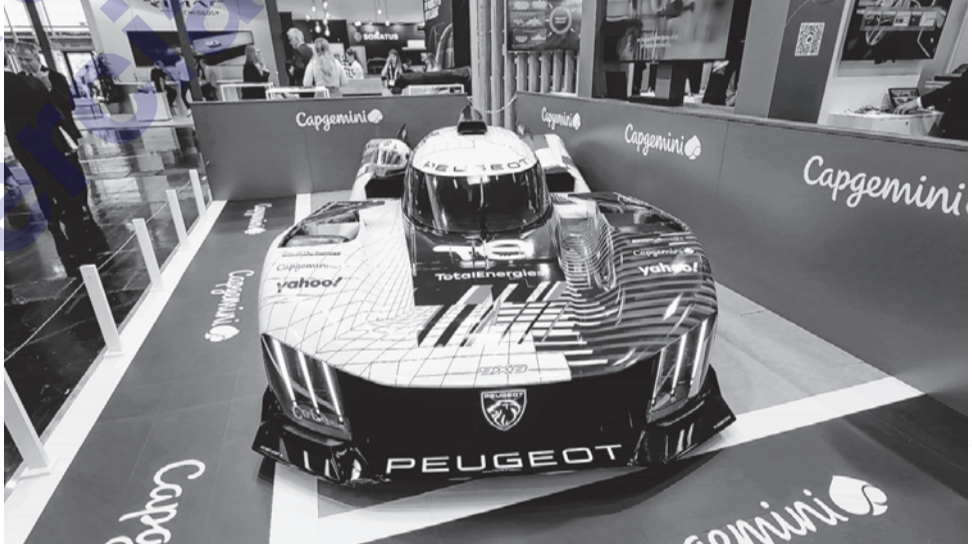
BRUSSELS—Financial firms and their technology suppliers will need to put in a lot of work to comply with a European cybersecurity law set to take effect early next year.

with banks and other financial institutions. It is "giving us this equal playing field," she said. Officials involved in overseeing the regulation said it could also help companies that complain they don't have bargaining power with large technology providers.

Capgemini Increases Dividend After Profit Rise

By Mauro Orru

Capgemini is raising its dividend after posting higher profit and revenue for 2023, a year marked by what Chief Executive Aiman Ezzat said was a slowdown in the industry.



The French consulting and technology group said annual net profit rose 7% for the year.

with the proposal to renew Ezzat's mandate, a vote of confidence in his strategy and push to invest in artificial intelligence. The group said last year that the technology would usher in a wave of new, specialized roles, such as generative AI architects and trainers, and is investing to train its workforce.

Microsoft, Google, AWS, Salesforce and Mistral AI," Ezzat said. Capgemini posted revenue of €22.52 billion for the year, up 4.4% at constant currency, returning to a more modest growth rate after two particularly strong years.

closely watched metric by analysts and investors—climbed to €1.96 billion in 2023 from €1.85 billion. The group had targeted annual constant-currency revenue growth of 4% to 7%, an operating margin between 13% and 13.2% and organic free cash flow of roughly €1.8 billion.

Exchange-Traded Portfolios

Table with columns: ETF, Symbol, Price, Chg, YTD, Closing Price, Chg, YTD. Includes various market and sector ETFs.

Table with columns: ETF, Symbol, Price, Chg, YTD. Includes international and emerging market ETFs.

Table with columns: ETF, Symbol, Price, Chg, YTD. Includes technology and energy sector ETFs.

Table with columns: ETF, Symbol, Price, Chg, YTD. Includes healthcare and consumer goods ETFs.

Table with columns: ETF, Symbol, Price, Chg, YTD. Includes various international and global ETFs.

MARKETS

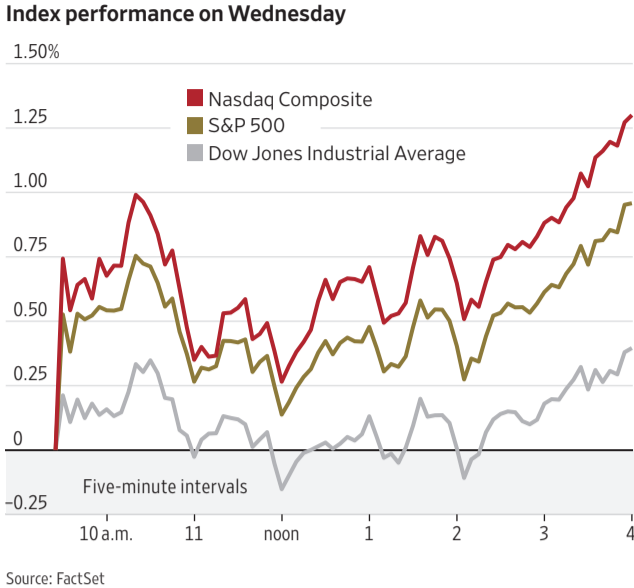
Technology Stocks Lead Market Recovery

Nine of S&P 500's 11 sectors rise, Russell 2000 index of small-caps rebounds

By ERIC WALLERSTEIN

Stocks regained their footing on Wednesday after a sell-off sparked by inflation fears a day earlier. The broad-based S&P 500 gained 1%, while the Dow Jones Industrial Average added 0.4%, or about 152 points. Nine of the S&P 500's 11 sectors finished in the green. Sectors that are especially sensitive to higher interest rates led the charge. The tech-heavy Nasdaq Composite gained 1.3%. The small-cap Russell 2000 index advanced 2.4%, after sliding 4% the previous day in its worst performance since June 2022. The rebound came after

data on Tuesday morning showed inflation didn't ease as much as expected in January, igniting worries that the Federal Reserve would maintain restrictive interest rates for longer than hoped. Stocks fell sharply following the report, while the yield on the 10-year Treasury note climbed to its highest level since last November. On Wednesday, the benchmark yield eased back to 4.266% as prices rose. "Inflation numbers are not going to go in a straight line, it's going to be lumpy," said Thomas Martin, a senior portfolio manager at Global Investments. "Yesterday's move was a knee-jerk reaction—if it were a real problem, you'd see some follow through today. You aren't seeing that." The stock market has notched several new highs this year, with big-tech stocks powering the S&P 500 to a 4.8% gain. Nvidia rose 2.5% to become the third-largest U.S. company, with a market cap of



\$1.825 trillion, surpassing Alphabet. Meanwhile, small-cap stocks have struggled to keep up, even as the economy has chugged along. Wednesday's rise still left the Russell 2000 down 0.7% for the year. "There's a wall of debt ma-

turities for small-caps coming due from this year through 2026," said David Wagner, a portfolio manager at Aptus Capital Advisors. "If rates are going to stay higher for longer, as they refinance that debt, it'll raise interest expenses

and hurt profitability." On the earnings front, Lyft shares lurched higher—with an unexpected detour along the way. The ride-hailing company's stock soared more than 60% in after-hours trading Tuesday following its earnings release, which accidentally added an extra zero to a profitability metric. An executive corrected the error on a call with analysts. Shares still ended Wednesday 35% higher, their best day on record. Shares of rival Uber surged 15% after the company announced its first share buy-back plan. Robinhood benefited from a pickup in trading revenue in the fourth quarter and reported a surprise profit that sent the trading app's shares 13% higher on Wednesday. That was their best one-day performance since 2022. Meanwhile, Kraft Heinz shares slid 5.5% after the packaged-food company's quarterly sales and profit fell. The maker of Oscar Mayer and Velveeta

products said consumers are pulling back on purchases of higher-price items. Bitcoin regained a market cap of more than \$1 trillion. The CoinDesk Bitcoin Price Index finished Wednesday at \$51,712.88, its highest level as of market close since 2021. Overseas, the FTSE 100 rose 0.7% after data showed U.K. consumer-price inflation slowed more than expected in January. At midday Thursday, Japan's Nikkei 225 was up 0.7%, while Hong Kong's Hang Seng Index was up 0.2%. S&P 500 futures were flat.

AUCTION RESULTS

Table with 2 columns: Description and Amount. Includes 17-Week Bills and Treasury auction results.

Wall Street Banks Face a China IPO Conundrum

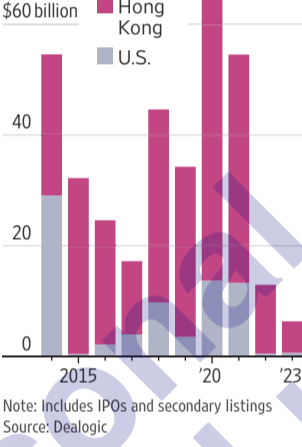
By REBECCA FENG AND DAVE SEBASTIAN

What's the definition of a Chinese company? That apparently simple question is proving difficult to answer, creating headaches for Wall Street banks that are increasingly being forced to juggle the competing demands of Chinese and U.S. regulators. The uncertainty means bankers don't know for sure which IPOs need approval where—or how far Chinese regulators could go to block deals in foreign markets. Chinese companies have raised more than \$77 billion from U.S. initial public offerings in the past decade, according to Dealogic. But that source of business has dwindled in recent years, forcing Wall Street firms to look outside China for new sources of business. Step one: figure out what "outside China" means in practice. The source of their uncertainty is a rule change implemented by China's securities regulator last March. The China Securities Regulatory Commission asked companies to register before a listing rather than informing the regulator afterward, which many companies were previously able to do in practice. Crucially, the ruling applied to variable-interest entities, a popular structure for Chinese listings in the U.S. that was used by companies including internet giants Alibaba Group and JD.com.

The regulator wants to see paperwork if more than half of a company's revenue, profit or assets are in mainland China, regardless of where their headquarters are. It wants filings from companies whose business activities are mainly conducted in the mainland, or those companies whose senior managers are either born in China or mostly live there. But the regulator adopted an approach known as substance over form for giving a ruling when a company's Chinese status isn't clear. That leaves the definition open to broad interpretation. Fast-fashion giant Shein has suffered from the ambiguities about what defines a Chinese company, putting on hold

an IPO that could generate huge fees for Wall Street banks. The retailer, which was

How much Chinese companies raised from overseas listings



valued at around \$66 billion during its last funding round, is based in Singapore. Shein confidentially filed for an IPO with the U.S. Securities and Exchange Commission in late 2023, and flopped on informing the CSRC. Shein ultimately did file paperwork with Chinese regulators but that raised the risk that its listing will come under renewed pressure from U.S. politicians, who called for the IPO to be put on hold due to questions about the company's supply chain. The need to juggle regulators and political concerns only amplifies the pressure on Wall Street dealmakers, who have endured a patchy IPO market over the past few years. Bankers and lawyers

don't want to misstep and potentially anger China's securities regulator. They are erring on the side of caution and proactively checking with the CSRC before filing their prospectuses, said people familiar with the matter. Dealmakers say they see the benefits of the CSRC's rules, which reduce some of the uncertainty that previously confronted bankers working on big listings for Chinese companies. They point to the cautionary tale of Didi Global's \$4.4 billion IPO in 2021. The ride-hailing company's shares slumped after its listing, after a clampdown by Chinese regulators who were surprised by the IPO. Within a year, the company delisted its shares.

QQQ ETF Turns 25 Years Old

Continued from page B1 late 2002. Investors who bought in 1999 and 2000 were underwater on their investment for more than a decade, highlighting the boom-and-bust nature of tech investing. Although few investors are predicting a repeat of 2000, some say they see eerie similarities in today's market. The Nasdaq-100 soared 54% last year. A mania over artificial intelligence and a handful of big tech stocks are propelling major stock indexes to repeated records. The AI frenzy has expanded beyond traditional bets like Nvidia and Microsoft to include stocks like Arm Holdings, the U.K. chip maker whose shares soared nearly 50% in a single session last week. Other risky investments, like bitcoin, are surging. The token recently eclipsed \$50,000 for the first time since late 2021, when near-zero interest rates had investors chasing all kinds of speculative assets. Investors and analysts tend to get nervous when just a handful of big stocks are responsible for most of the market's gains because they worry a broader pullback could be in store if a few companies stumble. Current prices reflect expectations for massive growth and adoption of AI in the coming years, though the nascent technology has little track record. Yet through the highs and lows in the tech industry, the inflows into QQQ have been consistently strong. By the end of 2000, QQQ had nearly \$24 billion in assets, according to Morningstar. Today, it has roughly \$250 billion and is the fifth-largest U.S. ETF behind four broader stock market funds. ETFs, which let investors buy and sell hundreds of stocks through a single, publicly traded share, have become ubiquitous in the de-

cadet since QQQ's launch. They popularized the idea of simply following the market, a strategy known as passive investing that Nasdaq promoted as part of its QQQ advertising campaign after launch. Investors now take the ability to cheaply and quickly buy broad baskets of stocks for granted. In 1999, the sudden ability to invest in all Nasdaq-100 companies at once was revolutionary. There were no other funds tracking the index. Nasdaq pumped millions into advertising QQQ, and the fund was a nearovernight hit in part because it kept going up. "Day after day the Nasdaq was going up, and people were asking, 'How do I get into this?' The answer was the Qs," said John Jacobs, a former Nasdaq executive who led the launch of QQQ. "There was a tech bubble, new companies were going public left and right, and people were learning day trading for the first time. QQQ was the poster child for everything going on and put ETFs on the map for retail investors," he added. Nasdaq eventually reached a revenue-sharing and licensing agreement with PowerShares, which took over the fund in 2007, shortly after Invesco bought PowerShares. Today, QQQ is Invesco's largest fund and there's a significant ecosystem around it, allowing investors to get long, short, inverse or leveraged exposure. The asset manager also now offers QQQM, a cheaper version aimed at individual investors who don't require the liquidity that large institutions covet.

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\$9,394

How much a \$1,000 investment in QQQ in 1999 was worth at end of 2023.

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