DJIA 9899.25 ▼ 0.41% | Nasdaq 2158.85 ▼ 0.54% | Stoxx Eur 600 244.60 ▲ 1.89% | FTSE 100 5085.86 ▲ 1.15% | DAX 5984.75 ▲ 1.98% | CAC 40 3446.77 ▲ 1.96% | Euro 1.2056 ▲ 0.93% | Pound 1.4591 ▲ 1.56%

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World Cup thumbs up from Zuma

Agence France-Presse/Getty Images

President Jacob Zuma wears the rainbow scarf as he meets South African World Cup players during training in Johannesburg Wednesday. Articles on pages 16, 17 and 32. More at WSJ.com/WorldCup.

Bernanke sees EU-like issues for U.S. deficit

By Luca Di Leo

The U.S. economy should continue to grow this year and next, but the pace won't be strong enough to fix the job market and cut a huge budget deficit, the Federal Reserve chief said Wednesday.

Fed Chairman Ben Bernanke told the House Budget Committee that a continued increase in consumer spending and business investment should make up for a fading government stimulus in lifting the economy. However, since economic growth alone won't be strong enough to repair the country's finances, Mr. Bernanke once again told U.S. lawmakers that action must be taken to reduce the deficit. He underlined that Europe's sovereign debt woes point to the importance of maintaining sound government finances.

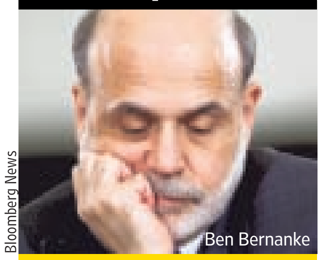
"To avoid sharp, disruptive shifts in spending programs and tax policies in the future, and to retain the confidence of the public and the markets, we should be planning now how we will meet these looming budgetary challenges," Mr. Bernanke said.

Although markets have until now been worrying about the euro zone's sovereign debt problems, the U.S. is arguably in a worse situation. The Organization for Economic Cooperation and Development predicts that the U.S. budget deficit will still be at 8% of gross domestic product in 2011, after hitting 9.3% of GDP in 2009. For the euro area, the OECD sees the deficit remaining around 4% of GDP through 2011.

Even though Greek debt is expected to balloon to more than 130% of GDP next year, the average of the euro area should see public debt levels closer to 93% of GDP, according to the OECD. In the U.S., the gross general government debt is seen rising to 100% of GDP in 2011.

Mr. Bernanke said the U.S. enjoys a "uniquely favored position" because of a large and flexible economy and financial markets that are deep and liquid. He said the U.S. budget deficit should narrow over the next few years as the economy recovers. But without further policy actions, that won't be enough, Mr. Bernanke warned, because the economy's recovery is expected to remain moderate.

Shared pain



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When it comes to trashing Israel, facts don't matter Page 14

Salazar says BP is liable for lost drilling wages

By Siobhan Hughes

WASHINGTON—Interior Secretary Ken Salazar said that a moratorium on new deepwater drilling imposed during one of the largest oil spills in U.S. history was a "pause" and not a stop, countering an outcry from oil-state lawmakers who are warning of harm to the U.S. economy.

Speaking to the Senate Energy and Natural Resources Committee, Mr. Salazar also said that **BP** PLC will have to pay the salaries of any oil-services workers who lose their jobs due to the effects of the Gulf of Mexico oil spill.

Meanwhile, BP shares slid in London trading Wednesday, only to see declines accelerate in New York—where shares closed the session down 16% as investor fears grew about the future of BP's dividend.

BP shares have now lost about half their value—or about $90 billion—in the seven weeks since the spill began.

Mr. Salazar's comments came in response to a question from Sen. Mary Landrieu (D., La.) who said that if a moratorium on new deepwater wells "lasts very much longer than a few months, it could potentially wreak economic havoc on this region that exceeds the havoc wreaked by the rig itself."

Citing oil-services companies that had written to her, Ms. Landrieu asked Mr. Salazar if "the oil-services companies have to either go out of business or take bankruptcy or lay off classes of workers, are you going to ask BP to pick up their salaries and to make them whole?"

Mr. Salazar replied: "The answer to that is yes, we will."

A BP spokesman referred a question to the company's Houston headquarters. The Houston office couldn't immediately be reached for comment.

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PAGE TWO

Pen pals united by shared nervousness

[Agenda]

By Patience Wheatcroft

The idea of President Nicolas Sarkozy of France and Chancellor Angela Merkel of Germany getting together to pen a begging letter conjures up a touching picture. These leaders have had their disagreements recently about how best to deal with the Greek problem, but now they are united by a shared nervousness. They fear the weakness of their currency.

Evil speculators, they suspect, are lying in wait to deliver another pounding to a euro, which has fallen from around $1.50 just six months ago to now hover at $1.20, a level it has already breached this week. Hence the leaders' joint missive to European Commission President José Manuel Barroso asking for tighter controls over trading in currency-linked debt and derivatives.

"Considering recent market developments, we believe there is an urgent need for the commission to speed up its work to establish stricter control of markets in sovereign CDS and of short-selling, and to present all possible measures for action in these areas before the July Ecofin meeting," they wrote.

The commission had been examining the issue at a more leisurely pace. But, referring to the return of "high market volatility," Mr. Sarkozy and Ms. Merkel appear wary of imminent danger. Translated, what their letter was demanding was a speedy Europe-wide ban on what some see as gambling in sovereign debt and its related instruments.

Germany has already slapped a unilateral ban on "naked short-selling" and now wants other countries brought into line. France is also moving toward its own set of new banking restrictions that could, effectively, put an end to naked short-selling. by demanding much tighter settlement periods.

Agence France-Presse/Getty Images

Nicolas Sarkozy and Angela Merkel sent European Commission a begging letter.

The European Commission may find it hard to resist such heavy pressure to outlaw, at least for a time, the practice of betting that the value of a government bond will fall without having even a borrowed interest in the instrument, known as "naked shorting." Yet however objectionable some may find such tactics, they are able to exert real damage only if what they are attacking is already vulnerable.

> Their letter was demanding a speedy Europe-wide ban on what some see as gambling in sovereign debt.

The financial lifeboats have been sent to the aid of Greece and another flotilla has been prepared to rescue other EU countries that may find themselves in distress, but clearly Mr. Sarkozy and Ms. Merkel aren't convinced that this will be enough to underpin the ailing European economies.

Throughout the region, countries are signing up to austerity packages that promise years of pain for their populaces but delivery has yet to be demonstrated.

As Ben Bernanke, the chairman of the Federal Reserve, observed Wednesday, the markets are uncertain about whether Europe's response to the fiscal crisis will be enough. While he ventured into the realms of optimism just sufficiently to suggest that a double-dip recession for the United States looked unlikely, there are still plenty of pessimists who see it as a distinct possibility for Europe.

And to underline the possibility, it was confirmed Wednesday that Finland, the world's sixth-most competitive economy, according to the World Economic forum last year, slipped back into recession in the first quarter of this year. It was a technical rather than a terrible slide, and the country's economy was already back on a growth tack before the statisticians could compute that it had undergone the necessary two consecutive quarters of economic contraction generally taken to constitute recession. Nevertheless, for the nervous it was a signal that a wider double-dip cannot yet be totally discounted.

That thought may color the European summit being held this month, pushing it toward the tougher measures that Paris and Berlin are now advocating. A move to protect sovereign debt would be understandable in the current climate. Yet the commission needs to be wary of being too wide-ranging in the financial activities it seeks to curb or it could find itself contributing to the quelling of any nascent recovery.

Unlimited liability

The concept of unlimited liability seems to be being taken to extremes as the United States continues to vent its ire on **BP**. Interior Secretary Ken Salazar declared Wednesday that Barack Obama's administration would ask the company to pay salaries of oil-sector workers whose jobs have been suspended because of the drilling ban. That was the drilling ban imposed by the U.S. president, not by BP.

There are enormous costs that the oil company will have to pick up in the wake of the disaster in the Gulf of Mexico. That has been accepted by BP. It does, however, seem a step too far to suggest that the costs resulting from a government ban on activities it had previously licensed should also be lifted from the wallets of BP shareholders.

Inquiries continue into how it came about that the Macondo rig ended up hemorrhaging oil at such a fearsome rate. That the failings may even extend into the U.S. inspection regime appears a possibility. Yet the attitude from President Obama and U.S. politicians is that this was a totally avoidable catastrophe for which BP must carry the can.

Other operators, who would be working under the auspices of the U.S. authorities, would therefore be assumed to be capable of drilling and bringing their oil ashore without disaster. If the president decided that this might not be the case, hence the ban, it is difficult to see why that should be blamed simply on BP.

While new deepwater wells are banned, other off-shore drilling continues. "Off-shore drilling will continue. ... It has to be done in a safe way," said Mr. Salazar on Wednesday.

As an objective, that has to be right. Yet there also has to be a realistic understanding that risk is inherent in this sort of activity. In the wish to vilify BP, that point seems to be lost.

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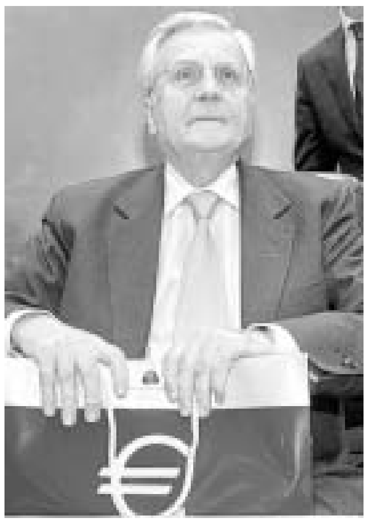

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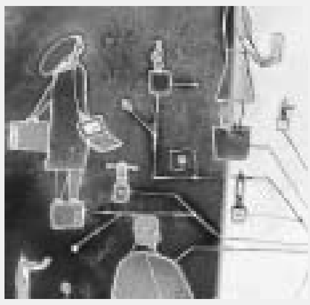

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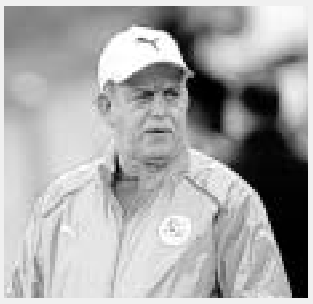

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NEWS

Smoking without fire in land of the rising sun

By Hiroyuki Kachi

Not so very long ago, Japan was a smoker's paradise. In the mid-1960s, in fact. That's when nearly one in two adults smoked, according to data compiled by **Japan Tobacco**, the world's third-largest tobacco producer by volume.

Its a different story in these health-conscious days, of course. In JT's annual survey last year, just 24.9% of respondents classified themselves as smokers. Unlike in many other countries, smoking in bars, cafes and restaurants is perfectly normal; it's outdoor smoking that is regulated and restricted to designated "good manners" areas.

The slide in consumption has been a long process, giving JT the chance to try all manner of new products and gimmicks to slow the decline in sales, with only limited success. But just maybe, JT has just come up with a minor miracle. And in doing so, taken itself by surprise.

Behold Zero Style Mint, the smokeless cigarette. And for a product with Zero Style in its name, it's taking off in style.

JT's surprise hit consists of a cigarette-shaped pipe into which a small, snuff-like tobacco cartridge is inserted. The user puffs away to his or her content, nothing is lit, there's no smoke. But unlike some other countries, like Sweden, Japan has no real snuff tradition, meaning JT had pegged sales expectations fairly modestly.

That's where the company admits it got it wrong. JT says it sold about 650,000 packs in Tokyo, each containing a tobacco pipe and two cartridges, in just two weeks after the mid-May launch. Zero Style Mint is priced at 300 yen (about $3.25), similar to the pricing of many normal cigarette packs. The sales result was 44% higher than JTs initial outlook—and that's just in the capital, Zero Style Mint has still to be rolled out nationally.

Even taking into account simple curiosity about the new product, the showing was surprisingly strong, elevating the product to the 10th-ranked tobacco brand among JT's lineups in Tokyo in terms of value. JT controls about 65% of the home market and has about 100 tobacco brands.

So why are sales so strong? One possible explanation is that, being smokeless, users are being allowed to "smoke" in areas that have long been off-limits. For example, **Japan Airlines**, the country's largest airline by revenue, says Zero Style Mint can be used during its flights, including long-haul. Rail companies equally say that since it creates no smoke, it can be used without restriction in nonsmoking cars in the country's bullet trains. Kanagawa prefecture, the only regional authority in the country to ban smoking in public places, says the product doesn't break its rules on causing nuisance to others, so it can be used; and corporations and government departments by and large are still scratching their heads to see what they officially make of it.

JT itself sees another possible explanation: Rewind to the "good manners" part. JT officials reckon that expressions of respect for others being so important in Japan, as fostered by its own "good manners" poster campaigns, it's not a matter of a fad for new technology, nor the possibility of "smoking" in previously restricted domains that is the appeal: While hard-core smokers may scoff at its relatively low nicotine content, Zero Style Mint offers those who enjoy a drag but are still slightly embarrassed by their habit the chance to enjoy tobacco without their smoke offending friends, family and neighbors.

Whatever the precise reason, Zero Style Mints popularity is such that production hasn't been able to keep pace with demand and smokers are experiencing short supplies. JT says it plans to double the monthly production capacity by as early as the autumn. The company now expects to sell about 500,000 packs in Tokyo in June, up from the 170,000 packs it previously forecast.

From the new Japan Real Time blog (blogs.wsj.com/RealTimeJapan)

Bloomberg

Tokyo smokers are being marketed a 'good manners' smokeless cigarette.

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LOUIS VUITTON

EUROPE NEWS

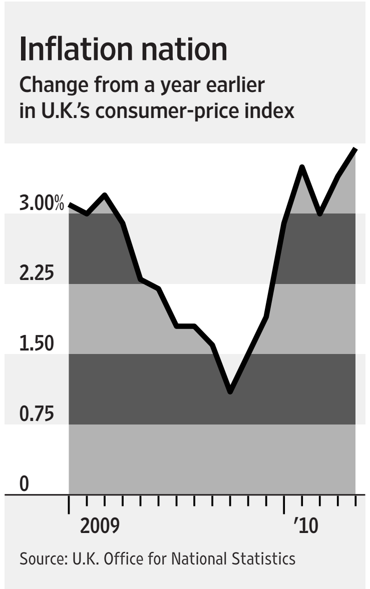
BOE argues inflation is temporary

Some economists question the central bank's relaxed response to the U.K.'s jump in prices

By Neil Shah

The Bank of England's relaxed response to Britain's surging inflation rate is raising eyebrows among some economists who worry that rapidly rising prices could spark broader concern among the public at a time when the U.K. is already struggling with a fragile economic recovery.

Economists at the Organization for Economic Cooperation and Development have questioned the central bank's belief that British consumer-price inflation, which shot to a 17-month high of 3.7% in April, is a temporary blip that will start fading this summer. Recent surveys show that the British public's expectations for future inflation are at the highest level in years, suggesting some Britons are losing confidence in officials' ability to rein in prices.



The jump in prices in the U.K. comes at a time when many other major economies, especially Japan and, to a lesser degree, the U.S. and Continental economies, are grappling with the specter of deflation. Economists say the U.K. is an outlier because the falling pound has helped to import inflationary pressures, while the British government's end of temporary sales-tax cuts earlier this year also has given prices a boost.

The BOE has argued that the current rate—now well above the central bank's 2% target rate—is temporary. Many economists still agree with the Bank of England's Mervyn King that the large amount of unused production capacity in Britain's economy should limit inflation, though this hasn't happened yet.

On Thursday, the bank's key Monetary Policy Committee will finish its latest policy meeting. Many observers expect the committee will keep short-term interest rates at a record low 0.5%. And on Friday, the BOE releases its quarterly inflation attitudes survey, which could spark more concerns about rising prices. A Bank of England spokesman declined to comment, in line with bank policy ahead of MPC meetings.

BOE watchers also say two other factors may bring inflation back in line. First, British Prime Minister David Cameron is expected to embark on tough austerity measures to reduce the nation's heavy debt load, a move that might slow growth and diminish price pressures. Second, much of Continental Europe, the U.K.'s biggest trading partner, is going through a similar austerity exercise. In addition, markets have not signaled deep inflationary fears. U.K. government bonds, or gilts, have rallied, pushing long-term yields lower. Usually, higher inflation makes bonds less attractive.

Agence France-Presse/Getty Images

A shopper in west London; the BOE maintains a rise in prices represents temporary blips like a sales-tax rise

"Inflation expectations do seem to be rising," says Jonathan Cloke, head of global government bonds at Legal & General Investment Management in London. But he says British employees are highly unlikely to ask for higher wages in a weak economy—removing a key longer-term support for rising prices. Demand for U.K. government bonds, especially among foreign investors, has been increasing, not decreasing, Mr. Cloke adds, with the U.K. representing a "safe haven" given Europe's debt troubles.

In London's financial district, the big worry is that the BOE might be forced to raise interest rates dramatically to keep fears of inflation in check at a time when such moves could crimp Britain's nascent economic recovery.

To head off such a scenario, the OECD late last month called on the U.K. central bank to start raising its key short-term interest rate sooner rather than later. Recent minutes from BOE policy meetings also suggest some policy makers are growing restive about inflation.

And Britain's new government is widely expected to raise the country's sales tax to help fix its finances, which would add to inflationary pressures. Hard-hit British firms have thus far found ways to keep prices higher, partly because consumer spending has proved more resilient than expected.

"There is a clear risk that inflation does not fall by as much as the bank expects," says Simon Hayes, an economist at Barclays Capital in London. While investors aren't scrambling to buy assets that protect them against inflation yet, the inflation issue is likely to keep the BOE on its toes, Mr. Hayes says.

Investors may be underestimating how quickly the BOE will move once things improve, says Jamie Dannhauser, an economist at Lombard Street Research in London.

Mr. Dannhauser thinks the BOE is right in largely ignoring Britain's high CPI inflation rate, saying it matters much less than what actual British consumers think. Nevertheless, he still thinks the BOE will start raising interest rates this year—possibly more than once.

Five MPs vie to lead U.K.'s Labour Party

By Alistair MacDonald

The five candidates seeking to lead Britain's Labour Party face a tough choice following last month's election loss: how closely to align themselves with the party's just-completed 13-year run in power.

Indeed, as the party unveiled the final slate of candidates to succeed former Prime Minister Gordon Brown on Wednesday, some of the contenders drew criticism for being seen as too disloyal to Mr. Brown, while others have been seen as too loyal.

The slate of candidates includes two brothers, one of Britain's few female minority lawmakers and one of Mr. Brown's former political henchmen. The new leader will be elected at the party's annual conference this fall.

"They all come with baggage," said Steven Fielding, a professor of political history at the University of Nottingham.

Prof. Fielding says all candidates face the balancing act of distancing themselves from the mistakes of the past on issues such as the economy while not rejecting the party's record so much that the new government can constantly blame them for Britain's troubles.

Last month, a Conservative and Liberal Democrat coalition ended Labour's long run in power. On Wednesday, the party announced the five members of Parliament who had won the backing of 33 Labour MPs needed to progress.

The current favorite is David Miliband, the former foreign secretary who was backed by more MPs than the other candidates and has the most senior experience in government.

But Mr. Miliband, the son of a Marxist intellectual, twice hovered on the verge of asking Mr. Brown to step down, angering some Labour members of Parliament, who thought it was disloyal. But then he backed out, angering critics of Mr. Brown. A spokesman for Mr. Miliband didn't return calls.

His younger brother, Ed Miliband, was the environment secretary in the previous government. Often seen as more ideological than his brother, Mr. Miliband has party fans but little recognition among the public.

Ed Balls will suffer from association of as being the closest ally of Mr. Brown. Moreover, opposition politicians have made much capital of Mr. Balls's recent U-turns, as he has criticized aspects of Mr. Brown's track record on issues such as immigration.

The other two candidates, Dianne Abbott and former health minister Andy Burnham, are seen as more outside bets, and took longer to raise the signatures of the 33 MPs.

Associated Press

Labour leadership candidates David Miliband, left, Ed Miliband and Diane Abbott at the GMB Union Congress on Monday

While the candidates have mainly talked of making a clean break with the New Labour movement of Tony Blair and Mr. Brown and some have criticized Mr. Brown, it is a measure of how these two men changed Labour in that none of the main candidates are calling for a lurch back to the socialist principles that had once dominated the party.

EUROPE NEWS

France set to sell 1,700 government properties

Associated Press

PARIS—Other nations are looking to privatize state-owned companies to chip away at debt, but France is taking a different approach—selling defense buildings, royal hunting lodges, chateaux and other public properties to ease its budget and free the government from the costs of maintaining the 1,700 holdings.

Budget Minister Francois Baroin said Wednesday that most of the proceeds from the sale will go toward government investments, while less than 20% of the payments will service the nation's debt, which is at a record high.

The sale is part of a larger effort to streamline bureaucracy in a country where more than a third of workers are employed by the state.

France holds €1.49 trillion ($1.8 trillion) in debt, about 77% of its gross domestic product, according to the state statistics agency.

Of the €3 billion in revenue from sales of state property since 2005, Mr. Baroin said, just €427 million went toward debt. He didn't give an estimate of the value of the properties now for sale.

In releasing a public list of state properties for sale for the first time, the government hopes to avoid the controversies and secrecy that have dogged some past sales of French property, public and private.

The properties in question include various chateaux, such as one in Thonon-les-Bains built in 1800 near Lake Geneva as well as a royal hunting lodge in the Saint-Germain-en-Laye forest west of Paris.

Local authorities get the first option on the properties for sale, but if they aren't interested, the bidding is open to anyone, including foreigners. All potential buyers must undergo background checks, Mr. Baroin said, and sales will be subject to verification that the funds used don't violate antimoney laundering laws, according to materials on the selloff from the Budget Ministry.

That is a sensitive issue in France, where Panamanian ex-dictator Manuel Noriega is going on trial this month on charges he laundered cocaine trafficking proceeds via French banks and three Paris apartments his wife bought in the 1980s.

Anticorruption groups are awaiting a French appeals court ruling on a lawsuit they filed against three African presidents accused of buying properties in France for millions of euros that human-rights groups say were embezzled.

Many of the properties for sale belong to the Defense Ministry, which is undergoing an overhaul to make the military smaller, more modern and more focused on technology. The ministry has a new facility under construction on the southwest edge of Paris.

Speaking to mayors and legislators at his ministry Wednesday, Mr. Baroin sought to assuage fears that France was selling its soul.

"Our goal is not to sell just to sell, without any respect for the future of our heritage," he said.

Sales are planned from now through the end of 2013.

Gates slams EU over Turkey

U.S. Defense Secretary Robert Gates on Wednesday accused the European Union of pushing Turkey toward the East by its resistance to letting the mainly Muslim nation join the bloc, the closest any senior U.S. official has come to saying that the West risks losing Turkey.

*By **Marc Champion** in Istanbul and **Peter Spiegel** in Washington*

Getty Images

U.S. Defense Secretary Robert Gates, at London's Heathrow Airport Wednesday, suggested Turkey is focusing eastward.

The comments, made to reporters while Mr. Gates was in London and reported by news agencies, came as Turkey voted against a U.S.-backed resolution at the United Nations Security Council mandating new sanctions against Iran. Mr. Gates also expressed "concern" at the sharp deterioration in relations between U.S. allies Turkey and Israel, over the killing of Turkish citizens by Israeli soldiers on a ship bound for Gaza last week.

"I personally think that if there is anything to the notion that Turkey is, if you will, moving eastward, it is, in my view, in no small part because it was pushed, and pushed by some in Europe refusing to give Turkey the kind of organic link to the West that Turkey sought," Mr. Gates said, according to the agency reports.

"We have to think long and hard about why these developments in Turkey [are occurring] and what we might be able to do to counter them and make the stronger linkages with the West more apparently of interest and value to Turkey's leaders," he said.

The EU agreed to begin membership talks with Turkey in 2004, some 50 years after the nation of more than 70 million people first expressed interest. But the talks have gone slowly, as the EU has frozen almost a third of the so-called negotiating chapters, mainly over Turkey's refusal to open its ports to recent EU entry Cyprus. France, Germany and several other current members have repeatedly said they don't believe Turkey belongs in the bloc.

With progress blocked in the EU, Turkey's Islamic-leaning government has set a frenetic pace in trying to improve its relations with neighbors to the east and north, including Russia, Iran, Syria and Iraq, while significantly downgrading the de facto alliance it had with Israel since the mid-1990s.

That has led many analysts in Washington to worry that Turkey's Islamic-leaning government is leading the country eastward, and that the West could be losing a key regional ally that has the second-largest military in the North Atlantic Treaty Organization, after the U.S.

"What Secretary Gates said is right on target," said Tuncay Babali, a Turkish diplomat currently on sabbatical at Harvard University's Weatherhead Center for International Affairs. "Turks are sick and tired of being judged on individual issues such as whether they support certain Western policies, rather than being accepted as a significant partner." While he disagreed the West was "losing" Turkey, he said that at a time when U.S.-Turkish relations are strained over Iran and Israel, "the situation is very serious."

Mr. Babali and other analysts say a cold shoulder from the EU was only part of the reason why Turkey is developing new allies and reducing its almost exclusive reliance on the U.S. and Europe. These include the end of the Cold War and a new security environment in the region caused by the U.S. invasion of Iraq in particular.

Still, politicians committed to Turkey's joining the EU argue the EU badly needs Turkey, with its strategic location, a per capita gross domestic product that nearly tripled between a financial crisis in 2001 and 2008, and a fast-growing population. The country's economy is expected to grow more than 5% this year.

Many EU members agree, but admitting new entrants requires unanimity among the 27 current members. French President Nicolas Sarkozy, German Chancellor Angela Merkel and some EU leaders have said repeatedly they don't believe Turkey belongs in the bloc, and that it should have a "privileged partnership" instead. Mr. Sarkozy clashed sharply with President Barack Obama last year at a summit in Prague, when Mr. Obama said he thought the EU should admit Turkey.

"France has no problem at all with Turkey. On the contrary, it's an important partner," said Bernard Valero, spokesman for the French Foreign Ministry. At the same time, "the position of France under the French president regarding Turkey and the EU is very well known."

The Pentagon has long been an advocate for Turkey both within the U.S. government and internationally. The U.S. and Turkish militaries have strong ties, including the Incirlik Air Base in southwestern Turkey, which the U.S. Air Force uses as a key hub for operations in the Middle East and central Asia.

Mr. Gates's view that Turkey has turned to the East isn't universally shared within the administration. A senior State Department official involved in U.S. policy toward Turkey acknowledged that there is a debate within the administration over Ankara's outreach to Middle Eastern countries, including Iran.

■ U.N. slaps tougher sanctions on Iran over nuclear program 11

No clear winner in Dutch election

By Anna Marij van der Meulen

AMSTERDAM—Exit polls in the Dutch elections on Wednesday indicate a draw between the Liberal Party and the Labor Party, setting the stage for difficult coalition talks to form a majority in government.

Both the center-right People's Party for Freedom and Democracy, more commonly known as the Liberal Party and led by Mark Rutte, and the Labor Party, led by the former mayor of Amsterdam, Job Cohen, are set to have 31 out of 150 parliamentary seats, according to the exit poll from Synovate, a research agency.

Election polls have for weeks favored the People's Party for Freedom and Democracy as the likely winner of the elections. Mr. Rutte has pushed for the most aggressive agenda of economic reforms and budget cuts as the country's budget deficits have grown to over 5% of gross domestic product.

European Pressphoto Agency

Mark Rutte, leader of the Netherlands' Liberal Party, casts his vote.

Official preliminary results were expected later Wednesday night. Up until Tuesday, Mr. Rutte's Liberals looked set to gain 36 seats, while the Labor Party looked to have 29.

The exit poll indicates a very fragmented electorate, ruling out the possibility of a center-left government. The formation of a center-right government consisting of the Liberals and the Christian Democrats, led by former Prime Minister Jan Peter Balkenende, isn't possible either, due to heavy losses for the Christian Democrats. This would mean the most likely combination would be an unwieldy four-party coalition of Mr. Rutte's center-right Liberals with a center-left trio of Socialists and the smaller Democratic Liberals and Green Party.

The fragmented electorate could make it difficult for Mr. Rutte to execute a reform agenda. Budgetary fears have eclipsed concerns about immigration as the driver of the Dutch political debate.

The far-right Freedom Party, led by Geert Wilders, is set to end up with a total of 23 seats, making it the third-largest party. Mr. Wilders may want to claim a seat at the table in coalition talks, complicating talks further as all parties, except the Liberals, have ruled out forming any coalition with the Freedom Party.

EUROPE NEWS

Economists expect slow U.S. growth

Survey suggests recovery will be gradual but steady, despite increasing worries over Europe and a weak job market

BY PHIL IZZO

Economists surveyed by The Wall Street Journal are sticking with their forecasts for slow but steady growth in the U.S. economy through the middle of 2011 despite recent turmoil in European debt markets.

But their outlook is clouded by growing worries about Europe and the vitality of the U.S. job market.

On average, the 53 respondents to the Journal's monthly survey still expect the U.S. economy to grow about 3% in the second half of the year and to continue at that pace into 2011. That means adding jobs so gradually that unemployment, now at 9.7%, will be at a still-elevated 8.6% by the end of December 2011.

"Jobs are key for demand growth," said Michael Carey of Crédit Agricole CIB. "The European sovereign-debt crisis could negatively impact growth through financial conditions."

The risk of contagion from Europe and other uncertainties led the forecasters to push back until February 2011 the moment at which they expect the Federal Reserve to raise interest rates. A month earlier, they anticipated a Fed move before the end of this year.

Twenty-four of the economists, a plurality, said the biggest downside risk to their forecast for the U.S. economy for the second half was ripple effects from the European government-debt crisis, which has spread beyond Greece and raised doubts about everything from the viability of the euro to the strength of the European banks.

An additional 11 said the biggest downside risk was disappointing job growth in the U.S. In the U.S., the pace of job growth is key to the speed of the recovery.

Twenty-two economists, a plurality of respondents, said the one development that could lead growth to exceed their forecasts in the second half was a pickup in hiring.

Twelve others cited accelerated consumer spending, which is tied to the job market. On average, they expect the U.S. to add about 2.2 million jobs over the next 12 months, substantially less than a third of the jobs lost since the onset of the recession in December 2007.

Federal Reserve Chairman Ben Bernanke offered guarded reassurances about the economy in testimony to the House Budget Committee Wednesday, saying that a new recession was unlikely and that the Fed still expected the U.S. economy to grow at a 3.5% annual rate in the months ahead. Still, his tone was cautious, given the headwinds facing Europe and recent turmoil in financial markets.

"Forecasting is very difficult and I make no promises in any particular direction," he said, "but it appears to us that the recovery has made an important transition from being supported primarily by inventory dynamics and by fiscal policy toward a recovery being led more by private final demand." Still, he added, a double-dip recession couldn't be "entirely ruled out." The economists in the survey put the odds of a double-dip recession at just 19%.

The economists—most of whom are American—see a 75% chance, on average, that Greece will be unable to pay its debts and will either default or restructure them, despite the rescue package offered by other European countries and the International Monetary Fund.

And the forecasters put 1-in-3 odds on the euro zone eventually splintering, undoing an experiment in which 16 sovereign nations share a common currency.

The forecasters give the Fed higher grades, an average of 80 out of 100, than they do the European Central Bank, which has lost some credibility in recent weeks over its response to turmoil in European debt markets. The economists give it a grade of 68. The Bank of England and Bank of Japan came in at 70 and 63, respectively.

Meanwhile, the Fed's roundup of regional economic conditions in May, prepared for the central bank's June 22-23 policy meeting and released Wednesday, found that the economy continued to improve across the country. But many of the Fed's 12 regional banks described the pace of growth as modest. Based on conversations with local businesses, the Fed banks said consumer spending was strengthening, although consumers tend to be buying necessities rather than big-ticket discretionary items. Tourism activity improved across the country, except for cancellations in areas affected by the Gulf oil spill.

"The potential exists for a much greater impact, although contacts are quite uncertain as to the ultimate effects," the Fed said.

The Fed found that the job market is improving, particularly in manufacturing. The Boston and Dallas Fed banks noted a pickup in temporary hiring. Overall, manufacturing, services outside of finance and transportation "continued to gradually improve," the Fed said.

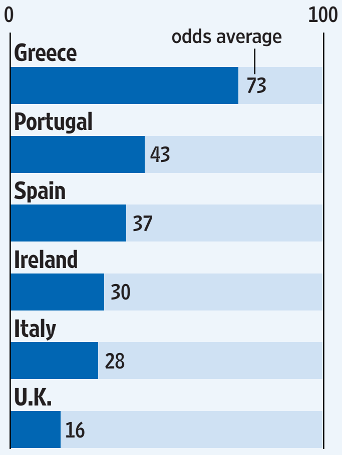
But commercial real-estate activity was weak, despite a modest increase in lending in some parts of the country. "Commercial and industrial lending by banks remained weak in most Districts, although Philadelphia, Chicago, Dallas, and San Francisco noted business-loan demand was firming, the Fed noted.

By a nearly 2-1 count, the larger number of economists, many of whom cited concerns about issues facing the euro zone, said developed nations need to pay more attention to deficits. The smaller group of economists, who said the labor market was the biggest challenge, said governments in developed countries were worrying too much about deficits and not enough about supporting growth with fiscal policy.

—Jon Hilsenrath contributed to this article.

Cascading risk

On a scale of 0 to 100, what are the odds of each of the following countries eventually restructuring or defaulting on its debt?



Source: The Wall Street Journal survey of economists

World Bank warns of economic stall

BY IAN TALLEY

WASHINGTON—Global economic growth could stall sharply if the sovereign debt crisis in Europe produces a debt default—or spurs a loss in market confidence, the World Bank said in its latest forecast.

Although World Bank officials said the risk of the debt crisis deepening is low and praised the measures taken so far to backstop Greece with a €110 billion ($131 billion) program and a pledge of nearly $1 trillion for other countries that run into trouble, its economists looked at the consequences of the economic situation in Europe worsening.

If bond yields increased by one percentage point—and debt troubles ballooned into a full-fledged crisis within Europe's major economies—projected world growth could slow to 2% this year and 0.7% in 2011, instead of the 3.3% the World Bank now forecasts for both years.

Global growth would depend even more on China and other developing nations in the case of a debt meltdown. High-income countries would expand by just 0.9% in 2010 and contract by 0.6% in 2011. (Absent a debt crisis, the World Bank projects high-income countries will grow 2.3% in 2010 and 2.4% in 2011.)

The Bank's simulated scenario is based on the effect on global growth that occurred during the East Asia crisis of a decade ago. It assumes that international and domestic credit to the major European Union economies dries up and a brutal fiscal adjustment and credit crunch ensues. Gross domestic product in France, Germany, Italy, Spain and the U.K. could sharply fall, causing a domino effect on exports to the rest of the E.U. and world.

The outlook came amid promising indicators from Greece and Portugal, where economic woes have spurred governments into austerity measures. Portugal's economy expanded 1.1% in the first quarter compared with the previous period, as consumer spending and exports grew, a report released by the National Statistics Institute showed.

In Greece, Finance Minister George Papaconstantinou said that the country is on track to meet its 2010 deficit targets, and suggested that the country's recession-hit economy could surprise with a less-than-feared contraction this year.

In its forecast, the World Bank said that if Europe avoids a debt crisis, the global economy is showing signs of a steady recovery. Calculating global growth in the way the International Monetary Fund does—using purchasing power parity statistics which try to equalize the costs of goods in different countries—the Bank's growth forecast comes out at 4.2% this year and 4.0% in 2011. That is roughly the rate of global growth the IMF is predicting.

In the U.S. and Japan, two major motors of the global economy, the stimulus-led rebound in the economy is now being driven by more organic expansion fueled by investment and consumer demand.

EUROPE NEWS

Uniting for new market rules

Sarkozy, Merkel urge EU to speed oversight of CDS, short-selling; 'a show of solidarity'

By Geraldine Amiel

PARIS—In their latest effort to bridge a divergence over the management of the European sovereign-debt crisis, French President Nicolas Sarkozy and German Chancellor Angela Merkel called on the European Commission to intensify its efforts on regulating credit-default swaps and the short-selling of securities.

"This is clearly a show of solidarity" between the two countries, a senior French government official said, noting that the French Parliament will debate a new bill on banking and financial regulation Thursday.

Ms. Merkel and Mr. Sarkozy wrote in a joint letter to commission President José Manuel Barroso on Wednesday that there is "an urgent need for the commission to speed up its work to establish stricter control of markets in sovereign CDS and of short-selling, and to present all possible measures for action in these areas" before the Economic and Financial Affairs Council meeting in July.

Associated Press

Nicolas Sarkozy and Angela Merkel, shown last month, moved to bridge differences with a letter to the European Union.

"It is indispensable to reinforce the transparency of short positions on equities and bonds, especially sovereign bonds," the leaders said, stressing that the commission should consider a European-level ban of naked short-selling for all or some shares and bonds and certain sovereign CDS.

Naked short-selling involves the sale of an asset that isn't owned by the seller and isn't borrowed to cover the position while it is held. Some politicians have claimed the activity can be used to manipulate markets because the amount of naked short-selling can dwarf sales of the underlying assets.

Germany last month stunned its European partners by deciding overnight and unilaterally to ban naked short-selling on financial shares, CDS—a form of protection against the default of a debt issuer—and euro-zone government bonds.

The French government has rdeclined to follow in Germany's footsteps, stressing the need for a coordinated approach in Europe on the matter. Mr. Sarkozy's inclusion in the letter with Ms. Merkel reflects another effort to soothe the troubled relationship between Berlin and Paris, not a change of heart for the French.

At the Group of 20 industrial and developing nations meeting last week in Busan, South Korea, French Finance Minister Christine Lagarde said, "Market regulators should have the ability to ban [naked shorts via CDS] under specific circumstances. ... We are in agreement with Germany on the need to reduce volatility on the sovereign-debt market."

Wednesday's letter was prompted as "the severe turbulence observed on financial markets over recent months has however led to considerable concern among the member states of the European Union and all our fellow citizens," Ms. Merkel and Mr. Sarkozy wrote.

"The return of high market volatility raises some legitimate questions, specifically concerning certain financial techniques and the use of certain derivative products, as, for example, short-selling and credit-default swaps," they said.

The commission, which is the EU's executive arm, should also look at the possibility of harmonizing settlement and delivery delays in European trading, Ms. Merkel and Mr. Sarkozy said.

The commission, which initially hadn't planned to look into CDS and short-selling before October, will put out proposals during the summer, said Pia Ahrenkilde Hansen, a commission spokeswoman. "The commission has been working intensively," she said. "We welcome the sense of urgency expressed by Paris and Berlin in this letter."

CDS are tradable, over-the-counter derivatives that function like a default insurance contract for debt.

—Nathalie Boschat and Matthew Dalton in Brussels contributed to this article.

Merkel faces dissension on welfare cuts

German Chancellor Angela Merkel faces growing discord in her own ranks over her €80 billion ($96 billion) savings plan, which critics say unfairly targets welfare programs.

*By **Andrea Thomas** in Berlin and **Terence Roth** in London*

Members of Ms. Merkel's Christian Democratic Union party Wednesday complained that the cost-cutting program introduced Monday unfairly targets welfare recipients. Earlier calls for more taxes on high incomes had been blocked by Ms. Merkel's junior government coalition partner, the Free Democrats. Now the divisive split over tax increases will likely dog Ms. Merkel's efforts to get the savings plan through Parliament, due to vote on the bill in the autumn.

Finance Minister Wolfgang Schäuble, also a Christian Democrat, on Wednesday defended the package as ambitious and balanced, but allowed without being more specific that one or two aspects of the package could still change. "We're not doing this to hurt people," Mr. Schäuble said in parliament. The government's goal is to keep debt levels from rising without endangering growth, he added.

Economists have lauded the measures as necessary to reduce Germany's soaring budget deficits and to set an example for other euro-zone countries even deeper in debt. But they also say more will be needed if the government is to comply with a law requiring a nearly balanced budget by 2016.

Regional Christian Democrats and members of the party's left wing have joined trade unions and charities in charging the austerity plan spares the wealthy.

Greece, Portugal improve

By Alkman Granitsas And Jeffrey T. Lewis

ATHENS—Portugal's economy expanded in the first quarter compared with the previous quarter and Greece remained on track to meet its 2010 deficit targets, offering signs that two outlying economies could be gaining ground.

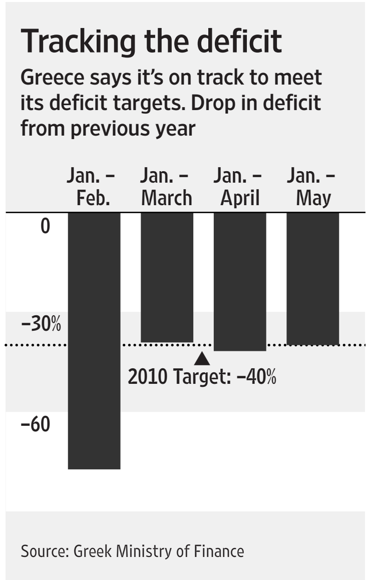
According to data to be released in the next few days, Greece's budget gap narrowed by around 40% in the first five months of the year, Greek Finance Minister George Papaconstantinou said at a news conference.

Revenue in the five months to May was up 8%, while spending was down more than 10%, he said.

The deficit data, combined with other recent statistics, offered the notion that the country's economy could surprise with a less-than-feared contraction this year.

Greece last year reported an estimated budget deficit of 13.6% of gross domestic product, which it aims to reduce to 8.1% of GDP this year.

"In the next few days, we will issue data on the execution of the budget for the first five months," Mr. Papaconstantinou said. "We have a decrease in the deficit that is very close to 40%."



"I am cautiously optimistic that we will succeed in achieving exactly the targets that we have set," he said.

Separate figures released by the Bank of Greece also showed a sharp narrowing in the government's cash deficit.

According to the central bank, the cash deficit for January-May narrowed to €9.5 billion ($11.39 billion) from €14.6 billion in the year-earlier period.

Last month, Greece agreed to a three-year austerity and reform program with the European Union and the International Monetary Fund in exchange for an €110 billion loan package to help the country meet its financing commitments.

Data released by the national statistics service Wednesday showed that Greece's GDP shrank a revised 1% in the first quarter. The EU and IMF expect Greece's economy to shrink 4% this year.

In Portugal, meanwhile, the economy expanded in the first quarter compared with the previous one, as consumer spending and exports grew, a report from the National Statistics Institute showed.

Gross domestic product grew 1.1% in the first quarter from the fourth, according to the institute. Portugal's economy has expanded in three of the past four quarters.

The economy grew 1.8% in the first quarter from the 2009 first period, after shrinking 1% in the fourth quarter from a year earlier. It was the first year-on-year growth in six quarters. The flash estimate for first-quarter GDP was for growth of 1% in the quarter and 1.7% from a year earlier.

—Nick Skrekas in Athens contributed to this article.

U.S. NEWS

Associated Press (2)

Republican candidate for California governor, Meg Whitman, the former CEO of eBay, left, and Republican Senate candidate Carly Fiorina, the former CEO of Hewlett-Packard, take the stage Tuesday night.

Tech chiefs triumph in California

Whitman to face Brown for governor, and Fiorina will challenge incumbent Boxer for Senate seat in November

SAN FRANCISCO—Republican voters in California sent two former Silicon Valley chief executives, Meg Whitman and Carly Fiorina, into the races for governor and U.S. Senate against establishment Democrats.

By ***Jim Carlton, Stu Woo*** and ***Cari Tuna***

The contest will highlight a sharp partisan split in the state as the candidates tout sharply different solutions to the state's economic problems.

Ms. Fiorina, the former Hewlett-Packard Co. CEO, beat former Rep. Tom Campbell 56% to 22%. The third major candidate in the GOP Senate race, state Assemblyman Chuck DeVore, received 19% of the vote.

Ms. Fiorina will face Sen. Barbara Boxer, the three-term incumbent with powerful backing, who handily won the Democratic nomination Tuesday.

"This fall, she will have to answer to the people of California for her failure to stand up for our state," Ms. Fiorina said in a statement before addressing supporters in Anaheim, Calif., Tuesday night. "Together, we will replace Boxer, take Washington back, make it listen and make it work."

Ms. Whitman, former eBay Inc. chief executive, beat her rival, state Insurance Commissioner Steve Poizner by a wide 64% to 27% margin for the GOP nomination to succeed Gov. Arnold Schwarzenegger.

Ms. Whitman will face Jerry Brown, the veteran politician who handily beat token opposition against him in the Democratic primary.

"Career politicians in Sacramento and Washington, D.C., be warned because you now face your biggest nightmare: Two businesswomen who know how to create jobs, balance budgets and get things done," Ms. Whitman said in her victory speech Tuesday night in Universal City, Calif.

A Whitman victory was never seriously in question—she led Mr. Poizner by more than 20 percentage points for much of the campaign. Hundreds of supporters began celebrating at her campaign party at the Universal Hilton in Universal City, Calif., soon after polls closed at 8 p.m.

Ms. Fiorina's victory was more hard-won: She came from behind Mr. Campbell in polls in the final weeks of the campaign following an advertising blitz that included blistering attacks on him as a liberal Republican.

Now both, having tacked right to win over conservatives in the primaries, must convince California's historically moderate electorate that they have better solutions to the state's economic and political paralysis than their veteran liberal rivals. Both must also show they can make nice with the state's diverse ethnic and economic demographics, possibly softening their primary-race rhetoric on issues such as illegal immigration.

With the third-highest state unemployment rate in the nation, California's lagging economy will play a big role in the November election. Ms. Whitman and Ms. Fiorina both plan to continue touting their credentials as former technology company CEOs as evidence they can shore up the state budget and spur job creation better than the Democratic rivals.

Amid a generally light turnout statewide, some Republicans who marked their ballots for the two women said they did so, in part, because of their business experience.

"Business people know what the real world's all about, and I'm afraid that politicians don't," said Steve Fryer, a 72-year-old investment banker who voted for the former CEOs in Newport Beach. "I think fiscal conservative is the most important thing you could be right now" because of the state economy's woes.

In the race for governor, especially, California's budget morass will likely be the top issue. "We're going to have another long hot summer of budget delays in California," said Stanford University political scientist Thad Kousser.

That could benefit Ms. Whitman—who has proposed targeted tax cuts and a strict spending cap—more than Mr. Brown. He so far has been more vague about his plans, and risks alienating union supporters if he pushes to cut spending, and voters more broadly if he advocates raising taxes.

Still, Ms. Whitman will face a proven politician in Mr. Brown, now the state's attorney general. As governor from 1975 to 1983, he earned the nickname "Governor Moonbeam" for his quirky and liberal stances, but later redefined himself as a centrist mayor of Oakland who turned the woebegone city around economically.

In the Senate race, the slow economic recovery could help Ms. Fiorina by shifting voters' attention away from the conservative social stances she took during the Republican primary. She has proposed reducing income and capital-gains taxes, eliminating the estate tax and creating incentives to spur hiring by small businesses and manufacturers.

Ms. Boxer plans to tout her work on the stimulus package and climate bill as engines of job creation, campaign officials said.

—Ben Worthen, Jean Guerrero and Peter Sanders contributed to this article.

Tea party rolls in Nevada

By Tamara Audi
And Alexandra Berzon

Conservative tea-party pick Sharron Angle overtook more established rivals to win the Republican nomination for U.S. Senate in Nevada—giving incumbent Democratic Sen. Harry Reid the opponent he had hoped to face.

Ms. Angle, a former state assemblywoman, defeated former casino executive Sue Lowden by 40% to 26%. Ms. Lowden had emerged as the early leader in the race and was embraced by the Republican establishment, which saw her as the party's best chance for knocking out Mr. Reid, the majority leader of the Senate.

Ms. Angle's victory sets up what is likely to be one of the most bitter Senate races in the U.S. Although Ms. Angle began the race with a three-person campaign staff—her most recent Federal Election Commission filing said she had just $138,609 on hand—she is expected to receive a flood of GOP money now she is taking on Mr. Reid.

Already, the members of the conservative Club for Growth, which endorsed her last month, have contributed $153,000 to her campaign. The group has spent another $475,000 in an independent expenditure to back her with TV ads.

Mr. Reid, who has held office since 1987, is facing a tide of unpopularity in his home state, which has been hard-hit by the construction downturn and foreclosure crisis. Republicans have been strategizing for months about the best way to unseat the powerful Democrat.

On Monday, Mr. Reid's camp said it was preparing for an "aggressive campaign" against any Republican challenger. He commands a war chest of $9.1 million, a large sum for a state with only 2.6 million residents. And he is expected to be able to raise more money easily.

Associated Press

Sharron Angle, who will face Sen. Harry Reid, speaks Tuesday in Las Vegas.

The Reid camp maintains that Ms. Angle holds many views that lie outside the mainstream. For example, she supports a phased-in privatization of Medicare and Social Security. While serving in the Nevada state legislature, she made numerous enemies among fellow Republicans, because she was often unwilling to toe the party line.

U.S. NEWS

Outsiders surge in voting

Haley thrives in South Carolina, but Lincoln survives in Arkansas

BY NAFTALI BENDAVID AND VALERIE BAUERLEIN

South Carolina State Rep. Nikki Haley, a favorite of conservative tea-party activists, advanced Tuesday in her bid to become her state's first woman governor, on a night when establishment candidates across the U.S. battled for their political lives.

Eleven states held primaries Tuesday, the busiest day so far in a nomination season stretching from February to September in advance of the Nov. 2 general elections. All 11 states chose nominees for the U.S. House. Republican voters also cast ballots in contested races for governor in South Carolina, as well as in California and Nevada, which also had marquee races for Senate nominations.

Ms. Haley finished with a double-digit lead in the four-person race for the GOP nomination. She will face second-place finisher, U.S. Rep. Gresham Barrett, in a runoff.

Ms. Haley had trailed badly early in the campaign, but she won support from the tea-party movement and an endorsement from former Alaska Gov. Sarah Palin. Her competitors included top officials in the GOP establishment, including the state's attorney general and lieutenant governor.

In another example of South Carolina voters rejecting traditional candidates, six-term U.S. Rep. Bob Inglis came in a distant second in his Republican primary. He was forced into a runoff with Trey Gowdy, a local prosecutor.

Arkansas Democratic Sen. Blanche Lincoln narrowly won a primary runoff Tuesday night against Lt. Gov. Bill Halter, after liberal activists, unions and environmental groups attempted to topple the two-term incumbent senator, a centrist. In last month's Democratic primary, Mr. Halter nearly tied her, forcing the runoff.

Associated Press

Arkansas Democrat Sen. Blanche Lincoln speaks Tuesday after winning a runoff.

The results suggested that voters' anger at Washington and their hostility toward the political establishment continue to drive this year's campaign season.

Now, Ms. Lincoln will face a powerful opponent in GOP Rep. John Boozman, who is serving his fourth full term in Congress. Mr. Boozman holds double-digit leads in multiple public opinion surveys matching him against Ms. Lincoln.

In conservative north Georgia, a candidate with tea-party support handily won a special election to complete the term of U.S. Rep. Nathan Deal, who stepped down to focus on a gubernatorial bid.

Tom Graves, a former state representative, defeated a more moderate state senator, Lee Hawkins, by capitalizing on frustration over President Barack Obama's health-care overhaul and toeing a hard line on immigration policy.

Those results suggested that voters' anger at Washington and their hostility toward the political establishment continue to drive the campaign season.

"It's still a very angry electorate," said former Rep. Tom Davis (R., Va.). "This is a topsy-turvy electorate. Instead of the wind blowing in one party's face, it's a side wind, blowing against the incumbents of both parties. We see that again tonight."

Already this year, incumbents and anointed candidates of both parties, including four sitting members of Congress, have gone down to defeat. Fiscally conservative tea-party groups have roiled the waters, pushing their favored candidates to victory in some cases, though the groups' final impact on the electoral scene remains unclear.

Tuesday's primary election outcomes set up a series of high-profile matchups for the fall, with insiders confronting outsiders in a year when voters are deeply anxious about the economy and mistrustful of just about all big institutions.

These races are part of what is likely to be a ferocious political battle in the November election. Following the victory of Mr. Obama and the Democrats in 2008, Republicans are seeking to harness a resurgent, if unpredictable, conservative activism, while Democrats are hoping to minimize their losses in a difficult year.

The primary season has already seen the ouster of two incumbent senators, Robert Bennett (R., Utah) and Arlen Specter (D., Pa.), each defeated by their parties' activist wings. Two House members, Reps. Alan Mollohan (D., W.V.) and Parker Griffith (R., Ala.), also have lost.

"The political bases of both parties are shunning conciliation, compromise and caution, and looking for candidates who best express the core beliefs of their party," said Republican pollster Bill McInturff.

In South Carolina, Ms. Haley surged in recent weeks from long-shot to leader. After that, the race became rocky, as two GOP political operatives said they had had affairs with Ms. Haley, and a Republican legislator called her a "raghead," an apparent reference to her Indian-American heritage.

The attacks only seemed to strengthen the prospects of Ms. Haley, 38 years old, who was born a Sikh but converted to Christianity. If she wins the governorship, she could quickly become a star in the Republican Party, which has struggled to reach minorities, women and young people.

The ultimate GOP nominee will likely face Democratic state Sen. Vincent Sheheen, who handily won Tuesday's primary.

The South Carolina results also signaled the potential defeat of Mr. Inglis, a Greenville Republican who opponents say lost his conservative fire. He significantly trailed Mr. Gowdy, the prosecutor, a signal that voters in his district are looking for new representation.

In New Jersey, a state with a tradition of centrist politics, four of the state's five Republican House members faced primary challenges from tea party-inspired candidates. All the incumbents survived.

In the suburbs of Philadelphia, former Eagles offensive tackle Jon Runyan prevailed over tea-party candidate Justin Murphy. Mr. Runyan was the choice of the GOP establishment. The former offensive tackle in the National Football League now faces Democratic Rep. John Adler in a general election that is expected to be hotly contested and draw attention from the national parties.

In Virginia, tea-party members split their vote in two districts, allowing candidates backed by the GOP leadership to advance to the November election against vulnerable Democratic incumbents.

In the Fifth District, which includes Charlottesville, state Sen. Robert Hurt topped a seven-person field. He faces Rep. Tom Perriello.

In the Second District, which includes Virginia Beach, auto dealer Scott Rigell emerged as the Republican challenger to Rep. Bob Nye.

Women candidates emerge as an element of change

[Capital Journal]

BY GERALD F. SEIB

The political world is big on "year of" labels, and 2010 has already provided plenty of them: year of the angry voter, year of the outsider, year of the tea party.

Then along came Tuesday's U.S. primaries, establishing another: the year of the woman. It's in some ways the least expected and most interesting of them all.

First, let's look at this week's fresh evidence. In a big primary day Tuesday, the most important races were Senate and gubernatorial contests in five states. In all five—the Senate contests in California, Nevada and Arkansas, and the governor's races in California and South Carolina—a woman emerged as a victor. (One candidate, Republican Nikki Haley of South Carolina, may face a runoff to win the Republican nomination, but she finished so far ahead Tuesday night that her party hopes her lone remaining foe will drop out.)

The female faces are mostly new Republican ones, but the biggest vic+tory of the night might have belonged to a Democratic woman, Arkansas Sen. Blanche Lincoln. She surprised even her own party by winning and confounded those on her left who spent millions trying to unseat her from within.

So what is it about the environment this year that has produced this gender-bender movement? Four factors seem to be at work:

■ The outsider factor. Given the anger at Washington and at "the establishment" in all its forms, being seen as an outsider is a pretty good thing for a candidate. And let's face it: The world of politics still is dominated by males, and being a woman makes a candidate an outsider of sorts, almost by definition.

"At a time when voters are hostile to the establishment, to the old boys' network, few candidates look less old boy than young women," says Democratic pollster Mark Mellman.

■ The natural-progression factor. A generation's worth of advances by women to the upper reaches of a wide variety of American institutions have empowered and credentialed waves of women, some of whom now are naturally moving into politics at a high level.

"You now have women of considerable business success and independent means that are willing to withstand the scrutiny and personal attacks—even gross character misrepresentation and attempted character assassination—of these high-stakes campaigns, and to fight on the merits to win," says Dana Perino, a Republican analyst and former White House press secretary.

To some extent, Democrats have been ahead of Republicans on this empowerment curve, but no longer. Says Ms. Perino: "The GOP, often labeled as having no diversity, has an amazing array of candidates this year, which tells you something about the policies and ideology of the Democrats not persuading, as much as it once did, its traditional supporters."

■ The Palin factor. Her many detractors won't want to admit it, but there's ample evidence that the Republican former Alaska governor and vice-presidential candidate is propelling some of this year's women candidates to the top—at least the top of the GOP.

She endorsed four candidates in Tuesday's GOP primaries, three of them women: Former Hewlett-Packard Chief Executive Carly Fiorina in California's Senate race, State Rep. Haley in South Carolina's gubernatorial contest and State Sen. Cecile Bledsoe in a primary runoff for an Arkansas House seat.

The female faces are mostly new Republican ones, but the biggest victory of the night might have belonged to a Democratic woman, Arkansas Sen. Blanche Lincoln.

Ms. Fiorina and Ms. Haley both won, and it's clear the Palin endorsement was important to both. In California, the Palin nod helped Ms. Fiorina fend off a challenge from a tea-party favorite, Chuck DeVore. And in South Carolina, Palin backing helped Ms. Haley weather charges of marital infidelity.

And it seems likely that Ms. Bledsoe, who lost by just a few percentage points, would have been further back without the Palin helping hand.

■ The empathy factor. It's a hard theory to prove, but it's possible that in a year in which candidates—especially Republican candidates—are compelled to talk about taking tough steps to deal with budget deficits and paring government programs, a woman may be able to deliver the message with more empathy than a man.

That idea seems inherent in Ms. Palin's description of the band of women candidates she's been backing as a collection of "mama grizzlies"—the "mama" part offering a somewhat more soothing complement to the tough-sounding "grizzlies" metaphor.

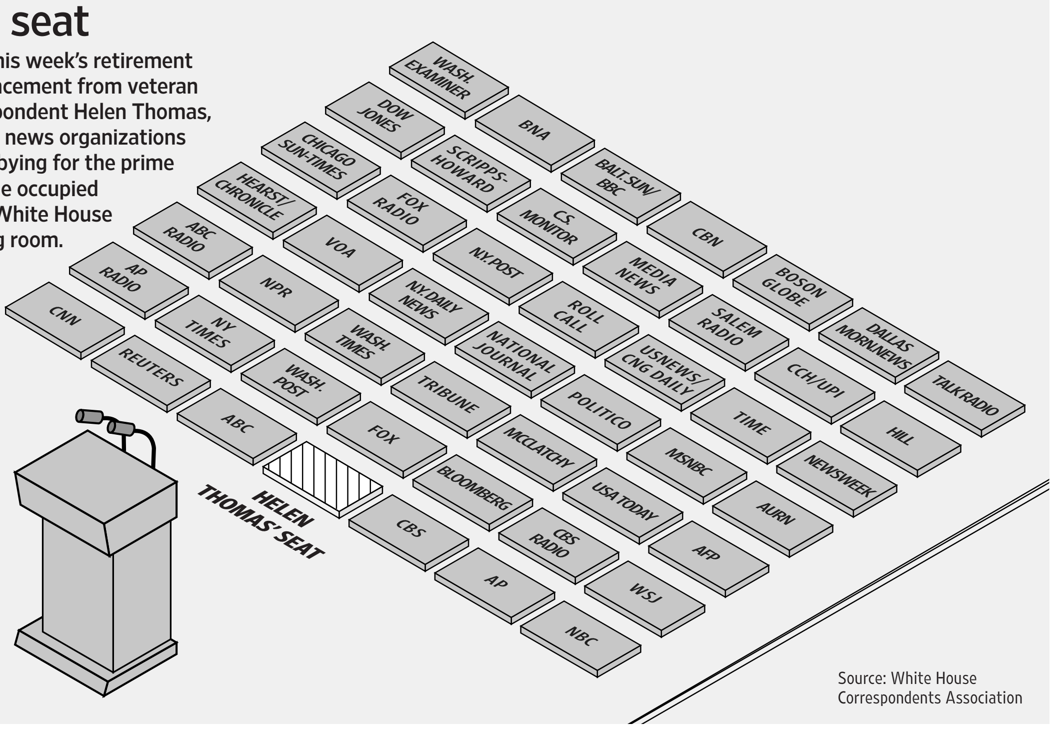
Of course, while all this may help explain what's happening in the primary season, none of it guarantees that there will be more female officeholders when the dust settles after November's general election. If the primary victors don't prevail, the year of the woman may turn out to be more the season of the woman.

But even that represents change, in a year in which it seems that's what many voters seek.

Write to Gerald F. Seib at jerry.seib@wsj.com.

Hot seat

With this week's retirement announcement from veteran correspondent Helen Thomas, several news organizations are lobbying for the prime seat she occupied in the White House briefing room.



Source: White House Correspondents Association

Press scurry for top seat

Reporters eager to fill Helen Thomas's vacated White House perch

By Michael M. Phillips And Jonathan Weisman

Helen Thomas's blue-padded seat in the front row of the White House briefing room has barely cooled, but her former colleagues in the press are already climbing over each other to fill it.

Ms. Thomas's abrupt retirement in the wake of controversial remarks has touched off a scramble for the prime news real estate she has occupied since the Reagan administration. News organizations with grand ambitions are trying to shove their way into the former doyenne's reserved seat, while smaller outlets lobby for any chair that such a move might leave empty. The smallest media, meantime, are just trying to get somewhere—anywhere—to sit down during press conferences.

"If you don't start lobbying now to move, it could be years and years before you get another opportunity," said Cheryl Bolen, who has a nosebleed, seventh-row seat as a correspondent for BNA's Daily Report for Executives. She launched her lobbying campaign within hours of Ms. Thomas's departure on Monday.

Ms. Bolen buttonholed board members of the White House Correspondents' Association, which assigns seats that set the briefing-room pecking order. She argued that she consistently attended administration briefings and deserved a better position.

Since Ms. Bolen started on the White House beat in October, not once has White House Press Secretary Robert Gibbs called on her when she raised her hand.

Associated Press

In this Aug. 1, 2006 file photo, Helen Thomas sits front and center.

Meantime, Ana Marie Cox, GQ's gossipy blogger, launched her own campaign for the Thomas seat on Twitter, with a solemn promise that if she is chosen, she will assume the position without wearing any pants. She later clarified that she would be wearing a dress, "as befits a lady."

There are 49 press seats in the briefing room—seven rows of seven theater-style seats, each with a brass plaque identifying the outlet that occupies it. Mr. Gibbs tends to call first on the wire services and television networks in the front row, often allowing them to ask multiple questions in a single briefing. Then he will move on to the newspaper grandees in the second row, and finally, if there is time left, to the mass-media masses farther back.

"If you're someone whose journalism depends on asking questions, you want to get up close," said Washington Examiner reporter Julie Mason, a board member of the correspondents group. She said she was "besieged" by colleagues who wanted to move up a row or two.

Rumors of Ms. Thomas's retirement have been circulating for years—she is 89 years old—and seat envy "has been hovering over the briefing room like a malodorous vapor," said Ms. Mason, whose own chair is in the last row. The end came suddenly on Monday, with Ms. Thomas retiring under fire from Hearst Newspapers after saying Israelis should "get the hell out of Palestine" and return to Germany, Poland and the U.S.

The main contenders for Ms. Thomas's seat—dead center in the front row—are **Bloomberg**, the fast-growing financial news outlet, and Fox News Channel, whose parent, **News Corp.**, also owns The Wall Street Journal, which has a second-row seat.

CNN reporter Ed Henry, a board member of the correspondents group, said he backs Fox. "When CNN bid for the front row in 2007, Fox could have challenged it and had a knock-down, drag-out fight like the one we might have this time. But they did the gentlemanly thing and said CNN had more seniority. I've got to honor that commitment." Fox News Channel and Bloomberg declined to comment.

Ms. Thomas, who started covering the White House during the John F. Kennedy administration, held the UPI seat until she quit the news service in 2000. But she didn't move after landing a position with Hearst Newspapers, and nobody pushed her.

The correspondents group plans to take on the seating issue next month, when new board members take office.

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Consensus proves elusive over too-big-to-fail banks

[Capital]

By David Wessel

Among the final questions hovering over the Congress as it rewrites the rules of finance is this: If banks that are too big to fail are a big part of the problem, will anything short of busting them up suffice?

Treasury Secretary Timothy Geithner, White House economic guru Lawrence Summers, Federal Reserve Chairman Ben Bernanke, Nobel laureate Paul Krugman and the majority of the U.S. Congress (so far) say breaking up big banks is somewhere between useless and counterproductive.

But a loud contingent—MIT economist and blogger Simon Johnson, Nobel laureate Joseph Stiglitz, former Treasury Secretary George Shultz and, to varying degrees, veteran central bankers Paul Volcker, Alan Greenspan and the U.K.'s Mervyn King—counters: If banks are too big to fail, they are too big. Break 'em up, or at least handcuff them.

The problem is easier stated than solved: When everyone believes a bank is too big or too intertwined with others for the government to allow it to fail, investors will be too willing to lend it money. The bank then borrows more and takes more risks than the market would otherwise allow, raising odds of failure and taxpayer bailout.

The precedent-shattering rescues of Bear Stearns and American International Group, the catastrophic consequences of the Lehman Brothers bankruptcy and the subsequent taxpayer rescue of the entire banking system breed expectations that, no matter what it says, the government will bail out big banks the next time, too. And having fewer bigger banks—one result of the crisis—doesn't exactly cure the problem.

The approach Mr. Geithner and allies are pushing aims to make big banks less prone to failure by better arming regulators to force them to borrow less, build bigger capital cushions to absorb losses in the future and maintain more liquidity to fight financial fires. It also attempts to make it easier for the government to let a big one go by devising a mechanism other than bankruptcy (Lehman) and bailout (AIG) to deal with a collapsing financial institution, one that would, unlike recent bailouts, nick creditors as well as shareholders.

Their critics are pressing the Senate-House conference to either shrink the banks (an unlikely outcome) or sharply restrict businesses in which banks can engage (possible). "There is little in the current legislation that would change the behavior or reduce the size of the nation's six megabanks," said lame duck Sen. Ted Kaufman (D., Del.), who unsuccessfully sought on the Senate floor to cap the size of banks. "Instead this bill invests its hopes in two ideas: First that chastened regulators—who failed miserably in preventing the crisis—will this time control these megabanks more effectively....And second that a resolution authority designed to shield the taxpayers for yet another bailout will be able to successfully unwind incredibly complex megabanks engaged across the globe."

By a 37-7 margin, economists surveyed by The Wall Street Journal this week, many from Wall Street, said the pending bill doesn't do enough to address too-big-to-fail, sometimes abbreviated TBTF. "It doesn't end it, it institutionalizes it," said Stephen Stanley of Pierpont Securities, a young broker-dealer that is too small to save.

In part, the differences are diagnostic. The Geithner camp doesn't believe that big banks are actually more prone to collapse and does believe that scale and scope bring economic benefits to the U.S. in a global economy marked by ever-bigger companies, though it allows that a big-bank collapse can do a lot of damage to others. In contrast, Richard Fisher, president of the Dallas Federal Reserve Bank, argued last week: "The dangers posed by institutions TBTF far exceed any purported benefits." The world needs big banks, he said; it doesn't need "a few gargantuan institutions capable of bringing down the very system they claim to serve."

The Geithner camp thinks forcing banks to return to the business of taking deposits and making loans would simply force a whole lot of riskier business to less regulated institutions and solve little. The other side argues that only restoring rules in place between the 1930s and the 1980s can restore that era's stability of the banking system.

In part, the differences are principled. The Geithner camp sees no alternative but to trust regulators. The other side is deeply skeptical of regulation, arguing that only the brute force of legislation can succeed. The Geithner camp believes it imprudent to forswear taxpayer bailouts at all times. The other side says any emergency-only clause will create expectations of bailouts.

And, in part, the differences are practical. Gary Stern, the former president of the Minneapolis Fed who was shouting about too-big-to-fail before most, says "bust 'em up is a nice slogan," but dismantling Citigroup or Bank of America would be "daunting," and probably impossible. The other side counters that Citi (already shrinking itself under pressure from regulators), Bank of America and J.P. Morgan Chase—and perhaps Wells Fargo, Goldman Sachs and Morgan Stanley, too — have grown too-big-to-save and too-big-to-manage so the wisest course is to break them into smaller pieces.

In the legislative battle, Geithner & Co. appear to have thwarted those who would shrink the banks, but they're still wrestling with those who would substantially restrict banks from trading for their own profit or dealing derivatives. But they haven't won the public argument, at least not yet.

WORLD NEWS

U.N. slaps tougher curbs on Iran's nuclear plans

By Joe Lauria

Reuters

Ambassadors gather before the U.N. Security Council meeting on Wednesday.

UNITED NATIONS—Iran defiantly reaffirmed its nuclear pursuit on Wednesday as the United Nations Security Council imposed new, harsher sanctions to persuade Tehran to stop enriching uranium.

The resolution passed the 15-nation council with 12 votes in favor. Brazil and Turkey voted against and Lebanon abstained.

The vote "sends an unmistakable message about the international community's commitment to stopping the spread of nuclear weapons," President Barack Obama said Wednesday at the White House. "Whether it is threatening the nuclear nonproliferation regime, or the human rights of its own citizens, or the stability of its own neighbors by supporting terrorism, the Iranian government continues to demonstrate that its own unjust actions are a threat to justice everywhere."

New measures include an embargo on selling several types of heavy conventional weapons to Iran. But the measures largely build on three previous rounds of sanctions that began in 2006.

Iran has since then defied the Security Council, advancing its enrichment to 20% while building new centrifuges used in the process. Uranium must be enriched to 90% to produce fuel for a nuclear weapon, which the West, as well as Russia and China, fear Tehran is pursing.

Iran says it is making fuel for civilian use only, as permitted under the Nuclear Non-Proliferation Treaty. The treaty, to which Iran is a party, also allows inspections of Iran's nuclear facilities by the International Atomic Energy Agency, which has been unable to certify the purpose of Iran's program.

Iranian President Mahmoud Ahmadinejad was defiant Wednesday. "These sanctions are like used tissues which should be thrown in the thrash," he said, according to state-run news agency ISNA.

On Tuesday in Istanbul, before the vote, Mr. Ahmadinejad said: "The U.S. government and its allies are so mistaken if they think they can brandish the stick of resolution and then sit down to talk with us. Such a thing will not happen,"

Mohammad Khazaee, Iran's ambassador to the U.N., called the resolution "politically motivated" and said, "No amount of pressure and mischief will be able to break our nation's determination to pursue" nuclear energy. Iran "has never bowed and will never bow to hostile actions" and will continue to "defend its rights," he said.

Mr. Khazaee also accused the council of a double standard regarding Israel, which has never joined the treaty and has long been understood to have nuclear weapons with tacit approval from the U.S.

"We heard a lot of ridiculous rhetoric coming from Iran's ambassador today," Ms. Rice, the U.S. ambassador, told reporters. She added that Iran had "shunned opportunity after opportunity to verify the peaceful nature of its nuclear program" after direct outreach by President Obama and other openings.

The resolution is a product of months of negotiations between the U.S., U.K. and France on the one hand, and Russia and China on the other. All are permanent Security Council members with veto power. In a compromise to produce a final document, the U.S. was unable to get all that it wanted.

The U.S. had weighed some form of energy embargo on Iran, and wanted to prevent countries from doing business with Iran's central bank. In the end, there are no sanctions on Iran's energy sector and the resolution's preamble merely asks countries to "exercise vigilance over transactions involving Iranian banks, including the Central Bank of Iran."

A triumph for the Obama administration is the imposition of a conventional arms-import embargo. Iran will no longer be able to import eight categories of conventional weapons. The Security Council has already imposed an arms-export ban on Iran primarily to keep it from supplying groups including Hezbollah and Hamas.

But the new ban would prohibit Tehran from buying battle tanks, armored combat vehicles, attack helicopters, warships, missiles, missile systems, large-scale artillery systems and combat aircraft.

Iran will also be prohibited for the first time of engaging in activities with ballistic missiles capable of carrying nuclear warheads.

All countries will be blocked from financial transactions related to insurance and reinsurance if they are linked with nuclear proliferation.

Nations will not be allowed to license Iranian banks on their territories if they are linked to proliferation. Countries are asked not to open bank branches in Iran. The resolution also sets up a panel of experts who will report regularly on the implementation of the measures.

The resolution also adds 40 companies to a blacklist that freezes the companies' assets. It also added one individual, Javad Rahiqi, 56, the head of the Atomic Energy Organization of Iran's Esfahan Nuclear Technology Center, who will no longer be permitted to leave the country.

The measure also reinforces an earlier Security Council call for nations to board ships on the high seas in search of contraband items headed to or from Iran.

The resolution contains a proposal from the U.S., China, Russia, Germany and the European Union to assist Iran's civilian nuclear program, provided Iran suspends uranium enrichment. Iran would be provided technological and financial assistance and support the construction of an advanced light-water nuclear reactor.

The U.S. says its "dual-track" approach to Iran—diplomacy and sanctions—has not ended with this resolution. Ms. Rice said President Obama had "personally" become involved in a diplomatic outreach.

The high point of the diplomatic outreach was the U.S. taking part in direct talks with Iran in Geneva on Oct. 1. At that meeting a confidence-building deal was concluded with Iranian negotiators in which Iran was to send a majority of its low-enriched fuel to Russia for enrichment up to 20%. The fuel would then be sent to France, where fuel rods would be manufactured for Tehran's medical research reactor. The Iranian leadership eventually nixed the deal and afterward announced it was enriching to 20% on its own.

Last month, Brazil and Turkey, two nonpermanent Security Council members, tried to revive the fuel-swap deal with an agreement signed in Tehran. But that deal was significantly different, Western diplomats said: Iran was instead to send its nuclear material to Turkey but could recall it at any time, and neither Russia nor France were to play a role in the deal.

Within days, the Security Council reached its agreement on the current resolution.

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LEGAL NOTICES

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE:	:	**Chapter 11**
ALMATIS B.V., et al.,	:	**Case No. 10-12308 (MG)**
Debtors.	:	**Jointly Administered**

SUMMARY OF PLAN OF REORGANIZATION AND NOTICE OF (A) COMMENCEMENT OF THE CHAPTER 11 CASES, AND (B) HEARING TO CONSIDER (i) DEBTORS' COMPLIANCE WITH DISCLOSURE REQUIREMENTS AND (ii) CONFIRMATION OF PLAN OF REORGANIZATION

Commencement of the Chapter 11 Cases

On April 30, 2010 (the "**Petition Date**"), Almatis B.V., DIC Almatis Holdco B.V., DIC Almatis Midco B.V., DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V., Almatis Holdings 7 B.V., Almatis US Holding, Inc., Almatis, Inc., Almatis Asset Holdings, LLC, Blitz F07-neunhundertsechzig-drei GmbH, Almatis Holdings GmbH, and Almatis GmbH, as debtors and debtors in possession (collectively, the "**Debtors**" and each, a "**Debtor**") in the above captioned chapter 11 cases (the "**Chapter 11 Cases**"), each filed petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). By order of the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), the Chapter 11 Cases are being jointly administered for procedural purposes under Case No. 10-12308 (MG).

You may be a creditor of one of the Debtors. **The filing of the Chapter 11 Cases automatically stays certain collection and other actions against the Debtors and the Debtors' property. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized**. Confirmation of a chapter 11 case may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that you may never try to collect the debt from the Debtors, except as provided in the plan.

This notice provides important information concerning the Chapter 11 Cases. You may want to consult an attorney to protect your rights. You will not receive notice of all documents filed in these cases. All pleadings filed in the cases may be inspected (i) at the office of the Clerk of the Bankruptcy Court for the Southern District of New York (the "**Clerk's Office**"), One Bowling Green, New York, New York 10004-1408, and (ii) on the Bankruptcy Court's internet site at www.nysb.uscourts.gov. In addition, most pleadings filed in the Chapter 11 Cases will be posted on the internet site established by the Debtors' notice and claims agent, Epiq Bankruptcy Solutions, LLC ("**Epiq**"), at http://chapter11.epiqsystems.com/almatis. **PLEASE NOTE: neither the staff of the Clerk's Office nor Epiq can give legal advice.**

Summary of Plan of Reorganization

On April 30, 2010, the Debtors filed the Joint Prepackaged Plan of Reorganization for the Debtors Under Chapter 11 of the Bankruptcy Code [Docket No. 19] (the "**Plan**") and the accompanying Disclosure Statement and Prepetition Solicitation of Votes in Respect of Joint Prepackaged Chapter 11 Plan_[Docket No. 20] (the "**Disclosure Statement**") pursuant to sections 1125 and 1126(b) of the Bankruptcy Code. Copies of the Plan and the Disclosure Statement may be obtained upon request of Debtors' counsel at the address specified below and may be inspected (i) at the office of the Clerk of the Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408, (ii) on the Bankruptcy Court's internet site at www.nysb.uscourts.gov, and/or (iii) on the internet site established by Epiq at http://chapter11.epiqsystems.com/almatis.

The overall purpose of the Plan is to provide for the restructuring of the Debtors' liabilities in a manner designed to maximize recovery to all stakeholders and to enhance the financial viability of the Reorganized Debtors. Under the Plan, the capital structure of the Debtors will be rationalized and ownership of the Reorganized Debtors will be transferred primarily to Holders of Class 2 Senior Lender Claims, subject to warrants to be issued to the Holders of Class 3 Second Lien Claims and Class 4 Mezzanine Claims.

The Debtors believe that (i) through the Plan, Holders of Allowed Claims will obtain a substantially greater recovery from the Debtors' Estates than the recovery they would receive if the Debtors filed for Chapter 7 protection, and (ii) the Plan will afford the Debtors the opportunity and ability to continue their businesses as viable going concerns.

The Debtors are seeking confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

Votes on the Plan were solicited prior to the Petition Date. The following chart summarizes the treatment provided by the Plan to each class of claims and interests and indicates the acceptance or rejection of the Plan by each class entitled to vote.

Class	Type of Claim or Interest	Treatment of Claim/ Interest	Accept/Reject	Projected Recovery
1(a)-(k)	Other Priority Claims	Unimpaired	Deemed to Accept	100%
2(a)-(k)	Senior Lender Claims	Impaired (Option A Consideration consists primarily of New Senior Debt; Option B Consideration consists primarily of equity in the reorganized Almatis.)	Accepted	Option A Consideration: 86% Option B Consideration: 72%
3(a)-(k)	Second Lien Claims	Impaired	Rejected	1.6%
4(a)-(k)	Mezzanine Claims	Impaired	Rejected	0.4%
5(a)-(d)	Junior Mezzanine Claims	Impaired	Deemed to reject	0%
6(a)-(k)	Other Secured Claims	Unimpaired	Deemed to accept	100%
7(a)-(k)	General Unsecured Claims	Unimpaired	Deemed to accept	100%
8(a)-(d)	Impaired Intercompany Claims	Impaired	Deemed to reject	0%
8(e)-(k)	Unimpaired Intercompany Claims	Unimpaired	Deemed to accept	N/A
9(a)-(k)	Subordinated Claims	Impaired	Deemed to reject	0%
10(a)-(d)	Interests in DIC Almatis Bidco B.V., Almatis Holdings 3 B.V., Almatis Holdings 9 B.V. and Almatis B.V.	Impaired	Deemed to reject	0%
10(e)-(k)	Other Interests	Unimpaired	Deemed to accept	N/A

Hearing to Consider the Approval of Disclosure Statement and Confirmation of the Plan

A hearing to consider approval of the Disclosure Statement as being in compliance with the Bankruptcy Code, as well as a hearing to consider confirmation of the Plan (the "**Combined Hearing**") will be held before the Honorable Martin Glenn, United States Bankruptcy Judge, in Room 501 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408, on **July 19, 2010 at 10:00 a.m. (prevailing U.S. Eastern time)**, or as soon thereafter as counsel may be heard. The Combined Hearing may be continued from time to time by announcement of such continuance in open court, and the Plan may be further modified, if necessary, without further notice to parties in interest.

Any objections to the Disclosure Statement and/or confirmation of the Plan must: (a) be in writing; (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Rules of the United States Bankruptcy Court for the Southern District of New York, and other case management rules and orders of the Bankruptcy Court; (c) state the name and address of the objecting party, and the nature and amount of any claim or interest asserted by the objecting party against the estate or property of the Debtors; (d) state with particularity the legal and factual basis for such objections, and, if applicable, a proposed modification to the Plan that would resolve such objection; (e) be filed with the clerk of the Bankruptcy Court, One Bowling Green, New York, New York 10004-1408, with a copy delivered directly to the chambers of Honorable Martin Glenn, United States Bankruptcy Judge, together with proof of service thereof, **no later than 5:00 p.m. (prevailing U.S. Eastern time) on July 2, 2010**; and (f) be served by personal service or by overnight delivery, so as to be **ACTUALLY RECEIVED no later than 5:00 p.m. (prevailing U.S. Eastern time) on July 2, 2010**, by: (i) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, NY 10004; (ii) Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166 (Attn: Michael A. Rosenthal, Esq., Janet M. Weiss, Esq., and Matthew K. Kelsey, Esq.); and (iii) any persons who have filed a request for notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Section 341(a) Meeting

The Debtors have requested that the U.S. Trustee not convene a meeting of creditors pursuant to section 341(a) of the Bankruptcy Code, unless the Plan is not confirmed within ninety (90) days after the Petition Date.

Dated: New York, New York June 11, 2010

GIBSON, DUNN & CRUTCHER LLP, /s/ Michael A. Rosenthal, Michael A. Rosenthal (MR-7006), Janet M. Weiss (JW-5460), Matthew K. Kelsey (MK-3137), 200 Park Avenue, New York, New York 10166-0193, Telephone: (212) 351-4000, Facsimile: (212) 351-4035. ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

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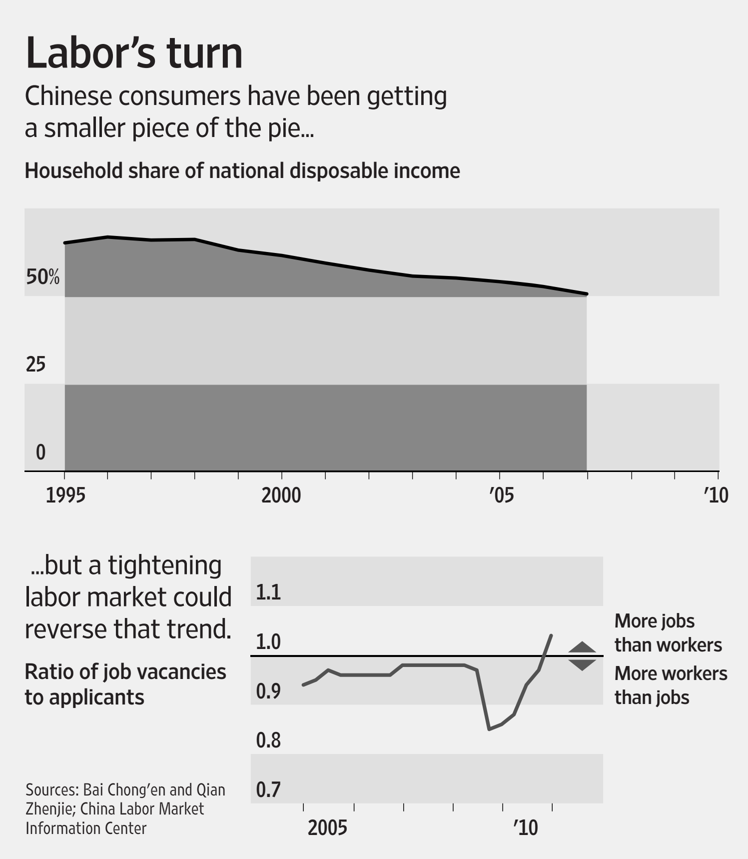
WORLD NEWS

China strikes draw notice

Higher pay lifts consumer spending, but increases companies' costs

By Andrew Batson And Norihiko Shirouzu



BEIJING—A rash of strikes against some of China's biggest manufacturers is winning Chinese workers higher pay and better conditions, a shift that promises to change the nation's economy while complicating life for foreign companies.

Workers at a Chinese company that supplies exhaust pipes to **Honda Motor** Co. walked out for a second day Tuesday, less than a week after the Japanese auto maker settled a walkout at another supplier—which paralyzed Honda's manufacturing operation in China for 10 days—by granting workers a 24% increase in pay and benefits.

The Honda strikes are part of a series of labor disputes that have dramatized an important, nascent transformation in China's economy toward one more driven by the spending power of its people.

The shift is also changing business for companies that have come to rely on China's low-cost labor to keep a steady flow of inexpensive goods.

"This is a watershed. You can no longer rely on China's cheap labor," said Terry Gou, the founder and chairman of **Hon Hai Precision Industry** Co., the Taiwanese electronics manufacturer that supplies iPads and iPhones for **Apple** Inc. and a range of gadgets for other companies, including **Hewlett-Packard** Co. and **Nintendo** Co.

Hon Hai, one of the largest employers and exporters in China, said this week it will double wages for some of its roughly 800,000 workers in the country, following earlier announcements of increases of 30% for some workers.

Behind the wage increases are a rapid rebound in the country's economy over the past year, and longer-running demographic shifts that have been slowly sapping the supply of workers. It is a process the Chinese government has been trying to hurry along by boosting social programs and making it harder for companies to fire workers.

As Chinese workers start to spend more, the nation's economy could become less prone to boom-and-bust cycles and provide greater support for growth in other countries, economists say. With the U.S., Europe and Japan likely facing years of weak growth, many hopes are pinned on sustainable, domestically driven growth in big emerging economies such as China.

"We are seeing a rapid rise of wages in almost every sector. This is a very positive development," said Bai Chong'en, chair of the economics department at Tsinghua University in Beijing.

Higher wages could reduce income inequality and drive more consumption, he said, if the gains continue—which looks increasingly likely.

Such salary increases are becoming increasingly common in the country's vast manufacturing sector as companies face rising pressure to attract staff and improve conditions for employees.

On Sunday in Shenzhen, the southern manufacturing hub where Hon Hai has its biggest plant, Taiwan's **Merry Electronics** Co. was hit by a work stoppage that lasted about two hours. A spokesman for the company, which makes electronics components, said the incident was unrelated to an already announced plan for a wage increase in July that would average 10%.

TPV Technology Ltd., the world's largest maker of computer displays, has said it will raise the wages it pays in China by another 15% to 20% this year, after a 15% increase in January.

While companies such as Hon Hai make a huge share of the consumer products bought in the rest of the world, some economists say the wage increases won't necessarily force significant price increases—in part because the companies still have ways to improve productivity and lower costs.

Much of the public attention in China in recent weeks has been on foreign companies—because they are easy targets for labor activists and media here, and because they account for a huge share of China's manufacturing exports.

The changes are affecting domestic companies as well. Local governments across the country in recent weeks have announced increases in minimum wages ranging from 5% to 27% that affect all companies.

"I believe all of China's manufacturing and service sectors will need to increase workers' wages," Hon Hai's Mr. Gou said Tuesday at his company's annual shareholder meeting. He said China's government wants to make sure workers can benefit more from economic growth. "We believe the wage increase is healthy."

The changes could have far-reaching implications. The share of national income going to Chinese households has been declining for a decade, meaning that the benefits of China's growth have gone mainly to corporations and the government.

Turning that trend around is crucial to achieving what China's leaders and the nation's trading partners say they desire: a Chinese economy driven not by government investment and exports but by the prosperity of its own consumers.

U.S. officials, who have been pushing for China to raise household incomes and shift to a more domestic growth model, have welcomed the beginnings of such a shift. "It looks as if there has been a durable shift towards domestic consumption in China," Treasury Secretary Timothy Geithner said in Beijing last month, pointing to a shrinking trade surplus and the rapid growth in domestic demand.

Mr. Geithner and other U.S. officials have been urging the Chinese government to take measures that would increase household incomes and support consumer spending.

The booming Chinese economy—which expanded 11.9% from a year earlier in the first quarter—now seems to be bumping up against labor constraints.

Much of the change has come from shifts in the nation's population, as fewer young people enter the work force as a result of the nation's one-child policy.

Premier Wen Jiabao signaled the government's recognition of the new environment in his annual work report to the nation in March, when he warned that there is "a structural shortage of labor."

Higher wages have made operating in China likely to become more complex for foreign companies, especially if workers are increasingly emboldened to test the limits. Yet companies have room to lift wages without causing drastic price increases or sharply lower profits, because Chinese factories are increasingly efficient.

The increasing prevalence of higher-wage workers and more-automated factories may make low-end products such as plastic toys less competitive in China, but is a good formula for making electronics and other higher-end manufactured goods. "Because of its rising wage levels, China will have to move more into the higher value-added segments of the supply chain. And that will open a lot more opportunities, both in exports and domestically," said Bart van Ark, chief economist for the Conference Board in New York.

—Ting-I Tsai in Taipei and Sue Feng in Beijing contributed to this article.

How Not to Spur Credit-Ratings Competition

Last week the European Commission proposed a pan-EU regulator to oversee credit-ratings agencies, citing the need for greater competition for the Washington-blessed trust of Fitch, Moody's, and Standard & Poor's. The new regulator's powers could include investigating, fining, and banning credit raters operating in Europe.

If you're wondering how this scheme will enhance competition, the answer is that it wouldn't. Tighter regulation will, if anything, serve chiefly to cement further the ratings oligopoly of the big three.

Then again, that may well be the point. The Commission's proposal seems designed to meet an even more pressing goal than competition: politically convenient ratings for indebted economies with aging populations. Or at the very least, avoiding a repeat of S&P's downgrade in April of Greek debt to junk status. In May, senior European leaders slammed S&P for downgrading Greek debt, arguing that the rating agency was "propagating" the crisis.

According to Brussels, it is a mistake to believe that the euro zone's yawning spreads and sinking ratings reflect legitimate concerns that Greece or Spain are spending too much and growing too slowly. Rather, Brussels sees the problem as a case of bad public relations. Hence last week's plan to dictate who can rate credit in Europe, and how.

> Europe would rather attack the messengers than address overspending and stagnation.

That's just step one. The EU would achieve even more efficient message-control with its longer-term brainstorm to set up an "independent European credit rating agency or [else have] stronger involvement of independent public entities in the issuing of ratings," as Commission President José Manuel Barroso suggested last week. Call it a "public option" for credit ratings. Whether anyone would give any credence to a publicly controlled ratings agency is another question.

The attack on the ratings agencies is consistent with the European strategy of silencing the messengers rather than addressing underlying problems of overspending and stagnation. But in this case, blaming the raters gets even the order of events wrong. In the European sovereign-debt debacle, the rating agencies have, as usual, been playing catch-up with market sentiment.

Investors started demanding premiums on Mediterranean debt long before the downgrades began. And creating a captive rater to rubber-stamp Spanish or French debt is unlikely to fool those who have to put their own money on the line. Brussels might be able to intimidate the Big Three into soft-pedaling their criticism, but that won't make Europe's economic problems go away.

A Second Oil Disaster

It's too early to know how far-reaching the economic consequences of the BP oil spill will be for the Gulf. What is clear is that the Obama Administration's response to the spill—in particular, its six-month deep water drilling moratorium—is threatening to make the Gulf's economic problems far worse.

The Administration might be forgiven for imposing a drilling moratorium in the early, panicked days following the Deepwater Horizon explosion. Less coherent was President Obama's announcement at the end of May extending that moratorium for six months in water deeper than 500 feet. The White House's inability to justify that time frame or depth suggests the ban is driven more by politics than by the realities of drilling.

The offshore drilling industry is responsible for 200,000 jobs in the Gulf region alone. Deep water wells generate 80% of the Gulf's oil production and 45% of its natural gas, and those percentages are increasing. The Administration has not stopped current deep water production, and it says it will soon re-open in shallow waters. But its six-month ban halts work on 33 previously permitted deep water drilling rigs in the Gulf.

As Louisiana Governor Bobby Jindal explained in a recent letter to Mr. Obama, his state's Department of Economic Development estimates the deep water drilling ban will result in a loss of 3,000 to 6,000 Louisiana jobs in the next two to three weeks alone, and potentially 10,000 in the coming months.

The Louisiana Mid-Continent Oil and Gas Association estimates that for each platform idled by the work stoppage, up to 1,400 jobs are at risk. Consultants Wood Mackenzie estimate the moratorium will cost the federal government in 2011 some $120 million to $150 million in lost royalty payments and $300 million to $500 million in lost corporate taxes.

The larger concern is that the moratorium is laying the groundwork for a lasting Gulf drilling stoppage. Drilling platforms require enormous capital investment and overhead. The rigs are leased at a cost between $250,000 and $500,000 per day. Owners are cumulatively losing millions of dollars a day as their rigs sit idle in the Gulf, and they will soon begin contracting to other countries that want the drilling and jobs. Those rigs will not be available for Gulf work even when the ban is lifted.

A draconian drilling moratorium might make more sense if the industry had a history of devastating oil spills. Yet according to the American Petroleum Institute, since 1947 oil companies have drilled more than 42,000 wells in the Gulf. Yet in a typical year, spills equal only several hundred barrels.

It will take months to know what precisely caused the Deepwater Horizon blowout, and BP will pay dearly for any mistake, much less any malfeasance. But so far there is little evidence to suggest that the blowout was more than a tragic accident compounded by circumstances unlikely to be repeated. The 33 rigs subject to the ban were successfully inspected in early May. And the industry has willingly offered to undergo more inspections and a recertification of equipment in lieu of a moratorium.

Some politicians are pushing for a ban on nearly all offshore drilling, and by all means let's have a debate about the costs and benefits. BP will pay billions of dollars to defray those costs but some Americans will deem the costs of even one blackened pelican as too high.

Pulling back from such drilling also has costs, however. Short of some energy technology miracle, America's oil needs will not decline significantly for decades. Without this domestic production, U.S. oil needs will be filled by other countries, many of which don't share U.S. environmental standards. The oil will arrive via pipelines or on tankers, which are also at risk for spills.

Mr. Obama's drilling ban is a political exercise designed to mollify an anti-oil left that wants him to punish the industry and stop all offshore production. His ban is merely compounding the economic damage in the Gulf, and to America's future energy supply.

Feel the Rage

We don't expect miracles from Presidents, even from those who pretend they can perform them, so we haven't been among those blaming Barack Obama for running a government that can't plug a well a mile under the sea. We've left that outrage to his one-time cheering section on the left, which has been begging Mr. Obama, imploring him, berating him, to locate and unleash his inner demagogue in reaction to the Gulf disaster.

What a spectacle this has been, with the anchors from MSNBC, the various columnists and his Newsweek Boswells furious and frustrated that the President hasn't demanded the heads of BP executives on pikes. All he's done so far is allow his Attorney General to loudly announce a *criminal* investigation of the spill—nothing demagogic about that—in mid-crisis and without any apparent criminal behavior on the public record.

The liberals' fury at the President is almost as astounding as their outrage over the discovery that oil companies and their regulators might have grown too cozy. In economic literature, this behavior is known as "regulatory capture," and the current political irony is that this is a long-time *conservative* critique of the regulatory state. The Nobel economist George Stigler of the University of Chicago was one of the concept's main developers, and it is a seminal plank of the "public choice" school of economics for which James Buchanan won the economics Nobel in 1986. Ronald Reagan warned about this in different words.

In the better economic textbooks, regulatory capture is described as a "government failure," as opposed to a market failure. It refers to the fact that individuals or companies with the highest interest in a policy outcome will be able to focus their energies on politicians and bureaucracies to get the outcome they prefer.

Perhaps if liberals read more conservative economists, they might understand that this is a common consequence of the regulatory state that they have so diligently constructed. It is also a main reason that many of us are skeptical of the regulatory solutions routinely offered in response to every accident or business failure.

We should add that based on the available evidence, we don't know if this spill really was a regulatory failure. But no matter, the same liberals who made oil drilling one of the most regulated activities on Earth are now busy deploring the energy bureaucracy and rearranging it so that (they promise) this will never happen again. Sound at all like the financial panic and the new re-regulatory remedy?

How remarkable it is to see a President who has put such exorbitant faith in the power of government being excoriated by his allies for a government failure. It's almost as astonishing as seeing Carol Browner, the White House green czar and long-time scourge of fossil fuels, being interrogated on NBC for excessive deference to Big Oil. Sometimes life really is fair.

As for the President, he seems to be taking the liberal advice to rage against the ocean and BP. On Tuesday, in addition to his "kick-ass" vulgarity, he told NBC's Today show that while he hadn't talked to Tony Hayward during the crisis, he would have fired Mr. Hayward by now if the BP CEO worked for him. The President also hinted that BP should reduce its dividend. BP shares fell 5.7% Tuesday.

No doubt this will plug the leak.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"Quick legal question, Ted — if we accepted government money are we still allowed to pray?"

OPINION

Obama Meets Toto

[Wonder Land]

By Daniel Henninger

Two historic events happened in the Gulf of Mexico this spring: Unimaginable amounts of accidental oil rose from a hole one mile below the water's surface. Bigger than that, the federal government was exposed as the Wizard of Oz, unable to do anything about it.

In the movie, Dorothy and her friends in Oz admit the obvious. Not here. After a century of faith in the government's omnipotence, the discipleship can't believe this is happening.

As the oil gushed—with the perpetrator a flailing private corporation—the American left popped a gasket. James Carville thundered for presidential "control." Spike Lee demanded that Mr. Obama "go off." The left instead went off on Mr. Obama for not ordering his bureaucracies to make the oil recede. Then this week, like Will Ferrell in a "Saturday Night Live" sketch, the President himself said he was looking for "ass to kick." Pay no attention to that man behind the curtain.

This may well be Obama's Katrina, but presidencies come and go. The more lasting lesson of the Gulf fiasco is to discover how belief in the omnipotence of government had risen to the level of mysticism for so many, and not just on the left. Some conservatives joined the do-something chorus to "stop" oil gushing with hellish force from deep inside the earth's core. (Set aside for now the interesting matter of just how vast the reserves of oil actually are down there.)

Coming as it did on the heels of various other government fiascos and embarrassments—the subsidized-mortgage crisis, ethanol, California issuing IOUs, Bernie Madoff, ultra-deep public debt, infrastructure turning to dust everywhere—the Gulf mess is the moment for the American people to reconsider just what they think government can do, or should do.

When not gripped by hysteria, many have a more rational view of government's limits, even on the left. Some in the Gulf do-something chorus are the same people who doubted that the U.S. military could succeed in Iraq or Afghanistan. But the U.S. military is surely the most competent instrument of government.

Any senior officer, from David Petraeus on down, will tell you that bringing the U.S. military to this level of competence in the years after Vietnam was a heavy lift. To get the rest of government to the military's disciplined competence won't happen—unless government's responsibilities become smaller and more manageable. Instead, it all keeps getting bigger and more error-prone. Exhibit A: Chris Dodd's massive financial re-regulation bill.

Martin Kozlowski

People sometimes say if only a Jack Welch, the legendary GE chairman, were put in charge, he'd get government to hum. That's a fantasy. Jack Welch, Warren Buffett, Steve Jobs: They'd all fail. After James Carville went off on the president, David Axelrod bemusedly replied, "What I haven't heard is exactly what he thinks we should do." Professional politicians must be amazed, and thankful, at this credulousness.

A Democratic woman, a party fundraiser who worked on Wall Street, once offered me the most honest liberal defense for government's limited skills I've ever heard. She said that with things like health-care for the poor or protecting the environment, the private sector would never step up. She was willing to pay high taxes to let government do it, no matter how stupid, corrupt and inefficient the government might be, because that was better than the alternative, which was nothing.

Whatever the validity, for most of the post-war period, many people bought into this Faustian bargain. Throw money, accept the inefficiencies, and hope one does more good than harm.

Arguably, achieving certain public goods this way could have endured—but only if programs like Medicaid remained as modest as their originators promised. Or if government's advocates had made choices. We can do this (Medicare for the elderly), but not that (Medicare for all, now called ObamaCare). But any liberal suggesting judgment or restraint, a Sen. Pat Moynihan, was thrown off the magic bus.

Now government's inefficiency has become indefensible and its fantastic costs, its open-hydrant spending, a clear and present danger.

Re-read Barack Obama's nomination-acceptance speech in Denver, an amazing compendium of promises ending with: "America, we cannot turn back (applause). . . not with so much work to be done; not with so many children to educate, and so many veterans to care for; not with an economy to fix, and cities to rebuild, and farms to save; not with so many families to protect and so many lives to mend."

Even as the speaker can't talk away the oil, this language shows how indiscriminate faith in government omnipotence has become, and how incapable the believers are of targeting government at discrete goals, rather than inchoate clouds such as "saving the planet" or "mending lives."

This truly is the land of Oz.

And here's the message of this year's clear-eyed electorate: The American people are ready to go home to Kansas.

Write to henninger@wsj.com

The Media's War Against Israel

By David Rosenberg

Jerusalem

"History will be kind to me for I intend to write it," Winston Churchill is supposed to have said.

Israel doesn't have that kind of luxury. Its history is written as the Mideast conflict rages—in narratives propagated by "activists," published in newspapers, broadcast on television and posted on blogs. These narratives have become almost as critical as battlefield decisions themselves because generals and politicians are answerable to global public opinion and institutions whose agendas are set by a hyperactive media.

In last week's flotilla incident Israel lost another battle for history in the making. There was much hand-wringing here about the government's PR fiasco. But the real problem for Israel is that headline narratives are the ones that circulate the most widely and end up swaying world opinion.

"Ten Dead as Israeli Troops Storm Aid Convoy," to cite one CNN example, seems to tell the story succinctly and suggests a villain without departing from the facts. It confirms previous narratives, buried deep in the public consciousness, which all present Israel as a trigger-happy, violence-prone country. In the war of competing flotilla narratives, Israel was bound to lose all the battles. Here is how they were fought and how Israel was defeated:

"Israeli troops stormed the boats." True enough. How else would you describe commandos boarding a ship from a helicopter? But did Israel plan a violent assault? The fact that the troops were armed with non-lethal paintball guns used for riot control suggests otherwise. So too do video and photographic evidence from the Israeli troops, from the ship's security camera, and from the activists' own snapshots as published in the Turkish press support Israel's version that its troops acted in self-defense after they were attacked by a violent mob.

"The flotilla carried peaceful activists." Some of the people on the flotilla could be described that way—the kind of people who circulate petitions, write blog posts, and attend demonstrations. Lost in much of the reporting of the incident, though, was the fact that the violence occurred on only one of the six boats—the one filled with Turkish Muslim fundamentalists who aren't enamored of passive resistance or letters to the editor.

Unfortunately for the media, their presence complicated the narrative. A flotilla manned by both non-violent activists and Islamic fundamentalists raises too many difficulties. What are these two types doing together? Was this a humanitarian mission or not? Aren't they, after all, civilians no matter where they're from? Thus it became a clash between civilian activists and armed commandos.

To make that narrative more convincing, the Islamists were described as a "Turkish human rights organization." The Foundation for Human Rights and Freedom and Humanitarian Relief, or IHH, does have its charitable side. Much was made of the fact that it provided assistance in Haiti and to the victims of Hurricane Katrina, not to mention Muslims in distress. However, it is an Islamic fundamentalist organization, so it is doubtful that it promotes equality for women or homosexuals or many other parts of the conventional human rights agenda. IHH has been accused of links to al-Qaida and openly supports Hamas, two groups with zero interest in human rights. If IHH had human needs in mind, it could have worked with Fatah or aid agencies. But its real interest is Islamic struggle.

The media have always had a problem explaining groups that support terror and also seem to do good work. Al-Qaida is simple because it doesn't run hospitals or provide grants to widows and orphans. Groups like Hezbollah and Hamas, which do both, complicate the narrative and usually end up losing their terrorist character in the reporting.

"The flotilla wanted to deliver humanitarian aid." The Free Gaza boats unquestionably carried tons of such goods. That is the simple narrative that makes the flotilla a "humanitarian convoy." But ignored in all the chatter is the fact that Israel's blockade does not apply to humanitarian aid. Tons of it pass through Israel into Gaza every week. Israel even offered to load the flotilla's goods—after checking them for weapons—on Israeli trucks to deliver them through the land border. Hamas refused to take it.

The activists' own admission that their real goal was to break the embargo was hardly reported. "We're not trying to be a humanitarian mission," Free Gaza co-founder Greta Berlin told the Associated Press before from Cyprus. "We're trying to say to the world, 'You have no right to imprison a million and a half Palestinians.'" The evidence suggests that the flotilla organizers, at least the IHH wing, wanted a high seas mob. Why else bring close to 700 people to deliver cargo?

In the media recounting, "Gaza's humanitarian crisis" is the genesis of the whole story. If Israel hadn't sealed off Gaza, Palestinians wouldn't be suffering, there would be no need for a flotilla and no one would have been hurt.

That's true enough in the simple narrative. The more complicated story is that, yes, Gaza is impoverished, unemployment is rife, and it is physically cut off from the outside world. But is Gaza a humanitarian crisis, or just a typical third world country? About 300,000 tons of aid has been delivered through Israel to Gaza so far this year, a weekly rate in excess of the "urgent" provisions carried by the flotilla. The infant mortality rate in Gaza is estimated at 17.71 per 1,000, about the same as Mexico, Jordan and Bulgaria. Life expectancy is about 73.7 years, compared with, let's say, for comparison's sake, 72.2 in Turkey.

The health system's problems have been exacerbated by Israel's blockade but just as much by a prolonged strike, corruption, and mismanagement, according to a World Health Organization report published a year ago. And, most importantly, given that after Israel's withdrawal, Hamas—bent on Israel's destruction—illegally took over the land, does the Jewish state have any reasonable alternative to the blockade to prevent weapons from reaching Gaza?

There are many in Israel who contend that the solution is to get Israel's versions of events out more quickly during a crisis, and bombard the media with facts and talking points. It won't work. The truth has become secondary to the media's narrative.

Mr. Rosenberg was the Jerusalem-based bureau chief for an international news agency.

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OPINION

The Alien in the White House

By Dorothy Rabinowitz

The deepening notes of disenchantment with Barack Obama now issuing from commentators across the political spectrum were predictable. So, too, were the charges from some of the president's earliest enthusiasts about his failure to reflect a powerful sense of urgency about the oil spill.

There should have been nothing puzzling about his response to anyone who has paid even modest critical attention to Mr. Obama's pronouncements. For it was clear from the first that this president—single-minded, ever-visible, confident in his program for a reformed America saved from darkness by his arrival—was wanting in certain qualities citizens have until now taken for granted in their presidents. Namely, a tone and presence that said: This is the Americans' leader, a man of them, for them, the nation's voice and champion. Mr. Obama wasn't lacking in concern about the oil spill. What he lacked was that voice—and for good reason.

Those qualities to be expected in a president were never about rhetoric; Mr. Obama had proved himself a dab hand at that on the campaign trail. They were a matter of identification with the nation and to all that binds its people together in pride and allegiance. These are feelings held deep in American hearts, unvoiced mostly, but unmistakably there and not only on the Fourth of July.

A great part of America now understands that this president's sense of identification lies elsewhere, and is in profound ways unlike theirs. He is hard put to sound convincingly like the leader of the nation, because he is, at heart and by instinct, the voice mainly of his ideological class. He is the alien in the White House, a matter having nothing to do with delusions about his birthplace cherished by the demented fringe.

One of his first reforms was to rid the White House of the bust of Winston Churchill—a gift from Tony Blair—by packing it back off to 10 Downing Street. A cloudlet of mystery has surrounded the subject ever since, but the central fact stands clear. The new administration had apparently found no place in our national house of many rooms for the British leader who lives on so vividly in the American mind. Churchill, face of our shared wartime struggle, dauntless rallier of his nation who continues, so remarkably, to speak to ours. For a president to whom such associations are alien, ridding the White House of Churchill would, of course, have raised no second thoughts.


Getty Images

Far greater strangeness has since flowed steadily from Washington. The president's appointees, transmitters of policy, go forth with singular passion week after week, delivering the latest inversion of reality. Their work is not easy, focused as it is on a current prime preoccupation of this White House—that is, finding ways to avoid any public mention of the indisputable Islamist identity of the enemy at war with us. No small trick that, but their efforts go forward in public spectacles matchless in their absurdity—unnerving in what they confirm about our current guardians of law and national security.

Consider the hapless Eric Holder, attorney general, confronting the question put to him by Rep. Lamar Smith of the House Judiciary Committee last month.

Did Mr. Holder think that in the last three terrorist attempts on this soil, one of them successful (Maj. Nidal Hasan's murder of 13 soldiers at Fort Hood, preceded by his shout of "Allahu Akbar!"), that radical Islam might have played any role at all? Mr. Holder seemed puzzled by the question. "People have different reasons" he finally answered—a response he repeated three times. He didn't want "to say anything negative about any religion."

And who can forget the exhortations on jihad by John Brennan, Mr. Obama's chief adviser on counterterrorism? Mr. Brennan has in the past charged that Americans lack sensitivity to the Muslim world, and that we have particularly failed to credit its peace-loving disposition. In a May 26 speech at the Center for Strategic and International Studies, Mr. Brennan held forth fervently, if not quite comprehensibly, on who our enemy was not: "Our enemy is not terrorism because terrorism is just a tactic. Our enemy is not terror because terror is a state of mind, and as Americans we refuse to live in fear."

He went on to announce, sternly, that we do not refer to our enemies as Islamists or jihadists because jihad is a holy struggle, a legitimate tenet of Islam. How then might we be permitted to describe our enemies? One hint comes from another of Mr. Brennan's pronouncements in that speech: That "violent extremists are victims of political, economic and social forces."

Plotters in Afghanistan and Yemen, preparing for their next attempt at mass murder in America, could only have listened in wonderment. They must have marvelled in particular on learning that this was the chief counterterrorism adviser to the president of the United States.

Long after Mr. Obama leaves office, it will be this parade of explicators, laboring mightily to sell each new piece of official reality revisionism—Janet Napolitano and her immortal "man-caused disasters" among them—that will stand most memorably as the face of this administration.

It is a White House that has focused consistently on the sensitivities of the world community—as it is euphemistically known—a body of which the president of the United States frequently appears to view himself as a representative at large.

It is what has caused this president and his counterterrorist brain trust to deem it acceptable to insult Americans with nonsensical evasions concerning the enemy we face. It is this focus that caused Mr. Holder to insist on holding the trial of Khalid Sheikh Mohammed in lower Manhattan, despite the rage this decision induced in New Yorkers. This was all to be a dazzling exhibition for that world community—proof of Mr. Obama's moral reclamation program and that America had been delivered from the darkness of the Bush years.

It was why this administration tapped officials like Michael Posner, assistant secretary of state for Democracy, Human Rights, and Labor. Among his better known contributions to political discourse was a 2005 address in which he compared the treatment of Muslim-Americans in the United States after 9/11 with the plight of the Japanese-Americans interned in camps after Pearl Harbor. During a human-rights conference held in China this May, Mr. Posner cited the new Arizona immigration law by way of assuring the Chinese, those exemplary guardians of freedom, that the United States too had its problems with discrimination.

His is a sensibility and political disposition with which Mr. Obama is at home. The beliefs and attitudes that this president has internalized are to be found everywhere—in the salons of the left the world over—and, above all, in the academic establishment, stuffed with tenured radicals. The places where it is held as revealed truth that the United States is now, and has been throughout its history, the chief engine of injustice and oppression in the world.

They are attitudes to be found everywhere, but never before in a president of the United States. Mr. Obama may not hold all, or the more extreme, of these views. But there can be no doubt by now of the influences that have shaped him. They account for his grand apology tour through the capitals of Europe and to the Muslim world, during which he decried America's moral failures—her arrogance, insensitivity. They were the words of a man to whom reasons for American guilt came naturally. Americans were shocked by this behavior in their newly elected president. But he was telling them something from those lecterns in foreign lands—something about his distant relation to the country he was about to lead.

The truth about that distance is now sinking in, which is all to the good. A country governed by leaders too principled to speak the name of its mortal enemy needs every infusion of reality it can get.

Ms. Rabinowitz is a member of the Journal's editorial board.

Slovakia's Return to the 'Black Hole'

By Marian L. Tupy

The road from communist dictatorship to market democracy for former Eastern Bloc countries has been a rocky one. This is particularly true for Slovakia, which goes to the polls Saturday. The four years since the last election have been greatly disappointing.

In the 1990s Slovakia had central Europe's worst-performing economy and least democratic government. Madeleine Albright, then the U.S. secretary of state, referred to it as "a black hole in the heart of Europe." But in 1998 the country embarked on a reformist course that saw the introduction of a flat tax, liberalization of the labor market, deregulation of business, and partial privatization of social security. By 2006 the economy was growing at 8.9% per year and unemployment had fallen to 10.4%, from 18.3% in 2001. The Tatra Tiger, as Slovakia came to be briefly known, was praised by U.S. President George W. Bush as an example for other countries to follow.

In 2006, however, the liberal-conservative coalition, led by Mikulas Dzurinda, lost power to a socialist-nationalist coalition consisting of Prime Minister Robert Fico's Social Democrats and the Slovak National Party and the Movement for Democratic Slovakia.

The Nationalists are led by a convicted criminal, Jan Slota, who built his political career on foul-mouthed rudeness, xenophobic attacks against Czechs, Gypsies and Hungarians, misogynist slurs and homophobic insults. The Movement for Democratic Slovakia is led by former Prime Minister Vladimir Meciar, whose autocratic rule, economic mismanagement and corruption brought Slovakia to international isolation and the brink of bankruptcy in the 1990s.

Over the last four years, Slovakia's economic indicators have nosedived. In 2005, Slovakia was the world's "leading reformer" in the World Bank's "Doing Business" report, ranking 18th out of the 137 countries surveyed. By 2010, it had fallen to 42nd place. The economy contracted 4.9% in 2009 and the budget deficit rose to 6.8% of GDP. National debt WILL RISE? to a projected 39.4% of GDP in 2010 from 30.5% IN 2006. No doubt the global recession played its role but so did the partial re-regulation of the labor market and massive increase in welfare spending.

Under Mr. Fico's premiership, public civility and the rule of law took a beating. Mr. Slota, for example, threatened to "to spit" on the participants of Slovakia's first gay pride march last month. He did not attend, but a group of neo-Nazis did turn up, overwhelmed the police and broke up the proceedings by throwing stones and injuring a number of people. Responding to criticism of the police's lack of preparedness, Interior Minister Robert Kalinak, also deputy leader of the Social Democrats, quipped that the organizers should have hired a private security agency.

Mr. Fico's appointment of Mr. Meciar's right-hand man, Stefan Harabin, as justice minister raised eyebrows as well. A few years ago, Mr. Harabin, then a Supreme Court judge, was taped having a phone conversation with a convicted criminal, Baki Sadiki, who is the alleged head of the Albanian drug mafia in Slovakia. When questioned about the conversation, Mt. Harabin threatened a member of the opposition with jail and hurled anti-Semitic abuse at him.

Media investigations into suspicious government procurement deals and the corrupt sale of industrial-emission quotas forced the resignation of a number of ministers. Prime Minister Fico's response was to restrict media freedom, prompting Slovakia's fall in the Freedom House's Freedom of the Press index.

Mr. Fico tried to distance himself from Messrs. Meciar and Slota, and blames most of the corruption scandals on his coalition partners. In reality, he legitimized theft and boorish behavior by inviting the two into his government.

Recently, Mr. Fico's former associate and co-founder of the Social Democrats, Bohumil Hanzel, said he has written proof of corrupt dealings between the prime minister and a consortium of private businessmen who offered campaign funding in exchange for billions in government procurement deals. Whether these new allegations have undermined Mr. Fico's public support remains to be seen. What is certain, however, is that the current government does not deserve to be re-elected. Slovaks deserve better.

Mr. Tupy is a policy analyst at the Center for Global Liberty and Prosperity.

THE BIG READ

Krisanne Johnson for The Wall Street Journal (4)

President Jacob Zuma will host the World Cup starting Friday. While he assumed the presidency with a reputation as an economic populist, he has steered clear of steps that would frighten investors.

South Africa's underclass accuses government of neglect

As World Cup opens, the nation's poor direct their anger against the ruling ANC; hotbeds of unrest once again

By Peter Wonacott
Soweto, South Africa

In 1994, the township of Soweto helped midwife a new nation, toppling a white racist regime after years of protests and electing Nelson Mandela as South Africa's first black president.

Today, Soweto is home to upscale shopping malls, tidy row houses and a state-of-the-art sports stadium that will host Friday's opening of the World Cup. As barriers to government and jobs have fallen and foreign investment has picked up, a black middle class has emerged, a cornerstone of the new South Africa that will be showcased during the month-long soccer tournament.

But prosperity has spread only so far. And 16 years after the end of white minority rule, many here now complain of oppression of a different sort: government neglect.

This time, the sing-song marches, angry slogans and burning tires are most often directed at the African National Congress, the ruling party of Mr. Mandela and South Africa's current president, Jacob Zuma.

Undulating over Soweto's hills in southern Johannesburg are oceans of corrugated metal shacks. In these settlements, roads are dirt, toilets are outdoors and electricity is pilfered from traffic lights. Incensed citizen groups have protested the lack of public services, turning Soweto and other townships into hotbeds of unrest once again.

"At least under apartheid, there was employment—people knew where to go for jobs," says Maureen Mnisi, a spokeswoman for the Landless People's Movement in Soweto, a group that is fighting for housing and land for the poor. "Officials were accountable."

The protests highlight a widening rift between the ANC and the black poor it professes to represent. They are part of a broader picture of disarray cascading down from the top of South Africa's ruling party, as it grapples with infighting and the personal troubles of its polygamous president.

"I'm not concerned that the country is in crisis," says Steven Friedman, director of the Centre for the Study of Democracy at University of Johannesburg. "I have no doubt that the ANC is in crisis."

As the World Cup approaches, the nation shows little sign of splitting apart along racial lines. South African flags flying from cars and the diverse following for the national soccer team are public displays of widespread patriotism. For many, the fan frenzy is a reminder of how South Africa's 1995 rugby world championship—made famous by the Clint Eastwood movie "Invictus"—broke down barriers between blacks and whites.

"It is clear that millions of our people have waited for years and look upon this tournament with hope, pride and a sense of belonging," President Zuma told a press conference Sunday. "Sport has always played an important role in our historical mission to build a united, non-racial and prosperous South Africa."

But also ahead of the World Cup, South Africa has become an increasingly fractious place. Although race remains a source of tension, economic concerns have stoked many of the protests.

Last month, the nation endured a debilitating three-week transport strike before the state-owned ports and rail operator settled on a hefty wage increase for workers. Cosatu, an umbrella group of trade unions and a powerful ANC ally, has warned of possible labor strikes during the World Cup, if authorities do not reverse double-digit electricity price increases. Last week, several thousand hospital workers walked off their jobs over pay issues.

Meanwhile, a hodgepodge of social activist groups have threatened marches during the World Cup. The South African Institute of Race Relations, a think tank in Johannesburg, estimates that 25 "major centers of protest" have surfaced this year, nearly all in black townships. The World Cup has galvanized protesters, largely because of the leverage they have over a state anxious to host a trouble-free event, according to Frans Cronje, deputy chief executive of the institute.

"It's a useful moment to protest because the stakes are so much higher for the government," he says.

President Zuma didn't respond to interview requests.

The stakes are also high for the party behind the government. The ruling ANC continues to hold the vast majority of seats in parliament, but it's come under pressure from a vocal opposition and a freewheeling local media. Like liberation parties in other countries, such as the Indian National Congress of India, the ANC has struggled to show it can deliver political freedoms as well as a better standard of living for the poor.

Nearly a century old, the ANC was founded to unite Africans in the quest for human rights. In the 1950s, the organization gained a mass following with campaigns that defied South Africa's laws of racial segregation, a system known as

THE BIG READ

Maureen Mnisi, top, a spokeswoman for the Landless People's Movement in Soweto, walks back to her house after trying to collect water. Kenneth Nkambule. above, waves the South African flag as President Zuma's helicopter passes over the town of Balfour. Residents of Siyathemba Township, above right, at the local stadium to hear President Zuma announce plans for improvements.

apartheid. In the 1960s, the ANC took up arms against the government. Many ANC leaders, including Mr. Mandela, ended up in jail.

It wasn't until 1990 that the government of South Africa—under pressure from township protests and economic sanctions from foreign countries—lifted a ban on the party. Mr. Mandela and others were released from prison and, in elections four years later, catapulted into power. Since then, the ANC has focused on racial reconciliation with whites and extending new opportunities for blacks through affirmative action policies.

The affable Mr. Zuma, the son of a domestic worker, became president last year by winning the top post at the ANC. Neither charges of corruption, linked to a government arms deal, nor a rape trial derailed his path to power. (The corruption charges were dropped and Mr. Zuma was acquitted of rape).

But personal troubles have become a part of his presidency. Earlier this year, the president admitted to fathering a 20th child with a woman who wasn't one of his three wives or one fiancée. The affair sparked an outcry, even in a country where polygamy is legal. Mr. Zuma apologized to his supporters and paid damages to the family of the woman, whose father, Irvin Khoza, is the chairman of South Africa's World Cup Organizing Committee.

Mr. Zuma's troubles aren't only personal. ANC leaders have feuded with Cosatu, a government ally, over allegations the leader of the trade union group made about government corruption. Meanwhile, the head of the powerful ANC Youth League, Julius Malema, was threatened with suspension and ordered to attend anger management classes for lashing out at Mr. Zuma, among other offenses. Some officials and analysts see the political battles as the opening salvos within the ANC to succeed Mr. Zuma, after his term as party head expires in 2012.

Beyond the infighting, Mr. Zuma confronts major economic challenges. Despite South Africa surfacing from recession this year, and a binge of World Cup infrastructure spending, the overall job picture hasn't improved. Unemployment hovers at around 25%.

While Mr. Zuma assumed the presidency with a reputation as an economic populist, he has steered clear of steps that would frighten foreign investors. For example, the president and his ministers have reassured global miners that nationalization isn't official policy, even as he has tried to appease the party left by allowing debate on the subject.

Still, foreign investors worry about political stability, violent crime and the huge uneducated black underclass giving rise to both. Business executives wonder how long Mr. Zuma will be in the job after appearing to lose political capital with his personal peccadillos and failure to staunch party infighting sooner.

Some experts argue that the protests in townships are indeed a wakeup call for a government that has ignored its black underclass at its own peril.

"We were never a rainbow nation, never a miracle," says Sipho Seepe, a director at the South African Institute of Race Relations. "We created a myth of success without the hard work."

The makeshift settlements of Soweto show how much hard work is left to do.

On a recent Friday in Elias Motsoaledi Village, protesters sang and danced to anti-apartheid songs, but these days the goal of their struggle is reliable electricity and decent housing.

The mud-puddle pocked village is about eight kilometers from South Africa's flagship stadium, the more-than $400 million Soccer City, which will host the opening World Cup match between South Africa and Mexico. Motsoaledi residents say they are angry that funds have passed over them for the soccer stadium. One cardboard sign says: "We vote 4 basic services not for the World Cup."

The protests are led by Lucky Ngobeni, chairman of the Concerned Residents of Elias Motsoaledi Village. Mr. Ngobeni voted for Mr. Mandela. But now, he's protesting a successor who he accuses of ignoring people like him.

"Zuma pretends he doesn't know what's happening here. He knows," says the 33-year old part-time security guard.

Mr. Ngobeni, who prefers to be called Comrade Lucky, has been plunked by rubber bullets and arrested several times, but continues to court confrontation. He says that burning tires and smashing windows attracts crowds and police, which in turn draw media attention and politicians who normally would avoid him.

"We can wait six months for a meeting" with a top city official, says Mr. Ngobeni, striding along the open sewage canals of Motsoaledi. "Burn a police car and he'll be here in an hour."

In an email, the Gauteng Provincial Government Department of Local Government and Housing says that feasibility studies for housing and sewage projects in the settlement have been approved and are awaiting contractors. The department didn't respond to questions about protests.

The militant edge to the protests is matched by the fiery rhetoric among Soweto residents. At a recent meeting of the Concerned Residents of Soweto, an umbrella organization of different groups of the township, the talk was of how the ANC has forgotten those who supported them in the apartheid years and brought them into power.

Some issue angry threats. "We are going to struggle against Zuma and his coterie until he runs out of this country," declared Thandi Bamalekane, to the applause of the others.

But the mood is somber when discussion turns to how electricity prices are rising out of reach for ordinary residents and possible plans to charge people for drinking water. A change of government hasn't lifted living standards for those living in the settlements, according to Ben Tau, one of the members of the Concerned Residents of Soweto.

"We were victims of apartheid. We are victims of democracy now," he says. "It's only the name that's changed."

President Zuma announced recently that he's reconfiguring the government to speed up delivery of services to the poor. He has also paid visits to troubled townships to inspect recent work and defuse tensions among residents.

One of them is Siyathemba Township, a mining area in the country's east. After recent public service protests, Mr. Zuma promised to report back on government progress resolving the problems. On a Saturday afternoon last month, the president returned to speak to an audience under a green banner, "Changing the Way Government Works."

Mr. Zuma received an earful from locals. Signs in the crowd criticized a decision to place the township under the administration of another province that's viewed as poorly administered. Clinics, schools and police were considered too few and far between. Some jeered his ministers who spoke before him.

"Put down your placards," the president urged the crowd when he reached podium. "I have seen them."

Mr. Zuma reminded the crowd that he grew up poor and understood their grievances. He promised the government was working on plans to improve public services. He concluded by singing a popular anti-apartheid song, "Bring Me My Machine Gun." The crowd cheered and danced along with him.

After walking off the stage, the South African president told a small group of reporters that people needed to be more patient. "We must not be agitated," he said. "We must leave the matters to us, the government."

WSJ.com

ONLINE TODAY: See a video about the protests in Soweto at **WSJ.com/World.**

MARKETS LINEUP

Moving the markets

At right, Europe's benchmark stock indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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European indexes...

FTSE 100

U.K. 5085.86

▲ **1.15% or 57.71**

The index snapped a three-session losing streak as miners rallied. But BP tumbled. Midcap Misys surged on plans to sell most of its stake in Allscripts-Misys Healthcare.

Stock	Volume in millions	Close In pence	Change Net	Change %
BP	**146.90**	391.55	–17.35	–4.24
RoyalBnkofScot	**117.16**	42.08	0.63	1.52
VodafoneGp	**70.46**	137.25	1.85	1.37
Barclays	**63.35**	282.70	6.15	2.22
Legal&GenGrp	**39.42**	77.65	2.00	2.64

DAX

Germany 5984.75

▲ **1.98% or 116.20**

The day's gain pushed the benchmark back into positive territory for the year. Siemens firmed 3% on a new wind-turbine contract. BMW climbed 3.3% on global car-sales data.

Stock	Volume in millions	Close In euro	Change Net	Change %
InfineonTch	**17.98**	4.57	0.15	3.32
DeutscheTel	**16.75**	9.23	0.14	1.52
E.ON	**11.68**	23.49	0.04	0.17
Daimler	**7.51**	41.94	1.70	4.22
SAP	**6.80**	36.24	0.31	0.86

CAC-40

France 3446.77

▲ **1.96% or 66.41**

Société Générale rose 4.7% as management countered rumors of a negative surprise in results. STMicroelectronics was pulled up by Texas Instruments' higher forecasts.

Stock	Volume in millions	Close In euro	Change Net	Change %
Alcatel Lucent	**22.65**	2.085	0.045	2.21
FrTelecom	**14.62**	15.420	0.285	1.88
CreditAgricole	**11.89**	8.191	0.167	2.08
ArcelorMittal	**11.77**	23.270	0.900	4.02
AXA	**9.58**	12.310	0.200	1.65

IBEX 35

Spain 8868.70

▲ **2.29% or 198.90**

Abengoa surged 8.5% after signing a solar deal in Abu Dhabi. Inditex jumped 7.5% on its earnings report. Santander rose on a deal to take full control of its Mexican unit.

Stock	Volume in millions	Close In euro	Change Net	Change %
BancoSantander	**71.24**	7.64	0.28	3.86
BancoBilbao	**44.05**	7.64	0.23	3.11
Telefonica	**39.13**	15.07	0.03	0.20
Iberdrola	**29.70**	5.03	0.03	0.68
Ibr Renovables	**10.58**	2.37	-0.02	–0.63

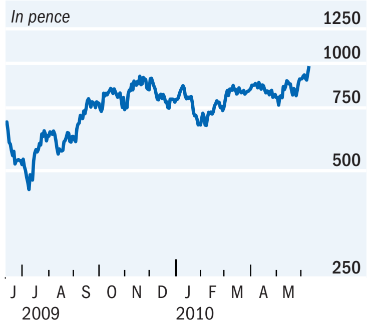
European stocks in the news

Fresnillo

United Kingdom 982.50 pence

▲ **4.6% or 43.50 pence**

An unconfirmed report of stronger-than-expected Chinese exports pushed up mining shares.



Price-to-earnings ratio	**35**
Earnings per share, past four quarters	**27.79**
Dividend yield	**1.42%**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Basic Resources	**3.1%**	-2.9%	6.7%
Fresnillo	**4.6%**	6.7%	44.5%

Soc. Generale

France €31.75

▲ **4.7% or €1.42**

A senior official stressed that recent rumors of losses on derivatives products were "unfounded."

Price-to-earnings ratio	**29**
Earnings per share, past four quarters	**1.09**
Dividend yield	**0.79%**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Banks	**2.4%**	-4.4%	-14.1%
Soc. Generale	**4.7%**	-6.2%	-21.6%

EADS

France €17.22

▲ **6.1% or €0.99**

The aerospace giant's CFO said the outlook for fiscal-year revenue is likely to be upgraded.

Price-to-earnings ratio	**None**
Earnings per share, past four quarters	**-1.02**
Dividend yield	**None**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Indus Gds & Svcs	**2.4%**	-1.2%	17.6%
EADS	**6.1%**	7.3%	54.1%

Inditex

Spain €47.19

▲ **7.5% or €3.31**

First-quarter earnings from the owner of the Zara retail chain topped analyst expectations.

Price-to-earnings ratio	**22**
Earnings per share, past four quarters	**2.11**
Dividend yield	**2.54%**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Retail	**2.2%**	-2.7%	3.6%
Inditex	**7.5%**	3.4%	37.6%

Rexel

France €11.90

▲ **7.7% or €0.86**

HSBC said the supplier of electrical equipment is at 'the dawn of recovery.'

Price-to-earnings ratio	**33**
Earnings per share, past four quarters	**0.36**
Dividend yield	**None**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Indus Gds & Svcs	**2.4%**	-1.2%	17.6%
Rexel	**7.7%**	4.8%	71.8%

Johnson Matthey

United Kingdom 1,480.00 pence

▼ **0.9% or 13.00 pence**

The stock went ex-dividend.

Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**77.40**
Dividend yield	**2.64%**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Chemicals	**2.0%**	-0.4%	7.8%
Johnson Matthey	**-0.9%**	-4.8%	20.1%

OTP Bank

Hungary 4825.00

▼ **2.0% or -100**

The government's planned bank tax and foreign-currency mortgages will hurt the bank's profitability.

Price-to-earnings ratio	**9**
Earnings per share, past four quarters	**550.73**
Dividend yield	**None**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Banks	**2.4%**	-4.4%	-14.1%
OTP Bank	**-2.0%**	-13.8%	28.1%

MOL

Hungary 17240.00

▼ **2.0% or -360**

The European Commission said the energy group must repay state aid received in 2005.

Price-to-earnings ratio	**6**
Earnings per share, past four quarters	**2817.05**
Dividend yield	**None**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Oil & Gas	**...**	-3.9%	-20.4%
MOL	**-2.0%**	-7.3%	25.0%

Nokia

Finland €7.80

▼ **2.3% or €0.19**

Investors speculated about a profit warning. The handset maker declined to comment.

Price-to-earnings ratio	**26**
Earnings per share, past four quarters	**0.30**
Dividend yield	**5.13%**

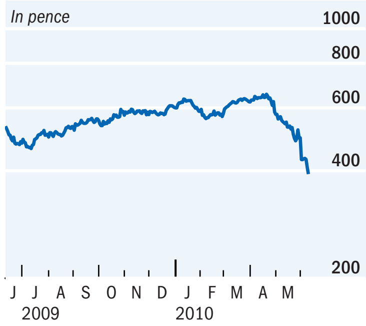
PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Technology	**1.3%**	-2.3%	-2.9%
Nokia	**-2.3%**	-5.0%	-31.6%

BP

United Kingdom 391.55 pence

▼ **4.2% or 17.35 pence**

Investors fretted that the Gulf oil spill will make a dividend payment politically difficult.



Price-to-earnings ratio	**6**
Earnings per share, past four quarters	**70.60**
Dividend yield	**9.38%**

PERCENTAGE CHANGE	Daily	1 wk.	52 wks
Oil & Gas	**...**	-3.9%	-20.4%
BP	**-4.2%**	-8.9%	-26.5%

Pound/Euro 0.8262 ▼ 0.63% | Yen/$ ¥91.49 ▲ 0.55% | Global Dow 1715.10 ▲ 0.19% | Gold 1228.50 ▼ 1.25% | Oil 74.38 ▲ 3.32% | 3-month Libor 0.53656 | 10-year Treasury ▼ 5/32 yield 3.189%

Airbus officials outline challenges of putting a price on inherent risks
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Santander's acquisitions send clear signal of health
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Germany rejects GM aid

Opel loan guarantees are denied, but Chancellor Merkel offers hope for some kind of help

By Vanessa Fuhrmans

BERLIN—Germany said it wouldn't provide General Motors Co. loan guarantees of more than €1 billion, or $1.19 billion, to help restructure its troubled Adam Opel GmbH unit, but Chancellor Angela Merkel appeared to leave the door open for some form of aid, saying "the last word has not been spoken."

"I will do everything in the talks with the governors so that the employees who have committed themselves to the preservation of Opel get the possible help and support that is at our disposal," she said Wednesday evening, referring to a meeting set for Thursday between her and the governors of the German states that have Opel plants.

Her comments, after months of virtual silence on the question, signaled that Germany is still considering ways to keep Opel's German operations intact despite an announcement earlier in the day by German Economics Minister Rainer Brüderle that he had denied state loan guarantees for the ailing European auto maker.

The states had already pledged to contribute half of the €1.1 billion in guarantees under the financial umbrella of the German federal government. Without federal backing, though, the total amount they would be able to supply on their own would likely now fall to between 25% and 50% of the total amount, Opel Chief Executive Nick Reilly said. GM and Opel will also explore getting some of the aid in the form of German government loans tied to research and development in new fuel-efficient technologies, such as that in electric cars, he said.

GM had sought €1.1 billion in guarantees from a state fund originally set up to assist German companies hit by the global financial crisis. After a government steering committee charged with reviewing the request reached a split decision over whether GM qualified, Mr. Brüderle, an outspoken critic of state aid for the car maker to begin with, ruled against it. Ms. Merkel's government presented a plan this week to cut billions of euros in spending to support Germany's generous welfare state, making it politically difficult to also grant financial aid to GM

The decision, though increasingly expected in recent days, leaves GM scrambling for a feasible Plan B that doesn't threaten the viability of its restructuring plan.

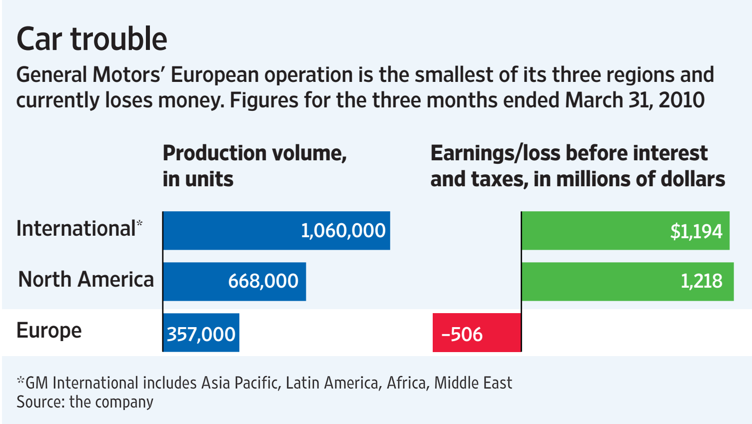
In a briefing late Wednesday, Mr. Reilly said GM would review "all of our funding options" for Opel, including trying to secure some of the requested assistance from the four states with Opel plants.

Those options, though, are "more complicated and it will take us longer," Mr. Reilly said with a note of frustration. Speaking of Mr. Brüderle's suggestion that Opel apply for R&D-related loans instead, he said that "had we known that was the way to go we would have done it that way from the start" instead of doing what German govern-

Please turn to page 26

Bloomberg News

Opel workers in front of the Frankfurt Stock Exchange Monday put a shirt on a statue of a bull that read 'We are Opel.'



Google protests new terms for iPhone

By Scott Morrison And Ian Sherr

Google Inc. protested **Apple** Inc.'s new rules for iPhone and iPad programmers, saying the changes would prohibit application developers from using Google's advertising technology on the devices.

Apple's new terms, released Monday, target companies with competitive mobile technologies, such as Google, as well as any company whose primary business is not serving mobile ads, said Omar Hamoui, founder of Google's recently acquired AdMob mobile-advertising unit.

"Artificial barriers to competition hurt users and developers and, in the long run, stall technological progress," Mr. Hamoui wrote in a blog post.

Apple's terms hurt large and small developers by limiting their choice of how best to make money, Mr. Hamoui said. And because advertising funds many free and low-cost apps, these terms hurt consumers as well, he said.

Apple wasn't available for comment. Earlier this year, Apple unveiled an upgrade to the iPhone operating system that included its new advertising network, dubbed iAd, which is set to launch July 1.

Billed as an alternative to current options, Apple said developers would benefit from the choice. U.S. regulators agreed, clearing Google to buy mobile-advertising firm AdMob in May and noting that Apple's entry into the market would provide sufficient competition.

However, Apple's new terms appear to exclude competing networks such as AdMob from collecting critical information about the devices to which their ads are served.

At issue is a clause in Apple's new terms that states developers may not use third-party analytics software in their apps to collect and send device data to a third party for aggregation, processing or analysis.

The new agreement also says developers must request Apple's permission to collect specific types of information about their users and may only disclose user data to independent advertising-service providers whose primary business is serving mobile ads.

That would exclude advertising-service providers owned by or affiliated with a developer or distributor of mobile devices, mobile operating systems or development environments other than Apple. People familiar with the situation said Apple's terms of service could affect **Microsoft** Corp., **AOL** Inc. and **Yahoo** Inc. as well as Google.

BP shares skid to 14-year low

By Guy Chazan

Shares in **BP** PLC plunged 16% in New York trading, as political pressure on the company over its handling of the Gulf of Mexico oil spill mounted and investors worried it might be forced to suspend its dividend.

The stock price hit its lowest level since 1996 a day after President Barack Obama said that he would have fired BP Chief Executive Tony Hayward by now if he worked for him.

BP shares have now lost just over half their value, giving up about $90 billion in market capitalization, in the seven weeks since the spill started.

Amid the increasing backlash against the company, shareholders are now increasingly bracing for the possibility that BP will be forced to reduce or even cancel its dividend, a key income source for investors and savers in the U.K. Concerns also are rising about the price tag that BP will ultimately face.

Politicians in the U.S. say BP should be using all its resources to stop the spill and clean up the Gulf, not rewarding shareholders. The U.S. government's point man on the oil spill, Adm. Thad Allen, joined the chorus of criticism Wednesday, demanding BP provide more detail on how it is meeting damage claims from individuals and businesses impacted by the spill. Meanwhile, Interior Secretary Ken Salazar insisted that the Obama administration would make BP pay salaries of oil services workers who lose their jobs as a result of the oil spill.

The company's London shares finished down 4.2% at 391.55 pence after falling as much as 6.9% during the day. In the bond market, BP 5.25% notes due 2013 dropped to 90.50 cents, the lowest level ever, according to electronic bond trading platform MarketAxess. The cost to

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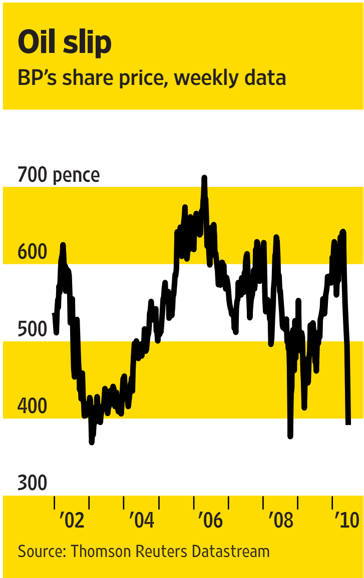

Web series win prime-time fans

By Jessica E. Vascellaro

Original Web series are finding a niche at night.

In a change from traditional online-video watching, which was built during daytime, providers of free original Web content and others that rerun TV programs are reporting strong viewership gains during evening hours in the U.S.

At **Blip.tv**, which distributes tens of thousands of independent online-video shows, peak viewing time has moved from 12 p.m. to 3 p.m. a year ago to 8 p.m. to 11 p.m. across U.S. time zones.

Online-video service **Revision3**'s prime-time views now top lunch-time views by 20%, a change from last year. Evening viewing at video site **Break.com** has grown 18% in the past eight months, while day-time viewing was up less than 5% in the same period.

The shift is likely to create new opportunities for Internet-video providers, including access to new distribution platforms and premium advertisers. It also signals that Internet video could eventually lure people away from traditional television, analysts say..

The rise in prime-time viewing underscores how consumers are opening up to a wider array of content during prime time, habits that will shape what they watch when they can get Internet and TV content on a single device, says James McQuivey, an analyst at researcher Forrester Research.

"The moment we start doing more prime-time Internet-video viewing on the TV, then Internet video is actually competing with old-school television," he said.

Watching videos online was typically a daytime activity because Internet connections were faster at the office. What's more, most viewers considered the short-form clips that dominated online offerings as inferior to network-produced TV shows. But as the quality of Web video improves and technology makes it easier to watch Internet shows on living room TVs, night-time online video audiences are expected to keep growing.

The number of people who watched Internet video from 8 p.m. to 11 p.m. Monday through Friday rose 14% to 62.4 million from March 2009 to March 2010, according to Nielsen Co. Viewership from 5 p.m. to 8 p.m. rose 9% to 69.3 million.

While some of that growth is coming from websites that offer TV shows online, it is also coming from viewers turning in the evenings to other Web series by little-known creators.

Peter Noble, 43 years old, a social worker in Washington D.C., watches several hours of online video a week, including Crackle Inc.'s action miniseries "Urban Wolf," which he found through **Google** Inc.'s YouTube, and anime shows (Japanese slang for animated series) on Hulu.

Hulu is jointly owned by several media companies, including **News Corp.**, which publishes The Wall Street Journal.

Blip.tv

A scene from Blip.tv's 'All's Faire,' a Web comedy about life in a Renaissance fair.

"I look for mindless easy stuff to watch," said Mr. Noble, who has never been a cable subscriber.

Despite the shift, some online-video businesses have yet to benefit. **Veoh Networks** sold itself to avoid bankruptcy. Others, including YouTube, are being forced to expand their business models beyond advertising to areas such as rentals.

The survivors and their investors hope that more evening viewership will help lure more advertisers.

"There's a big difference in watching video at work" versus at home, said Warren Lee, a partner at venture-capital firm **Canaan Partners**, which led a new $10.1 million round of financing for Blip.tv that closed in May. "If you're actually watching at home, to brand advertisers that's an important trend."

Chris Schembri, vice president of media services at **AT&T** Inc., said the company started buying more Internet video advertising late last year as the caliber of content improved. Recently, AT&T launched campaigns for **Motorola** Inc.'s Backflip, targeting all times of day.

"You want to capture people while they're watching and on the Web, that's continuous," he said. Still, he doesn't think evening online-video viewing is coming at the expense of television. "You're seeing a lot of co-viewing," he said.

Revision3 Chief Executive Jim Louderback attributed the increase in prime-time viewing to the growing number of people watching the site's shows on their TVs through partnerships with hardware and software companies.

Mr. Louderback said 40% of users say they watch its service on a TV, up from 25% a year ago. He projects the trend will expand the market for Internet video significantly in coming years, driven by new services from Google, TiVo Inc. and other companies that are trying to make it easier for users to access Internet video on television.

Mike Hudack, Blip.tv's chief executive, said the shift to prime time has been coupled with an increase in quality and length of their shows.

The average episode of a Blip.tv show is about 14 minutes long, up from six minutes a year ago. That has attracted more ad dollars, which tripled in the fourth quarter of last year from the third quarter, Mr. Hudack said. In turn, that has enabled Blip.tv to give more money back to content creators to invest in their shows, such as "Red vs. Blue," a popular animated series loosely based on the science-fiction video-game Halo. "The virtuous cycle works," Mr. Hudack said.

Sprint overstated sales of its 4G Evo smartphone

By Roger Cheng

The high-profile launch of **Sprint Nextel** Corp.'s Evo 4G smartphone, the carrier's most important product of the year, has brought a surprising mix of triumph and frustration.

The Evo is a hit but not nearly as successful as Sprint first thought—the carrier mistakenly overstated how well the smartphone sold in its first day.

First-day sales were slowed when the heavy volume temporarily overloaded its account activation system. While demand remains high, shortages have caused Sprint to turn away many disappointed customers.

Much of Sprint's effort to reverse its flagging contract subscriber business hinges on the success of the Evo, the first U.S. phone capable of riding on the faster fourth-generation wireless network.

As a result, the device has drawn its share of the industry's attention when all eyes would normally be on the unveiling of the latest Apple Inc. iPhone.

And that makes the miscalculation over its initial sales glaring.

Sprint didn't provide actual numbers and said only that the number of Evos sold in the first day was three times greater than the combined number of Palm Inc. Pre phones and **Samsung Electronics** Co. Instinct phones sold over their first three days.

The Palm Pre and Samsung Instinct devices were the prior flagship phones from Sprint over the past two years.

Late Tuesday, Sprint corrected the numbers, saying that first-day sales of the Evo were in line with the combined Pre and Instinct sales—or a third of what it had previously said.

Sprint spokeswoman Cristi Allen said that the company's Evo numbers were correct, but that it had gotten the wrong number on the combined Pre and Instinct sales.

"It was truly a miscalculation," Ms. Allen said.

The mistake forced Wall Street to cut their estimates on Evo sales. BTIG Research analyst Walter Piecyk cut his forecast on first-weekend sales to 150,000, down from a prior range of 250,000 to 300,000.

Comparing first-day sales alone, Sprint said it sold twice as many Evos as the Pre and six times as many Evos as Instincts.

Sprint, based in Overland Park, Kan., has had problems meeting demand for the device. The company lists the Evo as sold out on its website, and there have been widespread reports of shortages.

Chief Financial Officer Robert Brust called it the same "wonderful problem AT&T had with the iPhone" during an investor conference on Wednesday. Generally, all of the carriers cede some customers to AT&T Inc. as people nab the new iPhone. Mr. Brust said he was eager to see how the Evo stacks up this time around.

Still, some on Wall Street were critical of Sprint's handling of the launch.

"It should be disappointing to investors that the company was not prepared to sell more phones given the demand," Mr. Piecyk said.

Sprint faced a similar problem a year ago with its long-time partner Palm over the launch of the Pre. The company couldn't get enough phones in the store, and shortages hamstrung its momentum.

The company has learned its lesson, Ms. Allen said, noting that the supply chain is running more smoothly than a year ago, and that larger stores were getting a daily resupply of Evos.

"The demand was beyond what anyone could have expected," she said.

HTC Corp., which manufactured the Evo phone, is working to produce more devices and ship them as quickly as possible, said HTC spokesman Keith Nowak.

Sprint, like most of the other carriers, is hoping the appeal of Google Inc.'s Android operating system and HTC's design flourishes will win back high-end subscribers who had fled to AT&T or Verizon Wireless.

It is also using the Evo 4G to jumpstart interest in the 4G network offered in select cities by Clearwire Corp. Sprint owns a majority stake in Clearwire, and has staked its future on the successful early adoption of 4G.

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BUSINESS & FINANCE

Airbus officials outline challenges

Parent company EADS says underlying question is how to put a price tag on risks inherent in airplane programs

By Daniel Michaels

BERLIN—Airbus and its parent company, **European Aeronautic Defence & Space** Co., are finally tackling key problems that have dogged them for five rocky years. But they must now do a better job of putting a price tag on the risks inherent in their airplane programs, said EADS Chief Financial Officer Hans Peter Ring.

Two of Airbus's biggest programs—the A380 superjumbo jetliner and the A400M military transport plane—are years behind schedule and billions of dollars over budget. Several smaller programs face issues meeting deadlines and fulfilling customer requirements.

EADS Chief Executive Louis Gallois told a press conference at the Berlin Air Show on Wednesday that while the company has "demonstrated through the crisis we are robust," it generates "insufficient" profit due to problems with flagship programs.

EADS in March reported a net loss of €763 million ($912 million) for 2009 on revenue of €42.8 billion, after posting a charge of €1.8 billion against cost overruns on the A400M airlifter. It also booked a provision of €240 million on the A380 superjumbo.

Mr. Ring, the finance chief, said the core issue is the difficulty in matching the heavy demands of customers against the ambitious financial returns expected by investors.

"We are in a high-tech, complex business, and there is a lot of risk in our business. That won't change," Mr. Ring said in an interview. "The question is how to price risk. Obviously, in some cases we didn't price it right." The challenge is common to most businesses, but is particularly acute in aerospace, where multibillion-dollar programs take years to develop and face huge unknowns. EADS and U.S. rival **Boeing** Co. have both struggled this decade to develop ambitious new airplanes.

Boeing in 2004 launched the 787 Dreamliner program, promising a jetliner made of advanced new materials with cutting-edge equipment that would be far less expensive for airlines to operate than existing models. It also promised to deliver the first plane in only four years.

Boeing officials now say that the combined pressures of meeting both its performance promises to airlines and its business targets proved too much. "The initial plan outran our ability to execute it," said Boeing Chief Executive Jim McNerney.

Boeing has also hit delays and budget overruns developing the 747-8, a new version of its venerable jumbo jet that first flew more than 40 years ago.

In selling the two-deck A380, it urged buyers to specify unprecedented levels of luxury onboard. The complexity of customizing planes with showers and private suites overwhelmed production systems.

Mr. Ring said Airbus is now "making good progress" resolving problems assembling the A380.

With the A400M, EADS in 2003 signed a contract with seven countries from the North Atlantic Treaty Organization to deliver the world's most sophisticated propeller-driven military transporter under rigid contract terms. The project quickly blew through the fixed-price budget.

Big headaches

Airbus and Boeing have faced difficulty matching business plans with the complexities of new planes under development.

	CUSTOMER PITCH	FINANCIAL PITCH	PROBLEM
Airbus A380 Superjumbo jetliner	Unlimited customization for maximum luxury	Unique niche product would deliver high profits	Customization was harder than expected
Airbus A400M Military transport plane	Sophisticated transporter to meet varying defense needs of seven countries	Fixed-price contract would limit cost to governments	Contracted price was too low and technology not mature
Boeing 787 Dreamliner Long-range jetliner	Ultra-efficient high-tech jetliner to cut airline costs and improve passenger experience	Development cost spread among suppliers and fast return on investment	Schedule too ambitious and outsourcing hard to manage

Sources: the companies; WSJ research

Shares of BP tumble; dividend fears grow

Continued from page 19

insure $10 million in BP bonds for a year rose by $10,600 to $36,800, after climbing as high as $39,500, according to data provider Markit.

The mounting pressure on BP comes as the company records some successes in capturing some of the oil, which has been gushing into the Gulf since the Deepwater Horizon drilling rig caught fire and sank in April.

It said it is now collecting a little more than 15,000 barrels a day, following the installation of a new containment cap last week which channels oil and gas up to a vessel on the surface.

A permanent solution to the oil leak will only come with the completion of a relief well, which is due to be finished in August.

The ship only has the capacity to process about 18,000 barrels of oil a day, but Adm. Allen said additions to the system will raise that to 28,000 barrels a day by next week.

A permanent solution to the leak will only come with the completion of a relief well, which is due to be finished in August.

In another sign of the Obama administration's new get-tough approach to BP, Rear Admiral James Watson of the U.S. Coast Guard wrote to the company demanding details of its oil-recovery plans within 72 hours. He said it was "imperative" BP put equipment, systems and processes in place to ensure the oil and gas still not being captured by the new containment system be recovered.

Members of Adm. Allen's team were to meet BP's senior claims team Wednesday to request detailed information on how claims were being evaluated and how quickly they were being processed.

In a letter to Mr. Hayward published Wednesday, Adm. Allen said the government needed "more detail and openness from BP" to ensure it was meeting its commitment to restore the Gulf Coast. The letter came amid complaints that BP had been slow to pay claims by residents affected by the spill. During a trip to Louisiana last week, President Obama warned BP not to "nickel and dime" claimants.

The company has pledged to honor all legitimate claims for compensation and says that, as of June 7, it had paid nearly $49 million and issued nearly 18,000 checks to those impacted by the spill, such as fishermen and small businesses. It says it hasn't yet denied any claim.

WSJ.com

ONLINE TODAY: See complete coverage of the Gulf oil spill, including on-the-ground reports, photos and video at **WSJ.com/US.**

Inditex earnings increase 64%, paced by Zara

BY CHRISTOPHER BJORK

MADRID—Profit at **Inditex** SA, the fast-growing owner of the Zara retail chain, jumped 64% in the company's fiscal first quarter as shoppers snapped up "cheap chic" spring and summer garments, and Inditex continued its global expansion.

The world's largest clothing retailer by revenue, ahead of **Gap** Inc., said profit for the three months ended April 30 rose to €301 million ($359.6 million) from €184 million a year earlier.

The figure was sharply higher than analysts' expectations for profit of €251.5 million.

The Spanish company said sales rose 14% to €2.67 billion.

Operating costs rose 11% to €1.04 billion.

Inditex's shares rose 7.5% to €47.19 in Spain on Wednesday. The company's stock has risen 43% in the last 12 months, as investors cheered its robust sales during the slump in consumer spending. But shares have lost some momentum recently because of worries about a weakening economic outlook for Europe.

Chief Executive Pablo Isla shrugged off concern about the Spanish economy.

"Reality in Spain is better than the perception you may have. I personally have a strong confidence in the dynamism of the Spanish economy going forward," he told analysts on a conference call.

Gross margin, a closely watched indicator of profitability, rose to 60% of sales in the first quarter, from 57% a year earlier. The company said the increase reflected "inventory management, the use of sourcing in proximity to respond to sales growth and a positive currency impact."

"The results show that Inditex is capable of generating strong earnings growth despite a tough macro backdrop, as it takes share in fragmented clothing markets," said Richard Chamberlain, a retail analyst at Bank of America Merrill Lynch.

Inditex has taken advantage of its fast-reaction model to respond to a pickup in consumer demand at the start of the year, analysts said.

The company makes more than half of the products it sells close to its base in Spain, cutting down production time and allowing the company to adapt quickly to changes in fashion.

Bloomberg News

Inditex had more than 4,700 stores, such as this Zara store in Madrid, in 76 countries at the end of the latest quarter.

Such flexibility allows for tight control of inventory and reduces the need for markdowns of products that remain on shelves, which improves profit margins.

Inditex said sales since the end of the first quarter have been healthy, with store sales between Feb. 1 and June 7 rising 13% in local currencies.

For the summer season, Inditex's flagship Zara stores are mixing variants of the boho style of the 1970s—with psychedelic floral and geometric prints—with denim, navy-style garments, and pastel and nude-colored blazers and cardigans.

Inditex had more than 4,700 stores in 76 countries at the end of the quarter, after opening 98 outlets.

The company opened its first Zara store in India a few weeks ago. Mr. Isla said the Delhi store has been well-received.

Inditex will open its first Zara store in Mumbai Thursday, and will expand to other big cities in Asia's second-largest economy.

The company also said its Zara online store will open Sept. 2 in Germany, Spain, France, Italy, Portugal and the U.K. Other markets will follow next year.

Mr. Isla said more than two million people in 85 countries have downloaded the Zara smartphone application, which was introduced six months ago, indicating that there is strong potential for the online stores.

MTN Group ends talks with Orascom

BY ROBB M. STEWART

JOHANNESBURG—**MTN Group** Ltd., Africa's largest cellphone operator by subscribers, said it had ended discussions to buy assets from Egypt's **Orascom Telecom Holding** SAE.

The collapse of talks that would have extended South Africa-based MTN's reach in Africa and the Middle East is another blow for Phuthuma Nhleko, MTN's outgoing chief executive, who was also unable to conclude a tie-up with operators in India in three previous attempts.

MTN on Wednesday issued a brief statement saying discussions with Orascom's parent company, Weather Investments SpA, had been terminated. Nozipho January-Bardill, MTN's executive for corporate affairs, said the breakdown related to the regulatory challenges posed by a potential deal. Orascom couldn't be reached for comment.

MTN in April said it was in talks aimed at buying control of Orascom or some of its businesses, although people familiar with the matter at the time said a deal was unlikely due to the complexity of assets held in different countries.

Meanwhile, Algeria's government said it would block any attempt by MTN to buy Orascom's local Djezzy unit, which has the largest share of the Algerian market and is also Orascom's single biggest source of revenue. Under Algerian law, the government has the right of first refusal for Orascom's stake in Djezzy, should the company decide to sell.

Orascom has a market capitalization of about $5.4 billion. A full takeover of the Cairo-based carrier would have given MTN subscribers in Algeria, Pakistan, Egypt, Tunisia, Bangladesh and North Korea as well as operations in Burundi, the Central African Republic, Namibia and Zimbabwe through subsidiary Telecel Globe.

MTN, which has a $24.1 billion market value, had 123.6 million subscribers at the end of March across operations in 21 African and Middle Eastern countries.

The collapse is a blow to MTN's CEO, who also had failed to seal deals with Indian cellphone operators.

Mr. Nhleko, who plans to step down as MTN's CEO by March, has greatly expanded the company since he took the helm in 2002. Earlier this year, he said a further 20 million customers would be added this year. His largest deal to date was the $5.5 billion acquisition in 2006 of holding company **Investcom** LLC which brought with it operations in 10 countries.

However, shareholder disputes and government concerns thwarted Mr. Nhleko's attempts in the last two years to conclude separate merger agreements with Indian cellphone operators **Bharti Airtel** Ltd. and **Reliance Communications** Ltd.

Enel to test new form of solar power

Italian company banks on salt and mirrors for technology that could get the country into the renewables market

By Liam Moloney

ROME—In the industrialized Eastern Sicilian town of Priolo Gargallo, Italian energy company **Enel** SpA is about to begin testing a new form of solar power that, it says, has the potential to displace older technology.

In the coming weeks, Enel will switch on a power plant with a generation capacity of up to five megawatts, linked to an adjacent 752MW gas-fired facility. One megawatt of electricity can provide power for roughly 800 homes. By the end of the year, the utility expects to have enough data to determine whether the technology—tested mainly in the laboratory so far—works on a large scale.

"We are the forerunners, and if it works the others will follow us," Guglielmo Liberati, who heads the Enel project, said in an interview. "It makes the previous systems obsolete."

Enel is particularly keen to prove its credentials in the renewables sector as it aims to sell a minority stake in its Enel Green Power SpA unit this year. Most analysts value the unit at more than €12 billion ($14.38 billion).

The €50 million test project in Sicily is called Archimede, Italian for the Ancient Greek scientist Archimedes, who was born in 287 B.C. Archimedes is said to have repelled a Roman attack on the town of Syracuse—a few kilometers south of Priolo Gargallo—by using highly polished shields to focus sunlight on the approaching ships, causing them to burst into flames.

Enel

Enel will use parabolic mirrors similar to this one for its project in Sicily.

The technology being used is a form of concentrated solar power, or CSP. The basic principle of CSP is that mirrors are used to concentrate the sun's rays onto liquid-filled tubes, called absorber tubes. The liquid in the tubes heats water that becomes steam and drives turbines, producing electricity.

CSP is different from photovoltaic energy, which converts sunlight directly into power. In recent years, photovoltaic energy has spearheaded the growth in solar technology as generous public incentives have encouraged users to put solar panels on their roofs.

Where the Archimede technology—the brainchild of Italy's national agency for new technology and energy development, ENEA—differs from other types of CSP is that it uses salts that become liquid at high temperatures as the heat transfer fluid, instead of synthetic oil. The main advantage of using these salts, Enel said, is that they reach much higher temperatures than synthetic oil, or up to 600 degrees Celsius versus 350 degrees, boosting their efficiency.

And whereas synthetic oil can be used only as a conductor and can't store heat, the salts can remain hot for up to seven hours in the case of the Priolo Gargallo plant and longer for any bigger facilities built in future, meaning plants could continue to provide electricity at night or operate in cloudier climes.

One of the biggest challenges facing solar power and renewable energy in general is that it is more expensive to produce than fossil fuels. As a rough guide, solar power costs users about 10 times more per kilowatt-hour than electricity from gas-fired plants. Most observers note that when the price of oil tops $80 a barrel, the cost gap between fossil fuels and renewable sources narrows sharply.

Enel declined to comment at this stage on how much the energy produced by the Priolo Gargallo plant will cost. But the salts in the absorber tubes—a mixture of sodium nitrate and potassium nitrate, components of commercial fertilizers—will last the entire 20-to-25-year life of a plant, it says. Typically, the synthetic oil used in older forms of CSP needs to be replaced regularly to remain efficient. In Priolo Gargallo, the salts will cost just under €1 million, Mr. Liberati said.

Another drawback to CSP is that it requires large areas of land to house the mirrors. "Space is the real limit," Mr. Liberati said, adding that each megawatt of generation capacity requires about 1.5 hectares of land, just less than five acres.

A solution to the problem of acreage may be found in North Africa. The Desertec consortium of companies, of which Enel is a member, aims to build a network of wind turbines and solar energy plants in the Sahara and to begin transporting energy to Europe by 2050.

No decision has been made yet on which form of solar energy the project will use, but Germany's **Siemens** AG, a founding member of Desertec, last month said its energy division increased its stake in Archimede Solar Energy SpA—the company that holds the commercial right to build the absorber tubes designed by ENEA—to 45% from 28%. **Angelantoni Industrie** SpA owns the remaining stake.

With Spain and Denmark leading the wind energy sector, Germany having cornered photovoltaic energy and France a strong leader in nuclear power, CSP could be Italy's chance to get into the renewables market.

Abu Dhabi prepares to build solar plant

By Nour Malas

ABU DHABI—Abu Dhabi government-owned **Masdar**, the renewable energy initiative, Wednesday appointed **Total** SA of France and **Abengoa Solar** of Spain as partners on a $600 million solar-power project in the Gulf emirate—the world's largest concentrated solar power, or CSP, plant.

Shams 1 solar-power station will have an approximate capacity of 100 megawatts and will be developed on a build-own-operate basis in a joint venture. Masdar owns 60% of the project, and Total and Abengoa each hold a 20% share, the companies said in a joint news release.

"We expect construction to start in a few weeks," Mohamed Al Zaabi, the project's manager, said in a presentation in Abu Dhabi. Commercial operations are due to start in the third quarter of 2012, Mr. Al Zaabi said.

The CSP plant will extend over a 2.5-square kilometer area, situated at Madinat Zayed about 120 kilometers southwest of Abu Dhabi, the capital of the United Arab Emirates. It will have enough capacity to supply 20,000 households.

The project is the first of three CSP plants that will feed green power into the Abu Dhabi grid, Mr. Al Zaabi said. The plant will help meet rising power demand in Abu Dhabi, which is expected to reach up to 20 gigawatts in 2020, from a current eight gigawatts, he added.

Abu Dhabi launched Masdar in April 2006 to establish the sheikdom as a hub for renewable energy and green technologies at a time of rising concerns over global warming, fueled by increased consumption of hydrocarbons. The emirate, the largest of seven that make up the U.A.E. and producer of almost all of the country's crude oil, has a plan to generate 7% of its power capacity from renewables by 2020.

"We believe it's the first step in the region, but it will be a cornerstone going forward," said Abengoa Chief Executive Santiago Seage. "We think that the Mena [Middle East-North Africa] region in general can be a very important part of our generation portfolio, a high percentage."

Nick Carter, director general of Abu Dhabi's regulation and supervision bureau, said the project was "a massive leap forward for the sector."

"This is the first time in the emirate we can supply a significant amount of capacity without relying on fossil fuels," Mr. Carter said.

Shams 1 will be the first utility-scale, commercial solar-power project in the U.A.E., and the first CSP plant to be registered under the United Nations' Clean Development Mechanism and is eligible for carbon credits, according to Wednesday's statement. It will displace about 175,000 tons of carbon dioxide a year, the equivalent of taking 15,000 cars off Abu Dhabi's roads.

The plant has been held back as the global financial crisis hit projects in Abu Dhabi, with contracts for the project originally due to be awarded about a year ago.

Santander raises Mexico bet

Spanish lender pays $2.5 billion to retake full control of unit in a market ripe for growth

By Sara Schaefer Muñoz
And Dan Fitzpatrick

Madrid-based **Banco Santander** SA said Wednesday it paid $2.5 billion to buy the remaining 25% share of its Mexican subsidiary from **Bank of America** Corp., a move intended to buttress weaknesses on Santander's home turf by expanding in Latin America's second-largest market.

The sale was driven in part by an international regulatory proposal that would essentially penalize banks that hold minority stakes in other institutions, and it could be a precursor to similar deals in coming years.

The purchase comes at a time when Santander's shares have taken a beating because of its exposure to its home market in Spain. The country is in the grips of a deep economic downturn, and concerns over Spanish sovereign debt have led to more difficult financing conditions for Spanish banks.

A Santander spokesman pointed out that the bank has already set aside provisions against problems in Spain, and that the deal gives Santander more exposure to a market in Mexico with a large unbanked population, making it ripe for growth.

The move to retake full control of the business, called Grupo Financiero Santander, is the Spanish bank's biggest deal in the region since it acquired Brazil's Banco Real for €10.5 billion ($12.5 billion) in 2007. It said Mexico's contribution to the group's profits will increase by two percentage points to 7%.

"This acquisition reinforces Santander's commitment to Mexico ... and furthers the geographic diversification of our group," Banco Santander Chairman Emilio Botin said Wednesday.

The bank's shares, which have fallen 40% over the last year, gained 3.9% in Madrid on Wednesday. Bank of America shares were down 0.5% in afternoon trading on the New York Stock Exchange.

Bank of America bought a 24.9% stake in Santander's Mexican unit for $1.6 billion in 2003. People close to the bank say the decision to sell its stake in the business was driven in part by concerns over a proposed rule under the so-called Basel regulatory accord, which would increase the capital requirements associated with holding minority stakes in other institutions. The banking industry is fighting the proposal, arguing that it would make such arrangements prohibitively expensive.

Associated Press

Chairman Emilio Botin said the move reinforces a commitment to Mexico.

Bank of America is one of many banks that recently sent a letter to the Basel committee protesting the proposal.

"Minority investments are a sound means of diversifying earnings and gaining local market expertise that contribute to overall risk management," it wrote. "A risk-based capital regime should not penalize such investments relative to full subsidiary ownership."

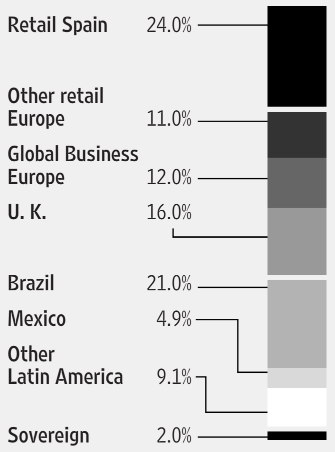
The deal is "a clean-up of minority exposures ahead of the Basel III implementation," said Joseph Dickerson, an analyst at London brokerage firm Execution Noble Ltd.

The regulatory concerns also played a role in Bank of America's recent decision to unload its holdings in Brazil's largest private bank, **Itau Unibanco Holding** SA, for about $4 billion.

The proposed Basel rule could affect the holdings of many other banks, such as London-based **Barclays** PLC, whose stakes include 20% in BlackRock Global Investors. A Barclays spokesman declined to comment.

More diversified

A geographical breakdown of its first-quarter earnings shows Santander earns most of its profits from outside Spain



Source: the bank

While many banks—and some national governments—are up in arms over the so-called minority-interest rule proposed by international banking regulators, there's no guarantee it will take effect in its current form. Industry officials hope it will be watered down. In any case, the earliest the rule would take effect is the end of 2012.

In preparation for more aggressive regulatory requirements, Bank of America has been stripping risk-weighted assets from its balance sheet over the last year. Since the fall of 2009 it has announced asset sales totalling $10.5 billion. Other than Santander and Itau, the moves include the sale of Columbia Management Group, some private-equity assets and First Republic Bank.

Regulators let the bank pay back its $45 billion in federal aid last December in exchange for a pledge to raise an additional $4 billion, an amount later dropped to $3 billion. The Santander sale will count toward that total.

Santander is also in exclusive talks to buy **Skandinaviska Enskilda Banken** AB's branches in Germany and is the lead bidder for 318 branches up for sale in the U.K. by **Royal Bank of Scotland Group** PLC.

—Jonathan House and David Enrich contributed to this article.

Sentence of 50 years in Florida Ponzi fraud

By Ashby Jones

A former Florida lawyer, Scott Rothstein, was sentenced Wednesday to 50 years in prison after being convicted earlier this year of running a Ponzi scheme out of his law office.

Federal prosecutors alleged Mr. Rothstein defrauded investors out of $1.2 billion.

Lawyers for Mr. Rothstein, 47 years old, had requested a sentence of 30 years, arguing leniency was warranted because of his cooperation with prosecutors after his arrest.

Federal prosecutors had asked for 40 years.

But U.S. District Judge James I. Cohn imposed a longer sentence for Mr. Rothstein, though less than the maximum 100 years the former attorney faced under the sentencing guidelines for his five felony convictions.

In January, Mr. Rothstein admitted to conspiring with others to lure investors into spending millions to buy stakes in legal settlements that Mr. Rothstein's law firm purportedly had struck in employment disputes.

In fact, the settlement agreements were fabricated by the conspirators.

The former attorney, who was disbarred last year, built a prominent, 75-lawyer firm in Fort Lauderdale, and he became well known in south Florida because of his lavish spending on cars and homes, along with his close ties to politicians in the state.

Marc Nurik, a lawyer for Mr. Rothstein, didn't immediately return a call seeking comment.

In a statement Wednesday, the U.S. attorney in Miami, Wifredo A. Ferrer, said: "Today's sentence punishes the defendant for his thievery, and hopefully brings some sense of justice to the victims of this massive fraud."

Mr. Rothstein and his co-conspirators also admitted to using funds from their Ponzi scheme to make political contributions to state and federal candidates in violation of campaign-finance rules.

Associated Press

Former Florida lawyer Scott Rothstein defrauded investors of $1.2 billion.

Ex-Goldman star trader prepares fund

By Cassell Bryan-Low

LONDON—Pierre-Henri Flamand, who ran **Goldman Sachs Group** Inc.'s in-house trading until the end of last month, has begun marketing his own hedge fund in what is expected to be one of this year's biggest launches.

Mr. Flamand has been meeting with investors in the U.S. and the U.K. to raise money for the fund, called **Edoma Partners** LLP, people familiar with the matter say. He plans to trade global stocks, with a focus on Europe, and has a seven-person investment team that includes several other Goldman alumni.

Bankers say the Frenchman, who just turned 40 years old, could raise $1 billion or more. While hedge-fund launches of several billion dollars weren't unheard-of several years ago, raising money currently is much more challenging and launches over a few hundred million dollars are rare.

Bankers say Mr. Flamand, a Frenchman who just turned 40 years old, could raise $1 billion or more. He has been meeting with investors in the U.S. and the U.K.

One of Goldman's star traders, Mr. Flamand earned about $50 million in 2006, one of the people familiar with the matter said. The following year, he became Goldman's head of the proprietary-trading group, which has spawned several high-profile fund managers.

The proprietary-trading group, called Principal Strategies, uses the firm's own capital to trade rather than investing on behalf of clients. The group lost money in 2008, along with most hedge funds, but rebounded last year. Over the longer term, Mr. Flamand has had annual returns of about 15%, the person familiar with the matter said.

Mr. Flamand resigned from Goldman earlier this year, as previously reported. He has told some investors that his job at the firm had become about managing people and that he wanted to return to focusing on investing.

He has secured offices on boutique-lined Bond Street and is in the process of registering Edoma—a name derived from the first letters of his children's names—with regulators, the people familiar with the matter said. The target launch date is Nov. 1.

Investors will be able to withdraw money quarterly and pay fees based on 20% of performance plus 2% of assets under management, as is common in the industry. There are fee breaks for those willing to commit their money for two years, though investors generally are reluctant right now to lock up their funds for long periods of time.

Mr. Flamand grew up in southwest France and graduated from École Polytechnique, one of France's Grande Écoles.

Japan makes executives' pay public

By Daisuke Wakabayashi

TOKYO—Japan Inc.'s highest-paid executives will have their pay scrutinized for the first time, as new corporate-disclosure rules require companies to reveal the annual compensation of those receiving more than 100 million yen, or $1.09 million.

Until now, Japanese companies have only had to disclose the compensation of top executives as a group without identifying what individuals were paid.

The new rule will shine a light on the closely guarded salary details of Japan's top-paid executives—and potentially expose the long-suspected sizeable gap in compensation levels between non-Japanese executives and their Japanese counterparts.

For companies like **Sony** Corp. and **Nissan Motor** Co., which have high profile, non-Japanese CEOs, the compensation issue could be particularly thorny.

Since Sony CEO Howard Stringer and Nissan CEO Carlos Ghosn held top-level executive positions at other companies before joining their Japanese firms, the expectation is that they are paid similar to global norms and not necessarily Japanese ones.

Sony said it plans to release its compensation details on June 28, 10 days after its shareholder meeting. Nissan said it won't release details until after its June 23 holders' meeting.

One company that has already released details—cosmetics maker **Shiseido** Co.—showed that a non-Japanese corporate executive officer, Carsten Fischer, was paid more than its top executive, President Shinzo Maeda. Mr. Fischer, who was hired away from **Procter & Gamble** Co. in 2006, received total compensation of 141 million yen in the fiscal year ended March 2010. Mr. Maeda got paid 121 million yen.

Japan's Financial Services Agency implemented the new rule without much fanfare on March 31, the last day of the Japanese fiscal year.

It requires publicly listed companies to disclose in detail the salary, bonus, stock options and other compensation of individual executives receiving in excess of 100 million yen within three months of the close of a company's fiscal year.

Most Japanese companies have until the end of June to disclose the compensation packages.

Under the old rules, "we're not able to make a proper evaluation of management without this individual disclosure," said Koji Morioka, founder of nonprofit shareholder-rights group Kabunushi Ombudsman, who has unsuccessfully pressed Sony for six years to reveal what individual executives were getting paid.

"It's not a matter about too much or too little," he said.

The Keidanren, Japan's business lobby, opposed the rule change saying it was unnecessary since Japan's executives are paid significantly less than global peers.

Also, they questioned the usefulness of knowing individual compensation packages when shareholders already knew what top executives received as a group.

An FSA official said the rule change is aimed at increasing transparency for shareholders.

The move also brings Japan closer in line with requirements in the U.S. and Europe where executive compensation is laid out in regulatory filings.

However, the lack of disclosure hasn't led to runaway salaries in Japan. Some 8.3% of Japanese CEOs and 1.4% of non-CEO board members at publicly traded companies received total compensation of more than 100 million yen in the fiscal year ended March 2009, according to a survey conducted by **PriceWaterhouseCoopers** LLP.

U.S. chief executives of companies with revenue of over one trillion yen, or $10.9 billion, received a total compensation package nine times greater than their Japanese counterparts, according to data compiled from 2004 to 2006 by New York-based human-resources-services firm Towers Watson.

European compensation was 4.4 times greater.

Masato Shirai, a director in the human-resources-consultancy group at PwC, said the lower levels of executive compensation are a historical and cultural legacy of Japanese corporations where salary increases are largely set by fixed formulas, and not by performance or negotiation by individual executives. The lower pay, Mr. Shirai said, is also a trade-off for job security.

"Compared to overseas peers, Japanese executive compensation is probably a bit too low and over time that gap will shrink," said Mr. Shirai, noting that this gap in compensation is often an issue when Japanese companies acquire foreign firms.

Even without individual disclosures, there is evidence that Sony and Nissan are paying executives more than industry peers.

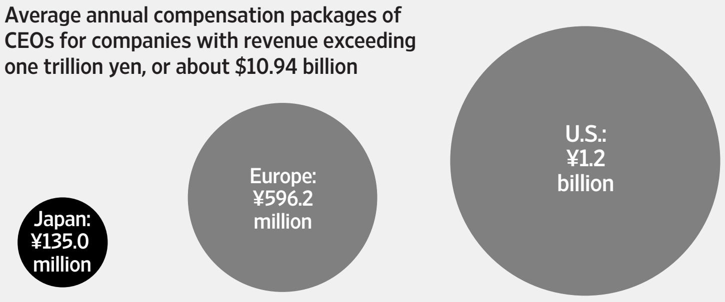
Sony's 20 director and corporate executives, including Mr. Stringer, received a total of 2.87 billion yen, or an average of 143.5 million yen, in the fiscal year ended March 2009.

In the same year, rival **Panasonic** Corp. paid 966 million yen to its 20 directors for an average of 48.3 million yen.

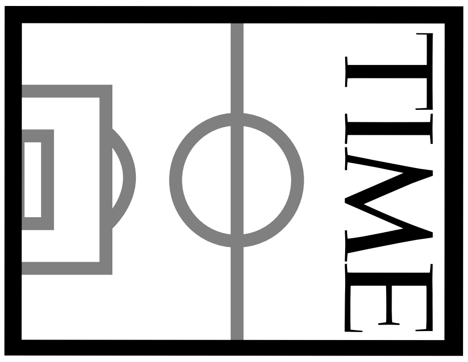
—Yoshio Takahashi contributed to this article.

Getting paid

Average annual compensation packages of CEOs for companies with revenue exceeding one trillion yen, or about $10.94 billion



Source: HR-services firm Towers Watson, based on data from 2004 to 2006



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BUSINESS & FINANCE

U.S. banks push to dilute bill

Debit-card restrictions under siege; 'incremental' in Senate version becomes a flash point

BY ROBIN SIDEL AND DAN FITZPATRICK

The banking industry unleashed a last-ditch effort to strip new debit-card restrictions from the proposed financial-overhaul legislation, including the removal of the word "incremental" from the 1,500-page bill.

The measures are under siege from the nation's largest banks, which have said they would lose billions of dollars in revenue from fees that they charge to merchants for debit-card transactions, known as interchange fees. Small banks and credit unions also oppose the measure even though they technically would be exempt from the law. In the past week, they have intensified efforts to dilute the legislation, planned news conferences and urged employees to pressure local representatives.

Lawmakers are gathering this week to begin negotiating House and Senate versions of the financial-overhaul bill, with the goal of sending a final version to President Obama by July 4.

The bill approved by the Senate last month includes an amendment that could ultimately limit how much banks could charge merchants for transactions made on debit cards. It also would allow merchants to set minimum purchases for credit cards and would permit them to accept some types of cards over others. The House version of the financial-overhaul bill doesn't address those issues.

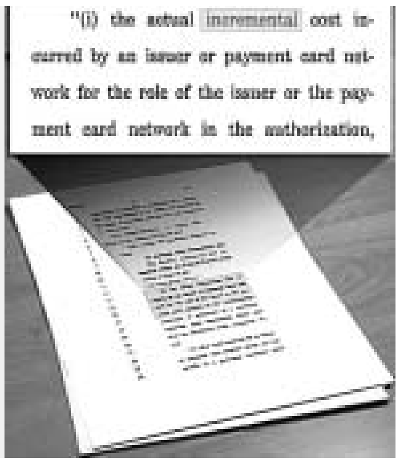
Even if President Obama signs the measure, banks and merchants likely wouldn't see any impact until next year. That is because, like other provisions in the bill, the Senate version would give the Federal Reserve nine months to come up with industry rules that follow the law.

Banks typically charge merchants between 0.75% and 1.25% for each debit-card transaction, although those rates can vary based on the type of purchase and the retailer.

Breaking down debit

		Pct. change from 2008
CARDS	507 million	13.4%
ACCOUNTS	403 million	16.8%
TRANSACTIONS	36.22 billion	12.5%
TOTAL DEBIT CARD PURCHASES	$1.63 trillion	8%

Note: Reflects Visa and MasterCard 2009 data for debit and prepaid cards
Source: The Nilson Report



Merchants have tried for years to persuade legislators to reduce interchange fees, contending that banks are charging them too much for debit cards that are essentially no different than cash or checks. The bill doesn't address fees that merchants pay for credit cards.

Some large banks are particularly focused on lobbying to change the language in the Senate bill, which gives the Fed the power to review interchange rates that are set by **Visa** Inc. and **MasterCard** Inc. The legislation calls for the Fed to determine that the rates are "reasonable and proportional" and that they would cover the "actual incremental cost" of the transaction.

The banks are concerned that the word "incremental" would reflect only the transaction itself, and wouldn't include other costs associated with maintaining a debit-card business, such as fraud prevention and technology expenses.

"The word 'incremental' is an important word that you wouldn't want to see in there. It is certainly troublesome," said one senior executive at a large bank.

The fight over the meaning of "incremental" debit-card costs is the latest example of how important single words are to the financial-services industry as it searches for advantages in the legislation. In April, the word "trading" was deleted from the phrase "trading facility" in one version of the Senate's reform bill, allowing banks to continue telephone-based trading of swap contracts as long as their telephone-based brokers agreed to more regulation.

"We have been willing to make changes to protect consumers or to deal with reasonable concerns that need to be addressed," said a spokesman for Sen. Richard Durbin (D., Ill.) who proposed the interchange restrictions. "We are not, however, willing to negotiate over issues that are conjured up to protect someone's bottom line."

Small banks and credit unions also are stepping up opposition to the bill, even though financial institutions that have less than $10 billion in assets would be exempt from the interchange rules. They contend that any measure to reduce big banks' fees would make it harder for them to compete with the large banks, and would force them to charge lower fees as well.

John Buhrmaster, president of 1st National Bank of Scotia in Scotia, N.Y., said he wouldn't be able to afford to issue debit cards if the legislation is enacted. He said his 10-branch bank, which has $340 million in assets, makes a 71-cent annual profit on each of the 11,000 debit cards that he issues to customers.

"An exemption as proposed is not practical and will not work," he said.

State treasurers also are trying to fight it, contending that the proposed rules would further drain coffers already battered by the financial crisis. Many states have replaced government checks with debit cards for services like unemployment benefits.

Banks issue the cards to states for virtually no cost because the banks collect interchange fees when a person uses the card for purchases. The states are worried that the banks would charge them more if they can't collect the same amount of interchange fee.

"This would add additional costs that states simply cannot afford," Iowa Treasurer Michael Fitzgerald said in a June 2 letter to senators and representatives.

China gives approval for AgBank stock offer

China's securities regulator on Wednesday approved **Agricultural Bank of China** Ltd.'s application for its planned $20 billion to $30 billion initial public offering in Hong Kong and Shanghai, removing one of the last hurdles for what could be the world's largest-ever share float.

The decision by the China Securities Regulatory Commission also ended a brief bout of speculation over a possible delay in the IPO, given signs of lukewarm interest and concerns about Agricultural Bank's likely high valuation and less attractive business fundamentals compared with its peers.

AgBank, the last of China's Big Four state-run banks to float shares on the stock market, said in a preliminary prospectus Friday that it will sell as many as 54.8 billion new shares, or 17% of its enlarged capital base, in Shanghai and Hong Kong, if overallotment options are exercised in the two cities.

China's third-biggest lender by assets said it will allocate 53% of the offering, or 29.2 billion shares, to Hong Kong and 47% of the offering, or 25.6 billion shares, to Shanghai.

The Hong Kong stock exchange will review the Hong Kong part of the bank's dual listing Thursday, people familiar with the deal have said. If the deal is approved, the bank plans to list in Shanghai on July 15 and the following day in Hong Kong, the people said.

Pre-marketing of the deal is set to start early next week, and the road show will begin June 24, a person familiar with the situation said Wednesday.

AgBank, more than 96%-owned by China's sovereign-wealth fund and the Ministry of Finance, has been trying to change its business model following years of government-directed lending to farmers and agriculture-related businesses, often in poor areas.

While the bank plans to raise at least $20 billion in its IPO, analysts said weak demand may cap the fund raising at $18 billion, below the record $22 billion raised by Industrial & Commercial Bank of China Ltd.'s IPO in 2006. The glut of Chinese banks planning to raise funds to shore up their balance sheets will also hurt investor appetite for the deal, analysts have said, though the person familiar with the situation said Wednesday that many of those deals have been delayed.

He said because the deals involve rights issues, "these banks won't be tapping investors other than shareholders, and on top of that, Agricultural Bank is Beijing's priority."

He said China's pension fund will be the bank's sole strategic investor. In the prospectus, AgBank said the pension fund owns a 3.7% stake in the bank, and China's sovereign-wealth fund and Ministry of Finance share the remaining ownership.

But the person said Dutch financial-services company Rabobank, which said last week it was forming a strategic partnership with AgBank, would be a "logical" cornerstone investor. Rabobank has declined to comment on whether it would invest in the IPO.

—Rose Yu, Wynne Wang and Nisha Gopalan

Indonesia raises foreign-investor limits

BY ANDREAS ISMAR

JAKARTA—Indonesia raised its foreign-ownership limits on certain sectors, such as agriculture and health care, in a bid to lure investments to the world's fourth-most-populous country.

According to a presidential decree, the government will now allow foreigners to hold up to a 49% stake in individual companies in the staple-food-plantation industry. Previously, only domestic investors had been allowed to enter this area.

The government is also raising the ceiling for foreign ownership in hospitals to 67% and is opening doors to facilities across the country. Previously, foreigners could hold up to 65% of hospitals in certain major provinces only.

Indonesia, however, is still retaining a ban on foreign investment in telecommunication towers despite strong interest from overseas investors.

The sprawling archipelago has drawn more investment interest of late because of its strong growth prospects and relatively stable government. Some investors have tipped Indonesia to rank beside the burgeoning BRIC countries of Brazil, Russia, India and China due to its big market potential and rich natural resources.

But bureaucratic red tape, corruption and overlapping regulations have hobbled foreign investment. In 2009, foreign direct investment in Indonesia fell about 20%, to $10 billion, from a year earlier amid the global economic crisis.

The **Bin Laden Group** from the Middle East last year canceled a plan to invest around $1 billion in a food-estate project in Papua province because the government planned to cap its share of ownership in the project at 49%.

The opening up of the hospital sector could pave way for some regional health-care providers, such as **Parkway Holdings** Ltd. of Singapore, analysts said.

Germany rejects GM aid, denying Opel loan guarantees

Continued from page 19

ment officials had advised.

For now, Mr. Reilly said, GM has no plans to substantially change its €3.7-billion plan to restructure Opel and isn't considering any additional plant closures. Nor is it considering renegotiating a wage-concession agreement struck with Opel labor representatives to cut roughly €1 billion in labor costs by 2014.

Privately, though, people familiar with the restructuring plans say GM hasn't ruled out further job cuts at Opel, depending on the final aid scenario, and has mapped out alternative scenarios. GM had originally planned to cut 10,000 European jobs as part of the restructuring. But it scaled that back to a projected 8,300 layoffs as it restarted negotiations with the German government and labor unions last November after deciding to keep Opel instead of selling it. About 4,000 of the job cuts are scheduled in Germany.

Despite Ms. Merkel's vows to help, it's now likely GM will have to supply at least some of the shortfall in hoped-for German aid. The auto maker is free to draw on its cash reserves to help fund the restructuring, but it could face criticism in Washington since a good chunk of that cash comes from its $50 billion U.S. taxpayer-supported bailout.

The U.S. auto maker is still counting on other European countries with Opel factories to contribute roughly €700 million in additional loan guarantees to the restructuring plan.

But the new British government has said it is reviewing all spending pledges made under Gordon Brown's government, including the Opel commitment. Mr. Reilly said he remains in talks with U.K. officials and is confident they will see the guarantees' economic merit.

—Sharon Terlep and Marcus Walker contributed to this article.

MARKETS

Europe's Stoxx snaps a losing streak

Bernanke reassures investors about growth; gold ends three straight sessions of gains; BP shares keep falling

By Michele Maatouk

European stocks rose, extending gains late in the session, boosted by strong U.S. stocks and cautiously optimistic comments by Federal Reserve Chairman Ben Bernanke. The euro gained against the dollar, while oil rose and gold prices fell.

At the same time, a report that Chinese exports rose about 50% in May from a year earlier, beating expectations, improved sentiment and added to demand for basic-resource stocks. **ArcelorMittal** rose 4%, while **Fresnillo** added 4.6%.

In testimony to the House Budget Committee, Mr. Bernanke said the U.S. economy appears to be on track for growth this year and next.

The pan-European Stoxx 600 index closed up 1.9% at 244.60, ending a three-session losing streak. The U.K.'s FTSE 100 index rose 1.2% to 5085.86, France's CAC-40 index ended up 2% at 3446.77 and Germany's DAX added 2% to 5984.75.

In New York, the Dow Jones Industrial Average declined 40.73 points, or 0.4%, to close at 9899.25.

On the downside, however, oil and gas stocks remained under pressure for most of the session, although they did manage to reverse course as markets closed. **BP** was again the biggest drag, falling 4.2%; it hit its lowest level since October 2008 during intraday trading. In New York, its shares plunged 16%.

"BP's latest investor briefing left the question of dividend in the air and we now think there is a 50% probability BP will skip its upcoming quarterly dividend," Société Générale said in a note. "This is no longer a question of the strength of its balance sheet (which we think is strong enough) but of whether BP will be able to take the situation under sufficient control by the time it has to decide on the dividend in late July to come up with a story palatable for U.S. politicians and public opinion."

On Thursday, investors will watch for announcements regarding interest rates from the Bank of England and European Central Bank, as well as focusing on the press conference that follows the ECB decision. In the U.S., data on the trade balance and weekly claims for unemployment benefits will be among the highlights.

A report that Chinese exports rose about 50% in May, beating expectations, improved sentiment and added to demand for resources stocks.

In the currency markets, the euro rose slightly against the dollar following the report on Chinese exports. Wednesday afternoon in New York, the euro was at $1.1984, from $1.1947 late on Tuesday. Sterling traded at $1.4527, from $1.4426. The dollar was at 91.08 yen from 91.39 yen and at 1.1480 Swiss francs from 1.1527 francs.

Oil for July delivery closed up $2.39, or 3.3%, at $74.38 on the New York Mercantile Exchange. Gold for June delivery fell $15.50 per troy ounce, or 1.3%, to $1228.50 on the Comex division of Nymex. The move ended a three-session rally.

In major market action: Miners and banks both gained. **Kazakhmys** rose 4.4%, and **Société Générale** surged 4.7%.

Autos were also strong. **Daimler** shares closed up 4.2%.

The Spanish clothing retailer **Inditex** climbed 7.5% after reporting that its first-quarter net income rose 63%. Sales increased 14%.

Spanish-headquartered banking giant **Banco Santander** advanced 3.9%. It will pay $2.5 billion for **Bank of America**'s 24.9% stake in Grupo Financiero Santander, also known as Banco Santander Mexico.

EADS shares jumped 6.2%. The company's chief financial officer said the aerospace giant is likely to increase its outlook for revenue for the fiscal year when it reports second-quarter results on July 30.

Finnair climbed 6.2%. The company said that its second-quarter loss is expected to be equal to, or smaller than, its first-quarter loss. The airline had said that its second-quarter loss would be "clearly worse" than the first-quarter result.

Nokia shares fell 2.3% as investors speculated that the handset maker will issue a warning about its profits. The company declined to comment.

—Sarah Turner contributed to this article.

M&A rules split Britain Inc.

By Liam Vaughan

Half of the U.K.'s senior corporate executives favor overhauling rules governing public takeovers, according to a new survey, placing large swathes of corporate Britain at odds with top bankers as the Takeover Panel undertakes its most comprehensive review of the framework for mergers and acquisitions in more than 20 years.

DC Advisory Partners—formerly Close Brothers Corporate Finance—interviewed chief executives, chairmen and other senior executives at 100 U.K. companies with a combined annual turnover of more than £290 billion ($418 billion), including several in the FTSE 100.

Of those interviewed, half said they supported the introduction of a so-called Cadbury's law, which would include measures such as increasing the threshold for control of a company from 50% to 66.7% and banning hedge funds from voting on takeover proposals.

Their views are in sharp contrast to those of the majority of M&A bankers and lawyers interviewed by The Wall Street Journal in recent weeks, who were broadly in favor of maintaining the status quo.

"The great advantage of the current system is that it is open, transparent and has been functioning pretty effectively for a long period of time," Anthony Parsons, head of U.K. M&A at Deutsche Bank, said in an interview in April. "The starting point should not be that this is a broken system."

More than half (52%) of the respondents to the DC Partners survey said that, were changes to be implemented, a two-thirds majority of shareholders should be required to approve a takeover, compared with 41% of respondents who believed a simple majority of shareholders should suffice.

Changing the threshold to two-thirds would leave the Takeover Code, the document that governs takeovers in the U.K., at odds with the Companies Act, which states that any entity that holds 50% plus one of the voting rights can pass an ordinary resolution giving it control of the day-to-day operations of a company's business. Lawyers say resolving the difference would require a change to the Companies Act legislation, a lengthy and complicated process.

Close to two-thirds of senior executives (63%) interviewed by DC Partners said long-term shareholders should have greater influence in a takeover than short-term speculators.

Company bosses and some institutional shareholders have argued that hedge funds and short-term investors have undue influence over the future of a company in takeover situations, despite the fact their interests are rarely aligned with those of long-term shareholders, employees and consumers.

The Takeover Panel published a public consultation paper on changes to takeover rules and the bid timetable on June 1. Industry bodies, companies, individuals and other parties have been given two months to submit their views on a suite of changes suggested after U.S.-based Kraft Foods Inc.'s hostile takeover of U.K. chocolate-maker Cadbury PLC earlier this year.

—More at efinancialnews.com

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Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	YTD	% Return in $US** 1-YR	2-YR	5-YR
4	**Prosperity Russian Prosperity A**	Prosperity Capital Management (UK) Ltd	USD	Cayman Isl	**14.43**	85.24	-9.42	21.13
1	**Pioglobal Midcap**	Meriden IFM	USD	Andorra	**2.45**	74.96	-36.47	NS
4	**Russian Prosperity Euro A**	Seligson Co Rahastoyhtiö Oyj	EUR	Finland	**3.41**	71.51	-14.66	16.20
2	**Danske Invest Arvo Venäjä K**	Sampo Rahastoyhtiö Oy	EUR	Finland	**0.24**	66.41	-33.33	NS
1	**FIM Russia Small Cap**	FIM Varainhoito Oy	EUR	Finland	**0.34**	63.25	-45.19	NS
2	**Evli Greater Russia A**	Evli-Rahastoyhtiö Oy	EUR	Finland	**4.36**	51.19	-28.87	10.88
3	**Danske Invest Russia Small Cap K**	Sampo Rahastoyhtiö Oy	EUR	Finland	**4.10**	50.71	-28.29	NS
2	**Kaltchuga Fd Russian Equities A**	KBL European Private Bankers	USD	Luxembrg	**-3.90**	47.91	-22.22	14.12
NS	**JPMorgan Russian Securities ORD**	JPMorgan Asset Management (UK) Limited	GBP	United Kingdom	**0.31**	46.57	-30.31	17.23
2	**OP-Venäjä A**	OP-Rahastoyhtiö Oy	EUR	Finland	**0.04**	42.02	-23.62	12.68

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
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London EC1Y 1HQ United Kingdom
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Blend Portfolio A	US	EQ	LUX	06/08	USD	9.64	-7.0	10.9	-13.9
Am Blend Portfolio I	US	EQ	LUX	06/08	USD	11.38	-6.9	11.7	-13.2
Am Growth A	US	EQ	LUX	06/08	USD	27.93	-10.6	9.9	-8.2
Am Growth B	US	EQ	LUX	06/08	USD	23.38	-11.0	8.8	-9.1
Am Growth I	US	EQ	LUX	06/08	USD	31.06	-10.3	10.8	-7.4
Am Income A	US	BD	LUX	06/08	USD	8.50	3.3	17.1	6.8
Am Income A2	US	BD	LUX	06/08	USD	19.69	3.4	17.1	6.8
Am Income B	US	BD	LUX	06/08	USD	8.50	3.0	16.2	6.0
Am Income B2	US	BD	LUX	06/08	USD	16.92	3.1	16.3	6.1
Am Income I	US	BD	LUX	06/08	USD	8.50	3.5	17.7	7.5
Am Value A	US	EQ	LUX	06/08	USD	8.01	-6.1	7.1	-11.8
Am Value B	US	EQ	LUX	06/08	USD	7.34	-6.5	6.1	-12.7
Am Value I	US	EQ	LUX	06/08	USD	8.65	-5.8	8.0	-11.1
Emg Mkts Debt A	GL	BD	LUX	06/08	USD	15.47	2.1	20.7	8.3
Emg Mkts Debt A2	GL	BD	LUX	06/08	USD	20.56	2.2	20.7	8.4
Emg Mkts Debt B	GL	BD	LUX	06/08	USD	15.47	1.7	19.6	7.3
Emg Mkts Debt B2	GL	BD	LUX	06/08	USD	19.72	1.9	19.4	7.3
Emg Mkts Debt I	GL	BD	LUX	06/08	USD	15.47	2.3	21.3	8.9
Emg Mkts Growth A	GL	EQ	LUX	06/08	USD	30.93	-10.7	17.7	-15.9
Emg Mkts Growth B	GL	EQ	LUX	06/08	USD	26.10	-11.1	16.5	-16.7
Emg Mkts Growth I	GL	EQ	LUX	06/08	USD	34.41	-10.4	18.7	-15.2
Eur Growth A	EU	EQ	LUX	06/08	EUR	7.11	1.1	14.3	-11.2
Eur Growth B	EU	EQ	LUX	06/08	EUR	6.37	0.8	13.3	-12.0
Eur Growth I	EU	EQ	LUX	06/08	EUR	7.78	1.4	15.3	-10.4
Eur Income A	EU	BD	LUX	06/08	EUR	6.71	4.1	24.8	6.6
Eur Income A2	EU	BD	LUX	06/08	EUR	13.42	4.3	25.0	6.6
Eur Income B	EU	BD	LUX	06/08	EUR	6.71	3.8	24.0	5.9
Eur Income B2	EU	BD	LUX	06/08	EUR	12.44	3.9	24.0	5.9
Eur Income I	EU	BD	LUX	06/08	EUR	6.71	4.3	25.3	7.2
Eur Strat Value A	EU	EQ	LUX	06/08	EUR	7.79	-8.7	7.3	-19.3
Eur Strat Value I	EU	EQ	LUX	06/08	EUR	8.00	-8.5	8.3	-18.6
Eur Value A	EU	EQ	LUX	06/08	EUR	8.41	-8.6	8.4	-15.5
Eur Value B	EU	EQ	LUX	06/08	EUR	7.70	-9.0	7.2	-16.4
Eur Value I	EU	EQ	LUX	06/08	EUR	9.74	-8.3	9.2	-14.8
Gl Balanced (Euro) A	EU	BA	LUX	06/08	USD	13.63	-0.8	14.1	-8.5
Gl Balanced (Euro) B	EU	BA	LUX	06/08	USD	13.22	-1.2	13.0	-9.4
Gl Balanced (Euro) C	EU	BA	LUX	06/08	USD	13.51	-0.9	13.8	-8.8
Gl Balanced (Euro) I	EU	BA	LUX	06/08	USD	13.93	-0.4	14.9	-7.8
Gl Balanced A	US	BA	LUX	06/08	USD	15.41	-6.5	9.1	-11.3
Gl Balanced B	US	BA	LUX	06/08	USD	14.59	-6.9	8.0	-12.2
Gl Balanced I	US	BA	LUX	06/08	USD	16.04	-6.1	9.9	-10.7
Gl Bond A	US	BD	LUX	06/08	USD	9.46	4.1	14.6	6.7
Gl Bond A2	US	BD	LUX	06/08	USD	16.67	4.1	14.5	6.6
Gl Bond B	US	BD	LUX	06/08	USD	9.46	3.7	13.5	5.6
Gl Bond B2	US	BD	LUX	06/08	USD	14.54	3.7	13.4	5.6
Gl Bond I	US	BD	LUX	06/08	USD	9.46	4.3	15.2	7.3
Gl Conservative A	US	BA	LUX	06/08	USD	14.42	-1.9	9.3	-3.6
Gl Conservative A2	US	BA	LUX	06/08	USD	16.61	-1.9	9.3	-3.6
Gl Conservative B	US	BA	LUX	06/08	USD	14.42	-2.3	8.2	-4.5
Gl Conservative B2	US	BA	LUX	06/08	USD	15.71	-2.4	8.2	-4.5
Gl Conservative I	US	BA	LUX	06/08	USD	14.49	-1.6	10.2	-2.7
Gl Eq Blend A	GL	EQ	LUX	06/08	USD	10.12	-13.2	4.8	-23.1
Gl Eq Blend B	GL	EQ	LUX	06/08	USD	9.45	-13.7	3.6	-23.9
Gl Eq Blend I	GL	EQ	LUX	06/08	USD	10.71	-12.9	5.6	-22.5
Gl Growth A	GL	EQ	LUX	06/08	USD	36.80	-12.2	6.4	-23.0
Gl Growth B	GL	EQ	LUX	06/08	USD	30.59	-12.6	5.3	-23.8
Gl Growth I	GL	EQ	LUX	06/08	USD	41.01	-11.9	7.3	-22.4
Gl High Yield A	US	BD	LUX	06/08	USD	4.30	2.6	29.8	5.8
Gl High Yield A2	US	BD	LUX	06/08	USD	9.52	2.8	29.7	5.8
Gl High Yield B	US	BD	LUX	06/08	USD	4.30	2.2	28.4	4.5
Gl High Yield B2	US	BD	LUX	06/08	USD	15.23	2.4	28.4	4.7
Gl High Yield I	US	BD	LUX	06/08	USD	4.30	2.9	30.6	6.5
Gl Thematic Res A	OT	OT	LUX	06/08	USD	13.27	-9.9	16.4	-9.0
Gl Thematic Res B	OT	OT	LUX	06/08	USD	11.55	-10.4	15.2	-9.9
Gl Thematic Res I	OT	OT	LUX	06/08	USD	14.84	-9.7	17.3	-8.3
Gl Value A	GL	EQ	LUX	06/08	USD	9.55	-14.3	3.5	-23.1
Gl Value B	GL	EQ	LUX	06/08	USD	8.74	-14.6	2.5	-23.9
Gl Value I	GL	EQ	LUX	06/08	USD	10.19	-14.0	4.3	-22.5
India Growth A	OT	OT	LUX	06/08	USD	124.15	-2.2	NS	NS
India Growth AX	OT	OT	LUX	06/08	USD	108.65	-2.1	22.7	4.0
India Growth B	OT	OT	NA	06/08	USD	129.48	-2.6	NS	NS
India Growth BX	OT	OT	LUX	06/08	USD	92.47	-2.5	21.5	3.0
India Growth I	EA	EQ	LUX	06/08	USD	112.84	-1.8	23.3	4.4
Int'l Health Care A	OT	EQ	LUX	06/08	USD	125.25	-8.9	12.2	-7.3
Int'l Health Care B	OT	EQ	LUX	06/08	USD	105.18	-9.3	11.0	-8.3
Int'l Health Care I	OT	EQ	LUX	06/08	USD	137.32	-8.6	13.1	-6.6
Int'l Technology A	OT	EQ	LUX	06/08	USD	103.06	-6.6	20.6	-10.3
Int'l Technology B	OT	EQ	LUX	06/08	USD	88.91	-7.0	19.4	-11.2
Int'l Technology I	OT	EQ	LUX	06/08	USD	115.96	-6.3	21.5	-9.6
Japan Blend A	JP	EQ	LUX	06/08	JPY	5579.00	-7.4	-6.6	-23.0
Japan Growth A	JP	EQ	LUX	06/08	JPY	5295.00	-9.9	-9.4	-24.3
Japan Growth I	JP	EQ	LUX	06/08	JPY	5468.00	-9.5	-8.7	-23.7
Japan Strat Value A	JP	EQ	LUX	06/08	JPY	5864.00	-4.2	-2.7	-21.8
Japan Strat Value I	JP	EQ	LUX	06/08	JPY	6041.00	-3.8	-1.9	-21.2
Real Estate Sec. A	OT	EQ	LUX	06/08	USD	13.31	-7.2	19.1	-15.7
Real Estate Sec. B	OT	EQ	LUX	06/08	USD	12.12	-7.6	17.9	-16.6
Real Estate Sec. I	OT	EQ	LUX	06/08	USD	14.36	-6.9	20.1	-15.0
Short Mat Dollar A	US	BD	LUX	06/08	USD	7.29	1.6	12.1	-1.3
Short Mat Dollar A2	US	BD	LUX	06/08	USD	9.95	1.6	12.0	-1.3
Short Mat Dollar B	US	BD	LUX	06/08	USD	7.29	1.4	11.6	-1.7
Short Mat Dollar B2	US	BD	LUX	06/08	USD	9.88	1.4	11.5	-1.8
Short Mat Dollar I	US	BD	LUX	06/08	USD	7.29	1.8	12.6	-0.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Andfs. Anglaterra	UK	EQ	AND	06/08	GBP	7.54	-8.5	11.9	-6.6
Andfs. Borsa Global	GL	EQ	AND	06/08	EUR	5.93	-8.8	6.9	-16.7
Andfs. Emergents	GL	EQ	AND	06/08	USD	15.09	-13.1	12.4	-14.6

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Andfs. Espanya	EU	EQ	AND	06/08	EUR	10.15	-27.0	-5.8	-17.6
Andfs. Estats Units	US	EQ	AND	06/08	USD	13.61	-9.4	7.8	-15.1
Andfs. Europa	EU	EQ	AND	06/08	EUR	6.69	-14.7	1.7	-16.1
Andfs. Franca	EU	EQ	AND	06/08	EUR	8.30	-14.8	0.7	-17.1
Andfs. Japo	JP	EQ	AND	06/08	JPY	473.10	-7.4	-1.4	-19.8
Andfs. Plus Dollars	US	BA	AND	06/08	USD	9.10	-3.6	6.5	-6.5
Andfs. RF Dolars	US	BD	AND	06/08	USD	11.59	1.4	9.6	0.7
Andfs. RF Euros	EU	BD	AND	06/08	EUR	10.91	0.8	11.6	0.8
Andorfons	EU	BD	AND	06/08	EUR	14.65	1.0	12.2	-0.3
Andorfons Alternative Premium	OT	OT	AND	04/30	EUR	99.25	0.3	6.6	-6.5
Andorfons Mix 30	EU	BA	AND	06/08	EUR	9.40	-1.7	12.4	-7.1
Andorfons Mix 60	EU	BA	AND	06/08	EUR	8.76	-5.5	9.5	-14.1

■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
CAM-GTF Limited	AS	EQ	MUS	05/27	USD	316261.90	15.2	74.7	12.6

■ DJE INVESTMENT S.A.
internet: www.dje.lu email: info@dje.lu phone:+00 352 269 2522 0 fax:+00 352 269 25252

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
DJE Real Estate P	OT	OT	LUX	06/09	EUR	9.25	0.9	-0.9	-3.1
DJE-Absolut P	GL	EQ	LUX	06/09	EUR	207.68	1.4	12.5	-6.4
DJE-Alpha Glbl P	EU	BA	LUX	06/09	EUR	172.77	-3.0	6.6	-6.3
DJE-Div& Substanz P	GL	EQ	LUX	06/09	EUR	216.39	0.6	15.6	-3.4
DJE-Gold&Resourc P	OT	EQ	LUX	06/09	EUR	197.27	15.8	31.3	2.5
DJE-Renten Glbl P	EU	BD	LUX	06/09	EUR	135.95	4.1	9.9	6.2
LuxPro-Dragon I	AS	EQ	LUX	06/09	EUR	147.98	-6.3	18.7	2.5
LuxPro-Dragon P	AS	EQ	LUX	06/09	EUR	143.68	-6.6	18.1	2.0
LuxTopic-Aktien Europa	EU	EQ	LUX	06/09	EUR	16.52	-6.7	6.0	-2.3
LuxTopic-Pacific	AS	EQ	LUX	06/08	EUR	18.56	13.3	44.8	0.2

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■ HSBC Portfolio Selection Fund

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Sel Emerg Mkt Debt	GL	BD	GGY	12/31	USD	350.10	42.6	42.6	6.0
Sel Emerg Mkt Equity	GL	EQ	GGY	12/31	USD	207.66	58.5	58.5	-12.4
Sel Euro Equity EUR	US	EQ	GGY	12/31	EUR	96.29	29.2	29.2	-18.8
Sel European Equity	EU	EQ	GGY	12/31	USD	181.94	32.3	32.3	-19.9
Sel Glob Equity	GL	EQ	GGY	12/31	USD	189.25	31.8	31.8	-16.8
Sel Glob Fxd Inc	GL	BD	GGY	12/31	USD	143.46	11.2	11.2	-1.1
Sel Pacific Equity	AS	EQ	GGY	12/31	USD	143.75	59.0	59.0	-9.7
Sel US Equity	US	EQ	GGY	12/31	USD	123.56	22.6	22.6	-14.9
Sel US Sm Cap Eq	US	EQ	GGY	12/31	USD	168.82	29.1	29.1	-14.5

■ HSBC TRINKAUS INVESTMENT MANAGERS SA
E-Mail: funds@hsbctrinkaus.lu Telephone: 352 - 47 18471

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Prosperity Return Fund A	JP	BD	LUX	06/07	JPY	9985.03	0.7	NS	NS
Prosperity Return Fund B	EU	BD	LUX	06/07	JPY	8873.84	-10.2	NS	NS
Prosperity Return Fund C	EU	BD	LUX	06/07	USD	87.37	-9.4	NS	NS
Prosperity Return Fund D	EU	BD	LUX	06/07	EUR	108.59	11.2	NS	NS
Renaissance Hgh Grade Bd A	JP	BD	LUX	06/07	JPY	9937.26	0.4	NS	NS
Renaissance Hgh Grade Bd B	EU	BD	LUX	06/07	JPY	8759.28	-11.1	NS	NS
Renaissance Hgh Grade Bd C	EU	BD	LUX	06/07	USD	85.66	-10.3	NS	NS
Renaissance Hgh Grade Bd D	EU	BD	LUX	06/07	EUR	105.20	8.1	NS	NS

MP Asset Management Inc. www.mpam.si MP

■ MP ASSET MANAGEMENT INC.
Tel: + 386 1 587 47 77

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
MP-BALKAN.SI	OT	OT	SVN	06/08	EUR	21.22	-12.8	-14.4	-37.2
MP-TURKEY.SI	OT	OT	SVN	06/08	EUR	39.77	14.6	64.5	3.7

■ PAREX ASSET MANAGEMENT IPAS
Republikas square 2a, Riga, LV-1522, Latvia
www.parexgroup.com Tel: +371 67010810

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Parex Eastern Europ Bal	OT	OT	LVA	06/08	EUR	14.30	7.0	29.9	1.3
Parex Eastern Europ Bd	EU	BD	LVA	06/08	USD	15.81	8.0	34.1	5.6
Parex Russian Eq	EE	EQ	LVA	06/08	USD	19.92	2.0	28.4	-21.4

PICTET 1805 FUNDS

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Tel: + 41 (58) 323 3000 Web: www.pictetfunds.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Pictet-Agriculture-P EUR	OT	OT	LUX	06/08	EUR	123.81	2.1	23.5	NS
Pictet-Asian Eq (ExJpn)-I USD	OT	OT	LUX	06/09	USD	156.55	-10.7	14.1	-14.0
Pictet-Asian Eq (ExJpn)-P USD	OT	OT	LUX	06/09	USD	148.44	-11.0	13.1	-14.7
Pictet-Biotech-P USD	OT	OT	LUX	06/08	USD	248.99	-12.0	-4.4	-13.7
Pictet-CHF Liquidity-P	OT	OT	LUX	06/08	CHF	124.16	0.0	0.0	0.4
Pictet-CHF Liquidity-Pdy	OT	OT	LUX	06/08	CHF	93.36	0.0	0.0	0.4
Pictet-Conv. Bonds-P EUR	OT	OT	LUX	06/08	EUR	100.90	NS	NS	NS
Pictet-Digital Comm-P USD	OT	EQ	LUX	06/08	USD	112.02	-4.1	18.1	-4.4
Pictet-Eastern Europe-P EUR	EU	EQ	LUX	06/08	EUR	344.72	9.6	55.3	-11.4
Pictet-Emerging Markets-P USD	GL	EQ	LUX	06/09	USD	469.24	-12.0	16.3	-17.1
Pictet-Eu Equities Sel-P EUR	EU	EQ	LUX	06/08	EUR	396.13	-2.9	17.1	-12.0
Pictet-EUR Bonds-P	EU	BD	LUX	06/08	EUR	398.48	3.6	8.7	5.9
Pictet-EUR Bonds-Pdy	EU	BD	LUX	06/08	EUR	292.21	3.6	8.7	5.9
Pictet-EUR Corporate Bonds-P	EU	BD	LUX	06/08	EUR	151.71	2.6	14.0	8.2
Pictet-EUR Corporate Bonds-Pdy	EU	BD	LUX	06/08	EUR	102.84	2.6	14.0	8.2
Pictet-EUR High Yield-P	EU	BD	LUX	06/08	EUR	148.84	1.8	28.0	3.2
Pictet-EUR High Yield-Pdy	EU	BD	LUX	06/08	EUR	81.58	1.8	28.0	3.2
Pictet-EUR Liquidity-P	EU	MM	LUX	06/08	EUR	136.05	0.1	0.3	1.5
Pictet-EUR Liquidity-Pdy	EU	MM	LUX	06/08	EUR	96.73	0.1	0.3	1.5
Pictet-EUR Sovereign Liq-P	OT	OT	LUX	06/08	EUR	102.42	0.0	0.1	NS
Pictet-EUR Sovereign Liq-Pdy	OT	OT	LUX	06/08	EUR	99.93	0.0	0.1	NS
Pictet-Europe Index-P EUR	EU	EQ	LUX	06/08	EUR	97.47	-3.5	17.3	-9.4
Pictet-European Sust Eq-P EUR	EU	EQ	LUX	06/08	EUR	129.61	-2.6	18.5	-9.3
Pictet-Glo Emerging Debt-P USD	GL	BD	LUX	06/08	USD	249.53	2.6	15.4	10.6
Pictet-Glo Emerging Debt-Pdy USD	GL	BD	LUX	06/08	USD	162.05	2.6	15.4	10.6
Pictet-Greater China-P USD	AS	EQ	LUX	06/09	USD	306.84	-12.6	8.9	-10.3
Pictet-Indian Equities-P USD	EA	EQ	LUX	06/09	USD	341.46	-5.3	15.8	-0.7
Pictet-Japan Index-P JPY	JP	EQ	LUX	06/09	JPY	8300.93	-6.6	-6.1	-21.6
Pictet-Japanese Eq 130/30-P JPY	JP	EQ	LUX	06/09	JPY	4204.74	-4.8	-0.6	-20.3
Pictet-Japanese Eq Sel-I JPY	JP	EQ	LUX	06/09	JPY	7306.14	-5.7	-4.0	-24.2
Pictet-Japanese Eq Sel-P JPY	JP	EQ	LUX	06/09	JPY	7066.62	-5.9	-4.6	-24.7
Pictet-MENA-P USD	OT	OT	LUX	06/08	USD	45.40	1.2	NS	NS
Pictet-Pac (ExJpn) Idx-P USD	AS	EQ	LUX	06/09	USD	237.27	-13.1	17.7	-11.5
Pictet-Piclife-P CHF	CH	BA	LUX	06/08	CHF	791.14	0.0	9.8	-0.1
Pictet-Premium Brands-P EUR	OT	EQ	LUX	06/08	EUR	75.38	15.4	47.7	6.6
Pictet-Russian Equities-P USD	OT	OT	LUX	06/08	USD	59.74	-7.3	35.6	-24.1
Pictet-Security-P USD	GL	EQ	LUX	06/08	USD	96.33	-3.2	17.2	-1.7
Pictet-Small Cap Europe-P EUR	EU	EQ	LUX	06/08	EUR	459.66	1.5	23.0	-10.3
Pictet-Timber-P USD	OT	OT	LUX	06/08	USD	98.08	-7.9	19.8	NS
Pictet-USA Index-P USD	US	EQ	LUX	06/08	USD	86.70	-4.4	14.2	-10.4
Pictet-USD Government Bonds-P	US	BD	LUX	06/08	USD	530.67	4.5	7.4	5.3
Pictet-USD Government Bonds-Pdy	US	BD	LUX	06/08	USD	379.45	4.5	7.4	5.3
Pictet-USD Liquidity-P	US	MM	LUX	06/08	USD	131.01	0.0	0.2	0.9
Pictet-USD Liquidity-Pdy	US	MM	LUX	06/08	USD	84.83	0.0	0.2	0.9
Pictet-USD Sovereign Liq-P	OT	OT	LUX	06/08	USD	101.55	0.0	0.0	NS
Pictet-USD Sovereign Liq-Pdy	OT	OT	LUX	06/08	USD	100.05	0.0	0.0	NS
Pictet-Water-P EUR	GL	EQ	LUX	06/08	EUR	134.23	8.3	23.1	-3.0
Pictet-World Gvt Bonds-P USD	GL	BD	LUX	06/09	USD	160.02	-3.1	3.2	2.3
Pictet-World Gvt Bonds-Pdy USD	GL	BD	LUX	06/09	USD	129.76	-3.1	3.2	2.3

■ POLAR CAPITAL PARTNERS LIMITED
International Fund Managers (Ireland) Limited PH - 353 1 670 660 Fax - 353 1 670 1185

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Global Technology	OT	EQ	IRL	06/08	USD	12.99	-3.4	22.9	-1.7
Japan Fund USD	JP	EQ	IRL	06/09	USD	15.74	-0.9	5.3	-3.7
Polar Healthcare Class I USD	OT	OT	IRL	06/08	USD	11.74	-9.2	10.3	NS
Polar Healthcare Class R USD	OT	OT	IRL	06/08	USD	11.70	-9.4	9.8	NS

■ Hemisphere Management (Ireland) Limited

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Discovery USD A	OT	OT	CYM	04/30	USD	115.61	10.8	12.5	12.2
Elbrus USD A	GL	EQ	CYM	05/31	USD	10.51	35.9	-24.7	-17.9
Europn Conviction USD B	EU	EQ	CYM	04/30	USD	136.77	-0.4	7.4	7.4
Europn Forager USD B	OT	OT	CYM	04/30	USD	230.77	3.1	24.5	4.7
Latin America USD A	GL	EQ	CYM	06/30	USD	14.25	2.2	-4.7	14.7
Paragon Limited USD A	OT	OT	CYM	12/31	USD	309.60	12.7	12.7	14.2
UK Fund USD A	OT	OT	CYM	04/30	USD	187.82	2.1	6.9	5.4

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +6221 25574 883 Fax: +6221 25574 893 Website: www.ciptadana-asset.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Indonesian Grth Fund	EA	EQ	CYM	06/02	USD	134.56	5.7	58.5	4.7

■ RUSSELL INVESTMENT GROUP
Multi-Style, Multi-Manager Funds www.russell.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
ACTION FRANCE A	OT	OT	IRL	06/08	EUR	625.32	-11.6	6.6	-14.8
CORE EUROZONE EQ B	OT	OT	IRL	06/08	EUR	742.77	-10.7	8.3	-13.3
EURO FIXED INCOME A	EU	BD	IRL	06/08	EUR	1315.19	5.7	15.8	4.0
EURO FIXED INCOME B	EU	BD	IRL	06/08	EUR	1408.04	6.0	16.5	4.7
EUROPEAN SMALL CAP A	EU	EQ	IRL	06/08	EUR	1224.00	1.9	24.6	-11.4
EUROPEAN SMALL CAP B	EU	EQ	IRL	06/08	EUR	1314.54	2.2	25.4	-10.9
EUROZONE AGG A EUR	EU	EQ	IRL	06/08	EUR	624.97	-4.7	15.6	-11.9
EUROZONE AGG B EUR	EU	EQ	IRL	06/08	EUR	900.50	-4.5	16.3	-11.4
GLB REAL EST SEC A	OT	EQ	IRL	06/08	USD	834.04	-7.0	20.5	-18.3
GLB REAL EST SEC B	OT	OT	IRL	06/08	USD	862.10	-6.7	21.2	-17.8
GLB REAL EST SEC EH A	OT	EQ	IRL	06/08	EUR	768.68	-4.5	19.7	-17.3
GLB REAL EST SEC SH B	OT	EQ	IRL	06/08	GBP	72.61	-4.1	20.7	-17.2
GLB STRAT YIELD A	EU	BD	IRL	06/08	EUR	1651.83	2.8	23.7	4.8
GLB STRAT YIELD B	EU	BD	IRL	06/08	EUR	1772.15	3.0	24.4	5.4
GLOBAL BOND A	EU	BD	IRL	06/08	EUR	1319.30	19.4	30.5	17.2
GLOBAL BOND B	EU	BD	IRL	06/08	EUR	1408.74	19.7	31.4	17.9
GLOBAL BOND EH A	GL	BD	IRL	06/08	EUR	1459.72	6.1	18.2	6.8
GLOBAL BOND EH B	GL	BD	IRL	06/08	EUR	1553.42	6.4	18.9	7.5
JAPAN EQUITY A	JP	EQ	IRL	06/08	JPY	10923.10	-6.1	-7.5	-21.6
JAPAN EQUITY B	JP	EQ	IRL	06/08	JPY	11673.02	-5.9	-6.9	-21.1
PAC BASIN (X JPN) A	AS	EQ	IRL	06/08	USD	2051.80	-10.3	18.1	-7.8
PAC BASIN (X JPN) B	AS	EQ	IRL	06/08	USD	2195.51	-10.0	18.8	-7.2
PAN EUROPEAN EQUITY A	EU	EQ	IRL	06/08	EUR	932.28	-3.1	19.1	-10.5
PAN EUROPEAN EQUITY B	EU	EQ	IRL	06/08	EUR	996.25	-2.9	19.8	-10.0
US EQUITY A	US	EQ	IRL	06/08	USD	826.08	-5.3	12.8	-12.5
US EQUITY B	US	EQ	IRL	06/08	USD	886.74	-5.1	13.5	-12.0
US SMALL CAP EQUITY A	US	EQ	IRL	06/08	USD	1278.00	-0.8	17.8	-11.3
US SMALL CAP EQUITY B	US	EQ	IRL	06/08	USD	1372.73	-0.6	18.5	-10.8

■ SEB ASSET MANAGEMENT S.A.
www.seb.se

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asset Sele Opp C EUR	OT	OT	NA	06/09	EUR	100.31	1.3	NS	NS

■ SEB Fund 1

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asset Sele C EUR	OT	OT	LUX	06/09	EUR	13.95	0.6	2.1	8.4
Asset Sele C H-CHF	OT	OT	LUX	06/09	CHF	96.68	0.5	1.7	NS
Asset Sele C H-GBP	OT	OT	LUX	06/09	GBP	98.13	0.7	2.7	NS
Asset Sele C H-JPY	OT	OT	LUX	06/09	JPY	9741.10	0.8	2.1	NS
Asset Sele C H-NOK	OT	OT	LUX	06/09	NOK	112.52	1.1	2.9	NS
Asset Sele C H-SEK	OT	OT	LUX	06/09	SEK	139.73	0.4	1.9	8.7
Asset Sele C H-USD	OT	OT	LUX	06/09	USD	97.99	0.7	2.3	NS
Asset Sele CG-EUR	OT	OT	LUX	06/09	GBP	98.37	-0.6	NS	NS
Asset Sele D H-SEK	OT	OT	LUX	06/09	SEK	128.88	0.5	1.9	NS
Choice Global Value -C-	GL	EQ	LUX	06/09	SEK	76.12	-1.2	14.8	-12.8
Choice Global Value -D-	OT	OT	LUX	06/09	SEK	71.00	-1.2	14.8	-12.8
Choice Global Value -I-	OT	OT	LUX	06/09	EUR	7.05	5.0	29.5	-13.5
Choice Japan Fd -C-	OT	OT	LUX	06/09	JPY	44.77	-4.5	-8.0	-21.6
Choice Japan Fd -D-	OT	OT	LUX	06/09	JPY	40.09	-4.5	-8.0	-21.6
Choice Jpn Chance/Risk -C-	OT	OT	LUX	06/09	JPY	45.51	-10.6	-7.6	-26.1
Choice NthAmChance/Risk -C-	OT	OT	LUX	06/09	USD	3.69	-6.0	11.0	-15.8
Ethical Europe Fd -C-	OT	OT	LUX	06/09	EUR	1.89	-3.5	15.9	-14.4
Europe Fund -C-	OT	OT	LUX	06/09	EUR	2.77	-2.2	18.4	-13.4
Europe Fund -D-	OT	OT	LUX	06/09	EUR	1.48	-2.2	NS	NS
Europe Index Fund -C-	OT	OT	LUX	06/09	EUR	3.90	-4.1	16.3	-14.7
Global Chance/Risk Fd -C-	OT	OT	LUX	06/09	EUR	0.65	8.2	27.3	-4.6
Global Fd -C-	OT	OT	LUX	06/09	USD	1.94	-9.1	8.6	-16.9
Global Fd -D-	OT	OT	LUX	06/09	USD	1.20	-9.1	8.6	NS
Nordic Fd -C-	OT	OT	LUX	06/09	EUR	6.03	1.0	16.2	-4.9

■ SEB Fund 2

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Choice Asia ex. Japan -C-	OT	OT	LUX	06/09	USD	6.76	-8.6	14.1	-7.9
Choice Asia ex. Japan -D-	OT	OT	LUX	06/09	USD	1.19	-8.6	14.1	NS
Currency Alpha EUR -IC-	OT	OT	LUX	06/09	EUR	10.28	-0.2	-3.0	-1.4
Currency Alpha EUR -RC-	OT	OT	LUX	06/09	EUR	10.17	-0.4	-3.4	-1.8
Currency Alpha SEK -ID-	OT	OT	LUX	06/09	SEK	91.82	-0.2	-3.1	-3.4
Currency Alpha SEK -RC-	OT	OT	LUX	06/09	SEK	97.75	-0.4	-3.4	-1.8
Generation Fd 80 -C-	OT	OT	LUX	06/09	SEK	8.01	1.2	13.2	-3.8
Nordic Focus SH A	OT	OT	LUX	06/09	EUR	82.38	2.1	32.8	-5.1
Nordic Focus SH B	OT	OT	LUX	06/09	SEK	84.92	2.1	32.8	-5.1
Nordic Focus SH C	OT	OT	LUX	06/09	NOK	82.08	2.1	32.8	-5.1
Russia Fd -C-	OT	OT	LUX	06/09	EUR	9.79	10.8	48.1	-9.8

■ SEB Fund 3

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Ethical Glbl Index Fd -D-	OT	OT	LUX	06/09	USD	0.69	-15.9	4.5	-16.5
Ethical Glbl Index Fd -C-	OT	OT	LUX	06/09	USD	0.72	-4.2	9.0	NS
Ethical Sweden Fd -D-	OT	OT	LUX	06/09	SEK	42.78	3.6	29.9	4.0
Index Linked Bd Fd SEK -D-	OT	OT	LUX	06/09	SEK	13.37	4.0	9.3	4.9
Medical Fd -D-	OT	OT	LUX	06/09	USD	2.97	-10.9	10.7	-7.0
Short Medium Bd Fd SEK -D-	OT	OT	LUX	06/09	SEK	8.56	0.0	0.2	1.3
Technology Fd -C-	OT	OT	LUX	06/09	USD	0.20	-6.7	NS	NS
Technology Fd -D-	OT	OT	LUX	06/09	USD	2.36	-6.7	15.7	-5.7
U.S. Index Fd -C-	OT	OT	LUX	06/09	USD	1.73	-5.3	13.8	-11.4
U.S. Index Fd -D-	OT	OT	LUX	06/09	USD	1.72	-6.2	12.7	-11.9
World Fd -C-	OT	OT	LUX	06/09	USD	26.18	-8.0	NS	NS
World Fd -D-	OT	OT	LUX	06/09	USD	1.95	-9.6	10.9	-12.8

■ SEB Fund 4

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Short Bond Fd EUR -C-	OT	OT	LUX	06/09	EUR	1.27	-0.1	-0.2	0.2
Short Bond Fd EUR -D-	OT	OT	LUX	06/09	EUR	0.49	-1.3	-1.4	NS
Short Bond Fd SEK -C-	OT	OT	LUX	06/09	SEK	21.96	0.0	0.5	1.5
Short Bond Fd SEK HNWC	OT	OT	LUX	06/09	SEK	11.11	0.1	NS	NS
Short Bond Fd SEK HNWD	OT	OT	LUX	06/09	SEK	9.95	-1.9	NS	NS
Short Bond Fd USD -C-	OT	OT	LUX	06/09	USD	2.48	-0.4	-0.6	0.0

■ SEB Fund 5

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bond Fd SEK -C-	NO	BD	LUX	06/09	SEK	44.15	3.0	6.7	8.2
Bond Fd SEK -D-	NO	BD	LUX	06/09	SEK	12.37	-0.7	2.9	6.3
Bond Fd SEK HNWD	OT	OT	LUX	06/09	SEK	8.97	3.2	NS	NS
Corp. Bond Fd EUR -C-	EU	BD	LUX	06/09	EUR	1.30	2.7	15.0	5.4
Corp. Bond Fd EUR -D-	EU	BD	LUX	06/09	EUR	0.97	2.9	14.7	5.4
Corp. Bond Fd SEK -C-	NO	BD	LUX	06/09	SEK	13.01	3.5	17.0	3.8
Corp. Bond Fd SEK -D-	NO	BD	LUX	06/09	SEK	9.47	3.5	16.9	3.8
Danish Mortgage Bond Fd EUR -ID-	NO	BD	LUX	06/09	EUR	106.64	6.7	11.7	7.3
Danish Mortgage Bond Fd EUR -RC-	NO	BD	LUX	06/09	EUR	116.02	6.5	11.2	9.5
Flexible Bond Fd -C-	NO	BD	LUX	06/09	SEK	21.31	-0.2	0.6	3.4
Flexible Bond Fd -D-	NO	BD	LUX	06/09	SEK	11.31	-0.2	0.6	3.4

■ SEB Sicav 1

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Choice Emerging Mkts Fd -C-	OT	OT	LUX	06/09	USD	2.39	-10.8	13.4	-12.1
Eastern Europe exRussia Fd -C-	OT	OT	LUX	06/09	EUR	2.56	-3.5	21.8	-12.6

■ SEB Sicav 2

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Choice Asia SmCap exJpn -C-	OT	OT	LUX	06/09	SEK	32.18	0.0	25.7	7.3
Eastern Europe SmCap Fd -C-	OT	OT	LUX	06/09	EUR	3.12	13.9	52.2	-5.7
Europe Chance/Risk Fd -C-	OT	OT	LUX	06/09	EUR	1019.67	-1.6	19.1	-15.5
Listed Private Equity -C-	OT	OT	LUX	06/09	EUR	141.69	10.0	40.9	NS
Listed Private Equity -IC-	OT	OT	LUX	06/09	EUR	86.25	13.3	52.3	NS
Listed Private Equity -ID-	OT	OT	LUX	06/09	EUR	82.48	13.2	51.7	NS
Nordic Small Cap -C-	OT	OT	LUX	06/09	EUR	134.10	-0.5	NS	NS
Nordic Small Cap -IC-	OT	OT	LUX	06/09	EUR	134.82	-0.3	NS	NS

■ SEB Sicav 3

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asset Sele Defensive EUR -C-	OT	OT	LUX	06/09	EUR	99.19	-0.6	-0.5	NS
Asset Sele Defensive GBP -D-	OT	OT	LUX	06/09	GBP	98.37	-0.6	NS	NS
Asset Sele Defensive SEK -A-	OT	OT	LUX	06/09	SEK	77.80	-0.6	-0.2	-14.2
Asset Sele Defensive SEK -C-	OT	OT	LUX	06/09	SEK	99.14	-0.6	-0.6	NS
Asset Sele Defensive SEK -D-	OT	OT	LUX	06/09	SEK	69.59	-0.6	-0.2	-14.2
Asset Sele Defensive USD -C-	OT	OT	LUX	06/09	USD	100.46	-0.5	NS	NS
Asset Sele Opp C H NOK	OT	OT	LUX	06/09	NOK	104.10	1.8	4.0	NS
Asset Sele Opp C H SEK	OT	OT	LUX	06/09	SEK	101.92	1.0	NS	NS
Asset Sele Opp D GBP	OT	OT	LUX	06/09	GBP	97.61	1.6	NS	NS
Asset Sele Opp IC EUR	OT	OT	LUX	06/09	EUR	103.18	1.3	3.0	NS
Asset Sele Opp ID H GBP	OT	OT	LUX	06/09	GBP	103.35	1.6	3.5	NS
Asset Sele Opp ID H SEK	OT	OT	LUX	06/09	SEK	102.57	1.0	2.5	NS
Asset Sele Original C EUR	OT	OT	LUX	06/09	EUR	102.29	0.9	NS	NS
Asset Sele Original D GBP	OT	OT	LUX	06/09	GBP	102.94	1.0	NS	NS
Asset Sele Original ID GBP	OT	OT	LUX	06/09	GBP	102.55	1.0	NS	NS

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
A company of Amundi Group

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Bonds ConvEurope A	OT	OT	LUX	06/08	EUR	30.86	4.1	13.5	2.7
Bonds Eur Corp A	OT	OT	LUX	06/08	EUR	23.22	0.7	8.1	3.7
Bonds Eur Hi Yld A	OT	OT	LUX	06/08	EUR	20.79	1.4	23.0	1.7
Bonds EURO A	OT	OT	LUX	06/08	EUR	41.70	1.6	6.1	6.5
Bonds Europe A	OT	OT	LUX	06/08	EUR	40.25	2.9	6.8	6.8
Bonds US MtgBkSec A	OT	OT	LUX	04/29	USD	24.41	-4.7	11.9	0.0
Bonds World A	OT	OT	LUX	06/08	USD	40.73	-3.3	4.0	2.3
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	06/09	USD	9.06	-13.0	12.5	-12.2
Eq. China A	OT	OT	LUX	06/09	USD	20.74	-14.2	4.0	-9.8
Eq. Concentrated Euroland A	OT	OT	LUX	06/08	EUR	80.96	-12.9	-2.2	-17.7
Eq. ConcentratedEuropeA	OT	OT	LUX	06/08	EUR	25.46	-5.8	10.8	-13.7
Eq. Emerging Europe A	OT	OT	LUX	06/08	EUR	25.68	9.0	45.1	-18.4
Eq. Equities Global Energy	OT	OT	LUX	06/08	USD	14.64	-19.0	-10.3	-28.8
Eq. Euroland A	OT	OT	LUX	06/08	EUR	9.66	-10.8	4.1	-17.3
Eq. Euroland MidCapA	OT	OT	LUX	04/30	EUR	14.61	1.4	-45.7	-33.8
Eq. Euroland Small Cap A	OT	OT	LUX	06/08	EUR	135.46	-4.0	17.9	-12.1
Eq. EurolandCyclclsA	OT	OT	LUX	06/08	EUR	17.60	-1.1	14.2	-11.2
Eq. EurolandFinancialA	OT	OT	LUX	06/08	EUR	8.72	-22.1	-9.4	-23.4
Eq. Glbl Emg Cty A	OT	OT	LUX	06/08	USD	7.98	-17.6	-2.3	-21.0
Eq. Global A	OT	OT	LUX	06/08	USD	25.10	-9.9	11.1	-15.1
Eq. Global Resources A	OT	OT	LUX	06/08	USD	102.38	-6.2	11.9	-18.1
Eq. Gold Mines A	OT	OT	LUX	06/08	USD	32.89	7.5	24.2	4.2
Eq. India A	OT	OT	LUX	06/08	USD	122.59	-6.2	13.7	-2.2
Eq. Japan CoreAlpha A	OT	OT	LUX	06/08	JPY	7189.79	-0.9	-6.1	-14.2
Eq. Japan Sm Cap A	OT	OT	LUX	06/09	JPY	1034.98	-2.6	4.5	-15.0
Eq. Japan Target A	OT	OT	LUX	06/09	JPY	1617.79	-1.2	-7.1	-9.9
Eq. Latin America A	OT	OT	LUX	06/08	USD	100.54	-13.5	18.8	-18.9
Eq. US ConcenCore A	OT	OT	LUX	06/08	USD	20.77	-8.1	7.7	-8.4
Eq. US Focused A	OT	OT	LUX	06/08	USD	14.63	-7.8	5.2	-20.5
Eq. US Lg Cap Gr A	OT	OT	LUX	06/08	USD	13.89	-9.0	6.1	-17.6
Eq. US Mid Cap A	OT	OT	LUX	06/08	USD	29.89	-0.1	22.4	-11.1
Eq. US Multi Strg A	OT	OT	LUX	06/08	USD	19.94	-6.3	11.6	-15.9
Eq. US Rel Val A	OT	OT	LUX	06/08	USD	19.26	-6.5	14.0	-15.2
Eq. US Sm Cap Val A	OT	OT	LUX	06/08	USD	15.11	-5.3	12.8	-19.7
Money Market EURO A	OT	OT	LUX	06/08	EUR	27.44	0.1	0.4	1.8
Money Market USD A	OT	OT	LUX	06/08	USD	15.84	0.1	0.2	1.0

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR
PO Box 47435, Abu Dhabi, UAE Web:www.tni.ae

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
MENA Real Estate Fund	OT	OT	BMU	06/03	USD	869.52	-9.5	-10.5	-32.1
MENA Special Sits Fund	OT	OT	BMU	05/31	USD	1100.19	1.9	6.7	NS
UAE Blue Chip Fund	OT	OT	ARE	06/03	AED	4.77	-10.5	-12.6	-37.9

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■ YUKI INTERNATIONAL LIMITED
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■ YMR-N Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
YMR-N Growth Fund	OT	OT	IRL	06/09	JPY	8559.00	-9.5	-4.4	-23.0
YMR-N Small Cap Fund	OT	OT	IRL	06/09	JPY	6433.00	-8.3	-0.9	-20.8

■ Yuki 77 Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki 77 General	JP	EQ	IRL	06/09	JPY	5398.00	-12.2	-15.4	-27.2

■ Yuki Chugoku Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Chugoku Jpn Gen	JP	EQ	IRL	06/09	JPY	6131.00	-10.2	-8.4	-23.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	06/09	JPY	7589.00	0.6	-9.9	-20.2

■ Yuki Hokuyo Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	06/09	JPY	4190.00	-10.3	-9.8	-28.1
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	06/09	JPY	4854.00	-7.5	-8.3	-23.3
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	06/09	JPY	4671.00	-8.5	-2.2	-20.6

■ Yuki Mizuho Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Mizuho Gen Jpn III	OT	OT	IRL	06/09	JPY	3959.00	-10.4	-10.3	-30.0
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	06/09	JPY	4199.00	-10.0	-8.3	-30.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	06/09	JPY	6207.00	-11.0	-5.4	-25.4
Yuki Mizuho Jpn Gen	OT	OT	IRL	06/09	JPY	7910.00	-8.2	-8.5	-23.2
Yuki Mizuho Jpn Gro	OT	OT	IRL	06/09	JPY	5764.00	-9.3	-11.2	-24.6
Yuki Mizuho Jpn Inc	OT	OT	IRL	06/09	JPY	7217.00	-5.5	-7.9	-23.6
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	06/09	JPY	4632.00	-10.7	-10.5	-25.2
Yuki Mizuho Jpn LowP	OT	OT	IRL	06/09	JPY	11028.00	-4.6	-9.6	-17.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	06/09	JPY	7013.00	-11.9	-11.5	-27.7
Yuki Mizuho Jpn SmCp	OT	OT	IRL	06/09	JPY	6699.00	-6.1	3.3	-19.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	06/09	JPY	5205.00	-7.8	-9.1	-22.0
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	06/09	JPY	2488.00	-8.7	-3.3	-26.4

■ Yuki Shizuoka Japan Series

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Yuki Shizuoka General Japan	JP	EQ	IRL	06/09	JPY	4983.00	-8.1	-8.6	-24.1

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[ALTERNATIVE INVESTMENT FUNDS www.wsj.com/funddata]

Advertisement

12-month and 2-year returns may be calculated over 11- and 23-month periods pending receipt and publication of the last month end price.

■ ALEXANDRA INVESTMENT MANAGEMENT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	04/30	USD	2044.47	20.9	78.3	NS

■ D'AURIOL FUNDS WWW.DAURIOL.BIZ
2 FUNDS OF FUNDS OF HEDGE FUNDS

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
D'Auriol Alt Non-Lev A	EU	OT	CYM	04/30	EUR	102.18	1.1	5.3	-9.6
D'Auriol Opp F3 EUR	EU	MM	CYM	03/31	EUR	970.17	-1.9	-1.8	-13.3

■ HERMITAGE CAPITAL MANAGEMENT LTD.
Tel: +7501 258 3160 www.hermitagefund.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
The Hermitage Fund	GL	EQ	JEY	03/12	USD	963.12	4.5	105.6	-23.2

■ HORSEMAN CAPITAL MANAGEMENT LTD.
T: +44(0)20 7838 7580, F: +44(0) 20 7838 7590, www.horsemancapital.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Horseman EmMkt Opp EUR	GL	EQ	GBR	12/31	EUR	165.42	-23.0	-23.0	-5.5
Horseman EmMkt Opp USD	GL	EQ	USA	12/31	USD	165.72	-24.5	-24.5	-7.0
Horseman EurSelLtd EUR	EU	EQ	GBR	04/30	EUR	203.33	4.2	7.7	1.7
Horseman EurSelLtd USD	EU	EQ	GBR	04/30	USD	210.46	4.3	7.1	1.1
Horseman Glbl Ltd EUR	GL	EQ	CYM	04/30	USD	362.75	-2.2	-16.4	-4.9
Horseman Glbl Ltd USD	GL	EQ	CYM	04/30	USD	362.75	-2.2	-16.4	-4.9

■ HSBC ALTERNATIVE INVESTMENTS LIMITED
T +44 20 7860 3074 F + 44 20 7860 3174 www.hail.hsbc.com
HSBC Absolute Companies

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Global Absolute	OT	OT	GGY	03/31	GBP	1.11	2.9	16.5	0.6
Global Absolute EUR	OT	OT	NA	03/31	EUR	1.60	2.8	14.2	NS
Global Absolute USD	OT	OT	GGY	03/31	USD	2.05	2.8	15.2	0.3

■ HSBC ALTERNATIVE STRATEGY FUND

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Special Opp EUR	OT	OT	CYM	05/21	EUR	92.48	0.8	21.0	-9.9
Special Opp Inst EUR	OT	OT	CYM	05/21	EUR	87.61	1.0	21.8	-9.4
Special Opp Inst USD	OT	OT	CYM	05/21	USD	99.52	1.0	22.4	-7.5
Special Opp USD	OT	OT	CYM	05/21	USD	97.20	0.7	21.6	-8.1

■ HSBC Portfolio Selection Fund

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GH Fund AP	OT	OT	JEY	05/22	EUR	123.47	1.9	-14.8	-2.1
GH Fund CHF Hdg	OT	OT	JEY	05/21	CHF	111.21	0.4	8.8	NS
GH Fund EUR Hdg (Non-V)	OT	OT	JEY	05/22	EUR	111.63	1.6	-17.0	-4.5
GH Fund GBP Hdg	OT	OT	JEY	05/21	GBP	132.94	0.6	9.5	NS
GH Fund Inst USD	OT	OT	JEY	05/21	USD	112.75	0.9	10.4	-2.3
GH FUND S EUR	OT	OT	CYM	05/21	EUR	129.49	1.1	10.8	-3.2
GH FUND S GBP	OT	OT	JEY	05/21	GBP	134.24	1.2	10.6	-3.1
GH Fund S USD	OT	OT	CYM	05/21	USD	151.87	1.1	11.0	-1.8
GH Fund USD	OT	OT	GGY	05/21	USD	275.29	0.6	9.6	NS
Hedge Investments	OT	OT	JEY	05/21	USD	141.08	NS	10.2	NS
Leverage GH USD	OT	OT	GGY	04/30	USD	126.22	4.8	27.8	-7.1
MultiAdv Arb CHF Hdg	OT	OT	JEY	05/21	CHF	96.78	2.3	11.0	NS
MultiAdv Arb EUR Hdg	OT	OT	JEY	05/21	EUR	105.70	2.7	12.1	NS
MultiAdv Arb GBP Hdg	OT	OT	JEY	05/21	GBP	113.97	2.7	11.8	NS
MultiAdv Arb S EUR	OT	OT	CYM	05/21	EUR	113.62	3.2	13.5	-4.6
MultiAdv Arb S GBP	OT	OT	CYM	05/21	GBP	118.91	3.1	13.5	-4.7
MultiAdv Arb S USD	OT	OT	CYM	05/21	USD	129.67	3.0	13.6	-3.2
MultiAdv Arb USD	OT	OT	GGY	04/30	USD	201.59	3.9	15.6	-3.1

■ HSBC Uni-folio

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Asian AdbantEdge EUR	OT	OT	JEY	05/21	EUR	98.25	-1.0	4.3	-6.6
Asian AdvantEdge	OT	OT	JEY	05/21	USD	181.29	-0.8	5.3	NS
Emerg AdvantEdge	OT	OT	JEY	05/21	USD	161.66	-3.4	4.6	NS
Emerg AdvantEdge EUR	OT	OT	JEY	05/21	EUR	89.79	-3.7	4.2	-10.8
Europ AdvantEdge EUR	OT	OT	JEY	05/21	EUR	132.62	0.0	10.3	NS
Europ AdvantEdge USD	OT	OT	JEY	05/21	USD	141.01	0.0	10.8	NS
Real AdvantEdge EUR	OT	OT	NA	05/21	EUR	103.84	-4.0	0.2	NS
Real AdvantEdge USD	OT	OT	NA	05/21	USD	104.18	-3.8	0.6	NS
Trading Adv JPY	OT	OT	NA	05/21	JPY	9626.19	4.3	-0.3	NS
Trading AdvantEdge	OT	OT	GGY	05/21	USD	145.43	3.7	-0.9	NS
Trading AdvantEdge EUR	OT	OT	GGY	05/21	EUR	131.83	3.5	-1.2	NS
Trading AdvantEdge GBP	OT	OT	GGY	05/21	GBP	139.75	3.8	-0.8	NS

Meriden Group Wealth Management

■ MERIDEN GROUP
Tel: + 376 741 175 Fax: + 376 741 183 Email: meriden@meriden-ipm.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Antanta Combined Fund	EE	EQ	AND	06/04	USD	374.23	1.5	39.6	-30.0
Antanta MidCap Fund	EE	EQ	AND	06/04	USD	727.21	2.4	75.0	-36.5
Meriden Opps Fund	GL	OT	AND	06/02	EUR	49.64	-17.3	-39.2	-32.0
Meriden Protective Div	OT	OT	AND	11/24	EUR	78.88	-2.8	NS	NS

■ OTHER FUNDS
For information about these funds, please contact us on Tel: +44 (0) 207 842 9694/9633

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Medinvest Plc Dublin	OT	OT	IRL	09/30	USD	1318.27	NS	1.3	-4.4

■ SEB ALTERNATIVE INVESTMENT
SEB KEY Europe Equity Long Short

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Key Europe Long/Short EUR -IC-	OT	OT	LUX	04/30	EUR	94.63	2.4	11.2	NS
Key Europe Long/Short EUR -RC-	OT	OT	LUX	04/30	EUR	93.63	2.2	10.7	NS

■ SEB KEY Hedge

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Key Hedge EUR -IC-	OT	OT	LUX	04/30	EUR	105.02	2.9	11.4	NS
Key Hedge EUR-RC-	OT	OT	LUX	04/30	EUR	104.04	2.7	10.9	NS

■ SEB KEY Market Independent II

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Key Market Independent II EUR -RC-	OT	OT	LUX	04/30	EUR	98.76	2.3	11.1	0.7
Key Market Independent II SEK -I-	OT	OT	LUX	04/30	SEK	95.82	2.3	10.8	0.6

■ SEB KEY Recovery

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Key Recovery -IC-	OT	OT	LUX	04/30	EUR	94.29	4.5	17.7	NS
Key Recovery -RC-	OT	OT	LUX	04/30	EUR	93.31	4.3	17.0	NS

INDICES

■ ARIX ABSOLUTE RETURN INVESTABLE INDEX
Feri Institutional Advisors, www.feri.de

FUND NAME	GF	NAV DATE	CR	NAV	1-WK	1-MO	1-Q	1-YR	2-YR
ARIX Composite Gross USD	OT	05/31	USD	1414.97	3.2	3.2	2.6	-18.0	-7.1

SUPERFUND

■ SUPERFUND ASSET MANAGEMENT GMBH
For information about open funds, please contact us on Tel: +43 1 24700
*www.superfund.com *Closed for New Investments*

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	06/01	USD	34.98	-14.2	-34.2	-26.5
Superfund GCT USD*	OT	OT	LUX	06/01	USD	1907.00	-13.1	-26.5	-21.5
Superfund Green Gold A (SPC)	OT	OT	CYM	06/01	USD	954.06	18.5	1.9	-13.7
Superfund Green Gold B (SPC)	OT	OT	CYM	06/01	USD	860.49	-8.1	-15.4	-16.2
Superfund Q-AG*	OT	OT	AUT	06/01	EUR	6184.00	-6.6	-12.3	-10.5

■ WINTON CAPITAL MANAGEMENT LTD
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	05/31	EUR	988.63	4.6	4.2	NS
Winton Evolution GBP Cls G	OT	OT	CYM	05/31	GBP	995.77	4.9	4.9	NS
Winton Evolution USD Cls F	OT	OT	CYM	05/31	USD	1252.85	4.5	4.3	0.6
Winton Futures EUR Cls C	OT	OT	VGB	04/30	EUR	209.25	6.3	5.4	5.8
Winton Futures GBP Cls D	OT	OT	VGB	04/30	GBP	226.18	6.3	5.7	6.4
Winton Futures JPY Cls E	OT	OT	VGB	04/30	JPY	14808.10	6.6	5.1	4.0
Winton Futures USD Cls B	OT	OT	VGB	04/30	USD	743.74	6.3	5.5	5.5

For information about listing your funds, please contact: Justin Jones tel: +44 207 842 9674; email: justin.jones@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

Below, a look at the Dow Jones Stoxx 50, the biggest and best known companies in Europe, including the U.K.

Stoxx Europe 50: Wednesday's best and worst...

Company	Country	Industry	Volume	Previous close, in local currency	STOCK PERFORMANCE Previous session	YTD	52-week
Societe Generale	France	Banks	7,762,811	31.75	4.67%	-35.1%	-21.6%
Daimler AG	Germany	Automobiles	7,513,374	41.94	4.22	12.7	54.6
ArcelorMittal	France	Iron & Steel	11,769,983	23.27	4.02	-27.7	-6.4
Banco Santander	Spain	Banks	71,244,533	7.64	3.86	-33.9	-3.8
Banco Bilbao Vizcaya Argentaria	Spain	Banks	44,052,915	7.64	3.11	-40.0	-12.0
BP PLC	U.K.	Integrated Oil & Gas	146,895,793	391.55	-4.24%	-34.7	-26.5
Nokia	Finland	Telecommunications Equipment	49,083,228	7.80	-2.32	-12.6	-31.6
Royal Dutch Shell A	U.K.	Integrated Oil & Gas	6,256,453	21.43	-0.05	1.6	8.6
British American Tobacco	U.K.	Tobacco	3,808,913	2,148	-0.05	6.5	29.5
E.ON AG	Germany	Multiutilities	11,684,875	23.49	0.17%	-19.7	-6.9

...And the rest of Europe's blue chips

Company/Country (Industry)	Volume	Latest, in local currency	STOCK PERFORMANCE Latest	YTD	52-week
Siemens Germany (Diversified Industrials)	4,762,494	74.70	**2.96%**	16.3%	38.3%
UniCredit Italy (Banks)	536,041,687	1.64	**2.82**	-26.8	-13.4
BHP Billiton U.K. (General Mining)	9,630,380	1,818	**2.80**	-8.9	18.5
Rio Tinto U.K. (General Mining)	6,482,469	3,147	**2.78**	-7.2	21.0
Intesa Sanpaolo Italy (Banks)	140,299,767	2.02	**2.77**	-35.8	-19.1
L.M. Ericsson Telephone Series B Sweden (Communications Technology)	13,627,652	82.50	**2.74**	25.2	14.6
Diageo U.K. (Distillers & Vintners)	5,974,716	1,091	**2.63**	0.6	29.9
BASF SE Germany (Commodity Chemicals)	4,449,760	44.20	**2.55**	1.7	42.4
ING Groep Netherlands (Life Insurance)	29,884,911	6.16	**2.55**	-10.7	0.3
Anglo American U.K. (General Mining)	4,952,347	2,539	**2.46**	-6.4	41.4
Barclays U.K. (Banks)	63,347,772	282.70	**2.22**	2.4	-2.0
Deutsche Bank Germany (Banks)	5,564,869	47.18	**2.14**	-4.5	0.2
Credit Suisse Group Switzerland (Banks)	7,562,789	43.42	**2.14**	-15.2	-13.3
BNP Paribas France (Banks)	6,428,197	42.32	**2.03**	-24.3	-9.9
ABB Ltd. Switzerland (Industrial Machinery)	8,290,544	19.65	**2.02**	-1.5	13.6
Allianz SE Germany (Full Line Insurance)	2,873,507	80.22	**1.96**	-8.0	16.5
France Telecom France (Fixed Line Telecommunications)	14,618,892	15.42	**1.88**	-11.5	-3.8
Unilever Netherlands (Food Products)	4,688,287	23.19	**1.76**	1.9	30.0
AXA France (Full Line Insurance)	9,577,921	12.31	**1.65**	-25.6	-14.3
Bayer AG Germany (Specialty Chemicals)	3,150,012	47.23	**1.54**	-15.6	15.0

Company/Country (Industry)	Volume	Latest, in local currency	STOCK PERFORMANCE Latest	YTD	52-week
Deutsche Telekom Germany (Mobile Telecommunications)	16,750,043	9.23	**1.52%**	-10.3%	16.4%
ENI Italy (Integrated Oil & Gas)	24,376,918	15.14	**1.47**	-14.9	-15.7
BG Group U.K. (Integrated Oil & Gas)	6,466,176	1,065	**1.38**	-5.1	-6.0
Vodafone Group U.K. (Mobile Telecommunications)	70,461,845	137.25	**1.37**	-4.5	22.5
Assicurazioni Generali Italy (Full Line Insurance)	8,008,145	14.10	**1.37**	-25.1	-10.5
HSBC Holdings U.K. (Banks)	35,039,738	641.60	**1.36**	-9.5	19.7
Novartis Switzerland (Pharmaceuticals)	4,318,466	52.65	**1.35**	-6.8	22.5
Tesco U.K. (Food Retailers & Wholesalers)	29,705,744	402.45	**1.27**	-6.0	12.5
Sanofi-Aventis France (Pharmaceuticals)	3,543,269	48.51	**1.25**	-11.9	5.8
Total S.A. France (Integrated Oil & Gas)	7,290,530	38.11	**1.19**	-15.3	-8.4
SAP AG Germany (Software)	6,795,643	36.24	**0.86**	9.8	20.7
Astrazeneca U.K. (Pharmaceuticals)	2,082,818	2,946	**0.82**	1.2	18.6
Nestle S.A. Switzerland (Food Products)	5,785,648	54.20	**0.74**	8.0	37.6
Iberdrola Spain (Conventional Electricity)	29,698,309	5.03	**0.68**	-24.5	-16.6
GlaxoSmithKline U.K. (Pharmaceuticals)	5,216,420	1,163	**0.48**	-11.9	12.6
GDF Suez France (Multiutilities)	6,615,686	24.55	**0.47**	-19.0	-8.9
Roche Holding Switzerland (Pharmaceuticals)	1,965,587	158.30	**0.44**	-10.0	10.8
UBS Switzerland (Banks)	18,623,153	14.45	**0.35**	-10.0	-7.4
RWE AG Germany (Multiutilities)	2,745,201	56.45	**0.34**	-16.9	-3.5
Telefonica Spain (Fixed Line Telecommunications)	39,132,692	15.07	**0.20**	-22.8	-2.1

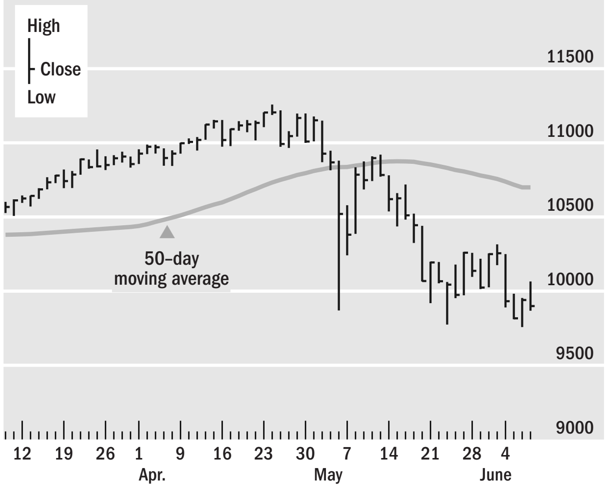
Sources: Thomson Reuters

Dow Jones Industrial Average P/E: 14

LAST: **9899.25** ▼ 40.73, or 0.41%

YEAR TO DATE: ▼ **528.80, or 5.1%**

OVER 52 WEEKS ▲ **1,160.23, or 13.3%**



Note: Price-to-earnings ratios are for trailing 12 months

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	Percentage
AT&T	T	**31.00**	$24.90	-0.07	**-0.28%**
Alcoa	AA	**25.40**	10.80	0.04	**0.37**
AmExpress	AXP	**11.70**	38.11	-0.32	**-0.83**
BankAm	BAC	**137.70**	15.01	-0.32	**-2.09**
Boeing	BA	**7.40**	61.71	0.70	**1.14**
Caterpillar	CAT	**9.50**	56.81	0.20	**0.35**
Chevron	CVX	**13.10**	70.79	-0.23	**-0.33**
CiscoSys	CSCO	**45.00**	22.78	-0.17	**-0.76**
CocaCola	KO	**7.70**	51.35	-0.21	**-0.41**
Disney	DIS	**13.10**	32.94	-0.21	**-0.63**
DuPont	DD	**9.80**	35.58	0.09	**0.25**
ExxonMobil	XOM	**29.30**	60.03	-1.21	**-1.98**
GenElec	GE	**63.20**	15.32	-0.16	**-1.03**
HewlettPk	HPQ	**18.50**	45.41	-0.47	**-1.02**
HomeDpt	HD	**14.80**	31.76	-0.05	**-0.16**
Intel	INTC	**55.10**	19.93	-0.25	**-1.24**
IBM	IBM	**7.20**	123.90	0.18	**0.15**
JPMorgChas	JPM	**40.50**	37.12	-0.66	**-1.75**
JohnsJohns	JNJ	**12.40**	58.17	-0.47	**-0.80**
KftFoods	KFT	**10.70**	28.88	0.24	**0.84**
McDonalds	MCD	**8.50**	68.26	-0.11	**-0.17**
Merck	MRK	**11.90**	33.71	-0.10	**-0.30**
Microsoft	MSFT	**74.30**	24.79	-0.32	**-1.27**
Pfizer	PFE	**83.50**	14.52	-0.03	**-0.21**
ProctGamb	PG	**13.30**	61.47	-0.67	**-1.08**
3M	MMM	**4.60**	74.79	-0.13	**-0.17**
TravelersCos	TRV	**6.00**	48.79	-0.30	**-0.61**
UnitedTech	UTX	**7.60**	63.42	-0.79	**-1.23**
Verizon	VZ	**17.30**	27.78	0.10	**0.36**
WalMart	WMT	**15.90**	50.99	0.21	**0.41**

Source: WSJ Market Data Group

Tracking credit markets & dealmakers

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.06%	-1.15%	-1.8%	-1.6%	2.5%
Event Driven	-0.07	-0.80	-0.4	0.7	10.9
Equity Long/Short	-1.66	-4.15	-5.5	-3.1	1.5

*Estimates as of 06/08/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 13/1	1.41	98.07%	0.01%	1.42	0.75	0.99
Eur. High Volatility: 13/1	2.09	95.06	0.01	2.16	1.11	1.45
Europe Crossover: 13/1	6.33	94.86	0.05	6.44	3.95	4.87
Asia ex-Japan IG: 13/1	1.44	97.97	0.01	1.72	0.87	1.14
Japan: 13/1	1.48	97.71	0.01	1.76	0.85	1.17

Note: Data as of June 8

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

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Credit-default swaps: European companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Rep Italy	239	**-10**	7	97
Kdom Spain	264	**-7**	15	99
Rep Portugal	350	**-5**	6	114
Alliance Boots Hldgs	290	**-2**	3	10
Rep Irlnd	284	**-2**	23	110
Kdom Denmark	47	**-1**	4	6
Societe Television Francaise	86	**-1**	2	1
Swiss Reins	184	**-1**	14	65
Prudential	169	**-1**	7	31
Fed Rep Germany	48	**-1**	6	...

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Bco Espirito Santo	631	**37**	103	191
UPC Hldg	766	**37**	92	170
EDP Energias de Portugal	284	**37**	64	73
Codere Fin Luxembourg	842	**37**	78	147
Unitymedia	756	**38**	93	182
Alcatel Lucent	808	**41**	60	138
TUI	925	**43**	94	189
Stena Aktiebolag	514	**47**	152	194
Wind Acquisition Fin	773	**47**	110	211
Hellenic Telecom Org	457	**103**	169	262

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Japan

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Nomura	$359	20.7%	71%	14%	15%	...
Mizuho	306	17.6	55	20	13	12%
Sumitomo Mitsui Banking Corp	230	13.3	74	11	4	12
Goldman Sachs	141	8.2	74	3	23	...
Mitsubishi UFJ Financial Group	139	8.0	40	24	16	20
Daiwa Capital Markets	126	7.3	56	27	17	...
Citi	104	6.0	68	4	27	2
Bank of America Merrill Lynch	74	4.3	55	10	34	2
Barclays Capital	35	2.0	86	14	...	...

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.**MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **COMEX:** Commodity Exchange; **LME:** London Metals Exchange; **NYMEX:** New York Mercantile Exchange;**ICE-EU:** ICE Futures Europe

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	338.25	1.00	0.30%	720.50	333.75
Soybeans (cents/bu.)	CBOT	896.50	2.25	0.25	1,555.00	809.75
Wheat (cents/bu.)	CBOT	428.00	-4.25	-0.98%	1,113.50	425.50
Live cattle (cents/lb.)	CME	87.475	-0.350	-0.40	95.575	83.500
Cocoa ($/ton)	ICE-US	2,992	11	0.37	3,522	2,237
Coffee (cents/lb.)	ICE-US	136.05	0.95	0.70	180.95	121.75
Sugar (cents/lb.)	ICE-US	15.38	0.29	1.92	22.78	11.79
Cotton (cents/lb.)	ICE-US	77.63	1.22	1.60	100.50	53.87
Crude palm oil (ringgit/ton)	MDEX	2,418.00	-14	-0.58	2,670	2,402
Cocoa (pounds/ton)	LIFFE	2,560	-34	-1.31	2,608	1,585
Robusta coffee ($/ton)	LIFFE	1,407	32	2.33	1,635	1,282
Copper (cents/lb.)	COMEX	285.00	7.05	2.54	369.10	151.00
Gold ($/troy oz.)	COMEX	1229.90	-15.70	-1.26	1,254.50	800.00
Silver (cents/troy oz.)	COMEX	1818.90	-28.80	-1.56	2,154.00	760.00
Aluminum ($/ton)	LME	1,943.00	59.00	3.13	2,481.50	1,564.50
Tin ($/ton)	LME	16,415.00	475.00	2.98	19,175.00	12,320.00
Copper ($/ton)	LME	6,315.00	195.00	3.19	7,970.00	4,820.00
Lead ($/ton)	LME	1,673.00	93.00	5.89	2,615.00	1,580.00
Zinc ($/ton)	LME	1,767.00	112.50	6.80	2,659.00	1,490.00
Nickel ($/ton)	LME	18,875	870	4.83	27,590	14,405
Crude oil ($/bbl.)	NYMEX	74.38	2.39	3.32	116.80	51.44
Heating oil ($/gal.)	NYMEX	2.0096	0.0443	2.25	3.3940	1.4160
RBOB gasoline ($/gal.)	NYMEX	2.0397	0.0506	2.54	2.4426	1.3500
Natural gas ($/mmBtu)	NYMEX	4.677	-0.131	-2.72	10.720	3.971
Brent crude ($/bbl.)	ICE-EU	74.95	1.95	2.67	91.41	56.40
Gas oil ($/ton)	ICE-EU	642.00	15.75	2.51	755.00	499.00

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on June 9

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	4.7182	0.2119	3.9138	0.2555
Brazil real	2.2191	0.4506	1.8408	0.5433
Canada dollar	1.2515	0.7990	1.0382	0.9633
1-mo. forward	1.2517	0.7989	1.0383	0.9631
3-mos. forward	1.2523	0.7985	1.0388	0.9627
6-mos. forward	1.2538	0.7976	1.0400	0.9616
Chile peso	655.28	0.001526	543.55	0.001840
Colombia peso	2341.54	0.0004271	1942.30	0.0005149
Ecuador US dollar-f	1.2056	0.8295	1	1
Mexico peso-a	15.4392	0.0648	12.8068	0.0781
Peru sol	3.4287	0.2917	2.8441	0.3516
Uruguay peso-e	23.207	0.0431	19.250	0.0519
U.S. dollar	1.2056	0.8295	1	1
Venezuela bolivar	5.18	0.193147	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4458	0.6917	1.1993	0.8339
China yuan	8.2319	0.1215	6.8284	0.1464
Hong Kong dollar	9.4046	0.1063	7.8011	0.1282
India rupee	56.6051	0.0177	46.9538	0.0213
Indonesia rupiah	11151	0.0000897	9250	0.0001081
Japan yen	110.29	0.009067	91.49	0.010931
1-mo. forward	110.24	0.009071	91.45	0.010935
3-mos. forward	110.13	0.009080	91.36	0.010946
6-mos. forward	109.93	0.009097	91.19	0.010967
Malaysia ringgit-c	4.0006	0.2500	3.3185	0.3013
New Zealand dollar	1.7925	0.5579	1.4869	0.6726
Pakistan rupee	102.833	0.0097	85.300	0.0117
Philippines peso	56.136	0.0178	46.565	0.0215
Singapore dollar	1.7031	0.5872	1.4127	0.7079
South Korea won	1504.29	0.0006648	1247.80	0.0008014
Taiwan dollar	39.111	0.02557	32.443	0.03082
Thailand baht	39.295	0.02545	32.595	0.03068

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.8295	1.2056
1-mo. forward	0.9997	1.0003	0.8293	1.2059
3-mos. forward	0.9992	1.0008	0.8288	1.2065
6-mos. forward	0.9983	1.0017	0.8281	1.2076
Czech Rep. koruna-b	25.913	0.0386	21.495	0.0465
Denmark krone	7.4388	0.1344	6.1705	0.1621
Hungary forint	280.98	0.003559	233.07	0.004291
Norway krone	7.9165	0.1263	6.5667	0.1523
Poland zloty	4.1148	0.2430	3.4132	0.2930
Russia ruble-d	38.095	0.02625	31.600	0.03165
Sweden krona	9.6131	0.1040	7.9740	0.1254
Switzerland franc	1.3783	0.7255	1.1433	0.8747
1-mo. forward	1.3775	0.7259	1.1427	0.8752
3-mos. forward	1.3754	0.7271	1.1409	0.8765
6-mos. forward	1.3719	0.7289	1.1380	0.8787
Turkey lira	1.9241	0.5197	1.5960	0.6266
U.K. pound	0.8262	1.2103	0.6854	1.4591
1-mo. forward	0.8262	1.2104	0.6853	1.4591
3-mos. forward	0.8261	1.2105	0.6853	1.4593
6-mos. forward	0.8260	1.2107	0.6851	1.4595
MIDDLE EAST/AFRICA				
Bahrain dinar	0.4545	2.2002	0.3770	2.6525
Egypt pound-a	6.8439	0.1461	5.6770	0.1761
Israel shekel	4.6619	0.2145	3.8670	0.2586
Jordan dinar	0.8538	1.1712	0.7083	1.4119
Kuwait dinar	0.3497	2.8598	0.2901	3.4477
Lebanon pound	1808.93	0.0005528	1500.50	0.0006665
Saudi Arabia riyal	4.5211	0.2212	3.7503	0.2666
South Africa rand	9.3195	0.1073	7.7305	0.1294
United Arab dirham	4.4279	0.2258	3.6730	0.2723
SDR -f	0.8286	1.2069	0.6873	1.4550

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
23	**EUROPE**	Stoxx Europe 600	244.60	4.54	1.89%	-3.4%	15.0%
14		Stoxx Europe 50	2373.06	34.55	1.48	-8.0	9.4
27	**Euro Zone**	Euro Stoxx	245.87	4.78	1.98	-10.5	6.1
14		Euro Stoxx 50	2556.68	45.84	1.83	-13.8	2.2
14	Austria	ATX	2269.73	52.89	2.39	-9.0	3.7
8	Belgium	Bel-20	2425.68	34.79	1.46	-3.4	17.5
11	Czech Republic	PX	1107.3	4.2	0.38	-0.9	14.2
21	Denmark	OMX Copenhagen	368.33	3.47	0.95	16.7	32.2
15	Finland	OMX Helsinki	6449.46	63.63	1.00	-0.1	8.9
14	France	CAC-40	3446.77	66.41	1.96	-12.4	4.0
12	Germany	DAX	5984.75	116.20	1.98	0.5	18.5
...	Hungary	BUX	20915.07	-209.32	-0.99%	-1.5	26.0
19	Ireland	ISEQ	3017.17	92.00	3.15	1.4	3.0
11	Italy	FTSE MIB	18912.91	370.11	2.00	-18.6	-6.8
18	Netherlands	AEX	320.63	5.80	1.84	-4.4	20.1
11	Norway	All-Shares	401.76	8.78	2.23	-4.4	12.8
17	Poland	WIG	40192.45	217.35	0.54	0.5	25.9
12	Portugal	PSI 20	6905.11	36.52	0.53	-18.4	-2.9
...	Russia	RTSI	1334.55	18.94	1.44%	-6.5	19.0
8	Spain	IBEX 35	8868.7	198.9	2.29	-25.7	-7.9
15	Sweden	OMX Stockholm	311.84	7.20	2.36	4.1	27.1
15	Switzerland	SMI	6319.18	72.96	1.17	-3.5	16.2
...	Turkey	ISE National 100	54304.92	640.56	1.19	2.8	57.9
11	U.K.	FTSE 100	5085.86	57.71	1.15	-6.0	14.6
20	**ASIA-PACIFIC**	DJ Asia-Pacific	113.18	-0.50	-0.44%	-8.0	6.2
...	Australia	SPX/ASX 200	4385.33	4.11	0.09	-10.0	9.0
...	China	CBN 600	23481.22	674.55	2.96	-19.2	-2.5
14	Hong Kong	Hang Seng	19621.24	133.76	0.69	-10.3	4.4
16	India	Sensex	16657.89	40.79	0.25	-4.6	7.7
...	Japan	Nikkei Stock Average	9439.13	-98.81	-1.04	-10.5	-5.5
...	Singapore	Straits Times	2745.80	-0.81	-0.03	-5.2	14.8
11	South Korea	Kospi	1647.22	-4.26	-0.26	-2.1	16.4
15	**AMERICAS**	DJ Americas	285.26	2.88	1.02	-3.8	16.8
...	Brazil	Bovespa	62319.01	463.49	0.75	-9.1	16.7
15	Mexico	IPC	31448.70	388.87	1.25	-2.1	25.4

*P/E ratios use trailing 12-months, as-reported earnings
Note: Americas index data are as of 3:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	PERFORMANCE (euros) Last	Daily	52-wk.	PERFORMANCE (U.S.dollars) Last	Daily	52-wk.
2.28%		**Global TSM**				2120.60	**1.11%**	9.2%
2.34	17	**Global Dow**	1349.80	**0.06%**	18.9%	1728.42	**0.97**	2.4
3.06	14	**Global Titans 50**	167.40	**-0.26**	19.9	150.75	**0.65**	3.3
2.92	13	**Europe TSM**				2176.86	**2.79**	-0.8
2.31		**Developed Markets TSM**				2053.34	**1.09**	8.6
1.95	13	**Emerging Markets TSM**				3789.89	**1.27**	15.1
3.44	17	**Africa 50**	879.90	**-0.26**	20.3	673.32	**0.65**	3.6
6.93	5	**BRIC 50**	464.90	**0.61**	24.5	534.35	**1.53**	7.2
3.35	56	**GCC 40**	560.80	**-1.52**	0.7	428.06	**-0.87**	-13.5
1.88	18	**U.S. TSM**				11033.38	**0.84**	15.5
3.29	29	**Kuwait Titans 30** -c				189.68	**-2.06**	-20.1
0.07		**RusIndex Titans 10** -c	3339.30	**0.87**	27.8	5272.44	**1.08**	12.4
2.43%	11	**Turkey Titans 20 -c**	592.10	**1.12%**	81.6%	653.85	**1.19%**	61.4%
5.53	13	**Global Select Div -d**	170.20	**0.94**	31.6	175.64	**1.86**	13.3
6.15	14	**Asia/Pacific Select Div -d**				237.85	**0.80**	9.1
4.22	14	**U.S. Select Dividend -d**				310.96	**0.72**	19.4
2.27	15	**Islamic Market**				1803.03	**1.02**	8.4
2.63	13	**Islamic Market 100**	1821.40	**-0.15**	21.4	1879.34	**0.76**	4.5
4.26	11	**Islamic Turkey -c**	1538.90	**1.41**	50.3	2917.51	**1.48**	33.6
2.85	13	**Sustainability**	853.20	**0.75**	20.8	868.55	**1.67**	4.0
4.57	16	**Brookfield Infrastructure**	1614.50	**0.52**	33.5	1855.84	**1.44**	14.9
1.17	25	**Luxury**	1039.60	**2.29**	45.0	1062.69	**3.22**	24.8
2.28	8	**UAE Select Index**				223.53	**0.38**	-22.6
		DJ-UBS Commodity	141.60	**0.28**	12.3	122.82	**0.43**	-4.2

*Fundamentals are based on data in U.S. dollar. Footnotes: a-in US dollar. b-dividends reinvested. c-in local currency. Note:All data as of 2 p.m.ET.

Source: DowJones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	USD	GBP	CHF	SEK	RUB	NOK	JPY	ILS	EUR	DKK	CDN	AUD
Australia	1.1993	1.7498	1.0489	0.1504	0.0380	0.1826	0.0131	0.3101	1.4458	0.1944	1.1552	...
Canada	1.0382	1.5148	0.9080	0.1302	0.0329	0.1581	0.0113	0.2685	1.2515	0.1682	...	0.8657
Denmark	6.1705	9.0034	5.3971	0.7738	0.1953	0.9397	0.0674	1.5957	7.4388	...	5.9437	5.1453
Euro	0.8295	1.2103	0.7255	0.1040	0.0262	0.1263	0.0091	0.2145	...	0.1344	0.7990	0.6917
Israel	3.8670	5.6423	3.3823	0.4850	0.1224	0.5889	0.0423	...	4.6619	0.6267	3.7249	3.2245
Japan	91.4850	133.4858	80.0184	11.4729	2.8951	13.9317	...	23.6579	110.2897	14.8262	88.1231	76.2848
Norway	6.5667	9.5815	5.7436	0.8235	0.2078	...	0.0718	1.6981	7.9165	1.0642	6.3254	5.4756
Russia	31.6000	46.1076	27.6393	3.9629	...	4.8122	0.3454	8.1717	38.0954	5.1211	30.4388	26.3497
Sweden	7.9740	11.6349	6.9745	...	0.2523	1.2143	0.0872	2.0621	9.6131	1.2923	7.6810	6.6491
Switzerland	1.1433	1.6682	...	0.1434	0.0362	0.1741	0.0125	0.2957	1.3783	0.1853	1.1013	0.9533
U.K.	0.6854	...	0.5995	0.0859	0.0217	0.1044	0.0075	0.1772	0.8262	0.1111	0.6602	0.5715
U.S.	...	1.4591	0.8747	0.1254	0.0316	0.1523	0.0109	0.2586	1.2056	0.1621	0.9633	0.8339

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

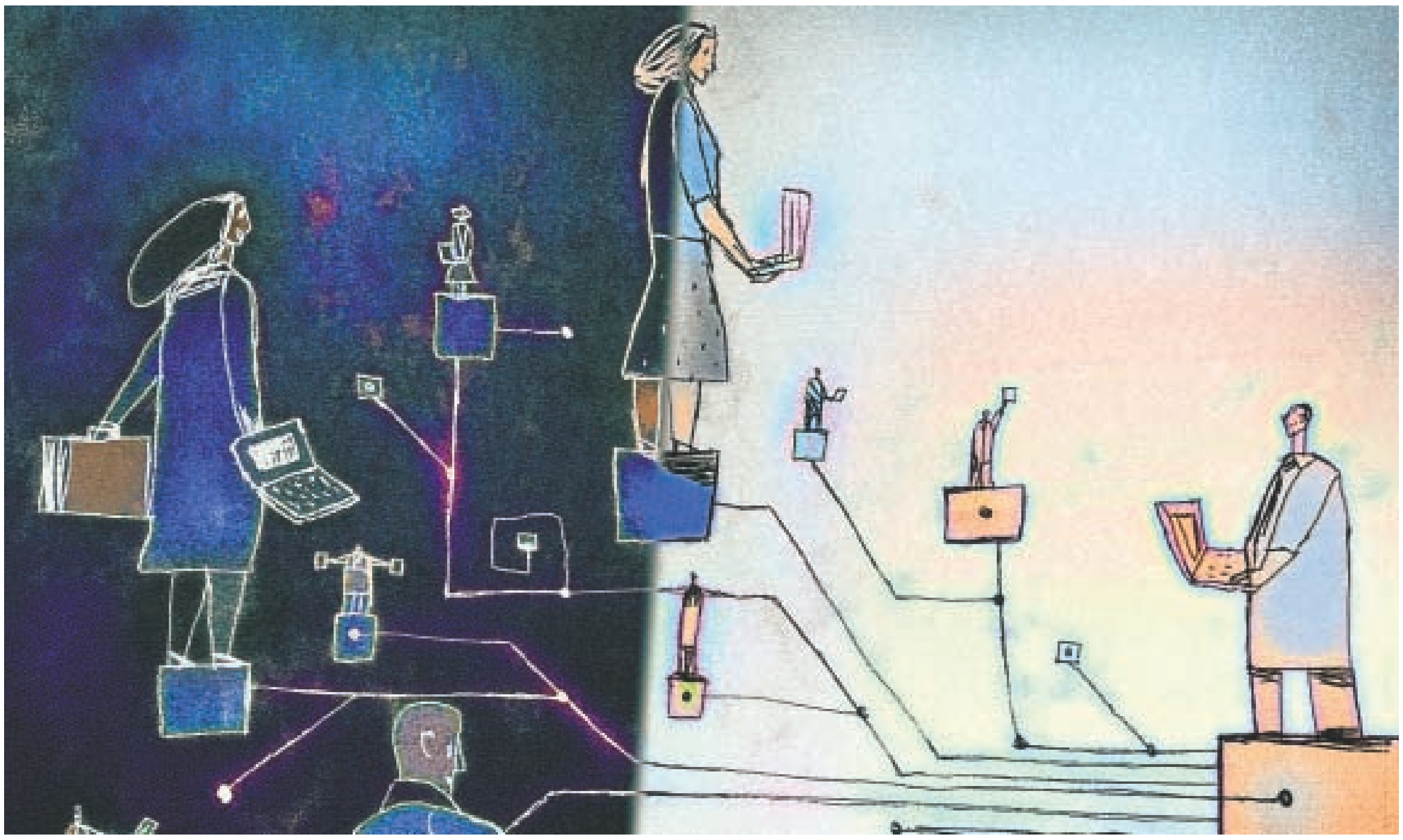
Developed and emerging-market regional and country indexes from MSCI Barra as of June 09, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	17	**ALL COUNTRY (AC) WORLD***	268.14	-0.36%	**-10.5%**	8.7%
2.50	17	World (Developed Markets)	1,045.48	-0.39	**-10.5**	7.8
2.40	17	World ex-EMU	126.46	-0.55	**-7.5**	11.2
2.40	17	World ex-UK	1,049.85	-0.61	**-9.7**	8.5
3.10	18	EAFE	1,310.97	0.32	**-17.1**	-0.5
2.20	15	Emerging Markets (EM)	891.12	-0.16	**-9.9**	15.3
3.50	15	**EUROPE**	83.33	-1.08	**-5.6**	14.6
3.80	15	EMU	131.82	0.72	**-27.0**	-10.8
3.50	16	Europe ex-UK	89.11	-0.70	**-7.8**	12.1
4.70	12	Europe Value	88.79	-1.28	**-10.7**	8.6
2.40	18	Europe Growth	75.75	-0.91	**-0.5**	20.5
2.30	25	Europe Small Cap	159.20	-1.57	**1.3**	26.9
2.40	10	EM Europe	291.16	-1.34	**4.5**	32.5
3.60	13	UK	1,490.35	-0.82	**-7.3**	13.6
2.90	20	Nordic Countries	144.27	-0.69	**5.9**	26.5
1.90	9	Russia	686.56	-1.60	**-8.0**	8.7
2.30	21	South Africa	682.18	-0.71	**-3.6**	10.5
2.70	17	**AC ASIA PACIFIC EX-JAPAN**	368.94	-0.53	**-11.4**	14.7
1.80	41	Japan	532.93	-0.15	**-6.2**	-4.4
2.40	16	China	57.93	0.27	**-10.6**	8.9
1.00	20	India	674.06	-0.92	**-4.7**	17.5
1.30	13	Korea	470.17	0.68	**-2.2**	23.5
2.70	23	Taiwan	253.14	-0.49	**-14.5**	0.5
1.90	19	**US BROAD MARKET**	1,185.50	-0.87	**-4.2**	17.2
1.20	408	US Small Cap	1,664.05	-0.06	**-0.4**	26.7
2.50	15	**EM LATIN AMERICA**	3,600.91	-0.81	**-12.5**	18.3

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

C-SUITE: LIFE/WORK



Corbis

Firms invest big in career sites

By Joe Walker

Despite the cost-cutting and layoffs of the past two years, many companies have continued to beef up their career-opportunity websites in an attempt to keep their brands fresh in the eyes of younger would-be employees and to be ahead of the pack in attracting talent when hiring picks up.

Some companies are investing in improving their online career portals, making their sites easier to use, adding more detailed company and job information and incorporating more social media. Job postings and text descriptions of corporate culture have been supplemented with YouTube videos and blogs from employees, human-resource officials and even executives, along with links to corporate Flickr, Facebook and Twitter pages that chronicle life at the company and include job postings.

In April, Microsoft launched a new site that integrated 103 country sites into one career-related site and simplified navigation. The portal has a dozen employees blogging about everything from interview tips to whether a failed start-up on a résumé hurts in applying for a job at the company. Margie Medd, director of employment branding, wouldn't say how much Microsoft spends on online recruitment, but said, "It's a substantial investment."

Upgrades to corporate career sites are often linked to employer branding efforts that involve a long-term strategy that can be difficult to halt even in a recession, says Torgil Lenning of Potentialpark Communications, an online recruitment research firm in Sweden that ranks career portals of large companies. Mr. Lenning says some firms spend up to several million dollars to upgrade their career portals.

With 9.7% unemployment, employers would seem to have their pick of job candidates, but some companies say that there are other reasons to invest in online recruitment, like staying ahead of competitors or positioning a company as progressive and interesting to work for.

In a recent survey of 2,457 college students and recent graduates, Potentialpark found that the best career sites "go beyond information, and offer inspiration," appealing to "the emotional decision centers of their visitors." Potentialpark ranked the sites on the basis of usability, branding, relationship building, application management and recruitment process. For millennials, born between 1980 and 1995, a stimulating, content-loaded website is de rigueur to their every day Web experience. Of the top 30 career websites ranked, nearly every company has a Facebook page devoted to careers.

"You want to attract top talent and individuals with a high skill set so when the economy picks up again you're ahead of the game," says Lisa Smith-Strother, global recruitment marketing manager at AstraZeneca.

AstraZeneca is in the process of redesigning its career website to include more multimedia functions and mobile device applications, which are already a part of everyday usage for twentysomethings, says Ms. Smith-Strother.

Bertelsmann, a multinational media company that has been No. 1 on Potentialpark's list for two years in a row, spent between $200,000 and $400,000 this year for a career site re-launch, scheduled for later this month.

"We knew that when the crisis was over we'd have to recruit a lot," says Judith Charles, manger of employer branding at Bertelsmann in Germany, adding that she thinks this gives Bertelsmann a recruiting advantage over companies that skimped and "have to start all over again in 2010."

The updated site will allow candidates to sign into the online application using their Facebook, Twitter and LinkedIn profiles, have a Facebook "like" button and a LinkedIn "people you may know" button and include an online referral process that allows candidates to request job recommendations from Bertelsmann employees.

Corporate appeal

These career portals topped a list of best career opportunity websites. A survey of 2,457 U.S. students and recent graduates found that 80% visit a company's career website when researching jobs.

1. Bertelsmann
2. UBS
3. Ernst & Young
4. Deutsche Bank
5. J.P. Morgan Chase
6. Intel
7. Accenture
8. Merck & Co.
9. IBM
10. Bain & Co.
11. Lockheed Martin
12. Microsoft
13. Goldman Sachs
14. Bayer Corp.
15. Philips Electronics

Source: Potentialpark Communications

Forays into social media can be risky for hiring and brand managers since it leaves companies open to public criticism. But many companies have calculated that the risk is worth the opportunity to reach young recruits where they live: online. By being on social-networking sites, "you don't have to wait for them to come to your site," says Ms. Medd of Microsoft.

Dan Black, director of campus recruiting for accounting firm Ernst & Young LLP, says hosting a public forum on Ernst & Young's Facebook page allows the company to respond to criticism and rumors that are "already out there." For example, when a Facebook user asked if it was true that the company didn't pay as well as the other Big Four accounting firms, Mr. Black publicly argued that the company's salaries were competitive and encouraged the commenter to consult classmates who had worked there. Several former interns also posted—unprompted—about the company's "great benefits package," Mr. Black says.

Still, even among a generation used to sharing all online, many are reluctant to engage with employers through their favorite recreational networking sites even when companies say they won't use online relationships to evaluate recruits.

"The first thing you read about when going through the job hunting process is make sure your social networking profile is clean," says John Milinovich, a senior at University of California at Los Angeles majoring in architectural studies. "To think that companies will contact you through [Facebook] is kind of nerve wracking."

And Web-savvy millennials are also suspicious of propaganda. Mr. Milinovich consulted six different career sites in his job hunt (and 10 during his internship hunt), and says that he looks at things like the "day in the life" employee video testimonials that many sites feature with skepticism.

"I'm sure they're not going to say 'I work 65 hours a week and my boss makes me work on Sundays,' but you need to hear what they have to say that's positive to know what might be negative behind it," says Mr. Milinovich, 22, who has a job lined up at Yahoo, where he interned last summer.

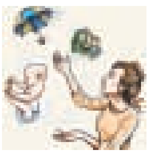
Larry Chiagouris, professor of marketing at Pace University, says that word of mouth and networking are still the best ways to find a job, but that company career sites are valuable for preparing for an interview.

People can "go look at the Facebook and Twitter account and see what the senior managers are saying, understand their point of view, understand their philosophy," says Mr. Chiagouris.

What puts you beyond breakpoint?

[Best of the Juggle]

Excerpts from WSJ.com's Work & Family Blog



Do you have a "breaking point" for your juggle—a point where long work hours send you over the edge into work-family conflict?

Based on new research on 22,436 IBM employees in 75 countries, many people do, and that breaking point varies dramatically based on whether employees are free to work from home part of the time, or not.

In a startling finding, researchers discovered that telecommuters on flextime schedules can cram in 19 more hours of work a week, compared with people who work entirely in the office, before they begin to report work-family conflict. The study was co-authored by E. Jeffrey Hill, a professor in the School of Family Life at Brigham Young University and a longtime researcher on work-family issues.

Those who did all their work in the office began to complain of work-family conflict after 38 hours of work. However, those who were able to extend their workday from home by telecommuting, rather than putting in longer hours at the office, could log 57 total hours before starting to feel the strain, counting both hours at the office and at home, Dr. Hill found.

The hourly tallies are based on the point at which 25% of each of the two groups of employees—the office-bound workers and the telecommuters on flextime—reported work-family conflict. The study is set for publication in this month's issue of the Journal of Family Psychology.

This basic pattern rings true to me.

Since I began telecommuting years ago, I have found I could happily log longer workweeks than when I was confined to the newsroom.

The size of the 19-hour gap in this study, however—about two additional workdays a week—is surprising.

—Sue Shellenbarger

Readers' Response:

"It's so much easier to juggle when your hours are flexible. I am happy working 9-10 hours a day IF I can arrange those hours around my family's needs."

"It's not so much the number of hours per week but also the duration. If I knew I had to work 50-hour weeks for long stretches of time I would hit my breaking point rather soon."

"I work more hours since I started teleworking, but have much more control over my time, which makes the hours less stressful."

Agence France-Presse/Getty Images

Cameroon's football team is coached by Frenchman Paul Le Guen, center, who is one of four Europeans to lead an African team in the 2010 World Cup.

African coaches absent at Cup

The wide use of foreign managers on local World Cup teams has some fans on edge

By Will Connors

The opening of the World Cup in South Africa on Friday will give the football-mad continent a chance to show off many of the world's top players on the six African teams participating in the tournament.

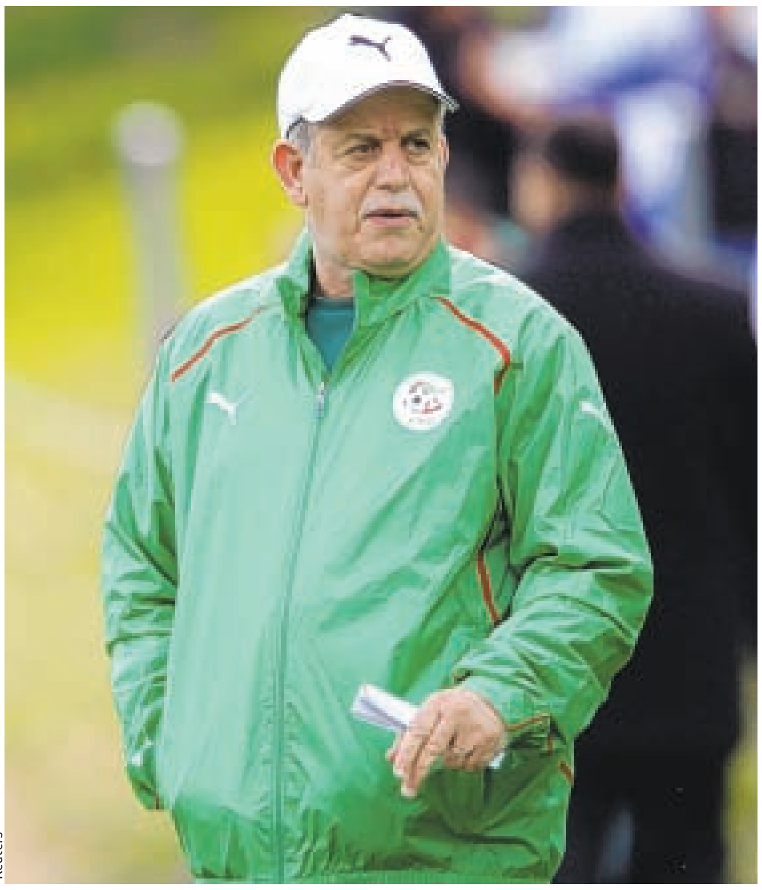
The problem, as some African football fans see it, is that only one of those teams is led by an African coach.

This World Cup will be the first on African soil, and there are more African teams here than at any other World Cup. But that Algeria's Rabah Saadane is the only African manager at the tournament has provoked not a little hand-wringing among Africa's football-obsessed fans. They fear that foreign coaches, who are frequently brought in at the last minute and are unfamiliar with a team's players, may actually hamper their countries' chances at the World Cup. No team has won a World Cup with a foreign coach.

"A lot of people [in Africa] still have that mentality that the European knows more," said Thomas Mlambo, a well known TV presenter and analyst on the South Africa-based sports network SuperSport.

Host South Africa is coached by Brazilian Carlos Alberto Parreira, who won a World Cup coaching his country in 1994. Ivory Coast is using a Swedish coach, Sven-Göran Eriksson, who coached England in two World Cups but never got past the quarterfinals. Nigeria hired Swede Lars Lagerback, who coached his country in the 2006 Cup but failed as head coach to qualify Sweden this year.

Neither the coach of Cameroon (Paul Le Guen, from France) nor Ghana (Milovan Rajevac, from Serbia) has any World Cup coaching experience. Representatives for the teams were unavailable to comment on their coaching selections.



Reuters

Algeria's head coach Rabah Saadane looks on during a May 19 training session.

Several African teams have the talent to go deep into the tournament. Despite an injury to Ivory Coast's captain and star, Didier Drogba, many expect the team to challenge for a spot in the knockout rounds even though it's in a tough group (the top two of each of the eight groups advance). Cameroon, meanwhile, may have the best chance of any African team to advance out of its group.

African coaches working in their countries' national leagues, often with shoddy infrastructure and little money to lure top talent, are at a big disadvantage to their Western counterparts. With national prestige riding on one's team, African football authorities tend to play it safe.

"A lot of African players leave and play in important leagues in Europe," says Mr. Eriksson, the Ivory Coast coach. "Maybe it's more difficult for the coaches to go there. I hope that will change in the future. I think it will."

Despite the obstacles, some African coaches have achieved international success. Under local coach Hassan Shehata, Egypt has won the past three African Cup of Nations and is the highest-ranked African squad, although the team didn't qualify for this year's World Cup. Former Angolan coach Luís Oliveira Gonçalves took his country to the World Cup in 2006. And former Nigerian national coach Shaibu Amodu helped his team qualify for the World Cup in 2002 and again this year, but he was fired on both occasions before the actual tournament after being criticized in the press for not helping his team reach its potential.

"We are sensitive to the demands of passionate Nigerians," Sani Lulu Abdullahi, the chairman of the Nigerian Football Federation told the BBC at the time of the firing in February.

Mr. Amodu couldn't be reached for comment and didn't respond to interview requests through Nigerian team officials.

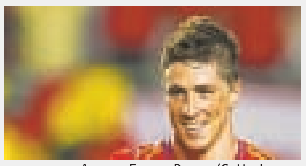
Some fans maintain that coaches of the African teams—which have a few white players total, all on the South African squad—face an unusual racial barrier. "The players have more respect for whites," says Bienvenue Kehedi, a 26 year-old student in Abidjan, Ivory Coast. "An Ivorian can't assert their will against the players because he tries to keep on the side of all the players and is scared of taking tough decisions."

But at least in South Africa's local football league, the predominance of foreign coaches has started to fade.

"We've always had a lot of foreign coaches in our league, but this year only one trophy was won by a foreign coach," Mr. Mlambo of SuperSport said. "The rest went to local coaches, including the league title."

—John James contributed to this article.

The Count



Agence France-Presse/Getty Images

Spain's Fernando Torres

Tip of the day

David Villa is the unanimous favorite to be World Cup's top scorer: No bookmaker has anyone other than the Spain striker at the top of the betting in one the most popular markets in the tournament.

He's widely available at 8/1 and rightly heads a field dominated by talents from the Premier League and La Liga.

Despite missing the final, Mr. Villa was Golden Boot winner at the 2008 European Championships. He and Fernando Torres, 16/1 with Boylesports, form a formidable pairing, but Mr. Villa's strike rate is superior.

A group containing Honduras, Chile and Switzerland promises goals and Spain should reach at least the semi-finals—meaning they would play seven matches.

Among others who make the top-10 in the betting, only Germany's Miroslav Klose, the 2006 top scorer, and Diego Milito of Argentina currently play outside the leagues in England and Spain, and they're relative outsiders on that list at 33/1.

Bayern Munich striker Mr. Klose has a one-in-two international goal record and at long odds is a worthy each-way consideration with Betfred, which offers quarter-odds on the top five places. However, Germany is unlikely to play enough matches for him to outscore the rest.

Mr. Milito's main concern is game time—Gonzalo Higuaín, at 20/1, and Lionel Messi, the 10/1 second-favorite—will probably see more action than the Inter Milan forward, and Argentina's progress is difficult to predict.

Robin van Persie was once a 33/1-shot but is now 12/1. A much-fancied Netherlands side could do well, but at the same price Brazil's main goal threat, Luis Fabiano looks a better bet.

11

Age of Ferrari's youngest-ever recruit to its drivers academy, Canadian Lance Stroll, who has twice won the Canadian national championship in the Rotax Mini Max category.

Source: Associated Press

THE QUIRK

Untangle the squiggles: Do you know, offhand, anyone who knows shorthand?

As generations of Gregg writers fade away, only a few of those fluent in method remain; charging 20.5 cents a word

BY BARRY NEWMAN
Rye, Colo.

THE JEFFERSON County Attorney's office, about 250 kilometers north of here, handled a humdrum employment case a while ago that had an unusual piece of evidence: a 200-page document handwritten in loops and curls recognizable as some kind of shorthand.

"The question was: Who can read this? The answer was: Nobody," says Deborah Hokanson, a legal assistant in the office. "The papers were in shorthand, and I couldn't find anyone to translate them."

Until she came upon Letha Sanders, who lives in a small house in this flyspeck town with her husband and eight caged ferrets.

Letha Sanders

In a corner of a bedroom piled with quilting supplies, Ms. Sanders sits in front of two computer screens operating "Shorthand Translation Services," an enterprise she has just gotten up and running on the Web. Her service is to try making sense, in English, of the scribblings in shorthand that people send her.

American girls and some boys used to make sense of it on their own. They took it in school—or secretarial school—and then took letters in offices or transcripts in court. Some went on to keep diaries in shorthand and write shorthand wills.

But most schools stopped teaching it, and for today's untutored, shorthand might as well be hieroglyphics.

"The wife dies and the husband wants to know what's in those pages—any infidelity," Ms. Sanders was saying one morning. "Or a person who took the notes is incarcerated or disappeared." Or maybe keeping things from a future husband: "He'll go into her apartment," she said, "take pictures of her diary and send them to me."

As generations of shorthand writers fade away, only a few of the shorthand-fluent remain to untangle their squiggles.

Besides Ms. Sanders, one other shorthand translator pops up prominently on the Web, Ashley LaJune. However, the shorthand Ms. LaJune translates comes to her exclusively from the spirit world; she's sure of it.

"I started seeing these outlines," Ms. LaJune says from her base in Laguna Beach, Calif. "I see them right now. I did research and discovered they were in Gregg Shorthand. It's very efficient. It's opened up whole new realms of interdimensional communication."

Ms. Sanders acquired her Gregg less paranormally. In other forms, shorthand has been around since ancient Greece. Samuel Pepys, of diary fame, wrote in it. So did George Bernard Shaw and Woodrow Wilson.

Isaac Pitman's system lives on in Britain, though newspapers there and in some of its former outposts now expect reporters to learn one called Teeline.

But John Robert Gregg's system won over the U.S.

To the extent that shorthand is still taught in the U.S., Gregg is still favored. When Ms. Sanders, 54 years old, went to high school in Galina Park, Texas, she aced it.

She clocked 170 words per minute, but dictation work in her case wasn't about speed.

"It was about letting the boss pace back and forth with his office door open so everyone could see he had a sexy-looking secretary in there," she says.

She has had jobs in banks, law firms—and in two sewage plants, taking Gregg notes on pump repair.

"I hated banking, I hated law, I hated wastewater," says Ms. Sanders, "but I loved shorthand. It made me feel special."

In 1998, she moved here, to her husband's home state, and has an office job again (shorthand optional) at the Air Force Academy in Colorado Springs.

She started a website for shorthand buffs in 2003, and then, unexpectedly, translation requests began trickling in.

Some are misdirected: A father wants to read his daughter's text messages. Some are in reverse: turning lines of poetry into artful Gregg tattoos. Many are legalistic: Like Jefferson County's employment case, settled out of court, they come wrapped in layers of confidentiality. And a few are sorrowful.

Jerry Stockett's wife died of cancer at age 66 last year. She left 150 longhand journals, but "if something got delicate," says Mr. Stockett, a retired accountant in Utah, she switched to Gregg.

"I changed and began cleaning out emails," she wrote in a longhand snippet Mr. Stockett has allowed Ms. Sanders to disclose. Then, in Gregg: "I feel like such a failure...so alone, so unloved." In longhand: "Cleared more emails." And in Gregg: "Very sad."

Mr. Stockett says, "I'd like to get it all out. I don't want any secrets hiding in the shorthand."

Technically, Ms. Sanders is less translator than transcriber. But, in fact, she's a cryptologist.

America's most celebrated (and salacious) shorthand diary was kept by William Byrd, a Virginia planter born in 1674. No one read it until a Chicago reporter cracked its code in 1939. Ms. Sanders does that all the time.

Gregg's system used "brief forms," a kind of shorthand within shorthand, for thousands of word groups, from "bill of lading" to "liberty bond."

New versions came out every decade or so, each indecipherable to those trained in one that came before. On a bookshelf beside a ferret cage, Ms. Sanders has each version's original manual. She's fluent in them all.

Shorthand writers, moreover, invent their own brief forms as well as their own peculiar abbreviations; a single stroke can mean cancel, council, caught or cost. Less inventive writers can be semiliterate. Some are plain slobs.

"You kind of get into being that person," Ms. Sanders said, sitting down to turn an emailed sheet of shorthand into English. She doesn't accept a job if she can't decrypt at least 75% of it. This one was simple—a poem that a woman in Maine had copied out in Gregg.

As she typed, Ms. Sanders recited: "A smile, comma, a hug, comma, or just a handshake, period..."

She charges 20.5 cents a word, plus 20 cents a minute for her time. The poem, 106 words, took her three minutes—languid by her old secretarial speeds.

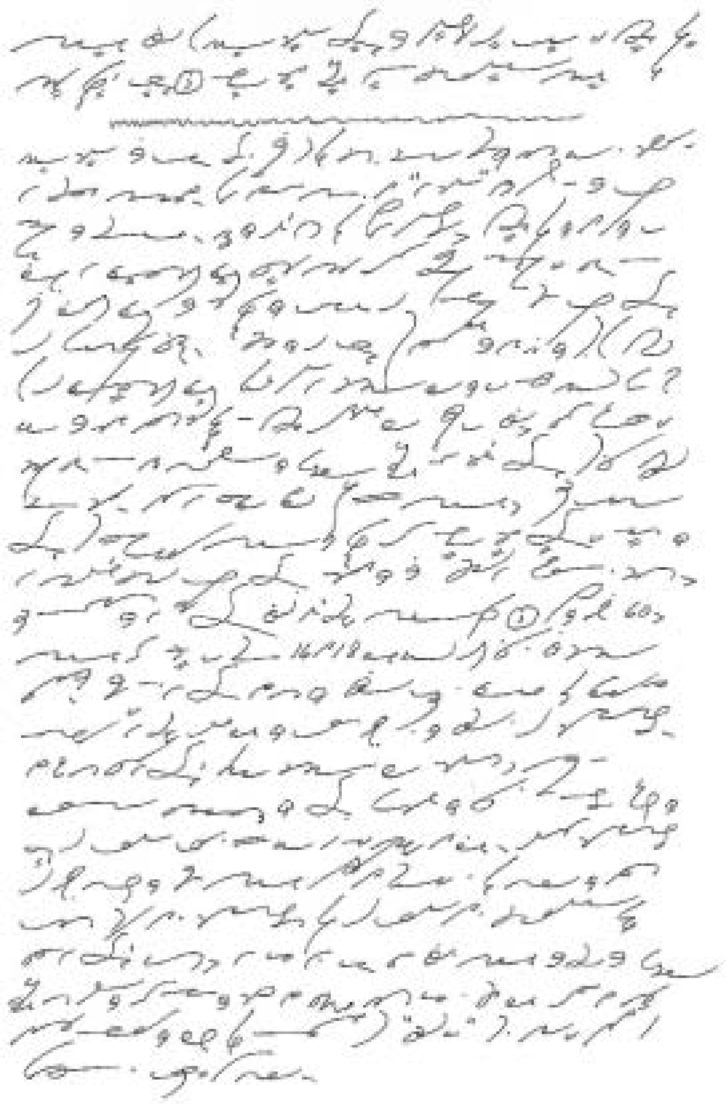
But one uncracked code slowed Ms. Sanders down: her software's. Somehow, she's still counting words by hand.

"What frustrates me is the computer part of it," said Ms. Sanders.

Working in shorthand was easier for her when the only tools she needed were a typewriter, a pencil and a steno pad.

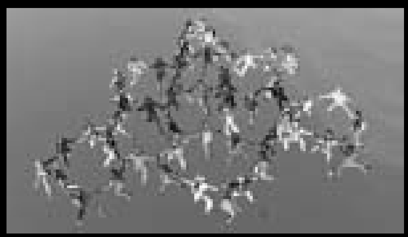
WSJ.com

ONLINE TODAY: See a shorthand version of a 1941 Journal article about secretarial skills at **WSJ.com/US.**



Letha Sanders

A sample of shorthand script. Ms. Sanders has a translation service.

THE WALL STREET JOURNAL.
EUROPE
THE/FUTURE LEADERSHIP/INSTITUTE
Powered by EXECUTIVE LEARNING PARTNERSHIP
Bringing Universities and Businesses Together
10 complimentary tickets for Wall Street Journal Europe readers
The Journal Europe Future Leadership Institute Presents
Social Media@Work - How2.0RU?
A conference designed by
Executive Learning Partnership - ELP

300 million people are connecting and interacting in new ways; your customers, employees and stakeholders.
In a world where social media shifts power to people, how will you lead?
21 June, 2010
4-6pm
London Chamber of Commerce
www.wsje-flp.com/events.php/281
/social-mediawork-how2.0ru-
BOOK NOW
Contact: gert.vanmol@dowjones.com

WORLD WATCH

* * *

Europe

■ **The Bank of England**'s relaxed response to Britain's surging inflation rate is raising eyebrows among some economists who worry that rapidly rising prices could spark broader concern among the public at a time when the U.K. is already struggling with a fragile economic recovery.

■ **In the Netherlands**, preliminary exit polls showed the pro-business VVD party and Labor finished in a dead heat as the largest parties, dealing a blow to the ruling Christian Democrats. Experts said the results, if they hold up, will create a chaotic race to form a coalition commanding a 76-seat majority.

■ **In the U.K.**, five candidates secured nominations in the race to be the next leader of the Labour Party, defeated after 13 years of governing Britain. Four former cabinet members—David Miliband, Ed Miliband, Ed Balls and Andy Burnham—were joined by Diane Abbott. She is the only woman in the race, the only black and the only backbencher—a legislator with no rank in the party's hierarchy in the House of Commons.

■ **French President** Nicolas Sarkozy and German Chancellor Angela Merkel called on the European Commission to speed up and intensify efforts on regulating financial markets.

■ **Merkel faces** growing discord in her own ranks over her €80 billion ($96 billion) savings plan. Members of Merkel's Christian Democratic Union party complained that the cost-cutting program introduced on Monday unfairly targets welfare recipients.

■ **Portugal's economy** expanded in the first quarter compared with the previous quarter, as consumer spending and exports grew.

■ **Greek Finance Minister** George Papaconstantinou said his country is on track to meet its 2010 deficit targets, and suggested that its recession-hit economy could surprise with a less-than-feared contraction this year.

■ **German and Portuguese** bond sales found convincing demand but analysts warned that launches of new Spanish and Italian bonds series later this week may well keep investors on edge.

■ **Italy's largest union** has called a general strike this month to protest the government's €25 billion ($30 billion) cuts aimed at reducing the budget deficit. The CGIL labor confederation says the austerity measures are unfair and hurt the weakest workers.

■ **The U.K.'s trade** deficit rose to £3.3 billion ($4.8 billion) in April from £3.2 billion in March, official data showed, a report that damped hopes of an export-led economic recovery.

■ **Russia's security chief** said a top militant leader accused of staging several terrorist attacks in the North Caucasus has been captured by the government forces.

■ **Russia is considering** doubling the minimum price of a bottle of vodka to 200 rubles ($6.30) by 2013, the Finance Ministry said. The proposal could face a tough slog to secure approval from the government and parliament, given the strength of Russia's alcohol producers' lobbying power, VTB Capital said.

■ **The EU banned** industrial fishing of the endangered bluefin tuna by large fishing boats for the rest of this season, after fishermen exhausted their quotas. Most of the tuna are sent to Japan, where they are prized by sushi lovers.

■ **In Prague**, dozens of nations announced that they would try harder to return real estate stolen by the Nazis, opening archives and processing claims for restitution faster. The nonbinding rules backed by 43 countries call for more transparency and speed in the processing of restitution claims for property stolen between 1933 and 1945.

■ **Britain appointed** its first-ever envoy to deal with post-Holocaust issues. Andrew Burns, a former ambassador to Israel, will take the job, Foreign Secretary William Hague announced.

* * *

U.S.

■ **Interior Secretary** Ken Salazar told lawmakers that a moratorium on new deepwater drilling in the Gulf of Mexico was a "pause" and not a stop, but he declined to offer assurances that the ban would last six months as advertised.

■ **The economy** should continue to grow this year and next, but the pace won't be strong enough to fix the jobs market and cut a huge budget deficit, Fed Chairman Ben Bernanke said. Debt problems in Europe might only amount to a "modest" drag on the U.S. economy if the financial markets can halt their slide, he added.

■ **Economists surveyed** by The Wall Street Journal are sticking with forecasts for slow but steady growth in the U.S. economy through the middle of 2011 despite turmoil in European debt markets. But their outlook is clouded by worries about the vitality of the U.S. job market.

■ **Global economic growth** could stall sharply if sovereign debt in any of the beleaguered European countries suffers from an unmanaged debt default—or simply if a loss in market confidence accelerates—the World Bank said.

■ **Defense Secretary** Robert Gates said the U.S. is concerned at a breakdown in Turkey's relations with Israel and fears that Europe's rebuff of Ankara's EU aspirations is pushing the nation "eastward."

■ **Republican voters** in California sent two former Silicon Valley chief executives, Meg Whitman and Carly Fiorina, into the races for governor and U.S. Senate against establishment Democrats.

■ **A former Florida** lawyer, Scott Rothstein, was sentenced to 50 years in prison after being convicted earlier this year of running a Ponzi scheme.

* * *

Asia

■ **Iran said** it would end diplomatic efforts to resolve the crisis over its nuclear program after the United Nations Security Council imposed a fourth round of sanctions to persuade Tehran to stop enriching uranium. The resolution passed with 12 votes in favor and two against—Brazil and Turkey. Lebanon abstained.

■ **In Afghanistan**, at least 39 people were killed in a blast in Kandahar province's Argandab district. Separately, four U.S. soldiers were killed when insurgents shot down a helicopter with a rocket-propelled grenade in volatile Helmand province, and a British soldier died in a separate explosion.

■ **In Pakistan**, a deadly attack by suspected Islamist militants on a NATO supply convoy outside the capital highlights security concerns that have prompted local drivers to demand higher fees to truck supplies into neighboring Afghanistan. Militants killed seven people, including truck drivers and security personnel, and torched about 20 trucks.

■ **Japan's highest-paid** executives will have their pay scrutinized for the first time, as new corporate-disclosure rules require companies to reveal the annual compensation of executives receiving more than 100 million yen ($1.1 million). Until now, companies have had to disclose only the compensation of top executives as a group.

■ **Japan's new finance** minister, Yoshihiko Noda, signaled he has no intention of manipulating the yen to the nation's advantage, or pressuring the central bank to redouble its antideflation effort.

■ **Japan's core machinery** orders rose at a much faster pace than expected in April as distribution companies looked to buy more trucks, data showed, in a sign that domestic business activity may be starting to pick up.

■ **Indonesia is raising** foreign ownership limits on certain sectors, such as agriculture and health care, as the government seeks to lure investments.

■ **The Philippines**' president-elect, Benigno Aquino III, said imposing new taxes will be the last resort for solving the government's budget deficit. Aquino, son of the late President Corazon Aquino, said he will spend the coming days selecting members of his Cabinet to help him address the country's problems.

* * *

Middle East

■ **U.S. President** Barack Obama called the increasingly tense conditions in the Mideast "unsustainable" and said a better approach is needed in blockaded Gaza, as he hosted Palestinian leader Mahmoud Abbas for talks.

* * *

Africa

■ **As South Africa** prepares to host the World Cup, the nation's poor black underclass is accusing the ANC government of neglect. The protests highlight a rift between the ANC and the black poor it professes to represent.

WSJ.com

To read more about these items, and for all the latest breaking news, go to **WSJ.com/World**

In Northern England, thousands attend memorials for victims of last week's shootings

Associated Press

Mourners during a memorial service at Egremont, England, held to honor the victims gunned down by taxi driver Derrick Bird, who went on a shooting rampage last week across a tranquil stretch of northwest England. Thousands of residents in Cumbria attended memorial services to remember the victims. Police are investigating what triggered Bird to drive his car around the region, methodically killing 12 people and wounding 25 others before turning the gun on himself.

BUSINESS WATCH

Aviation-industry players, big and small, land at Berlin Air Show

Agence France-Presse/Getty Images

Spectators at the Berlin Air Show next to a Bombardier plane. The show is expected to attract 1,150 exhibitors presenting planes and technology to 200,000 visitors. More photos at europe.WSJ.com

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Autos

■ **General Motors**' Opel division will review all its funding options after the German government refused its request for state aid, but doesn't plan to fundamentally change its restructuring plan, Opel CEO Nick Reilly said.

■ **Honda was hit** by another parts-supplier strike in southern China that will force the company to idle two car-manufacturing plants in Guangzhou for a second day Thursday. The latest strike happened in Zhongshan at a supplier of vehicle-lock systems.

■ **Hyundai's India** unit said workers ended their three-day strike after the company agreed to consider reinstating employees it fired in December.

■ **BMW's unit sales** were up 11% from a year earlier in May, driven largely by demand for new models. The German auto maker, whose brands also include Mini and Rolls-Royce, said it sold nearly 120,843 cars world-wide last month.

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Aviation

■ **Airbus** and its parent company are finally sorting out troubled airplane programs after five years of problems, but must avoid signing impossible contracts so EADS can improve its low profitability, said Chief Financial Officer Hans Peter Ring.

■ **The finance chief** said he is likely to upgrade EADS's full-year revenue outlook on July 30, when the aerospace giant releases its second-quarter results—primarily because the euro has weakened against the dollar, the global currency of the aerospace industry.

■ **Finnair lifted** its second-quarter operating-earnings forecast because of better-than-expected demand and lower-than-expected costs related to April's volcanic cloud disruption.

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Energy

■ **BP shares** fell sharply as political pressure mounted over its handling of the Gulf spill and investors worried the company might be forced to suspend its dividend. The Coast Guard criticized BP's compensation process.

■ **TNK-BP**, BP's Russian venture, hopes a recent bankruptcy filing at a Siberian gas venture will speed up the government's takeover of the project, allowing TNK-BP to recover at least some of the $900 million it invested there, interim CEO Mikhail Fridman said.

■ **France's Total**, Spain's Abengoa and the United Arab Emirates' Masdar will build the world's largest concentrated solar power plant in the U.A.E., Masdar said.

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Financial services

■ **Santander agreed** to buy back Bank of America's 24.9% stake in the Spain-based bank's Mexican unit for $2.5 billion, and it has entered exclusive talks to buy the German retail banking operations of Swedish bank SEB.

■ **Pierre-Henri Flamand**, who ran Goldman Sachs's in-house trading until last month, is marketing his own hedge fund in what is expected to be one of this year's biggest launches. Flamand has met with investors in the U.S. and the U.K. to raise money for the fund, called Edoma Partners, people familiar with the matter say.

■ **Bank of Ireland** shares rose after the bank got 94.6% take-up of its rights issue, a key part of its capital raising plan, and said the new ordinary stock will start trading on the Irish and London Stock Exchanges on June 14.

■ **Prudential**, the U.K. insurer that last week failed in its $35.5 billion bid to acquire the Asian unit of AIG, will meet with some of its key shareholders in the next few days to discuss possible changes with to company's management amid growing signs that it has failed to quell a backlash over the collapsed deal.

■ **Agricultural Bank** of China's application for its planned $20 billion to $30 billion IPO in Hong Kong and Shanghai was approved by China's securities regulator.

■ **J.P. Morgan** formed a venture with First Capital Securities which, if approved, would make it the latest foreign firm allowed to underwrite and sponsor deals in China's securities market.

■ **Shinsei Bank**'s incoming president and CEO said the lender might consider another merger once it finds stable footing in Japan's banking industry.

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Food and beverages

■ **Rémy Cointreau** posted a virtually flat net profit of €86.3 million ($103 million) for the year ended March 31, as the French spirits company's price increases helped offset a continuing unfavorable foreign exchange environment.

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Media

■ **Vivendi's pay-TV** unit Canal Plus is on the lookout for opportunities to strengthen its position abroad but is having trouble finding the right targets, CEO Bertrand Meheut said.

■ **L'Espresso**, an Italian media company, bowed out of bidding for French newspaper Le Monde, while Spain's Prisa said it wanted to take part in the paper's recapitalization but asked for more time to make a final bid.

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Metals and mining

■ **The U.S. hit China** with steel fines, after it found that drill-pipe makers were selling roughly $200 million of pipes in the U.S. for less than their market value.

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Pharmaceuticals

■ **GlaxoSmithKline**'s oral breast-cancer drug Tyverb was rejected for publicly funded use by Britain's health-care cost-effectiveness watchdog, which said the medicine didn't represent good value for money when compared with an alternative treatment. The U.K.'s new Conservative-led government last month said it wants to revamp the watchdog, NICE.

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Retail

■ **Spain's Inditex**, the fast-growing owner of the Zara retail chain, reported a 64% jump in net profit for the quarter ended April 30 to 301 million euros ($360 million), as shoppers snapped up its spring and summer garments, and it continued its global expansion.

■ **Asos**, a U.K. fashion retailer that operates only online, is in talks with several big-name high-street retailers about using their stores to operate a pickup-and-returns service for its customers.

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Technology

■ **Google blasted** Apple's new rules for its iPhone and iPad operating system, saying the changes would prohibit application developers from using Google's advertising technology on the devices.

■ **Google's top lawyer** said the world's leading search engine is asking the U.S. and European governments to press China to lift Internet censorship, describing it as an unfair barrier to free trade.

■ **Allscripts**, U.S. health-care software company, agreed to buy rival Eclipsys in a $1.3 billion all-share deal, to create a leader in electronic health-care records.

■ **Misys**, a U.K. software company, separately said it would cut its 55% stake in Allscripts to about 10% and return more than $1 billion to investors, causing its shares to surge.

■ **Sprint Nextel**'s new smartphone is a hit, just not quite as much as the company said earlier. The company said it inadvertently inflated the first-day sales of its new HTC Evo 4G phone, although the demand for the phone was still much higher than other Sprint phones at their launch. It didn't provide specific numbers.

■ **Samsung** plans to invest $3.6 billion to expand the capacity of a semiconductor plant in Texas.

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Telecommunications

■ **MTN** of South Africa, Africa's largest cellphone network operator, said it was unable to negotiate a deal to buy assets from Egypt's Orascom Telecom, citing regulatory hurdles. The collapse is another blow for Phuthuma Nhleko, MTN's outgoing CEO, who was unable to conclude a tie-up with operators in India in three previous attempts.

■ **Altimo**, the telecoms arm of Russia's Alfa Group, expects to be able to repay the $1.5 billion balance on a bailout loan from state-owned Vneshekonombank, Alfa Chairman Mikhail Fridman said.

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Transportation

■ **FirstGroup**, a U.K. bus and rail operator, appointed Tim O'Toole, the respected former managing director of London Underground, as chief operating officer and deputy chief executive, lining him up as a possible successor to CEO Moir Lockhead, 65.

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BP should resist slashing its dividend

With a presidential boot taking aim at his rear end, **BP** Chief Executive Tony Hayward is being told to throw a punch of his own—straight to the guts of shareholders.

Following Tuesday's letter signed by 31 members of Congress calling for BP to suspend dividends, the company's stock, yielding 11%, now appears priced for a deep cut. Yet there are good reasons why BP should resist these demands, at least for now. The consensus estimate for BP's operating cash flow this year is $34 billion. Capital expenditure and acquisitions swallow $28 billion and dividends another $10.5 billion, leaving a deficit of $4.5 billion. Even then, year-end net debt would be about $31 billion, equating to 22% of total capitalization.

BP's target "gearing" ratio is up to 30%, implying extra debt capacity of about $17 billion. That is about the same as the top end of the first year's pretax cleanup costs estimated in the Credit Suisse report cited in the congressional letter. So BP can likely handle the costs without touching dividends.

Claims and fines will add to the total liability, but will likely be spread over several years. The same Credit Suisse report forecasts 2011 free-cash flow of $3 billion after capex and dividends, excluding such claims. Gearing is expected to be 23% by the end of 2013.

When the board meets to decide the dividend in late July, it should have a clearer idea of how damage-control efforts are progressing. Moreover, it also should have a better view on things like oil prices and refining margins, important profit drivers that have faded into the background. If these are weakening, then the pressure to conserve cash would increase, and rightly so.

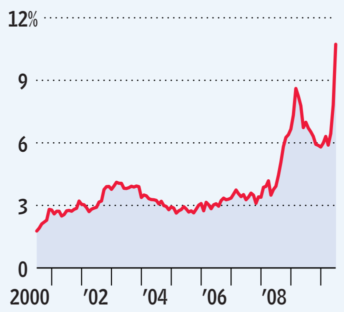
Politicians also should ask themselves what a dividend cut would really achieve. Right now, the fading hope it will remain untouched is all that stands in the way of yet another sharp correction in BP's share price. Few will weep for shareholders. But that has real effects in terms of BP's ability to fund its operations, which are ultimately the bedrock on which expected payouts related to the leak rest.

Politicians have a right to be angry, but trying to set BP's dividend policy looks both unnecessary and possibly counterproductive. BP, in turn, must ask itself what it would gain by giving ground on this score. In today's heated climate, it isn't clear a purely symbolic cut would buy much in the way of political benefit. Indeed, it might merely encourage demands for more.

—Liam Denning

Yielding to pressure

BP's dividend yield



Source: FactSet Research Systems

From Banco Santander, some admirable sangfroid

Crisis? What crisis? **Banco Santander**'s decision to shell out $2.5 billion for **Bank of America**'s 24.9% interest in the Spanish bank's Mexican subsidiary shows admirable sangfroid at a time when Spain's economy and financial system are under siege. Santander's shares have fallen 40% already this year.

But buying the Mexican stake, up for sale as a result of BofA's changed strategy, is a sensible move as well as a clear signal Santander's balance sheet remains strong and the bank is well-placed to pounce on other opportunities that may emerge from the financial crisis.

Santander investors won't complain at the bank increasing its exposure to Mexico, one of the faster-growing and underbanked markets in Latin America, as measured by private credit as a proportion of gross domestic product.

The deal values the Mexican unit at $10 billion, nearly 60% more than Bank of America paid in 2003. But at 10 times expected 2011 earnings, the price isn't demanding. Santander estimates the deal will increase earnings per share by two percentage points and deliver a 15% return on investment, well above its weighted average cost of capital. True, the deal will reduce core Tier 1 capital by 0.3 percentage point, but Santander generates almost as much organic capital per quarter.

This is unlikely to be Santander's only acquisition this year. It is in exclusive talks to buy **Skandinaviska Enskilda Banken**'s branches in Germany and is still hoping to buy the U.K. branches up for sale by **Royal Bank of Scotland Group**.

That may seem reckless with Spain in the eye of the euro-zone storm. But Santander has a robust core Tier 1 ratio of 8.8% and is well diversified; just 25% of its operating profit is generated in Spain. The Spanish operations deliver about €2 billion ($2.39 billion) of operating profit per quarter after provisions, and the bank had nearly €7 billion of generic provisions still available at the end of 2009.

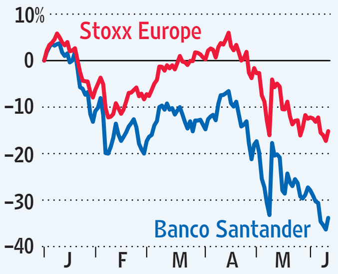
According to Santander's own stress tests, its Spanish operations would remain profitable even if Spain's economy contracted 3% for each of the next two years and Spanish house prices fell 40%. Meanwhile, it holds just €2 billion of Portuguese government bonds and €24 billion of Spanish government bonds out of a total balance sheet of €1.2 trillion.

This might not be enough to halt the slide in Santander's shares as investors look to reduce Spanish exposure. Even after recent falls, Santander shares trade at a premium to the European banking sector. Some degree of derating is justified as doubts over Spain's sovereign rating feed through to higher funding costs, squeezing margins. But Santander's Mexican deal is a reminder it remains a profitable, well-run bank likely to emerge stronger from the crisis.

—Simon Nixon

Sliding but strong

Percentage change of Banco Santander's daily share price vs Stoxx Europe Total Market Index



Source: WSJ Market Data Group

Delhi-Beijing line is showing signs of static

Trade tensions, national-security concerns and fears of creeping protectionism—themes in China's relations with the U.S.—are ever more part of China's dealings with India.

Consider a recent softening of India's stance on imports of telecom goods from China. It may not be all it seems. There is more than a whiff of politics about India's approach.

New Delhi says it won't outright reject Indian companies' proposals to ship in equipment from China. But the rules put in place, requiring Chinese companies like **Huawei Technologies** and **ZTE** to get security certificates from agencies in foreign countries, mean exporting telecom equipment to India from China remains cumbersome. India won't do the screening itself, so the Chinese will need to get their certificates from the U.S. and elsewhere.

New Delhi's excuse for its stance against the Chinese companies is national-security concerns. Far more pertinent is New Delhi's worries about cheap Chinese goods flooding the home market. This is short-sighted. If Chinese suppliers are excluded, the input costs for private companies like **Bharti Airtel** could rise 15% to 20%, says Romal Shetty, head of telecom at KPMG. Even if the Chinese meet security standards, the newly required testing will mean delays in rolling out their new third-generation wireless technology, after Indian telecom firms have spent $14.6 billion on licenses.

New Delhi says it will set up its own security-screening process in a year's time. The Department of Telecommunications will meet operators this week to hash out what this will look like. Even if they reach an agreement, only small concessions are likely from an increasingly protectionist New Delhi.

—Harsh Joshi and Andrew Peaple

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