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MONDAY, OCTOBER 28, 2013 ~ VOL. CCLX

Last week: DJIA 15570.28 ▲ 170.63 1.1% NASDAQ 3943.36 ▲ 0.7% NIKKEI 14088.19 ▼ 3.3% STOXX 600 320.09 ▲ 0.5% 10-YR.

## What's News

\* \* \*

### Business & Finance

- The NBA has signed a \$100-million deal with Samsung to bring the South Korean company's technology courtside at its games. B5
- **KKR has struck a \$100 million pact to build wireless-communications infrastructure with Associated Partners. B2**
- Indian regulators are expected to issue new rules governing the operation of foreign banks in coming days. C3
- J.P. Morgan's behavior during the housing boom is coming under close scrutiny. C1
- Univision and ABC will launch on Monday an English-language cable news channel aimed at young Hispanics. B1
- Employee claims of religious discrimination have climbed, creating legal headaches for companies. B1
- ThyssenKrupp has redrawn plans for its unprofitable U.S. steel operations. B3
- Adidas signed a pact to improve the safety of garment factories in Bangladesh. B5
- CytoSport's owners enlisted bankers to seek a buyer for the Muscle Milk maker. B5
- Three top-performing

# Obama Unaware as On World Leaders:

By SIOBHAN GORMAN AND ADAM ENTOUS

WASHINGTON—The National Security Agency ended a program used to spy on German Chancellor Angela Merkel and a number of other world leaders after an internal Obama administration review started this summer revealed to the White House the existence of the operation, U.S. officials said.

view turned up NSA monitoring of some 35 world leaders, in the U.S. government's first public acknowledgment that it tapped the phones of world leaders. European leaders have joined international outrage over revelations of U.S. surveillance of Ms. Merkel's phone and of NSA's monitoring of call data in France.

The White House cut off some monitoring programs after learning of them, including the one tracking Ms. Merkel and some

other leaders, a senior official said. Other programs have been slated for termination, officials said.

The account suggests that President Barack Obama was unaware of the program for five years without knowing his own spies were bugging the phones of world leaders, officials said. The NSA has so many spying operations that it wouldn't have been able to brief him on all of them. They added that the

## India on Guard Following Election Rally Bomb





Anne Marie Fox / Focus Features

Conaughy stars in 'Dallas Buyers Club,' opening Nov. 1.

CRUIZON | By Alexandra Cheney

## Crusader Biopic to Debut Years of Changing Hands

ing around Holly-ears, "Dallas Buyers began preproduction with a handshake can Express "black

centers on Ron Texas electrician di- AIDS in 1980s, and or alternative treat- movie stars Matthew , Jennifer Garner o.

from 100 financiers, aid they didn't want vie about a ho- boy with AIDS and ng gay man where in the end," said er, who first read 1996 and signed on 2001.

ng the script in 2012, neur Joe Newcomb l. Last October, Mr. roved \$250,000 of e film on his Ameri- black card.

calculated leap of t. Newcomb, who is entry into Holly- ng after running imarily in the chem- izer industries. He ed \$780,000 in the y contracts were

mb, and business Notargiacomo, es- ch Entertainment ng, development n company for Buyers Club" is the

tures, a Los Ange- of "The Hurt Locker," e film and presold s Club" to all but onal territories. and Mr. Newcomb's d the film's produc- f \$5.2 million.

yers Club," written en and Melisa Wal- ted by Jean-Marc rmed over 25 days to stay on budget, ed solely on natural pted out of a score. shot with a crew of ople.

aughey shed more

## Grandpa' Sinks 'Gravity'



oxville comedy took in \$32 million over the weekend.

## Box-Office Figures, Through Sunday

| DISTRIBUTOR   | SALES, IN MILLIONS |            |          |
|---------------|--------------------|------------|----------|
|               | WEEKEND            | CUMULATIVE | % CHANGE |
| Bad Grandpa   | \$32               | \$32       | --       |
| Warner Bros.  | \$20.3             | \$199.8    | -32%     |
| Phillips      | \$11.8             | \$70.1     | -28      |
| elior         | \$8                | \$8        | --       |
| h a Chance of | \$6.1              | \$100.6    | -37      |

and Sunday Source: **Rentrak**

The three-year deal will instantly make Samsung one of the most visible companies during NBA games, while bringing the basketball league into closer partnership with the electronics giant, which is the world's largest seller of smartphones and flat-panel televisions.

The league is also expected to customize video content for Samsung devices, including televisions, where Samsung is trying to set itself apart from rivals by building an ecosystem of unique offerings.

The NBA previously had television and computer deals with Chinese appliance maker Haier Group and Hewlett-Packard Co.

For Samsung, the tie-up is part of a larger effort to offer exclusive software and services to customers, rather than simply slick hardware, to generate buzz around their devices and to keep current users loyal. For the NBA,



Samsung will supply tablets and monitors that NBA referees use to review close calls.

partnering with a company as dominant in smartphones and television as Samsung could give it an added boost.

This isn't the first time that Samsung has turned to the NBA to augment its cool factor.

Miami Heat forward LeBron James, one of the most marketable players in the NBA, endorsed Samsung's Galaxy Note II smartphone last season in a long-form commercial that garnered more than 40 millions views on YouTube. The advertisement shows the league's top

player and two-time defending NBA champion playing with the Samsung device as he gets his hair cut and heads to a basketball game.

Earlier this year, the rapper and former Brooklyn Nets owner Jay Z announced his latest album in a three-minute Samsung commercial during an NBA Finals game in June. As part of the unusual deal, Samsung purchased one million copies of the album, "Magna Carta: Holy Grail," and made it available free to users of the Galaxy S III, Gal

axy S4 and Note II smartphones.

The tie-up between Samsung and the NBA ends a busy off-season for the basketball league. In addition to the Samsung deal, the NBA in September signed a deal with Stats LLC to install its player-tracking technology in every NBA team's arena.

The moves come ahead of a change of leadership at the NBA. David Stern, who has served as commissioner since 1984, will retire in February and be succeeded by Adam Silver, currently the NBA's deputy commissioner.

## Univision to Test a Channel in English

Continued from page B1 that demographic in prime time.

For the first four weeks of this season, however, the reverse has happened. Univision's primetime ratings are down 13% with the 18 to 49 group, a worse performance than any of the English-language networks. Its rating with the key demographic are down just 2% so far this year, which the company says is a fairer comparison.

"Audiences are fragmenting in both English language and Spanish language," said Randy Falco, the CEO of Univision Communications.

Competition has grown in Spanish-language broadcasting, where the players also include Comcast Corp.'s Telemundo and Mundo Fox, a joint venture of 21st Century Fox and Colombia's RCN Television SA. (Until June, The Wall Street Journal was owned by the same company as 21st Century Fox.)

The rise of online video, meanwhile, threatens to further fracture the Hispanic TV audience among so-called Millennials, which Univision defines as viewers 18 to 34. Hispanics ages 25 to 34 watch more online video and less traditional TV on average than their non-Hispanic peers, according to Nielsen.

Univision has started a flurry of new ventures aimed at English-speaking Hispanic Millennials, from the launch this autumn of online-video network Flama to its investment in director Robert Rodriguez's English-language cable network, El Rey, which is set to air later this year.

Fusion, which has a 200-person newsroom in Miami, is the most ambitious of these efforts. But it might not be a panacea.

Fusion will be available initially in just 20 million homes, about a fifth of the nation's pay-TV households. Its owners hope to triple the number to 60 million over the next few years.

And Fusion's target audience is broader than Hispanics. Univi-



Univision anchor Jorge Ramos will host a newscast on Fusion.

sion's Mr. Lee emphasizes that Fusion will be aimed primarily at the digitally savvy generation of Millennials and secondarily at Hispanics.

"It's less of a demographic than a mind-set," said ABC News President Ben Sherwood.

With that in mind, Fusion will include comedy shows from former "Daily Show" executive producer David Javerbaum as well as an evening newscast from Univision anchor Jorge Ramos.

Univision's Mr. Falco sees Fusion as a part of a broader strategy to expand Univision's "shelf space," giving it more opportunity to attract advertising and subscription revenues from pay-TV operators. In the past 2½ years, the broadcaster has launched nine new cable channels, bringing its total to 12, and an array of digital offerings.

Those launches helped Univision boost subscription revenue to more than \$500 million last year from around \$160 million in 2011, according to people familiar with the matter, helping

swing the company to a profit. Its earnings before interest, taxes, depreciation and amortization, a benchmark popular with investors, have risen to \$1.1 billion in the 12 months through September from \$823.4 million in fiscal 2009.

"I would argue, just looking at the numbers, that they will continue to grow at a faster pace than some of their peers," said Avi Steiner, an analyst at J.P. Morgan Chase & Co.

That growth has persuaded some of Univision's owners, which include Madison Dearborn Partners LLC, Providence Equity Partners LLC, TPG, Thomas H. Lee Partners LP and Saban Capital Group, that the time is growing ripe for an IPO.

At its September meeting the board had its most serious discussions yet of an IPO in early 2015, said people familiar with the matter, though there wasn't a consensus on the timing.

—Ryan Dezember and Telis Demos contributed to this article.

## KKR Reaches \$100 Million Wireless Deal

BY RYAN DEZEMBER

KKR & Co. has struck a \$100 million pact to build wireless-communications infrastructure alongside Associated Partners LP, an investment firm run by one of the sector's pioneering families, according to people familiar with the matter.

Associated Partners' managers, brothers David and Bill Berkman, are the scions of a Pittsburgh family that made a fortune in communications. The family business started selling greeting cards and went on to own radio and TV stations and eventually operate and sell off early cellular networks.

KKR will initially pump about \$100 million into the partnership, but it could contribute more later, some of the people said. The way the deal is structured, KKR is making minority investments in three businesses managed by Associated Partners.

In its latest ventures, Associated Partners is aiming to ramp up its business upgrading wireless systems in rural areas, which generally lag behind those in urban areas in data-handling capacity. The firm has about 20 teams around the country working on rewiring hard-to-reach cell sites with the latest high-speed equipment on behalf of major carriers such as Verizon Wireless and AT&T Inc.

KKR's tie-up with Associated Partners, expected to be announced Monday, comes as the New York private-equity firm and its rivals are expanding beyond the traditional buyout.

The Associated Partners deal has similarities to partnerships KKR has struck in the oil patch with such companies as Chesapeake Energy Corp. and Schlumberger Ltd. It's also a bet that just as the boom in U.S. oil-and-gas drilling has opened up big investment opportunities building new pipelines, Americans' love affair with smartphones has created a need to revamp wireless networks.

KKR is investing in the ventures out of its infrastructure fund, which targets deals with lower risk—and typically lower returns—than the pools of money it taps for corporate takeovers. Other KKR infrastructure investments involve solar-power production and parking lots in Spain, a New Jersey municipal water system and a French wind farm.

Most of KKR's investment with Associated Partners will be used to upgrade the wiring supporting rural cellphone towers, the people said.

About 30% of the money is aimed at buying interests in ground and rooftop leases for cell sites, they said. Like KKR's agreement with Chesapeake to acquire mineral-extraction rights on U.S. land, this business seeks to buy royalty-payment streams from cell-site lessors that are looking to cash out.

## CORPORATE WATCH

### ◆ ADIDAS Sportswear Maker Joins Pact on Bangladesh

Adidas AG signed a pact to improve the safety of garment factories in Bangladesh, six months after a building collapse killed 1,100 people and focused international attention on the South Asian country.

The German maker of sneakers and sportswear, which wasn't connected to the April factory collapse, initially snubbed the agreement because of the company's limited production in a half-dozen Bangladesh factories. But after months of talks with companies that have signed the pact, Adidas reversed course and said it signed the accord last Wednesday.

The binding agreement, which includes 100 mostly European retailers, covers more than a third of the 4,500 factories that make up the \$20 billion Bangladesh garment sector. Under the five-year agreement, corporate signatories pledged to ob-

tain funding for factory renovations. Shelly Banjo

### ◆ CYTOSPORT Muscle Milk Owners Look To Sell Drink Brand

The owners of Muscle Milk are looking to wean themselves off the popular protein drink.

The owners of CytoSport Inc., which makes the weight-room staple along with other sports nutrition brands such as Evolve and Cytomax, have enlisted bankers with Credit Suisse Group AG to look for a buyer, according to people familiar with the matter.

CytoSport's owners, which include the family that founded the company and private-equity firm TSG Consumer Partners LLC, are hoping to fetch as much as \$500 million in a sale, one of these people said. Possible buyers include big pharmaceutical firms, food makers and other consumer-product companies, another person said. It isn't clear how far

along the sale process is, and there is no guarantee it will lead to a deal.

A price of \$500 million would be a hefty multiple to CytoSport's annual earnings before interest, tax, depreciation and amortization, or Ebitda, of about \$30 million.

Dana Mattioli and Ryan Dezember

### ◆ AMAZON.COM Book Publishing Executive To Step Down From Post

One of Amazon.com Inc.'s top book-publishing executives, Laurence Kirshbaum, will leave early next year, Amazon said, a sign of the difficulties the retailer has had in establishing itself as a major book publisher.

Mr. Kirshbaum, 69, has been with Amazon since the summer of 2011, initially as vice president and publisher of Amazon Publishing's New York office and later as editorial director for imprints on both the east and west coasts.

Jeffrey A. Trachtenberg