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CMYK Composite
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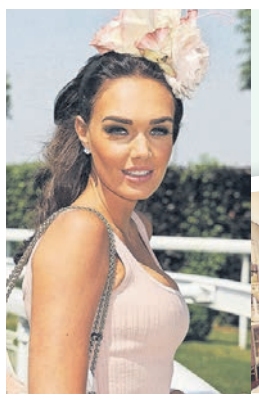
BGN,BMT,BRX,CCA,CHR,CKP,CPD,CXT,DNV,DRG,HAW,HLD,KCS,LAG,LAT,LKD,MIA,NMX,PAL,PHI,PVN,SEA,TDM,TUS,UTA,WOK

THE WALL STREET JOURNAL.
WSJ
WEEKEND
■ What the Chinese Really Want
■ The One-Color Look
TOMORROW



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FRIDAY, MAY 18, 2012 ~ VOL. CCLIX NO. 116

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DJIA 12442.49 ▼ 156.06 1.2% NASDAQ 2813.69 ▼ 2.1% NIKKEI 8876.59 ▲ 0.9% STOXX 600 241.63 ▼ 1.1% 10-YR. TREAS. ▲ 19/32, yield 1.702% OIL $92.56 ▼ $0.25 GOLD $1,574.50 ▲ $38.30 EURO $1.2698 YEN 79.28

What's News—

* * *

Business & Finance

Unsettling news on both sides of the Atlantic helped send stocks plunging and drove 10-year Treasury yields to their lowest closing level on record. The 10-year note's yield ended the session at 1.702%, while the Dow industrials slid 156.06 points, or 1.2%, to 12442.49, their lowest close since January. Asian stock markets were down sharply early Friday. **C1**

■ **Facebook priced** shares at $38 apiece for its IPO, giving the social network a valuation of $104 billion when it begins trading. **B1, B6, C1, C10**

■ **At least 20** closely held U.S. firms backed by venture capital are now valued at $1 billion or more, including the latest inductee, Pinterest. **B1**

■ **J.P. Morgan's Dimon** personally approved the concept behind the bank's disastrous trades, but didn't monitor how they were executed. **A1**

■ **The bank didn't have** a treasurer in place during a five-month period when its Chief Investment Office placed trades that led to its huge losses. **C1**

■ **The head of Greece's** radical left party said he sees little chance Europe will cut off funding to the country but that if it does, Athens will stop paying its debts. **A1**

■ **The Spanish government** moved to quell fears of massive withdrawals by Bankia depositors as the lender's shares were pummeled. **A6**

■ **Spain said 16** of the nation's 17 regions are on track to meet this year's budget targets, a key part of its efforts to slash a gaping budget deficit. **A6**

■ **H-P plans** to cut its workforce by 25,000 to 30,000 employees, a record number for the venerable technology firm as it grapples with declining revenue and profit. **B1**

■ **The Commerce Department** imposed 31% tariffs on products of several Chinese solar-panel firms in an antidumping ruling, likely fueling trade tensions. **B3**

■ **BATS Global Markets'** board is debating whether to list the company on a rival exchange once it revisits plans for a share offering. **C1**

■ **A Wall Street regulator** is examining trading in Groupon that sent its stock price soaring hours before a favorable earnings report Monday. **C2**

■ **Canadian Pacific investor** Bill Ackman won a proxy vote to approve his slate of directors and unseat the railroad's chief executive. **B3**

■ **Wal-Mart's first-quarter** earnings rose 10% as sales picked up in the U.S. The company's overseas operations also performed strongly. **B3**

■ **The custodian of a group** of New York City pension funds is calling on Chesapeake Energy shareholders to vote against two board members. **B2**

■ **GM will build** the next version of its bestselling European compact in the U.K. and Poland, raising the stakes for its Bochum, Germany, plant. **B7**

World-Wide

■ **Obama is set to host world leaders at two summits.** The leaders begin gathering at Camp David on Friday night for a meeting of the G-8, following a morning visit to the White House by France's new president. Many of them also will attend the NATO summit beginning Sunday in Chicago. Issues to be discussed will include Afghanistan, oil markets and national budgets. **A7**

Merkel is likely to face calls from other G-8 leaders for Germany to help forestall a Greek collapse.

■ **Romney defended** his private-equity record and called a Democratic depiction of him as a corporate raider "character assassination." **A4**

■ **White House officials** have debated for nearly six months whether the U.S. should apologize for the accidental killing of Pakistani troops. **A1**

■ **The administration** is weighing policy changes that would allow for greater disclosure about drone strikes. **A7**

■ **The war-crimes court** in The Hague postponed the trial of Bosnian Serb Gen. Mladic because prosecutors failed to properly disclose evidence. **A8**

■ **A Syrian opposition leader** offered to quit after his re-election to head a coalition sparked broad discontent. **A9**

■ **The Senate confirmed** Obama's two Fed nominees, an economist and a former private-equity executive. **A2**

■ **The Obama administration** eased financial sanctions on Myanmar and nominated a new envoy as it seeks to bolster reforms in that country. **A8**

■ **An environmental** and tribal coalition filed a legal challenge aimed at stopping Shell from drilling off Alaska's coast. **A4**

■ **The Postal Service said** it would begin consolidating nearly a third of its mail-processing plants this summer. **A4**

■ **Prosecutors released** evidence in the case of the Florida neighborhood-watch volunteer charged with murdering an unarmed teenager. **A2**

■ **The U.S. has plans** in place to attack Iran if necessary to prevent it from developing nuclear weapons, Washington's envoy to Israel said. **A8**

■ **North Koreans are holding** 29 Chinese fisherman and have sought over $180,000 to free them, Chinese media said. **A9**

■ **A Chinese court gave** a man once labeled China's most-wanted fugitive a life sentence for smuggling and bribery. **A9**

■ **Chinese activist Chen** applied for a passport, a small but important step toward being allowed to leave for the U.S. **A9**

■ **Clemens's lawyer** pummeled his chief accuser at the ex-pitcher's perjury trial. **A4**

■ **Forecasters are predicting** unusually warm weather this summer in most of the U.S. **A4**

■ **Died: Donna Summer**, 63, the "Queen of Disco." **A4**

Vital Signs

Index of Leading Economic Indicators

Source: Conference Board

◆ **Recent economic reports** point to a sluggish recovery. The Conference Board's index of Leading Economic Indicators—designed to show where the economy is headed in coming months—slipped 0.1% in April, after rising 0.3% in March. The board attributed the decline to a slump in housing permits, rising jobless claims that month and subdued consumer confidence.

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Inside J.P. Morgan's Blunder

CEO Dimon Blessed the Concept Behind Disastrous Trades; 'Blood in the Water'

By Monica Langley

J.P. Morgan Chase & Co. Chairman and Chief Executive Officer James Dimon had just committed the most expensive blunder of his 30-year career, failing to detect the risk of trades that had begun to generate huge losses at the bank.

On April 30, associates who were gathered in a conference room handed Mr. Dimon summaries and analyses of the losses. But there were no details about the trades themselves. "I want to see the positions!" he barked, throwing down the papers, according to attendees. "Now! I want to see everything!"

> 'Put on your JPM jerseys and get ready. We are going to take a lot of hits.'
> –CEO James Dimon, in a meeting with executives

When Mr. Dimon saw the numbers, these people say, he couldn't breathe.

Those trading positions have produced losses that could total as much as $5 billion, tarnishing the record of an executive who had thrived through the global financial crisis and who has long been known for paying close attention to the bank's trading activity, its risk profile and the activities of its senior employees.

J.P. Morgan, the nation's largest financial firm by assets, is struggling to contain the damage, which already has shaved off more than $25 billion in shareholder value.

This behind-the-scenes account of the disaster—based on interviews with numerous J.P. Morgan executives and with officials on Wall Street and in Washington—provides new details about the drama inside the bank as executives sought to understand the scope of the losses and decide what to do about them.

Among other things, Mr. Dimon initially resisted ousting the executive at the center of the mess, confided in his wife that he had "missed something bad," and expressed regrets with his colleagues one night over vodka about how they had all let the firm down.

"The big lesson I learned: Don't get complacent despite a successful track record," Mr. Dimon said in an interview Wednesday. "No one or no unit can get a free pass."

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◆ Key job at bank was empty.... C1
◆ Heard on the Street..... C10

Andrew Van Wagenen/The Daily Herald/Associated Press

FOLLOW THE MONEY: Facebook gets religion on revenue, boosts lobbying, more. B1, B6
Offering priced to raise money, not hype. C1, C10 Track the first trading day at WSJ.com.

Defiant Message From Greece

By James Angelos And Alkman Granitsas

ATHENS—The head of Greece's radical left party—throwing down a gauntlet that could increase tensions between Greece and its frustrated European creditors—said he sees little chance Europe will cut off funding to the country but that if it does, Athens will stop paying its debts.

A financial collapse in Greece would drag down the rest of the euro zone, said Alexis Tsipras, the 37-year-old head of the Coalition of the Radical Left, known as Syriza, and potentially the country's next prime minister. Instead, he said, Europe must consider a more growth-oriented policy to arrest Greece's spiraling recession and address what he called a growing "humanitarian crisis" facing the country.

"Our first choice is to convince our European partners that, in their own interest, financing must not be stopped," Mr. Tsipras said in an interview with The Wall Street Journal. He said Greece doesn't intend to take any unilateral action, "but if they proceed with unilateral ac-

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Euro-Zone Fallout

◆ Will Germany's Merkel get more lenient on Greece?.... A6
◆ Spain moves to quell fears of Bankia withdrawals..... A6
◆ U.S. Treasury yield at new low; Dow falls 156.06 points..... C1

U.S. Agonizes Over Apology to Pakistan

For nearly six months after U.S.-led forces accidentally killed two dozen Pakistani troops at the Afghanistan border, officials at the highest reaches of the Obama administration have been locked in a heated debate over what might appear to be a small step—apologizing for the loss.

The U.S. had expressed "regret" for the Nov. 26 deaths. But whether to publicly apologize, at the risk of appearing weak to Pakistan or American voters, was argued in dozens of video conference calls, nearly 20 high-level White House meetings and hundreds of confidential emails.

The administration came to the brink of saying sorry several times. One mission to deliver an apology by Secretary of State Hillary Clinton was aborted midflight.

Pakistan kept closed an important supply route for U.S. forces in Afghanistan while waiting, with the delay extracting a steep price that U.S. officials say will only go up. Islamabad this week indicated that it would reopen the supply route in return

By Adam Entous, Siobhan Gorman and Julian E. Barnes

for up to a 30-fold increase in the passage fees, officials said. The U.S. last year moved 35,000 shipping containers through Pakistan, paying the country nearly $200 in fees for each, congressional officials said.

The decision to reopen the supply route came as Pakistani President Asif Ali Zardari announced he would attend a two-day summit of the North Atlantic Treaty Organization that begins Sunday in Chicago. U.S. officials said privately that Pakistan's proposed fee increase was unreasonable. A Pentagon spokesman said negotiations were continuing. Officials expect a compromise as early as the NATO meeting.

The drawn-out debate shows how the U.S. remains confounded by efforts to repair relations with Pakistan. It was complicated by election year politics. And it revealed tensions within the Obama administration's national-security team, which on issues involving Afghanistan and Pakistan has struggled to reach consensus and deliver a coordinated message.

Advocates of apology, in particular among U.S. diplomats, said

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Paper Plane Champ Watches His Record Fly, Fly Away

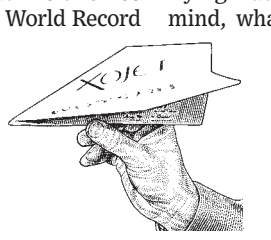
* * *

But Winning Flight Sent by a Buff Ringer; Enthusiasts Cry Foul Over Proxy Tossers

By John Letzing

Stephen Kreiger had lived through many attempts to overtake his world record for flight. But he watched with resignation in February as a challenger prepared to unseat him using an unorthodox strategy.

Mr. Kreiger had held since 2003 the Guinness World Record for throwing a paper airplane the farthest. He had won it at age 15, after a summer's preparing by toning his throwing arm.



John Collins's airplane

But here was 51-year-old John Collins at the end of the empty Air Force hangar in Sacramento, Calif., preparing for the flight of a newly folded plane he had designed, having not worked out at all.

And his plane was in the hands of a ringer: a large 27-year-old man with a buff arm.

The stand-in, Joe Ayoob, wound up and rifled the plane in a long, towering arch that came as little surprise: Mr. Ayoob, as a University of California-Berkeley quarterback, logged more than 1,700 passing yards in 2005.

"Competitive paper airplane flying had always been, in my mind, what can one person do with one piece of paper," says Mr. Kreiger, a 23-year-old engineer. Using a ringer, he says, is problematic: "I don't really think that's the spirit of the competition."

Guinness World Records NA Inc. thought otherwise. Mr. Ayoob's throw, immortalized on YouTube, sailed 226 feet and 10 inches, breaking Mr. Kreiger's record of 207 feet, 4 inches. Guinness in March named him and Mr. Collins the

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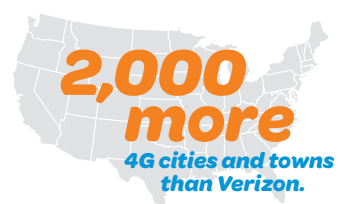

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