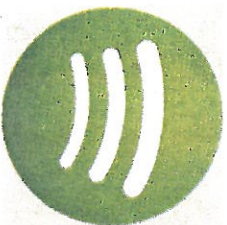


MARKETPLACE



Spotify Plays It Up-Tempo After Losing Taylor Swift
MUSIC B2



Female CEOs Help Bring Women Into the Boardroom
CAREERS B7

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THE WALL STREET JOURNAL.

Wednesday, November 12, 2014 | B1

Tariff Deal Is Big Step For Trade, Tech Firms

Microsoft Corp., Hewlett-Packard Co. and Apple Inc. are likely to be some of the big beneficiaries if a deal reached between China and the U.S. leads toing ITA negotiations among 54 members in Geneva.

U.S. President Barack Obama unveiled the deal Tuesday, saying it would "contribute to a rapid conclusion to the broader negotiations in Geneva."

Beijing's position has long been an obstacle to expanding the ITA, as China would lose money with the abolition of import tariffs on components shipped to its factories.

China's ambassador to the World Trade Organization, Yu Jiahua, has estimated that China would lose \$27 billion in import tariffs if the deal was approved, while its export tariff bill would be reduced by just \$3 billion.

U.S. officials dispute those calculations. The Information Technology & Innovation Foundation, an industry-supported think tank in Washington, estimates that China's import-tariff shortfall would be just \$6.4 billion, unless Beijing is understat-

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Activist's Next Target: Animal Drugs

Activist investor William Ackman has taken a roughly \$2 billion stake in Zoetis Inc. and could push the animal-health company to sell itself to a large drug maker such as Valeant Pharmaceuticals International Inc., according to people familiar with the matter.

Mr. Ackman's Pershing Square Capital Management LP has built a roughly 10% stake in East, and cutting back on production instead of adding discounts when car sales fall.

A New Zealand native raised on a dairy farm who became a finance whiz, the 42-year-old serves as Ms. Barra's operations proxy, walking factory floors in Thailand, China, Brazil, England, Germany and Russia. He gets his hands dirty, too. Mr. Ammann is restoring a 1961 Cadillac. He recently spoke to The Wall Street Journal about his corporate mandate and coming changes.

Edited excerpts:

WSJ: This is the first time in five years GM has had a stand-alone president. What do you bring to the table?

Mr. Ammann: I have a background in solving complicated, multidimensional problems and challenges. We make long-term [resource] allocation decisions and long-term bets, such as where do we put

the stake, said the company got a call from Mr. Ackman regarding the investment, but declined to comment on it.

By David Benoit,
Jonathan D. Rockoff
and Liz Hoffman

Zoetis, which was spun off Pfizer Inc. last year, makes vaccines and medicines for livestock

corporate America.

Mr. Ackman is among the most visible and aggressive of these investors. In one of his highest-profile moves, Pershing Square and Valeant are jointly trying to acquire Allergan Inc. for \$53 billion, an effort the Bo-

tox maker is resisting.

as they have for Allergan, the people said.

The animal-health industry has been an active part of the recent mergers-and-acquisitions boom.

In April, Novartis AG agreed to sell its animal-health unit to Eli Lilly & Co. for \$5.4 billion. The deal is expected to boost Lilly's position in the industry to No. 2 behind Zoetis.

Pills for Pets

2013 sales of medicines and vaccines for animals



We have made moves to put people in the right place and let them make decisions about the business,' says GM executive Dan Ammann.

the market opportunity is?

WSJ: Where has GM taken money off the table?

Mr. Ammann: It was the decision that we made to take the Chevrolet brand effectively out of Europe. It became very clear that if our goal was to win in Europe we were spreading our resources too thinly between

Chevrolet and our German Opel brand. We decided that we needed to make one bet and we chose Opel.

WSJ: Emerging markets have been a big bet for GM. What has happened there?

Mr. Ammann: The historical approach in our business was to find very low-cost product

from somewhere in the world and figure out a way to get it into that market. Customer requirements in emerging markets are changing rapidly. A customer in India has a very high expectation for the

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◆ GM trims workforce..... B8

An Industrial Giant Sees A Future in Robotic Legs

By Bob Tru

The CEO of a nearly century-old manufacturer that supplies parts to Caterpillar Inc. and Boeing Co. issued a challenge to his executives 3½ years ago: Come up with a new and less-cyclical business.

"We wanted to have something that was new to the industry, and new to the world," recalls Don Washkewicz, chief executive of Parker Hannifin Corp.

Now, the company, whose components and systems have long helped propel construction equipment, factory machinery and airplanes—including Charles Lindbergh's Spirit of St. Louis—is helping disabled people walk.

The effort is built on a set of motorized robotic braces that support, bend and move the legs of people who can't walk on their own because of spinal-cord injuries, multiple sclerosis or strokes.

Wearing the device, called Indego, David Carter, a 28-year-old paraplegic from Georgia, took his first steps after years of being confined to a wheelchair.

Indego, which weighs 26 pounds and functions as an external skeleton, could benefit an estimated 1.7 million people in the U.S. alone, including 25,000 military veterans with spinal-cord injuries.

Just one company—ReWalk Robotics, an Israeli startup—has received approval from the Food and Drug Administration to market a robotic device for home use



David Carter, a 28-year-old paraplegic, has been testing Parker Hannifin's Indego exoskeleton, which supports and moves his legs.

by people with lower-body paralysis. A few other companies have devices in use at hospitals and rehabilitation centers run by the U.S. Department of Veterans Affairs.

Global sales of these wearable exoskeletons are estimated at about \$7 million a year industry-

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Alibaba Rings Up Big Web-Sales Day

Firm's Websites Hosted Record \$9.3 Billion in Deals During China's Top Online-Shopping Event

By Juno Osawa

HANGZHOU, China—Alibaba Group Holding Ltd. set a record Tuesday on China's largest online shopping day as its marketplaces hosted \$9.3 billion in sales, even though the rate of growth was slower than last year.

One of the challenges for the Chinese e-commerce giant of South Korea, Mr. Tsai said. When operators of mobile-communication apps try to expand into China, most of them talk to Alibaba, Mr. Tsai said. "A lot of these dialogues are ongoing discussions about what we can do [together]."

More people access the Internet through smartphones, so online service providers need many channels for attracting consumers, and messaging is an impor-



and a recent bank loan have provided Alibaba with a bigger war chest for more deals, "giving yourself a set [Emergers-and-acquisitions] budget is actually not the wisest thing to do, because you don't want to limit yourself." or feel like you have to spend a certain amount, Mr. Tsai said. Even after robust growth over the past few years, Alibaba sees a lot of room to keep growing, Mr. Tsai said. "I think we are

Singles' Day, highlighted the increase in the number of Chinese consumers who use smartphones and tablets to access online services including e-commerce. (Young single Chinese celebrate the loosely defined 11/11 holiday for its four "1's," the number representing their single status.) Alibaba said 43% of all Singles' Day transactions this year came through mobile devices, up sharply from 21% last year. Over-

Contributing to the surge in transactions this year were Alibaba's presales promotions, which allowed shoppers to order some items ahead of Singles' Day and complete the transactions on Nov. 11, leaving questions about the extent to which such promotions are making Alibaba's GMV on Nov. 11 appear larger. Alibaba's GMV was 168 trillion yuan (\$274.5 billion) in the year through March, making

closely because they consider it to be one of the key indicators of Alibaba's growth. Separately, Alibaba Chairman Jack Ma told China's CCTV that his company's financial-services affiliate, which wasn't part of Alibaba Group's IPO, would also go public, without giving a timetable. Mr. Tsai said that while an IPO would be good for that business, there is no time frame for a listing now.

Tariff Deal Is Big Step For Trade, Tech Firms

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ing the tariffs it charges on the affected products. China also has been reluctant to further open its semiconductor industry as it tries to build

into a fledgling sector.

paid videogame subscriptions sold by Sony and other videogame makers, according to industry job-bysts. Sony declined to comment. Apple and Microsoft were especially pushing for no tariff on the content cards, which are seen as a way to curb software piracy, say people following the negotiations. Microsoft and Apple declined to comment.

"This is particularly important for economies without credit cards," said John Neuffer, senior vice president for global policy at the Information Technology Industry Council in Washington. "They can go to the local kiosk and buy cards" that let them download software.

People following the negotiations said chip makers are expected to benefit from the inclusion in the ITA of multi-

China has been reluctant to further open its semiconductor industry as it tries to build up the sector.

semiconductors, advanced type of chips, known as MCOs, that are used in smartphones and a wide variety of other devices. These advanced chips face tariffs of up to 25%, depending on the country. The U.S. Semiconductor Industry Association estimated that inclu-

sion of MCOs would save the industry \$150 million to \$300 million in global annual tariffs. Qualcomm Inc., already sells such chips in China; the San Diego-based company recently reported that China accounted for 50% of its revenues in the year ended in September. Qualcomm had no immediate comment.

Another beneficiary is Intel Corp. The company's chips for personal computers and server systems currently face no tariffs in China, but the company is hoping to become a major supplier of MCO-style chips. Another provision would cut tariffs on solid-state storage devices, which use chips known as flash memory and are sold by companies that include Micron Technology Inc. and Sandisk Corp., which has a chip-manufacturing tie-up with Toshiba. Sandisk declined to comment.

Mark Durcan, Micron's chief executive, said the new agreement "will certainly benefit all of us who conduct business and manufacture on a global basis." Computer and network-equipment makers such as Cisco Systems Inc., Dell Inc. and H-P are expected to benefit from lower costs on components that are used in their products and shipped across borders in complex supply chains, people tracking the deal negotiations said.

In addition, tariffs of up to 25% on printer-ink cartridges—one of H-P's best-known businesses—would be eliminated. Dell and H-P had no comment. Jeff Campbell, Cisco's vice president of government affairs, called the agreement "a major breakthrough in the global trade agenda."

—Megumi Fujikawa and Takashi Mochizuki contributed to this article.

Google Faces Scrutiny on EU Antitrust Issues

BRUSSELS—Google Inc.'s antitrust travails in Europe aren't going to be over soon.

By Stephen Fidler, Tom Fairless and Alistair Barr

In her first public comments about the U.S. search giant, the European Union's new competition chief, Margrethe Vestager, made clear Tuesday she would take her time to investigate the antitrust concerns posed by Google's control over large amounts of data.

She said she wants to understand the views of those directly affected by Google's business practices, and said the issues raised by Google are "multifaceted and complex."

"I will therefore need some time to decide on the next

steps," she said. The comments indicate that Ms. Vestager will put the EU's four-year investigation into Google back on the drawing board after three efforts by her predecessor to settle with the company yielded nothing.

Google is in the middle of a political storm in Europe. Apart from antitrust investigations, European politicians have expressed concerns that its practices compromise personal privacy and undermine diversity in the media.

Like other U.S. and multinational companies, its efforts to minimize corporate tax payments have come under scrutiny.

It has also suffered fallout from disclosures about online snooping by the U.S. National Security Agency. In an interview with The

Wall Street Journal last month, Ms. Vestager's predecessor, Joaquin Almunia, criticized as "irrational" the political response to the investigation. But he did say his decision to ask for more than Google had offered in February to resolve the online-search case was based on fresh evidence from complainants.

Ms. Vestager, a former Danish economy minister, could decide to drop the efforts to settle with Google and instead file formal charges. This could result in fines of up to 10% of the company's annual global sales, which were close to \$60 billion last year.

However, she said Tuesday the competition investigations couldn't address all of society's concerns about Google. Ms. Vestager said that "the

sheer amount of data controlled by Google gives rise to a series of societal challenges," including privacy and pluralism in the media market. "Not all of these challenges are primarily economic in nature and not all of them are competition-related," she said. The competition authority would, she said, "have to limit ourselves to what we identify as competition problems."

Three proposed settlements between the commission and Google, the latest of which was put forward by Google in February, have failed to assuage competition concerns about the California company's dominance of online search in Europe.

Another probe is under way into Google's Android mobile operating system but a formal investigation hasn't been

launched.

Ms. Vestager hinted that she wouldn't rely on conclusions reached last year in a preliminary assessment of the competition concerns. "We are talking about fast-moving markets. I have to be sure that we have all the facts up-to-date to get it right," she said.

She said Google posed "questions about access to markets that are of vital interest to many players, big and small alike, and that have a significant impact on consumers."

She made her initial remarks in answer to questions from a committee of the European Parliament but her office issued a statement afterward making clear what it said was her precise position.

A Google spokeswoman declined to comment.

An Industrial Giant Sees a Future in Robotic Legs

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wide, a tiny sum compared with Parker's \$13.2 billion in annual revenue. But the company says sales of Indego and spinoff devices could reach \$500 million by 2020, and industrywide sales could hit \$2 billion that same year.

As a newcomer to medical products, Parker faces a long and costly learning curve in getting FDA approval for Indego, and then marketing it. The company, which is based in Cleveland, recently began trials of the device with 40 people at five rehabilitation centers in the U.S. and expects approval in 2015. It must then persuade insurers to cover the cost. Indego will be priced at between \$69,500 and \$100,000.

"There's no widespread insurance coverage yet" of exoskeleton devices, said Matthew Taylor, an analyst at Barclays PLC. "We'll see most insurance companies requiring them to do more studies and bigger studies that quantify the health benefits."

People with spinal-cord injuries are at risk for other conditions related to their disability, including circulatory problems, infections, diminished bone density and heart disease. Proving that the Indego reduces the onset and severity of these secondary conditions—and the expense of treating them—would be critical in getting insurers to cover the device.

"There's a graveyard of great technologies out there," says Achilles Dorotheou, head of

Parker's Human Motion & Control unit. "You need to prove to the payers in dollars and cents that the device saves money."

The concept of a wearable robotic device that would help people walk or lift heavy objects has been around for decades. Michael Goldfarb, an engineering professor at Vanderbilt University engineering, built one such device in the early 1990s, but it couldn't be used outside of a laboratory. Its propulsion system was bulky and wasn't powerful enough to reliably move an adult's limbs.

The breakthrough came about a decade ago when small, powerful motors running off lithium-ion batteries began showing up in industrial and consumer products, such as electric cars. Mr. Goldfarb, working with the Shepherd Center rehabilitation hospital in Atlanta, developed a prototype in 2010.

His reputation for robotics caught the attention of Gino Barco, now principal research-and-development engineer for Parker's medical-devices group. He emailed and called the Vanderbilt professor for months requesting a meeting, but never heard back. Mr. Barco finally cornered him at the 2011 International Exposition for Fluid Power in Las Vegas.

"I was skeptical and had to be convinced," said Mr. Goldfarb, referring to Parker's interest. He had previously licensed a robotic device to another company that failed to follow through on developing and marketing it. "We put our blood, sweat and tears



Jarrett Christian for The Wall Street Journal

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into this, and we just didn't want it to fail."

Mr. Barco, a Fulbright scholar with a doctorate in engineering, sketched out a business plan. Mr. Goldfarb, knowing that he needed help commercializing his prototype, signed a licensing agreement in late 2012. "The difference going from a research prototype to a commercial product is significant," he said. "They gave me their word they would do this right."

Parker assembled team of nearly 20 engineers to re-engi-