

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **Jerome Powell** said the Fed is inclined to hold interest rates steady and look past the energy shock from the war in Iran but will monitor price movements that could shift public expectations about the path of inflation. **A1**
- ◆ **Major U.S. stock indexes** ended mixed, with the Dow rising 0.1% and the S&P 500 and Nasdaq falling 0.4% and 0.7%, respectively, extending their losing streaks. **B10**
- ◆ **Sysco's** multibillion-dollar deal for Jetro Restaurant Depot caps a career for the 94-year-old founder who turned a Brooklyn warehouse into a U.S. food empire. **A1**
- ◆ **Netflix is looking** to expand its current two-game NFL package to four games, including the league's new Thanksgiving Eve matchup. **B1**
- ◆ **Unilever is in** advanced talks to combine its food business with spice-maker McCormick in a deal that would create a new food behemoth valued at roughly \$60 billion, including debt. **B1**
- ◆ **CVS Health plans** to open about 60 stores in 2026, offsetting a small number of closures for a return to growth. **B2**
- ◆ **GM will run** its heavy-duty-truck plant in Michigan six days a week starting in June, citing strong demand for powerful pickups. **B3**
- ◆ **Shares of Orsted** rallied as analysts grow increasingly confident that the Trump administration won't try to kill the group's wind farms on the U.S. East Coast. **B3**
- ◆ **Antares and Ares** formed a continuation fund of more than \$1.7 billion to recapitalize a portfolio of private-credit assets. **B4**

Worldwide

- ◆ **Trump told aides** he is willing to end the U.S. military campaign against Iran even if the Strait of Hormuz remains largely closed, likely extending Tehran's grip on the waterway and leaving a complex operation to reopen it for a later date. **A1, A6-7**
- ◆ **Days after he was** ordered out of Beirut, Iran's ambassador refuses to leave, highlighting the Lebanese government's weakness. **A7**
- ◆ **The man who rammed** his vehicle into a synagogue outside Detroit this month was inspired by Hezbollah propaganda, the Federal Bureau of Investigation said. **A4**
- ◆ **The Trump administration** proposed a regulation aimed at opening 401(k)s and similar retirement plans to private equity and private credit. **A2**
- ◆ **Washington state** enacted a tax on income over \$1 million, the latest Democratic state to levy a tax aimed squarely at the wealthy. **A2**
- ◆ **A Russian tanker** carrying 730,000 barrels of oil was set to dock in a Cuban port, bringing some relief to the fuel-starved island. **A7**
- ◆ **TSA officers are getting** their money again after more than five weeks of working without pay because of a funding impasse. **A3**
- ◆ **Russia expelled** a British diplomat, accusing the person of spying, an allegation that the U.K. rejected. **A9**
- ◆ **The Trump administration** sued Minnesota and its school athletics governing body, carrying out a threat to punish the state for allowing transgender athletes to compete in girls sports. **A4**

CONTENTS

Markets Digest.....	B7
Arts in Review.....	A12
Biggest Stocks.....	B6
Business & Finance B2-6	Opinion..... A13-15
Crossword.....	A12
From Page One.....	A9
U.S. News.....	A2-4
World News.....	A6-9

With TSA Pay Restored, Airport Chaos Eases



CLEARED FOR THE APPROACH: Transportation Security Administration workers were paid again Monday after five weeks without their checks in the Homeland Security funding standoff. Lines at Reagan Airport in Washington were noticeably shorter. **A3**

OpenAI Saw Sora as Its Next Hit, But It Became a Costly Mistake

CEO Altman shut the video-generation project, blindsiding backers at Disney

By **BERBER JIN** AND **JESSICA TOONKEL**

When Sam Altman arrived in Los Angeles to attend Vanity Fair's Oscar afterparty earlier this month, his company was just weeks away from being able to license its Sora video-generation tools to Hollywood studios.

After the smash success of ChatGPT, Sora was hyped as AI's next consumer-friendly frontier—a simple app that allowed users to put themselves and their friends in whatever video settings they choose, from dribbling like the Harlem Globetrotters to clashing lightsabers with Darth Vader. Disney's Bob Iger signed on to the vision, agreeing to have his company invest \$1 billion in OpenAI and allowing the studio's Marvel, Pixar and other characters to appear in Sora videos. Just as importantly, he put Disney's imprimatur behind the nascent technology amid widespread fears about protecting the industry's creative work from AI.

Then OpenAI abruptly decided to shut Sora down. Disney executives, many of whom learned about the decision less than an hour before it was announced, were shocked. What they didn't know was that Sora had quietly turned into a liability for OpenAI in the months after its release, particularly as the startup tightened its focus ahead of a looming IPO. OpenAI was weeks away from finishing work on a new AI model, code-named Spud, and needed to free up more computing resources to power the coding and enterprise products that would run on it. AI chips are the most precious commodity at any leading research lab, and at OpenAI, Sora was eating up far too many.

The product wasn't profitable, and every user who spliced themselves into a Hollywood chase scene drew down a finite resource. Sora now looks like an expensive strategic miscalculation. Please turn to page A9

Sysco Bets \$29 Billion On Supplier To Small Restaurants

By **LAUREN THOMAS** AND **AMIRA MCKEE**

Sysco's nearly \$30 billion deal for Jetro Restaurant Depot is the food-services behemoth's bid to expand into mom-and-pop restaurants, a market that Restaurant Depot's 94-year-old founder grew from a Brooklyn warehouse into a U.S. food empire. Under the terms of the deal struck Monday, Restaurant Depot shareholders will receive \$21.6 billion in cash and 91.5 million Sysco shares. A total deal value of \$29.1 billion, including debt, represents a multiple of more than 14-times Restaurant Depot's operating income, the companies said. For Sysco, which distributes food and other supplies to schools, restaurants, health-care facilities, hotels and other establishments around the world, the acquisition helps the company expand into the high-margin and growing cash-and-carry distribution model.

Sysco's shares closed down more than 15% at \$69.30 in Monday trading. Sysco said it expects to fund the cash portion of the Restaurant Depot deal with \$21 billion of new and hybrid debt, along with \$1 billion of cash and equity on hand. It also said it plans to pause its share-buyback program to give priority to deleveraging quickly after the deal and will resume it after making progress. The Wall Street Journal had recently reported that an agreement was imminent. Founded in 1976 as Jetro Restaurant Depot, the company started charging staffers a fee every time they used the machine. The cost, while small, felt like what one worker described as the "cherry on top" of a demoralizing work culture beset by layoffs and overwhelming workloads. "Honestly, it feels like a funeral in the office kill: Last year the com-

Powell: Fed Looks Past Oil—for Now

By **NICK TIMIRAOS**

Federal Reserve Chair Jerome Powell said Monday the central bank is inclined to hold rates steady and look past the energy shock from the war in Iran but cautioned that it might not be able to sit on the sidelines if rising prices shift the public's expectations about inflation over time. Powell, speaking to students at Harvard University, laid out the textbook case for

higher inflation over time. Why wouldn't they?" Powell said. The dilemma for the Fed is that an energy shock can simultaneously push prices higher and drag down economic growth by squeezing household budgets and raising costs for businesses. That leaves policymakers weighing whether to give priority to fighting inflation or cushioning the economy, well aware that the standard tools for solving one problem may make the other worse.

Powell tiptoed away from saying how the Fed would answer that riddle. "We will eventually maybe face the question of what to do here. We're not really facing it yet because we don't know what the economic effects will be," he said. Prices for Treasuries had rallied before Powell spoke, with investors unwinding early. Please turn to page A2

◆ **Oil prices hit highest level since 2022.....** B10

INSIDE



JASON GAY
Did Duke basketball get 'Laettnered' in their last-second loss to UConn? **A16**



BUSINESS & FINANCE
Air Canada CEO exits after backlash from speaking about crash only in English. **B1**

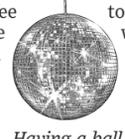
There's More Work and No Perks, But at Least the Vibes Are Bad

Workers say cost cuts and AI are stripping the joy out of office life; 'feels like a funeral'

By **MARK MAURER** AND **CHIP CUTLER**

For employees at a Dell Technologies office, mornings used to start with a tiny dose of joy. The office coffee machines doled out free daily espresso shots, a small perk that workers relished. Then came the buzz kill: Last year the com-

pany started charging staffers a fee every time they used the machine. The cost, while small, felt like what one worker described as the "cherry on top" of a demoralizing work culture beset by layoffs and overwhelming workloads. "Honestly, it feels like a funeral in the office kill: Last year the com-



Having a ball Please turn to page A11

How a Nobel Winner Helped Score Record Pay for WNBA Union

By **RACHEL BACHMAN** AND **JUSTIN LAHART**

After Claudia Goldin became the first woman to win a solo Nobel in economics in 2023, she received hundreds of invitations and requests. She accepted just three. One of them was advising the WNBA players union as the women prepared to negotiate a new labor deal with the league. When Goldin replied via email to Terri Carmichael Jackson, executive director of the players union, "I remember just reading it and screaming," Jackson said. Goldin had one requirement: She refused to be paid. This month, the two sides reached a collective bargaining agreement that gave Women's National Basketball Association players a nearly 400% raise. Starting this season, players' average salary will top \$580,000. It isn't just the biggest pay increase in U.S. league history.

It is, as far as Goldin is aware, the biggest increase any union anywhere has ever negotiated. "It's astounding," the 79-year-old Harvard economist said. Mike Bass, a spokesman who represents both the National Basketball Association and the WNBA, called the deal "transformational." "The WNBA community is rightfully celebrating a historic moment of growth, investment and progress for the players, fans and the future of the game," he said. Goldin played no sports growing up in the Bronx in the 1950s. But she has deep knowledge of women's pay: As an economist, she spent years rifling through boxes of surveys and personnel records and tracking down data to document women's changing role in the workplace. That research has included the role that discrimination plays in pay gaps between men and women. Goldin won Please turn to page A4