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Sears Slow to Turn Around As Retailer Focuses Online
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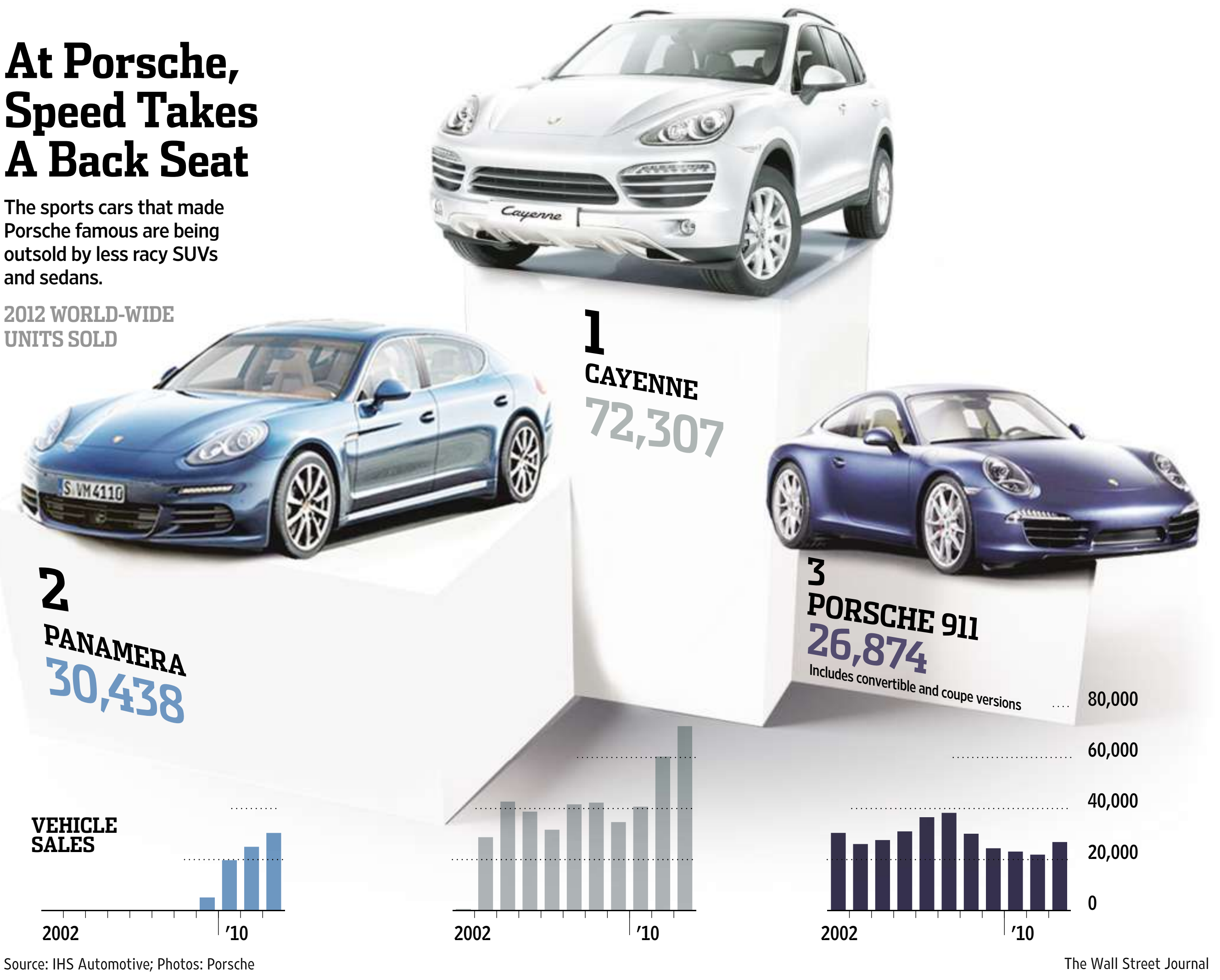

Is Porsche Still a Sports Car Maker?

As SUVs Outsell Speedsters, Luxury Brand Hopes Le Mans Will Keep Flame Alive

By Vanessa Fuhrmans

LEIPZIG, Germany—As Porsche maneuvers deeper into the markets for SUVs and sedans, it is racing to remind a new generation of drivers what gave the brand its original mystique—speed.

The brand has unnerved purists in recent years, first with the launch of its hulking Cayenne sport-utility vehicle, then a four-door sedan called the Panamera. Though the expansion has boosted the **Volkswagen** AG-owned car maker's sales by nearly 50% over the past four years, the Cayenne and Panamera made up roughly three-quarters of its 143,000 vehicle sales last year.

Next year, Porsche takes yet another big step from its sports-car roots with a new compact SUV. Chief Executive Matthias Müller says it could add up to 75,000 to its annual sales—further eclipsing Porsche's legendary 911, Boxster roadster and its hard-topped sibling, the Cayman. The company also is weighing developing a smaller version of the Panamera.

"If the sports cars get drowned out, their risk killing the golden goose," says Mark Ritson, an associate professor of marketing at the University of Melbourne's business school who has consulted for luxury brands. A happy Cayenne owner, Mr. Ritson counts himself as one of the thousands of decidedly nonsports-car drivers Porsche has lured with its model expansion. But the powerful SUV "is so far from a [911] Carrera, it is unbelievable," he adds. "It is a big, fat people-mover."

Porsche is turning to measures unusual for a car maker known for its minimalist marketing efforts to keep that adrenaline-pumping connection alive. It is returning to the 24 hours of Le Mans race next year and building "experience" centers in Shanghai, Atlanta and Los Angeles aimed at cultivating sports-car aficionados with on- and off-road test tracks and driving courses.

"I'm convinced we have to do

Please turn to the next page

Comcast Aces TV Tennis Suit

By Danny Yadron

Comcast Corp., the country's largest cable provider, has no obligation to distribute the independently owned **Tennis Channel** as widely as its own niche sports networks, a federal appeals court said, striking a blow against smaller cable channels hunting for viewers.

The Tuesday ruling by a three-judge panel at the U.S. Court of Appeals for the District of Columbia Circuit suggests that upstart channels must clear a high bar to force pay-TV providers to carry them.

The court's decision comes as rising programming costs are prompting operators such as **Time Warner Cable** Inc. and **DirecTV** to take a harder line against including such channels in their lineups.

Tennis Channel, which is currently offering wall-to-wall coverage of the French Open, argued that Comcast should be required to give it the same treatment in terms of distribution as the Golf Channel and NBC Sports Network, both of which are owned by Comcast.

Federal Communications Commission regulations say that pay-TV firms can't discriminate against independently owned channels by refusing to carry them or relegating them to little-watched packages.

Comcast carries Tennis Channel on its sports tier, which gives viewers an extra 10 to 15 sports channels for $8 or less a month. The Golf Channel and NBC Sports get wider distribution.

In 2009, Tennis Channel began arguing it was a direct competitor of the Comcast-owned channels. The FCC agreed and ordered that Tennis be offered to more viewers. In a lawsuit, Comcast countered that more people watch golf than tennis.

Golf Channel is available in 20 million of Comcast's video subscriber homes, out of its total of 22 million, according to a person familiar with the matter. About three million homes subscribe to the Comcast sports tier that provides Tennis Channel.

Cable companies pay licensing fees based on how widely channels are distributed. In this case, the appeals court ruled, Comcast had no business incentive to put the Tennis Channel, launched in 2003, into more homes and pay more in fees.

"Tennis showed no corresponding benefits that would accrue to Comcast by its accepting the change," the court found. The judges left intact the FCC's power to regulate channel lineups in future cases. An FCC spokesman declined to comment.

The Tennis Channel said it was "disappointed" with the ruling and said it intended to seek "further review" of the decision. "We believe that it is the obligation of the FCC to act in the public interest to ensure a diverse marketplace of voices."

Niche channels must clear a high bar to get on cable TV systems.

Comcast applauded the court's ruling: "Comcast's decision to carry Tennis Channel was the product of legitimate business considerations, not affiliation," a spokeswoman said.

The ruling could also force the FCC to rethink how it intervenes in programming disputes. In a similar case, Game Show Network is arguing it should get better placement from **Cablevision Systems** Corp. Game Show Network is owned by **Sony** Corp. and DirecTV.

Last month, all sides agreed to postpone a hearing on the dispute so that regulators could take into account the federal appeals court's Comcast ruling.

—Shalini Ramachandran contributed to this article.

Tennis Channel is currently offering coverage of the French Open.

Reuters

'Dialing for Dollars' in Dell Buyout Vote

By Telis Demos, Shira Ovide and David Benoit

The battle for control of **Dell** Inc. is about to move into a new, heated phase, when the company and the group trying to buy it will for the first time be able to press their case directly to shareholders.

Already, shareholders have been peppered with arguments for and against the proposed $24.4 billion sale of the computer maker to **Silver Lake Partners** and Michael Dell, founder and chief executive. But the war has largely been waged in public filings and the media since the agreement was reached in February.

Within days, the company and its would-be buyers are expected to be able to try to persuade them directly to try to persuade them to vote for the deal, which will let them sell their holdings for $13.65 a share. On Tuesday, Dell shares rose two cents to $13.36.

The deal has been hotly contested almost since its signing, with a portion of the long-term shareholder base already aligned against it. In the final vote, the outcome could come down to how hedge funds and the company's small shareholders end up voting, say people familiar with such showdowns.

"In a close fight, it really gets down to dialing for dollars," said Brad Allen, director of Branav Shareholder Advisory Services Inc., which advises corporate boards on proxy votes. Mr. Allen isn't working on the Dell matter.

The lobbying process can begin once the Securities and Exchange Commission blesses a final version of the deal proxy, which details discussions leading up to the buyout deal and the financial rationale of the directors who approved it. With that approval, expected by people familiar with the process this week, Dell can file a final proxy and set a date for shareholders to vote on whether they will accept the Silver Lake-Michael Dell offer.

The document will likely set a July date for the vote, these people said.

Dell's special board commit-

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Online»
Scan this code to watch a video on the latest in the fight for Dell, or see it at WSJ.com/Business.

Retailers' Dilemma: Cut Off Or Help Fix Unsafe Factories

By Jens Hansegard in Stockholm, Tripti Lahiri in Dhaka, Bangladesh and Christina Passariello in Paris

When seemingly preventable disasters strike factories in developing countries, many retailers such as **Wal-Mart Stores** Inc. react the same way: by pulling their orders or threatening to cut off factories that don't meet their safety standards.

By contrast, **H&M**—the biggest buyer of clothing from Bangladesh's $20 billion garment industry—has taken a highly public role in pledging to work with factories to improve their standards.

The jury is still out on which approach is better.

After a series of deadly factory fires in Bangladesh and last month's factory collapse, which killed more than 1,100 people, Wal-Mart has publicly blacklisted about 250 Bangladeshi suppliers found to have safety problems.

Walt Disney Co. told its licensees in March that they could no longer produce Disney-branded goods in Bangladesh after boxes of Disney sweatshirts, bound for Wal-Mart, were found at the site of a major factory fire in December. Wal-Mart said it didn't know its goods were being produced at the plant, which wasn't authorized to make them.

Tripti Lahiri/The Wall Street Journal

A test of H&M's approach is under way at a Garib & Garib plant, above.

Supporters of the stay-and-fix-it approach say it encourages retailers to play a more-active role in lifting standards, increasing the odds factories will fall in line. "The easy thing is to withdraw," says Viveka Risberg, the head of Swedwatch, a nonprofit group involved in developing countries.

But even backers of the fix-it approach admit it has its limits. Retailers can't catch everything that goes on in factories or fully track their suppliers. H&M has continued to face problems elsewhere, including in Cambodia, where the collapse of a rest

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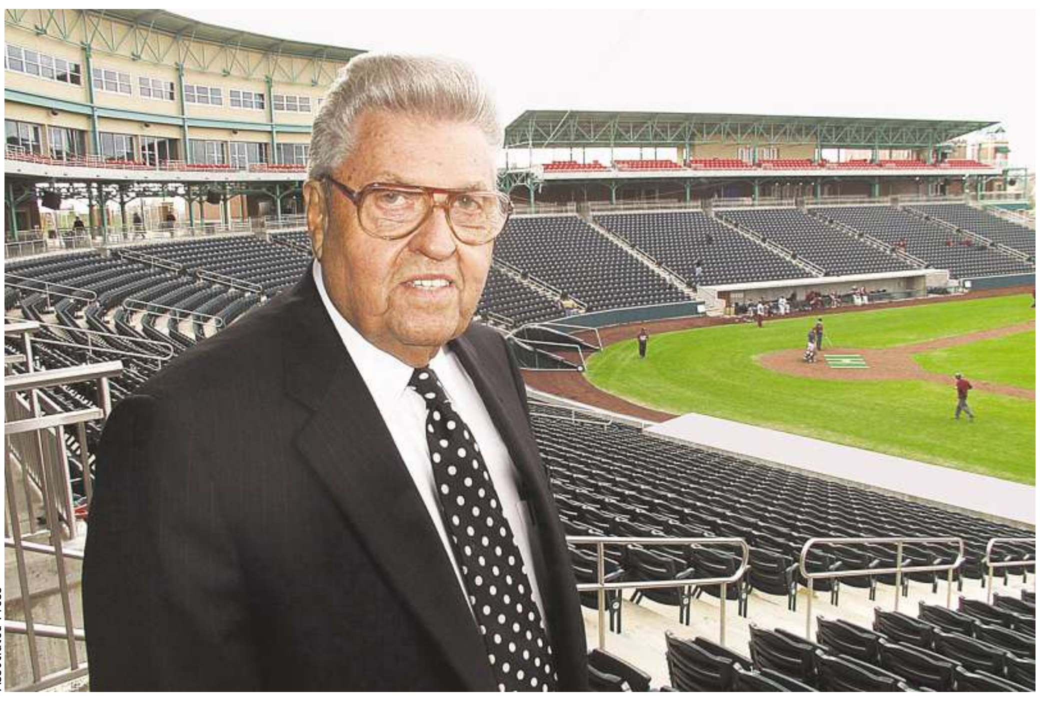
◆ Wal-Mart pleads guilty to illegal dumping of waste....................... B3

CORPORATE NEWS

REMEMBRANCES | John Q. Hammons 1919-2013

Building With the Market in Mind

By Stephen Miller



Associated Press

John Q. Hammons, who died on Sunday, built over 200 hotels and convention centers in 40 states.

Relying more on gut feelings and his own on-the-ground research than professional feasibility studies, John Q. Hammons built more than 200 hotels and convention centers in 40 states.

Mr. Hammons, who died Sunday at age 94, founded **John Q. Hammons Hotels & Resorts**, which today operates 78 hotels across the country, with nearly 20,000 guest rooms and suites.

Originally a home builder in Springfield, Mo., Mr. Hammons branched into motels with the development of the interstate highway system and later moved into high-end hotels, including the Chateau on the Lake in Branson, Mo.

It was typical of his long-term planning that he bought the property a quarter-century before developing the Chateau, years Branson had turned into an entertainment mecca.

"I knew that lake country would become something," he told a biographer.

Mr. Hammons rarely built in established markets but instead chose fast-developing areas. He also favored state capitals, airports and college towns—places with activities that guaranteed a steady demand for temporary lodging.

"Everyone says 'location, location, location.' But it's not true. It's market, market, market," he said in the book "Great American Hoteliers." "What I do is go throughout the country and look for those nooks and crannies where industry has grabbed a spot and gone to work."

Mr. Hammons also was a sports fan and philanthropist. He helped establish the Missouri and Kansas City sports halls of fame and donated $30 million toward the building of Missouri State University's basketball facility, the JQH Arena. He also masterminded the relocation of a minor-league baseball franchise to Springfield, where his name graces the team's stadium.

Mr. Hammons grew up on a dairy farm in Fairview, Mo. His family lost their land during the Depression. He helped support them by trapping rabbits for their pelts.

Mr. Hammons worked as an accountant on the Alaska Highway project before joining the U.S. Merchant Marine during World War II. After the war he went into business building homes for returning veterans.

He built so much suburban tract housing in Springfield that he is thought to be responsible for naming 80 or more streets. Later, he expanded into apartment buildings and shopping centers.

Mr. Hammons came early to the motel franchising business, purchasing a block of 10 Holiday Inn franchises in 1958. By 1969, when he founded John Q. Hammons Hotels, Mr. Hammons had constructed nearly three dozen Holiday Inns.

Later he built Embassy Suites and Marriotts, and invested in IMAX theaters and riverboat gambling. He appeared several times on the Forbes list of wealthiest Americans.

According to his company, Mr. Hammons was born "James Quentin" but early in his career began calling himself "John Q." in order "to convey the message that he was there representing the general public and progress."

Email remembrances@wsj.com

'Dialing for Dollars' in Dell-Deal Vote

Continued from page B1

tee that negotiated the deal and the potential buyers won't be the only ones calling shareholders. Activist investor Carl Icahn and Southeastern Asset Management Inc., a large, longtime shareholder of Dell sitting on a loss in its investment, have maintained for months that the deal undervalues the shares and cuts holders out of future upside for the company. They are expected to urge shareholders to vote against the deal with Silver Lake and Mr. Dell. A spokesman for Southeastern declined to comment. Mr. Icahn didn't return calls seeking comment.

The largest shareholders in a proxy contest are typically directly contacted by independent board members or members of a potential buyout group. The parties have hired so-called proxy solicitor firms to advise on those discussions and handle the many hedge funds, mutual-fund managers and individuals who make up the numerical bulk of the shareholder base.

For the smallest shareholders, proxy solicitors employ people who sift through company records of who owns the stock and then dial phone numbers they hope are still accurate. Then, akin to how political campaigns work the phones, they typically work from a script that will urge shareholders how to vote.

Alex Mandl, the head of the Dell special committee and the board's lead director, or other special committee members are likely to take an active role in explaining to major shareholders how and why the board agreed to accept the Silver Lake-led buyout, says a person familiar with their plans.

Mr. Dell may also discuss the buyout deal with shareholders, though his role in soliciting shareholder approval hasn't been determined yet, said people briefed on shareholder outreach plans.

Mr. Dell and his affiliates control 15.6% of the company. But Mr. Dell is effectively excluded from the count, because under the terms of the deal a majority of shareholders beside him must vote in favor of the deal for it to go through.

About 23% of the shareholders excluding Mr. Dell have already said they will oppose the deal. That includes Southeastern and Mr. Icahn, and fund managers **T. Rowe Price Group** Inc., Pzena Investment Management LLC, and **Yacktman Asset Management** LP.

Another quarter of the non-Mr. Dell votes, as of the most recent reporting date at the end of March, are passive funds, according to Ipreo, a capital markets data and advisory firm.

Some of these passive funds say they explicitly follow the recommendations of the proxy advisory firms Glass Lewis & Co. or Institutional Shareholder Services, a unit of **MSCI** Inc. For example, **Invesco** Ltd.'s PowerShares unit, which holds about 1.2% of stock not owned by Mr. Dell, states that it defers to Glass Lewis's recommendations. The exchange-traded-fund operator has no voting opinion or committee.

Glass Lewis and ISS will publish recommendations some time after the proxy process has officially begun, according to their spokespeople.

Others retain discretion. For example, Vanguard Group Inc., which owns 4.4% of the non-Mr. Dell shares according to its most recent filing, has a committee that reviews how its funds will vote, with the goal of maximizing the investments for shareholders, according to its proxy guidelines. Invesco and Vanguard declined to comment further.

"Portfolio managers get quite heavily involved in proxy votes related to M&A transactions," said Robyn Bew, director of research at the Washington, D.C.-based National Association of Corporate Directors.

The remaining voter base, about half of the non-Mr. Dell shares, includes actively managed mutual funds and hedge funds. Some of those will be the easiest shareholders to contact and lobby. Others may not be willing to discuss their votes, or may be locked into voting for or against the deal based on their trading strategies.

"You may or may not hear out their side of the story," said Joseph Ray, president of Gerald L. Ray & Associates Ltd., a Dallas-based money management firm with $470 million in assets as of the end of last year. The firm held 62,000 shares of Dell as of the end of March, according to FactSet. "It depends on the quality of the call you get, when they get you, and how busy you are." Mr. Ray said he hadn't yet decided to how to vote.

Some funds may also not make up their minds until late in the process, meaning that even if the final vote isn't close, the lobbying will still be fierce.

"As you get toward the last week and a half, it can really start turning into the fast and furious," said Mr. Allen of Branav.

Individual shareholders are the hardest to reach and pin down. Finding these voters will be especially key for Dell's committee and the buyout group. Shareholders who abstain essentially count as "no" votes on the takeover. That is because under the terms of the deal, the buyout group must win a majority of all shareholders, not just the votes that are cast.

Dell's Private Path

For the Dell deal to pass, just over half of the shareholders, excluding Michael Dell and his affiliates, will have to support it.

Total shares
Excludes shares held by Michael Dell and other company insiders

1.475 billion

Select undeclared groups	shares in mil.
Brokerage	
UBS	76.6
Citigroup	55.9
Morgan Stanley	13.1
Merrill Lynch	12.2
Index	
Vanguard Group	65.0
State Street*	62.7
BlackRock	52.9
Northern Trust	19.4
Invesco PowerShares	18.2
Active investors	
Highfields Capital	22.9
Taconic Capital	19.3
Templeton Global	18.1
Dodge & Cox	16.2
International Value	6.5
Brown Bros. Harriman	0.5

737.7 million Shares needed to vote down the deal–just over 50% of stock not held by Mr. Dell.

Stated opponents	shares in mil.
Southeastern	146.1
Carl Icahn	80.5
T. Rowe	77.7
Yacktman	14.9
Pzena	12.9

332.1 million

*Combines SSgA Funds Management and State Street Global Advisors

Notes: Data as of Mar. 31, 2013; Southeastern and Icahn as of most recent filing; listed investors are a sampling of shareholders.

Source: FactSet