



## Make the Perfect Pesto

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## French Upstart Makes Play for T-Mobile US

French upstart telecommunications company Iliad SA made a buyout offer for T-Mobile US Inc. in a bold bid to counter an effort by Sprint Corp. to combine with the fourth-largest wireless carrier in the U.S.

Iliad said it offered \$15 billion in cash for 56.6% of T-

By Ruth Bender,  
Dana Mattioli  
and Dana Cimilluca

Mobile US, or \$33 a share.

T-Mobile US later confirmed it had received the offer but said it had no further comment.

T-Mobile US had a market value of \$24.8 billion before The Wall Street Journal reported on Iliad's interest in the company Thursday.

Iliad, which has sparked a fierce price war in France's mobile-telephone market via its cutthroat rates, sees the offer as a "one-time opportunity

to enter the world's largest telecoms market," a person familiar with the matter said prior to the announcement.

The French company has had an eye on the U.S. market for some time, but has been seriously considering an offer for T-Mobile US in the past

few weeks, the person said.

T-Mobile US has been in talks for months about a deal to be acquired by larger U.S. rival Sprint. The two sides have agreed on the broad outlines of a deal valuing T-Mobile US at more than \$30 billion, people familiar with the matter have said.

Masayoshi Son, the founder and CEO of Sprint parent SoftBank Corp. of Japan, has had his sights set on pairing Sprint and T-Mobile since he approached the U.S. market in 2012, according to the people.

A Sprint deal for T-Mobile Please turn to page 18



### Adidas Takes a Fall

The sporting-goods company's share price tumbled 15.4% Thursday and is down 35.9% so far this year



Source: Thomson Reuters Photo: Agence France Presse/Getty Images  
The Wall Street Journal

Adidas, which sponsored the 2014 World Cup, said marketing costs related to the event contributed to a surprise earnings hit. Above, Argentina's captain Lionel Messi, wearing an Adidas jersey, after losing to Germany in the final. >> Articles on page 17

## Hedge Funds Wager on a Fall

By ROB COPELAND

Many of the Wall Street money managers who made billions by anticipating the U.S. housing bubble see more trouble on the horizon.

Unlike before the crisis, when those traders were mostly united against subprime mortgages, the wagers vary this time. Some are against U.S. junk bonds, while others are targeting European sovereign debt.

The warnings come from hedge-fund managers including Joshua Birnbaum and Greg Lippman, who rose to prominence when trading for Goldman Sachs Group Inc. and Deutsche Bank AG, respectively.

The moves mark the first time since the crisis that most of these investors, who generated big profits after the downturn riding the global economic recovery, have be-

gun to turn bearish again. "There's one thing for sure: History repeats itself, and this is starting to feel like a bubble," said Stuart Lippman, manager of a credit-markets-focused hedge fund at TIG Advisors LLC in New York. "We're building up to something."

Whitebox Advisors LLC, a Minneapolis hedge-fund firm that anticipated the crisis, warning of an imminent credit-market panic as early as 2006, is close to starting a fund to wager against the debt of several European countries and the euro, according to a letter to investors viewed by The Wall Street Journal.

The moves don't quite yet represent another "big short," the term writer Michael Lewis

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## U.S. Oil Exports Set Sail With Aid of a Loophole

By CHRISTIAN BRITHELTON  
AND LYNN COOK

A tanker of oil from Texas set sail for South Korea late Wednesday night, the first unrestricted sale of unrefined American oil since the 1970s.

How that \$40 million shipment avoided the nearly four-decade ban on exporting U.S. crude is a tale involving two determined energy companies, loophole-seeking lawyers, and an unprecedented boom in American drilling that could create a glut of oil

trilateral oil.

The Singapore-flagged BW Zambesi is the first of many ships likely to carry U.S. oil abroad under a new interpretation of the federal law that bars most sales of American oil overseas. Analysts say future exports appear wide open: as much as 800,000 barrels a day come from just one of the many U.S. oil fields pumping light oil.

Though U.S. policy on oil exports hasn't changed, production of this kind of oil, known as condensate, is surging.

This early shipment "is the wedge that's pushing the door open" for more ultra-light oil exports, said Daniel Yergin, vice chairman of consulting firm IHS.

Under rules Congress imposed after the Arab oil embargo of the 1970s, companies can export refined fuels like gasoline and diesel but not oil itself except in limited circumstances that require a special license. Such licenses, often for oil destined for Canada, are issued by the Bureau Please turn to page 16

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## Banco Espírito Santo Sinks on Record Loss

By JOSIE COX  
AND PATRICIA KOWSMANN

Battered shares in Banco Espírito Santo SA plummeted 42% Thursday while its bonds slumped, raising the curtain on the next act of a long-drawn-out Portuguese banking drama.

Late Wednesday, Portugal's No. 2 lender by assets, which brought in new management in July, reported a record €3.49 billion (\$4.68 billion) net loss for the second quarter, after it found more exposure to its parent than it previously expected.

On Thursday morning, shares were temporarily suspended, but more than halved in value on the previous day's closing price when trading resumed around two hours later. They closed the session down 42%, taking year-to-date declines to almost 80%, compared with an 8.8% decline in the country's PSI 20 stock index, which closed the session 3.1% lower.

Some strategists said that the most troubling aspect of Please turn to page 23

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## ADVENTURE &amp; TRAVEL

## Unplug to Unwind



Vacation retreats are cutting off technology so that guests can reconnect with themselves

BY JEMIMA SISSONS

**LAST AUGUST**, when photographer Hilary Stock took her family deep into the Himalayas in Kashmir, the nearest Internet connection was about 100 kilometers away. So the family of four had to connect in a different way.

"The tension was gone...external peer pressure and competition were absent and we regrouped as a family," says Mrs. Stock, who went with husband, John, and their two teenage children. "There aren't many extreme circumstances left nowadays where this would happen. I think it also put us more in touch with those around us, in whose lives, generally, technology isn't playing a major part."

The Stock family, who are from the U.K., traveled for a week with Shakti, the first firm to provide luxury experiences in the region

(prices from \$5,250 per person for a week; shakti-himalaya.com). They stayed in a series of village houses developed by Shakti, immersing themselves in village life, visiting monasteries, hiking and taking tea with trainee Buddhist monks.

The Stocks are part of a new breed of traveler which is choosing to spend free time disconnected from phones, emails and, in some cases, electricity, in places where comfort isn't compromised. Many luxurious hotels and travel companies are offering the chance for guests to be completely or partially free of the binds and distractions of modern technologies, whether it is a spell of a few days of disconnected living or, a much gentler introduction to cutting off, rooms free of TVs and telephones.

The Ranch in Malibu is one example of the most extreme type of unplugged vacation. Nestled in the hills above Santa Monica, the resort has a mandatory fitness program that is designed to recalibrate the mind and body using an intense physical regimen with a strict daily itinerary and an organic vegetarian diet. The notion of being "unplugged" during a guest's stay is an integral part of their program. There are no telephones in the guest rooms nor is there Wi-Fi or cellular ser-



**NO TECH** Clockwise from top, W Retreat in the Maldives; Shakti Ladakh tents; Wilderness Reserve's Hex cottage bedroom; Echo Valley Ranch; Aqua Expeditions' Aria cruise ship

vice on the premises, to promote a completely off-the-grid existence (from \$6,500 a week; theranchmalibu.com).

In Peru, a journey into the Amazon offers a complete digital blackout. Aqua Expeditions, a luxury river cruise company, arranges year-round Amazon journeys aboard its two boutique cruisers (from \$3,995 for four nights; ). Guests can explore one of Peru's most remote areas, the Pacaya Samiria Reserve, with daily excursions by boat to observe the wildlife, including pink river dolphins, and meet the communities that live on the banks of the river. "We want guests to leave their day-to-day routines and anxieties on the shore," says Aqua Expeditions founder and CEO Francesco Galli Zugaro.

A growing number of hotels are offering detox tech packages so you can choose how

tech-free you want to go.

At Cheval Blanc Randheli in the Maldives (€968; randheli.chevalblanc.com) your Majordome (or butler) asks you on arrival if you would like to surrender your phone. Guests at the W Retreat, also in the Maldives (\$1,480; wretreatmaldives.com) can opt for a Robinson Crusoe package which takes them a short hop from the resort to Gaathafushi, a deserted island, where they experience a two-night stay removed from any connection to the outside world. A bed is set up under a thatched roof; a private chef arrives in the evening to set up a candlelit barbecue and returns in the morning with a breakfast of tropical fruits.

Other hotels encourage guests to detach themselves from their devices in a lighter way. At La Lancha in Guatemala (\$129; copolaresorts.com/lalancha), there are no televisions in the rooms, and communication is by "shell-phone"—a giant conch which has a line to connect you to the hotel reception, but to nowhere else in the world. Here, in the absence of gadgets, your ears are attuned instead to the sounds of the howler monkeys and the humid rustle of the jungle.

At Echo Valley in British Columbia, Canada (\$210 Canadian; evranch.com) there is no cell-phone reception and although they do have Wi-Fi and a communal TV, they also offer digital detox weeks, where the servers are completely disconnected and the antennas are removed from the TV.

For others, sampling a life without electricity offers a slower pace of life. At the Wilderness Reserve in Suffolk, England (wildernessreserve.com), a collection of houses for rent, Hex cottage is available for £200 a night.

The Lilliputian one-bedroom hut has a wood-fired stove that heats the room and no electricity, so after sunset everything is done by candlelight.

London-based financier Steve Ryman went there in May with his wife for their 36th wedding anniversary. "My phone ran out after 20 minutes and with no way to charge it, that was it," he says. "It taught me to slow down. It was a huge relief being cut off from the outside world and allowed me to be in charge of what I do and when I do it."

