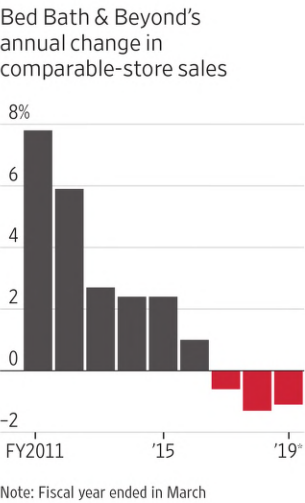


BUSINESS NEWS

Downturn



CEO of Bed Bath & Beyond Resigns

By MICAH MAIDENBERG

Bed Bath & Beyond Inc. Chief Executive Steven Temares has stepped down from his position after facing pressure from a trio of activist investors over the retailer's performance in recent years. Mr. Temares, who also resigned as a director, had led the home-goods seller since 2003. But in March, three investors in the company—Legion Partners Asset Management LLC, Macellum Advisors GP LLC and Ancora Advisors LLC—called for his ouster, claiming the company failed to adapt its business model as consumers increasingly turned to e-commerce.

The investor group also nominated a slate of directors to overhaul Bed Bath & Beyond's board and called for the company to better merchandise its stores and rein in costs.

Shares in Bed Bath & Beyond fell 4.3% to \$15.08 in Monday trading. The stock is down about 81% from its January 2014 peak of \$80.48.

The last fiscal year marked its first annual loss since the company went public in 1992. Sales in its March-ended fiscal year fell to \$12.03 billion from \$12.35 billion a year earlier, according to a securities filing. Efforts to reach Mr. Temares weren't successful.

The company, which is based in Union, N.J., said Monday that Mary Winston, who recently joined the board in an overhaul, will serve as interim CEO. Ms. Winston has served in executive roles at Family Dollar, now part of Dollar Tree Inc., and grocery chain Giant Eagle Inc., Bed Bath & Beyond said. The company said its board is searching for a permanent replacement as CEO.

Bed Bath & Beyond also said that retail executive Andrea Weiss, who recently joined its board, will lead a board committee focusing on how the company can transform the business.

MAX Jets' Return Faces Delays

Boeing planes likely won't resume flying until near the end of busy summer season

Boeing Co.'s grounded 737 MAX planes recently were expected to fly again well before the end of the summer travel season. Now their return appears unlikely until mid- to late August, posing more headaches for airlines that rely on the jets.

Federal regulators are targeting preliminary approval of a software fix for the aircraft by a May 23 safety summit with international aviation authorities, industry and government officials say. But the Federal Aviation Administration's final approval is likely to take significantly longer and will depend partly on the reaction of foreign regulators who want to conduct their own reviews.

By Andy Pasztor, Andrew Tangel and Robert Wall

Around the time of the summit, Boeing plans to submit to the FAA a formal proposal to fix MCAS, the automated flight-control system implicated in two fatal crashes. The plane maker is revising software to make the system less powerful and easier for pilots to control. Once the fix is approved, its actual implementation, as well as the logistics of phasing the fleet back into carrier schedules, will likely take months, officials say.

As a result, the bulk of MAX jets in North America are unlikely to resume commercial service before mid-August at the earliest, well beyond the timelines the industry earlier envisioned, officials say.

Boeing initially expected the fix would be ready in April, and regulators subsequently signaled the planes could be flying again by June. Engineering challenges and FAA efforts to gain global support for the fix are primarily behind the slips.

The global fleet of roughly 400 MAX jets was grounded in March after the second of two crashes that combined took 346 lives in Ethiopia and Indonesia.

In the U.S., officials now expect fallout from the grounding to stretch through most of the busy travel season that runs from June through August.

In other regions, pilots and regulators expect the aircraft to remain on the ground through early fall—and maybe substantially longer in some countries—amid separate international safety reviews.

Various foreign regulators also differ from the FAA's current position that no additional simulator training should be mandated for pilots.

FAA officials are seeking to use the coming safety summit to build a global consensus for the fix and associated training package, people familiar with the matter said.

As of last week, about half of the roughly 50 regulators invited to the Dallas-area summit have indicated they plan to attend.

The FAA's target timing for approving the fix could lapse as government flight tests needed before then still haven't been scheduled, and worries about further setbacks continue to circle Boeing, according to people familiar with the matter.

Recent disclosures, including that Boeing knew for a year that certain cockpit alerts weren't functioning on many planes before it told airlines



The jets, shown grounded at Seattle's Boeing Field in March, require a software fix and FAA approval to fly again.

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or regulators, could make it difficult for the FAA or Boeing to accelerate foreign buy-in, said Sandy Murdock, a former FAA deputy administrator and chief counsel.

"I think they have lost leverage in the situation," Mr. Murdock said.

Early on, Boeing envisioned putting the troubled jetliner back into the schedules of U.S. and Canadian carriers at roughly the same time flights would resume in many other countries. That sequence no longer appears viable, according to industry and government officials, who anticipate a gap of a month or more between decisions by U.S. and major overseas regulators.

Some U.S. airline executives have suggested they may hesitate to start flying MAX jets

before a core group of foreign carriers takes the step. European regulators, moving slower than the FAA, are conducting a safety review of the MAX fleet beyond the specific fix.

"Everyone is being forced to take a cold, hard look at the calendar and reassess what's possible," said one U.S. government official briefed on the shifting timeline.

Taking the jetliners out of storage, which entails special inspections, engine checks and other preparations, also could add weeks.

A Boeing spokesman said the company is working closely with the FAA and global regulators to return the jets to flight.

—Kim Mackrael and Alison Sider contributed to this article.

Canada's WestJet Airlines Agrees to Buyout

By KIMBERLY CHIN AND DOUG CAMERON

WestJet Airlines Ltd. said it plans to go private through an all-cash deal worth more than \$2.6 billion and led by Canadian private-equity firm Onex Corp.

The move comes at a crucial time for Canada's second-largest carrier, which is growing beyond its low-cost roots to provide full-service offerings to passengers as well as long-haul flights to Europe.

Onex and its affiliates are offering a 67% premium to WestJet's closing price Friday, expanding an aviation business that includes stakes in two aircraft leasing compa-

nies. Onex held a stake in Spirit AeroSystems Holdings Inc., one of Boeing Co.'s biggest suppliers, until selling it in 2014.

WestJet can't fly its 13 Boeing 737 MAX jets—some 10% of the airline's available seats—amid an industrywide grounding of the troubled aircraft. At the same time, it has launched its new Swoop low-cost affiliate, beginning service to the U.K. with Boeing 787s and expanding an alliance with Delta Air Lines Inc.

WestJet suspended its 2019 financial guidance last month due to the grounding of its 737 MAX jets.

Toronto-based Onex, which once made an unsuccessful bid

for Air Canada, is offering 31 Canadian dollars a share for WestJet, amounting to C\$3.53 billion. Including the carrier's debt, the deal is valued at

Private-equity firm Onex takes the lead in a deal worth more than \$2.6 billion.

roughly C\$5 billion. WestJet shares rose 60% to C\$29.64 on Monday.

"WestJet's ultimate goal is to become a full service airline with products across the en-

tire airline spectrum," said analyst Helane Becker at Cowen Inc., who expects shareholders to approve the deal because of its big premium.

Calgary-based WestJet started flying in 1996 and has expanded to a fleet of 182 aircraft serving more than 100 destinations.

Analysts had expected Delta to take a minority stake in WestJet as part of the airlines' expanded joint venture, which is awaiting regulatory approval. Atlanta-based Delta has taken stakes in other partners, including Air France-KLM SA and Grupo Aeromexico SA.

WestJet dropped previous ties to American Airlines

Group Inc. in favor of Delta, allowing the carriers to cooperate on the increasingly competitive routes between the U.S. and Canada.

WestJet said Monday it had formed a special committee of its independent board directors in March after receiving a proposal from Onex. The committee recommended the deal and the board then backed it, the airline said. The two companies expect the deal to close in late 2019 or early 2020.

Last week WestJet said its first-quarter earnings rose 33% from a year earlier to C\$45.6 million with sales rising 5.5% to C\$1.26 billion. It said unit revenue and traffic also rose in the period.

From H&M to Gucci, Fashion Industry Rethinks Cashmere

By MATTHEW DALTON

The mass production of cashmere, once solely a luxury good, is fueling ecological destruction that has fashion labels searching for new sources of the fiber—or giving it up altogether.

Herds of cashmere goats, whose hair is used to produce the soft fabric, have grown sharply since the turn of the century in China and Mongolia, which supply 90% of the world's cashmere.

The once-scarce fiber has become cheap enough for mass-market labels, resulting in billions of dollars in sales, but with ecological consequences. Millions of goats are chewing through the vast grasslands, known as steppe, that straddle the Mongolian-Chinese border. Nearly 60% of Mongolian pasture land is degraded, the Mongolian government says, including large swaths that have turned into desert.

Those problems are pushing fashion labels to respond. Fast-fashion giant **Hennes & Mauritz AB** in March said it would phase cashmere out of its product lineup by 2020. Gucci parent **Kering SA** is backing a project to encourage Mongolian herders to graze their goats in ways that protect the steppe. Stella McCartney and Patagonia have sworn off cash-



Herds of cashmere goats have grown sharply in Mongolia.

mere produced directly from goats in favor of garments made using cashmere scraps left over from workshops.

"We hope that it will be possible to source cashmere more sustainably in the future, and we want to contribute to making the industry more transparent and responsible," H&M said.

As cashmere production has surged, its environmental footprint is attracting scrutiny from governments and environmental groups. The industry has been more sensitive to charges

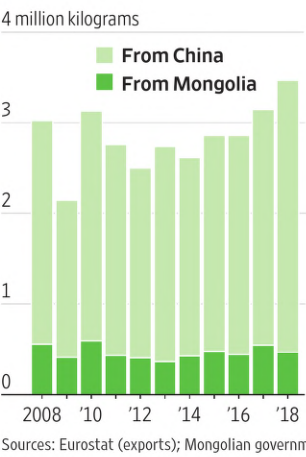
that supply chains harm the environment or encourage animal cruelty—and more active in addressing problems. These moves are seen as attractive to younger shoppers who are more attuned to the issue.

H&M decided to stop using cashmere after People for the Ethical Treatment of Animals, or PETA, told the company about an undercover investigation it conducted at slaughterhouses and facilities in Mongolia and China where hair is removed from the

Steppe Up

Most Mongolian cashmere is shipped across the border to China, where it is often blended with Chinese cashmere and exported to Europe.

Cashmere fiber exports to the EU

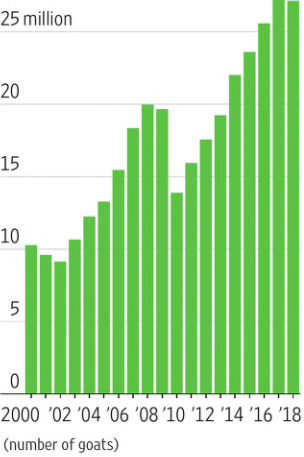


goats. The investigation alleged the goats were treated cruelly when their hair was collected and when they were killed for their meat.

"PETA has made us aware that there are animal-welfare issues in the production of cashmere," H&M said, "and we agree with them that they need to be addressed." In a video taken during PETA's investigation, braying cashmere goats are held down while metal combs are raked over their hair.

The complexity of the cash-

Number of goats in Mongolia



mere supply chain has made it difficult for brands to determine whether the cashmere they buy is coming from herders who adhere to environmental and animal-welfare standards.

Once hair is removed from the goats, it passes through many middlemen. From Mongolia, it is usually shipped across the border to processing facilities in China, where the fibers are often mixed with those from goats raised in China, the world's largest pro-

ducer of cashmere. Then the fabric is either made into garments in China or shipped to Europe, where high-end brands such as Gucci and others use it.

Bigger goat herds have led to surging exports of cashmere fiber to Europe, and surging exports of finished cashmere garments, mainly from Italy, to the rest of the world. Italian cashmere garment exports rose to €305 million (\$342.6 million) in 2018 from €171 million in 2008, representing about 4% of total Italian garment exports.

High-end brands in recent years have been working to establish a presence in Mongolia and China, encouraging herders to graze their animals in ecologically friendly ways.

"Unfortunately, the approaches are very strong on paper and very weak in fact," said Giovanni Schneider, chief executive of Schneider Group, which trades cashmere out of Mongolia. Mr. Schneider, who is working with Kering, said the challenge is getting herders scattered across Mongolia's vast steppe to follow guidelines.

"It's very difficult to engage the herder and explain that growing sustainable cashmere is a good thing to do," he said. While herders have been receptive, "it's very hard to go against the tradition of nomadic life," he added.