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THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** THURSDAY, OCTOBER 23, 2025 ~ VOL. CCLXXXVI NO. 97 WSJ.com ★★★★ $5.00

DJIA 46590.41 ▼ 334.33 0.71% NASDAQ 22740.40 ▼ 0.9% STOXX 600 572.29 ▼ 0.2% 10-YR. TREAS. ▲ 3/32, yield 3.952% OIL $58.50 ▲ $1.26 GOLD $4,044.40 ▼ $43.30 EURO $1.1611 YEN 151.96

What's News

Business & Finance

◆ **Tesla's net income** dropped 37% despite an increase in vehicle sales, marring an otherwise record-setting quarter for the company ahead of a November vote on a new pay package for Musk. **A1**

◆ **Meta is cutting** about 600 jobs in its division focused on artificial-intelligence products and infrastructure and long-term AI research. **B1**

◆ **Several quantum**-computing companies are in talks to give the government equity stakes in exchange for funding, signaling an expansion of Trump economic interventions. **A2**

◆ **The Nasdaq led** the market lower, slipping 0.9%, while the S&P 500 and the Dow lost 0.5% and 0.7%, respectively. **B9**

◆ **Shares in Beyond Meat** surged as much as 86% before giving back all of the gains as the company draws meme investors. **B1**

◆ **Robby Starbuck filed** a defamation lawsuit against Google alleging its AI tools falsely connected Starbuck to sexual-assault claims. **B1**

◆ **Warner Bros. Discovery** has rebuffed three offers from rival entertainment company Paramount Skydance. **B3**

◆ **The NHL reached** licensing agreements with prediction-market startups Kalshi and Polymarket, boosting the companies' efforts to disrupt the sportsbook business. **B1**

◆ **AT&T revenue advanced** in the third quarter, as the company added more wireless customers. **B3**

◆ **Innovent Biologics made** a deal for a cancer-drug partnership with Takeda Pharmaceutical. **B4**

World-Wide

◆ **The Trump** administration has lifted a key restriction on Ukraine's use of some long-range missiles provided by allies for attacks inside Russia, as the U.S. plans substantial new sanctions on Moscow. **A1**

◆ **The U.S. said** it had struck a suspected drug boat on the Pacific side of South America, signaling a widening of its campaign against alleged drug trafficking. **A3**

◆ **The entire East Wing** of the White House is being torn down for Trump's ballroom, making the demolition more extensive than previously known. **A4**

◆ **The U.S. and Israel are** considering a plan that would divide Gaza into separate zones controlled by Israel and Hamas. **A7**

◆ **Israel must allow** the United Nations aid agency to deliver humanitarian aid in Gaza, the International Court of Justice said. **A7**

◆ **Fed officials,** unable to receive U.S. economic statistics during the shutdown, have lost access to a separate measure of jobs data from a third-party provider. **A2**

◆ **Nine immigrants were** arrested in New York City in one of the highest-profile federal interventions there since Trump took office. **A3**

◆ **The Republican National** Committee heads into the year before midterm elections with significantly more cash than the Democratic National Committee. **A4**

◆ **Candidates for** New York City mayor traded attacks in their last debate. **A4**

CONTENTS

SERHII KOROVAYNY FOR WSJ

Russian drones hit a kindergarten in the center of Kharkiv on Wednesday as a wave of strikes targeted several cities across Ukraine, killing at least six people. One person died in the kindergarten attack but all the children survived. A8

U.S. Eases Curb on Missile Use By Kyiv, Plans Russia Sanctions

By Lara Seligman, Michael R. Gordon and Alexander Ward

WASHINGTON—The Trump administration has lifted a key restriction on Ukraine's use of some long-range missiles provided by Western allies for attacks inside Russia, as the U.S. plans to impose substantial new sanctions on Moscow, officials said on Wednesday.

The sanctions would be the first direct U.S. curbs on Russia during the second Trump administration. They target Russia's two largest oil companies, Lukoil and Rosneft, as well as nearly three dozen of their subsidiaries. The moves come as Ukraine has made new strikes inside Russia.

Ukraine used a British-supplied Storm Shadow cruise missile on Tuesday to strike a Russian plant in Bryansk that produced explosives and rocket fuel, the General Staff of Ukraine's Armed Forces said on social media. It called the strike a "successful hit" that penetrated Russian air defenses.

The U.S. move to enable Kyiv to use the missile in Russia comes after authority for supporting such attacks was transferred to the top U.S. general in Europe, Gen. Alexus Grynkewich, who also serves as NATO commander, from Defense Secretary Pete Hegseth.

The shift coincided with a push in early October by President Trump to pressure the Kremlin into talks on ending the war, including the possibility that he would approve sending Kyiv U.S.-made Tomahawk missiles, which have a range of more than 1,000 miles. Trump has since backed off that proposal.

However U.S. officials said they expect Ukraine to conduct more cross-border attacks using the Storm Shadow, which is launched from Ukrainian aircraft and can travel more than 180 miles. The U.S. can restrict Ukraine's use of Storm Shadow because the missiles use U.S. targeting data.

"President Trump is trying to get it [the war] stopped," a White House official said.

The Pentagon didn't respond to requests for comment. Ukraine's General Staff didn't reply to a request for comment.

After a version of this article appeared online, Trump wrote on Truth Social that "The Wall Street Journal story on the U.S.A.'s approval of Ukraine being allowed to use long range missiles deep into Russia is FAKE NEWS! The U.S. has nothing to do with those missiles, wherever they may come from, or what Ukraine does with them!"

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Tesla Hits Revenue Record, But Profit Falls 37%

Decline comes amid a strong quarter fueled by EV rush as tax credit ended

By Becky Peterson

Tesla's net income dropped 37% in the third quarter despite growing vehicle sales, marring an otherwise record-setting quarter for the company ahead of a November vote on a new pay package for Chief Executive Elon Musk that could be worth as much as $1 trillion.

Revenue hit a record $28 billion, up 12% from the year earlier. Tesla also reported a record $4 billion in free cash flow for the quarter.

The jump in revenue was aided by a record number of vehicle sales as American shoppers rushed to take advantage of a $7,500 federal tax credit on electric-vehicle purchases before it expired on Sept. 30. Tesla's energy generation and storage business increased its revenue by 44% after deploying a record level of battery power.

Tesla reported $1.4 billion in net income, down from $2.2 billion. The company attributed the steep decline in profitability to increased research and development costs in areas like AI, as well as a decline in revenue from carbon credits, which fell 44% to $417 million.

Tesla shares fell by more than 3% in after-hours trading.

Speaking to investors on Wednesday, Musk emphasized the importance of the new pay

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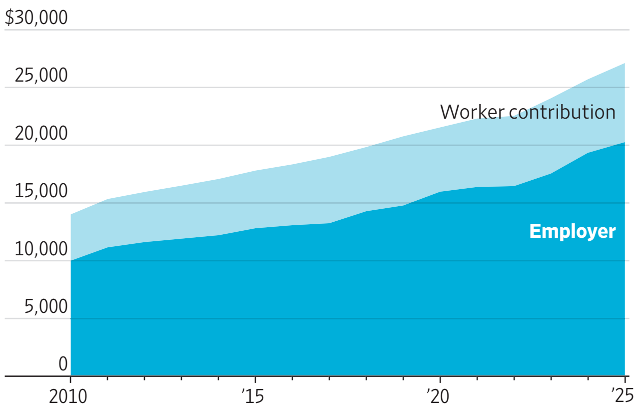
Insurance Outpaces Inflation

The cost of health insurance rose steeply for a third year in a row in 2025, reaching just under $27,000 for a family plan. A3

Average annual contributions to premiums for family coverage



Sources: KFF Employer Health Benefits Survey (2018–25); Kaiser/HRET Survey of Employer-Sponsored Health Benefits (2010–17)

In Supercharged AI World, Workweek Can Top 100 Hours

By Bradley Olson And Meghan Bobrowsky

Josh Batson no longer has time for social media.

The AI researcher's only comparable dopamine hit these days is on Anthropic's Slack workplace messaging channels, where he explores chatter about colleagues' theories and experiments on large language models and architecture.

Batson is among a group of core AI researchers and executives who are facing a relentless grind, racing to keep pace with a seemingly endless cycle of disruption in pursuit of systems with superhuman intelligence.

Inside Silicon Valley's biggest AI labs, top researchers and executives are regularly working 80 to 100 hours a week. Several top researchers compared the circumstances to war.

"We're basically trying to speedrun 20 years of scientific progress in two years," said Batson, a research scientist at Anthropic. Extraordinary advances in AI systems are happening "every few months," he said. "It's the most interesting scientific question in the world right now."

Executives and researchers at Microsoft, Anthropic, Google, Meta Platforms, Apple and OpenAI have said they see their work as critical to a

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◆ Lawsuit blames OpenAI for teen's suicide........A6
◆ Meta cuts 600 jobs in AI division........B1
◆ Heard on the Street: Deals spark bubble worries........B1

It's All About Poking Holes In This Bankruptcy Case

* * *

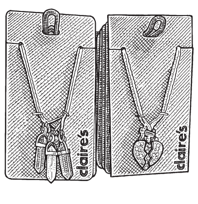
Ear-piercing memories take center stage during court proceedings for Claire's

By Becky Yerak

Joshua Sussberg sat before a bankruptcy judge at a hearing.

He was part of a legal team representing retailer Claire's. But Sussberg had something else on his mind.

The 47-year-old Kirkland & Ellis attorney launched into a story about how about 30 years ago, when he still had hair, he got an ear pierced at the now bankrupt mall fixture.



Broken chain

"The ear has nothing in it at this moment," the restructuring partner told the court via video from his office.

Then he threw down a gauntlet.

"I'm prepared to head back to Claire's" for another piercing if a buyer is found and keeps at least some of its roughly 1,300 U.S. stores open, he vowed.

Most corporate bankruptcy hearings are all business. But when the failing company has been a piercer of more than 100 million ears, nobody can stick to courtroom decorum.

Over the course of the proceedings, attorneys billing upwards of $2,600 an hour veered off topic to share their Claire's stories. The judge questioned a lawyer about his piercings. An attorney for the liquidator confessed to losing a bet that landed him in the piercing chair. Then there's Sussberg, who has a history of turning cases into story time.

Sussberg, who once

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INSIDE

PERSONAL JOURNAL

How did these borrowers pay off student debt? Side gigs and saving diligently. **A10**

KYODONEWS/ZUMA PRESS

SPORTS

Baseball has a new evil empire as the Dodgers close in on back-to-back World Series titles. **A14**

Surrogacy Business Is Growing, and Ripe For Financial Abuse

Industry has little regulation; money held in escrow goes missing

By Ben Foldy

AnnaMaria Gallozzi and her husband wanted to have a second child last year. Because Gallozzi has advanced breast cancer, the couple sought out a surrogate who could carry their baby.

They used crowdfunding and took out a second mortgage on their home to scrape together $100,000 to pay for the procedure, setting $55,000 aside in what they thought was a safe escrow account. Then they began the delicate process of transferring an embryo to the woman that would hopefully carry and deliver their baby.

Two months later, before the procedure was successful, the money disappeared.

"Instantly, my heart just kind of stopped," Gallozzi, who lives in Austin, Texas, said of the moment she learned the account was drained. Her hopes of expanding her family seemed to vanish with the money.

Like thousands of other couples who have navigated the intensely intimate, complex and almost entirely unregulated process of surrogacy, Gallozzi and her husband had placed those funds in escrow. They used a company that specialized in an obscure but vital component of the business: managing the large sums of money from parents to pay surrogates.

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