

BUSINESS

TODAY'S FOCUS **CASH**

360 CALORIES, 19 GRAMS OF FAT, \$1: Burger King plans to sell a French Fry Burger. **Page 2**

Toyota says new Prius, fuel cell car due in 2015

A company engineer says the goal is to improve on the hybrid's efficiency of 50 miles per gallon.

THE ASSOCIATED PRESS

YPSILANTI, MICH. • Toyota has two important vehicles coming in 2015: the next-generation Prius hybrid and the company's first hydrogen-fuel-cell car.

Satoshi Ogiso, a top Toyota engineer who helped develop the original Prius 20 years ago, said Wednesday that the new Prius will get significantly better fuel economy than its current 50 miles per gallon. It will have an advanced battery, motor and gas engine combination that is smaller, lighter and cheaper than the current version.

Ogiso wouldn't reveal the fuel economy, but he's hoping to at least match the 10 percent gains Toyota has seen in the last three generations of Priuses. A 10 percent gain would get the Prius to 55 mpg in combined city and highway driving.

"The challenge to continue to improve at this rate, to beat your own record, becomes very difficult but makes it all the more motivating," Ogiso told media at an event near Detroit. "I can tell you that we are very motivated to beat our record."

ALMOST DRIVERLESS
GM plans "Super Cruise" system by decade's end. **Page 7**

The new Prius will ride on a new, lower chassis to improve its handling and aerodynamics. It will also have a nicer interior. Ogiso wouldn't say how much it might cost, but a less expensive hybrid system could help bring down the Prius's \$24,000 price tag.

Toyota hopes the revamped Prius will help it reach its goal of selling 5 million hybrids in the U.S. by 2016. As of July, the company had sold more than 2 million Toyota and Lexus hybrids, including 1.4 million Prius compact cars, Prius C sub-compacts and Prius V wagons.

Bob Carter, Toyota's senior vice president of automotive operations in the U.S., said its hybrids have come a long way since the Prius debuted in the U.S. in 2000. Just over 5,500 Prius hybrids were sold that year; last year, the company sold 236,000 Prius family vehicles.

"Arguably, Prius is more than a car. It's become a pop culture icon," Carter said.



'Microbusinesses' create the most jobs but only if they overcome the problem of finding funding.

The big business of little loans

When Michele Richardson and her husband tried to get a \$50,000 loan for their new construction business in 2011, they didn't have much luck with traditional lending institutions.



MARNI USHEROFF
REGISTER WRITER

"Banks were like, 'Are you kidding me? You want a loan from us?'" Richardson, 45, recalls.

She turned to Stacey Sanchez, a loan officer with CDC

Small Business Finance, a private, nonprofit lender in Anaheim whose products include Small Business Administration microloans of \$5,000 to \$50,000. The CDC approved Richardson's application and provid-

ed her with the funds in addition to mandatory counseling sessions on reading financials, setting up cash flow analysis and marketing tips.

The investment paid off. Richardson's Mission Viejo-based commercial general contractor used the loan for operating capital while it secured projects that included building out the interior of a Nordstrom Rack in Huntington Beach. The company's revenue grew to \$7.3 million in 2012 from \$989,000 in 2011 - an increase of more than 600 percent. Meanwhile, the business grew to as many as 11 employees in 2012 from three in early 2011.

Little firms like Richardson's - with four or fewer employees, which gov-



KEVIN SULLIVAN, ORANGE COUNTY REGISTER
Michele Richardson is co-founder and CEO of ACR Builders, a commercial general contractor based in Mission Viejo. She and her husband wanted a business loan but drew no interest from traditional banks.

SEE LOANS • PAGE 3

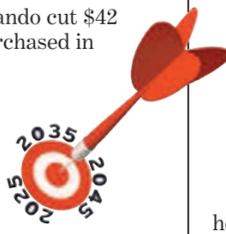
MORE INSIDE

SEAWORLD PRICE CUT

After an attendance drop, SeaWorld in San Diego is offering a free child's ticket with an adult ticket purchase midweek and SeaWorld Orlando cut \$42 off the price of a midweek ticket if purchased in advance online. **Page 3**

TARGET-DATE FUNDS

The "set-it-and-forget-it" concept of target-date funds works for those who want to ignore their portfolio. But recent changes, including a broader mix of investments, mean investors may want to check in on their retirement funds. **Page 4**



STOCKS HIGHER

The stock market edged higher as investors continued to focus on the likelihood of a U.S.-led attack on Syria. Energy stocks rose sharply as the price of oil increased to the highest in more than two years. The Dow rose 48 points. The price of oil hit its highest point in more than two years. **Page 5**

ASIAN MARKETS

From India to Indonesia, the currencies and stock markets of emerging economies have been roiled by speculation about when the U.S. Federal Reserve will start scaling back a monetary stimulus that has kept interest rates low and sent investors to developing markets in search of higher returns. **Page 6**

Wal-Mart's change on benefits pressures other employers

The largest U.S. retailer says it will recognize same-sex partners.

By **RENEE DUDLEY**
BLOOMBERG NEWS

Wal-Mart's decision to extend health care benefits to workers' same-sex partners removes one of the biggest holdouts and adds pressure on other resistant companies to follow suit.

"You can go to your board, and all of

a sudden you're not swimming against the stream as much as you were yesterday," said Wallace Hopp, associate dean of faculty and research at the University of Michigan's Stephen M. Ross School of Business. "You can say, 'Jeez, Wal-Mart does it.'"

Wal-Mart, the largest U.S. private employer and a frequent target of labor-rights groups, described the

change this week mainly as a path to a consistent policy as some states alter the definition of marriage. Even so, the switch after years of opposition may help tip the balance at companies such as trucker YRC Worldwide, which is considering partner benefits for 2014, or Exxon Mobil, one of the biggest firms left without such coverage.

"They're so big that everything they do sets an example," Hopp said of Wal-Mart. The retailer, founded by the late Sam Walton in 1962 and known for policies such as banning explicit lyrics in CDs it sells, serves about two-thirds of Americans monthly.

Overland Park, Kan.-based YRC is "always re-evaluating its benefits based on the needs and changing demographics of our employees," Kelly

Wal-Mart has 1.3 million full- and part-time U.S. workers, with more than half part of health plans and 1.1 million workers and family members covered.



DAMIAN DOVARGANES, THE ASSOCIATED PRESS

SEE WAL-MART • PAGE 3

MARKET RECAP



Dow Industrials
Close: 14,824.51
Change: +48.38



Nasdaq Index
Close: 3,593.35
Change: +14.83



S&P 500 Index
Close: 1,634.96
Change: +4.48



10-year Treasury:
Close: 2.78%
Change: -0.06



Oil per barrel:
Close: \$110.10
Change: +\$1.09



O.C. gas prices:
Gallon: \$3.805
Change: -0.005

MORE ON PAGE 5

Sea World slashes park ticket prices

San Diego site will allow a child free with a paid adult; attendance has fallen 9%.

BLOOMBERG NEWS

SeaWorld Entertainment, the subject of a critical documentary over the use of killer whales in its theme parks, is slashing ticket prices after a 9 percent second-quarter attendance drop.

The company's original park in San Diego is offering park-goers a free child's ticket with an adult ticket purchase midweek, a \$71 value, according to its website. SeaWorld Orlando cut \$42 off the price of a midweek ticket, a 46 percent discount, if purchased in advance online.

"I've never seen a SeaWorld promotion that aggressive in the 10-plus years I've been listing SeaWorld coupons and deals," said

Mary Waring, who runs the **MouseSavers.com** website for theme park visitors. She said the Orlando discount started this month.

The promotions are a reaction to consumer demand and part of an effort to fill parks on weekdays, Fred Jacobs, a spokesman, said in an email. Attendance is falling because of higher prices instituted earlier this year, bad weather and the timing of Easter on the calendar, Chief Financial Officer James Heaney said on an Aug. 13 conference call.

The company is also coping with negative publicity from "Blackfish," released in U.S. theaters on July 19, which began getting attention after its premiere at the Sundance Film Festival in January.

"We can attribute no attendance impact at all to the movie," Jacobs said.

SeaWorld, which owns 11 parks in five states, introduced a new ticketing strategy this year that involved higher prices and less re-

liance on third-party distributors. SeaWorld Orlando increased its single-day ticket price three times, or 12 percent, to \$92 in June from \$82 in July 2012, according to The Orlando Sentinel.

The June price increase in Orlando put it on a par with neighboring attractions at Universal Studios and below Walt Disney Co.'s Magic Kingdom, Jacobs said.

"We are continually refining our consumer offers and have various types of ticket packages in the marketplace at all times," Jacobs said.

"Blackfish" argues that killer whales shouldn't be held in captivity and that the company ignored warning signs of the danger to handlers.

SeaWorld has countered with a detailed critique of the film, calling it "a dishonest movie" in a statement distributed to critics and rebutting many of its conclusions.



PHELAN M. EBENHACK, THE ASSOCIATED PRESS

Sea World's chief financial officer gave several factors in the attendance drop but says the movie "Blackfish," critical of the park for using killer whales, isn't among them.



KEVIN SULLIVAN, ORANGE COUNTY REGISTER

Thanks to a \$50,000 loan, ACR Builders of Mission Viejo grew its revenue to \$7.3 million in 2012 from \$989,000 in 2011. Michele Richardson, founded the company with her husband, Steve, in 2010.

LOANS: Only 65% of small businesses say they can get adequate financing

FROM PAGE 1

ernment agencies generally define as microbusinesses — are big job creators. They added a net 700,000-plus jobs in California from 2003 to 2010, according to government data recently analyzed by the California Association for Micro Enterprise Opportunity. The next biggest job creators during the same period were firms with five to nine employees, generating almost 71,000 net new jobs. All other categories saw net losses.

Even so, microbusinesses can have a tough time getting banks to provide financing of up to \$50,000, the "microloans" that they may need to cover startup costs or expansions. In fact, commercial lending to small firms declined almost 18 percent during the financial crisis, according to the SBA.

That has driven more businesses to alternative forms of microlending.

The term brings to mind a range of financing activity — everything from Kiva's tiny loans to budding entrepreneurs in developing countries, to payday loans with their massive interest rates. It might cover for-profit small business loans from online lenders, such as On Deck Capital. Those online outlets are easy to find — they advertise extensively — but interest rates can annualize at around 15 percent.

The flip side is nonprofit community-based organizations such as CDC Small

Business Finance, which administer SBA microloans for eligible borrowers. The terms can be more favorable, but many entrepreneurs don't know the services even exist.

In the current climate, banks tend not to be interested in loans under \$200,000 unless a business has stellar credit or collateral, according to Claudia Viek, the chief executive of CAMEO, an advocate for microenterprise in California. Also, some small business owners previously would have used their homes as collateral for a home-equity line of credit, but plunging real estate val-

“It kept us going. It was a huge, huge help as we had to lay out cash for the larger projects.”

MICHELE RICHARDSON
REFERRING TO A LOAN SHE RECEIVED

ues cut off that opportunity.

Only 65 percent of small businesses say they're able to obtain adequate financing, according to advocacy group National Small Business Association's 2013 Mid-Year Economic Report. The smallest firms suffer the most.

The SBA certifies certain community-based nonprofits and then lends them microloan funding using federal dollars. These intermediaries then screen micro-business applicants to determine their eligibility for loans up to \$50,000, with the average loan at about \$13,000.

Rates and terms vary, de-

pending on the loan amount and needs of the borrower, among other factors. Sanchez says the SBA microloans she handles tend to come with an 8 percent interest rate for five years. She adds that they have no balloon and the repayment period is longer than a conventional loan, which keeps payments smaller and allows businesses to borrow as much as needed.

"The whole approach is not to make a profit," says Stephen Leung, a lender relations specialist for the SBA's Santa Ana office. He cites this factor as a major difference between these government-funded micro-

loans and ones coming from banks or online for-profit businesses. He didn't have exact figures on default, but suspects they're slightly higher than for commercial loans.

The underwriting period can be a couple of days or a few weeks, depending on the completeness of the application, and the nonprofits' requirements aren't as stringent as those of a traditional bank. They'll accept unconventional forms of collateral like "a really old secondhand car," says Leung.

Some of the borrowers taking advantage of this type of funding are corpo-

rate refugees creating their own jobs as well as more seasoned workers turned "encore entrepreneurs" in their 50s.

"A lot of small businesses, when they obtain microloans, are really putting their heart and sweat into the venture," Leung adds.

One drawback with the nonprofit lenders is that there can be a limit on how small they're willing to go. Sometimes it's not feasible for them to use their limited manpower on the smallest of microloans.

"Typically we would not be interested in doing a loan under \$20,000 because it's cost-prohibitive for us," Sanchez says. But they've just started a CAMEO pilot program that allows them to use an algorithm and online application to do credit scoring. The program was developed by Texas Accion, a longtime microlender, and Sanchez says it'll make it more affordable for her group to do loans from \$5,000 to \$20,000.

As for Michele Richardson, her focus has shifted from securing financing to developing a wider base of clients and providing more services for her existing clients. Not to mention getting work done.

"It kept us going," Richardson says of the loan. "It was a huge, huge help as we had to lay out cash for the larger projects."

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WAL-MART: Focus turns elsewhere

FROM PAGE 1

Walls, its senior vice president of human resources, said Tuesday in an email.

The number of Fortune 500 companies offering health care benefits to same-sex partners has surged in a decade, to about 62 percent last year from 34 percent in 2002, according to the Washington-based Human Rights Campaign.

Exxon, with about 76,900 employees, received the lowest score among the 20 largest companies on the campaign's 2013 Corporate Equality Index examining policies for lesbian, gay, bisexual and transgender workers.

On its website, Exxon says it offers coverage for "legally recognized spousal relationships" in countries where it operates. In the U.S., "We follow the federal definition of spousal relationships," Alan Jeffers, an Exxon spokesman, said by telephone.

Full-time workers' spouses and domestic partners will be eligible for coverage in medical, dental, vision, life, critical illness and accident plans, Wal-Mart said in a postcard provided to Bloomberg and being mailed to employees this week.

"We thought it was important to develop a single definition for all Wal-Mart associates in the U.S. to give them consistency in the various markets we operate in across the country," Randy Hargrove, a spokesman for the retailer, said in telephone interview.

Wal-Mart may have held out for so long in part because the size of its employee base makes it costly to expand benefits, said Molly Iacovoni, a senior vice president who works on employee benefits issues at Aon Hewitt, a human resources consulting group.

The retailer has 1.3 million full- and part-time U.S. employees, Hargrove said. More than half par-

ticipate in health care plans. A total of 1.1 million employees and family members are covered by the plans.

"This may have been a cost issue for them," said Iacovoni, who is based in Lincolnshire, Ill. "It may be that they are going to see a little bit of a cost rise, especially since they're offering both same and opposite sex."

Just last week, United Parcel Service said it would drop health insurance coverage for about 15,000 working spouses of white-collar employees to curtail rising costs.

In an emailed statement, Chad Griffin, president of the Human Rights Campaign, called Wal-Mart's decision, "a cultural signal that equality for LGBT people is the simplest of mainstream values." Griffin said he worked at Wal-Mart as a teenager and was "moved" by the decision.

In June, the U.S. Supreme Court struck down the 1996 Defense of Marriage Act that denied federal benefits to same-sex couples legally married in states that allowed it. The court also reinstated a federal judge's order allowing gay marriages in California. Thirteen states and the District of Columbia allow gay marriage.

While the change at Wal-Mart might cause some "ruffled feathers" among conservative shoppers, it isn't likely to cause a significant decline in traffic, said Brian Yarbrough, an analyst at Edward Jones & Co. in St. Louis.

Hopp, the University of Michigan professor, called the decision a "reflection of how the country is changing."

"The viewpoint that tries to deny the existence of same-sex couples is becoming a minority view," Hopp said. "Who's to say what Sam Walton's views would be today? It's a different country now."



JAE C. HONG, THE ASSOCIATED PRESS

An expert said Wal-Mart may have waited in part because its worker base makes it costly to expand care.