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BUSINESS & FINANCE

OpenAI Sales Trail Rival's

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seen as the heir apparent to CEO Sam Altman.

OpenAI has told investors that its growth rate has picked up since the launch of a set of new models in July, the people said.

For many startups, nearly $7 billion in quarterly revenue would be extraordinary, but the expectations are different for OpenAI. The company has sold investors on a stratospheric pace of growth and signed large computing deals premised on its ability to soon generate hundreds of billions of dollars in revenue every year. The performance of Nvidia, Oracle and other tech giants hinges on OpenAI's ability to make good on its commitments to them.

OpenAI's sequential rate of growth was slower than **Palantir**'s over the same period and behind other AI highfliers such as **CoreWeave** and **Micron**.

OpenAI recently released a "super app" that integrates its coding tool, Codex, with ChatGPT and a web browser and has said that the new product is attracting users quickly. In recent months, its co-founder and president, Greg Brockman, has also taken a more active role leading the product and business divisions in an effort to reaccelerate growth.

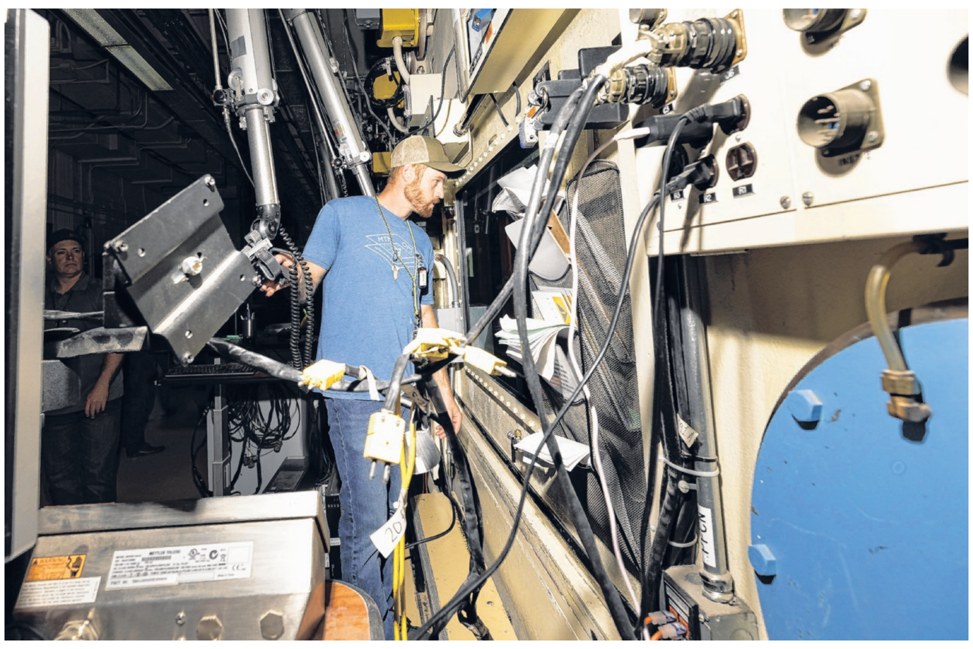
The operating loss widened from $9.3 billion in the first quarter to $12.3 billion in the second quarter, outpacing its revenue growth. Anthropic, by contrast, managed to eke out an adjusted profit, telling investors that it had made progress in how efficiently it uses computing resources.

It is unclear what methods Anthropic, which isn't yet a public company, used to calculate its adjusted profit, although in past communications with investors, it has excluded stock-based compensation from the figure.

The diverging fortunes show how drastically the AI race has shifted this year.

OpenAI subsidizes hundreds of millions of users who don't pay for ChatGPT and also cut the prices for two of its latest models after corporate customers began to grow more cautious about their spending on AI tools and shifted more tasks to cheaper models.

News Corp, owner of The Wall Street Journal, has a content-licensing partnership with OpenAI.



NATALIE BEHRING FOR WSJ

The U.S. is rusty at building nuclear plants. Its last new reactors came online in 2023 and 2024.

Race Is On To Build Reactor

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watts of electricity, enough to power 1,200 Walmarts.

Oklo—which was backed by OpenAI's Sam Altman, who took the company public in 2024—is part of a noisy and crowded field. Its Idaho site is one of 22 active reactor projects in the U.S., according to think tank Third Way. The World Nuclear Association tracks more than 130 SMR designs in development globally.

The hurdles are high. Revenue from power generation remains years away, and when it comes to building nuclear plants, the U.S. is rusty. America's last new reactors came online in 2023 and 2024 around $20 billion over budget and seven years behind schedule.

Many of the small reactors under development are backed by big technology companies trying to solve one of the most daunting challenges of the AI boom: how to secure power for data centers that can guzzle as much power as a city.

In addition to its deal with Oklo, Meta plans to buy electricity from TerraPower, a reactor developer founded by Bill Gates almost 20 years ago. Google has paired with Kairos Power. **Amazon.com** invested in, and is a customer of, **X-energy**, which went public earlier this year.

Carolyn Campbell, the former head of clean technology innovation at Meta, and her team oversaw a request-for-proposal process in late 2024 that eventually led to the pairings with Oklo and TerraPower. She said Meta's goal is to help developers reach "cost competitiveness sooner rather than later, were it not for our involvement."

Amazon's 2024 deal with X-energy was a turning point for the sector, said Michael Johnson, managing director for JPMorgan Chase's security and resiliency initiative.

"It was private capital formation and offtake and real support from Amazon that had people believe not just in the future of X-energy, but in the future of small modular reactors," he said.

Shares of the only two SMR firms that were publicly traded at the time, Oklo and **NuScale**, "took off," Johnson added. "That was the wake-up call."

Capital has surged into the once-sleepy sector. PitchBook tracked $2.9 billion in venture-capital fundraising at fission companies last year, up from $103 million in 2020. Startups that once struggled to secure funding have turned to the public markets.

Oklo said it grossed around $307 million in its public debut and has since raised around $3.2 billion in stock sales. At least 10 other reactor designers, including X-energy, have gone public—or plan to do so. Some investors describe the excitement around the sector as a moment of peak hype.

Skeptics say that presents its own risks. Shares of Oklo, NuScale and X-energy have fallen sharply this year. Oklo's market value swelled above $30 billion at its peak last fall and has since fallen to about $8.2 billion.

Guggenheim Securities analysts say Oklo could have 1.1 gigawatts of assets by 2032, though they say free cash flow will likely be "further off as long as the company continues to add assets."

Watch a Video

Scan this code to see video of a visit to the Idaho National Laboratory.

CEOs Get Second Chances

JAE C. HONG/AP

LUCY NICHOLSON/REUTERS

Brian Krzanich and Mark Hurd landed new leadership roles after misconduct allegations by their previous employers.

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fessional capabilities, "you can't divorce them," he added.

Neither L3Harris nor Kubasik responded to requests for comment. At the time of his Lockheed Martin departure, he expressed remorse for his actions: "I regret that my conduct in this matter did not meet the standards to which I have always held myself," he said in a 2012 statement.

Despite the greater accountability that boards have come to hold CEOs to over the years—especially with workplace relationships—those standards can be fuzzier for incoming CEO candidates. Some boards are willing to tolerate prior indiscretions, depending on the industry and specific circumstances, executive recruiters and corporate governance experts say.

Often boards will ignore past mistakes if they think the executive won't create messes on their own watch, said Janine Yancey, an employment lawyer and founder of HR compliance firm Emtrain. Their bigger worries are whether the executive has been involved in business malfeasance or behavior that harmed the company's financials or reputation.

"A relationship with a subordinate is so garden-variety, it's not going to influence that many board members other than for them to say, 'Let's give this person a warning,'" she said. Boards "don't act based on behaviors. They act when those behaviors create enterprise risk for the business," she added.

Several executive recruiters said boards are more inclined to appoint a CEO with a less-than-pristine employment history when they believe there is a limited pool of candidates with the right experience.

In 2018, Krzanich resigned from Intel after the chip maker said an internal investigation found he had had "a past consensual relationship." That violated the company's nonfraternization policy, it said. Krzanich went on to become CEO of a smaller company, technology provider CDK Global. In 2024, he was named CEO of publicly traded AI company **Cerence**, where he remains today.

Cerence didn't comment or make Krzanich available for comment, and Krzanich didn't respond to a separate query.

Technology executive Mark Hurd left Hewlett Packard in 2010 amid claims of misconduct involving a relationship with a female contractor. He soon reemerged as an executive at database giant Oracle. Hurd had been tennis buddies with Oracle co-founder Larry Ellison, who publicly criticized HP's decision as "the worst personnel decision since the idiots on the Apple board fired Steve Jobs many years ago."

Though the Hewlett Packard board found Hurd didn't violate the company's policy regarding sexual harassment, it determined he had submitted inaccurate expense reports to conceal the relationship.

A spokesman for Hurd, who would become Oracle's co-CEO, said later that there was nothing untoward or improper about Hurd's relationship. Hurd's 2019 death left Safra Catz as Oracle's sole CEO.

In the case of L3Harris's Kubasik, the longtime defense-industry executive and Lockheed CEO-elect resigned in 2012 for engaging in a "lengthy, close personal relationship" with a subordinate, according to the company. Lockheed Martin awarded him a $3.5 million separation payment.

Medicare Plans Set For Costco

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of SCAN, said the new Medicare Advantage plans will integrate closely with Costco's offerings across prescription drugs, vision, over-the-counter medications, food and hearing products. "We are trying to create something that's incredibly simple for people to use that will enable them to seamlessly access their benefits," he said.

The new Medicare products won't come with a Costco membership thrown in—that isn't allowed under federal rules. The plans will be sold in Costco stores, as well as through normal channels such as insurance agents and websites.

The effort will let Costco dip a toe in the water of the Medicare business. Advantage plans offer seniors a private version of the federal program's benefits, and supplemental products provide richer coverage on top of traditional Medicare.

Costco has been trying to find new ways to increase sales and make its membership more valuable to shoppers, including with a growing foray into stand-alone gas stations. Costco has long had tie-ins with an array of services, including its popular vacation packages.

Richard Stephens, senior vice president for pharmacy at Costco, said Costco members "know that if they buy something from Costco, it has been vetted, and we feel it's the best thing in the category," he said.

The two companies declined to disclose the financial details of their partnership.

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