

FORTUNE

May 28, 2007 • Vol. 155, No. 9

FEATURES

28 China's New Cultural Revolution

After more than a decade embracing all things Western, Chinese consumers are turning more, well ... Chinese. Time to rethink the China strategy?

BY SHERIDAN PRASSO

38 You Raised Them, Now Manage Them

The baby-boomers' kids are marching into the workplace, and look out: This crop of twentysomethings really *is* different. A field guide to Generation Y.

BY NADIRA A. HIRA

48 Microsoft vs. the Free World

Microsoft claims that free software like Linux, which runs a big chunk of corporate America, violates 235 of its patents. It wants royalties from distributors and users. BY ROGER PARLOFF



28 TO GO Yum Brands is rolling out Chinese fast-food restaurants in China.

56 The Bloomberg

There's power in that name. The man, Michael Bloomberg, runs New York City and may have even grander ambitions. The company, Bloomberg LP, is a prodigious success and just keeps getting stronger. BY CAROL J. LOOMIS

FIRST

13 Shaking the Bancroft Family Tree

Court documents in a dusty New Mexico town shed light on Rupert Murdoch's fight for Dow Jones. BY TIM ARANGO

15 Amazon's 7-Year Itch

Revisiting our May 2000 forecast of what the hugely innovative Seattle company might look like some years out—say in 2007. We were good on profits and the stock, not so hot on revenues.

BY CAROL J. LOOMIS

16 Eastern Germany's Sunny Future

The former East Germany, once one of the world's gloomiest places, has become home to one of the world's brightest industries: solar power.

BY MICHAEL DUMIAK

19 Question Authority

Gucci Group CEO Robert Polet, who took over in 2004 in the face of industry skepticism, tells how he grew profits 44% last year.

PLUS 60 Second Briefing: major league soccer • Picture This • and more



MARTIN KOLLAR—WAL PORTRAIT; MIKE MCGREGOR



DISPATCHES

24 The Road to Hope

A microcredit program created by Thailand's "Mr. Condom" allows the HIV positive to start businesses and earn a living. BY ROBERT HORN

COLUMNS

26 Value Driven

A tie goes to the managers: Why bosses (almost) always win in close shareholder votes. BY GEOFF COLVIN

76 While You Were Out

Get thee behind me, bushwa. It's time to throw out the accumulated junk in the mental attic. BY STANLEY BING

INVESTING

67 The Well Isn't Dry Yet

Oil prices are up, but many energy stocks haven't kept pace. Here's a look at some surprisingly undervalued companies in a still-hot industry. BY JON BIRGER

68 Ahead of the Curve

How to dial in to the iPhone bonanza. BY STEPHANIE N. MEHTA

BUSINESS LIFE

71 How Green Is My Hybrid

We put the hotly anticipated hybrid luxury flagship from Lexus to the test. Also, the best fuel-efficient cars on the road (plus a few worth waiting for), and why hybrids have taken over Hollywood. BY SUE ZESIGER CALLAWAY

8 Index 10 Letters

38

GENERATION Y

This enormous cohort of twentysomethings is moving into the workforce as baby-boomers begin to retire. Corporate America has no choice but to accommodate their high expectations.

FORTUNE Asia (ISSN 0738-5587) is published 23 issues a year by Time Asia (Hong Kong) Limited. FORTUNE Asia may also publish occasional extra issues. **Customer Service and Subscriptions:** For 24/7 service, please use our website: fortune.com/customerserviceasia. You may also contact Customer Services Center at (852) 3128-5688, or e-mail to enquiries@timeasia.com or write to Time Asia (Hong Kong) Limited, 30/F Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. **Subscribers:** If the postal authorities alert us that your magazine is undeliverable, we have no further obligation unless we receive a corrected address within two years. **Mailing List:** We make a portion of our mailing list available to reputable firms. If you would prefer that we not include your name, please contact Customer Services Center. Member, Audit Bureau of Circulations. © 2007 Time Asia (Hong Kong) Limited. All rights reserved. FORTUNE is protected through trademark registration in the U.S. and in the countries where FORTUNE magazine circulates. FORTUNE Asia is printed in Singapore. Singapore MICA (P) No. 245/06/2006. Malaysia KKDN permit no. PPS 1162/04/2007. Worldwide publisher: Michael Federle.