

# FORTUNE

September 17, 2007 • Vol. 156, No. 5



10 08.2550

## FEATURES

### THE LUXURY ISSUE

#### 44 Mass vs. Class

Call it the Age of McLuxury. The \$220 billion global industry is racing to the top and the bottom at the same time. But can the world's most exclusive brands stretch that much and still keep their cachet? BY PETER GUMBEL

#### 52 It's Ralph's World ...

Going global and upscale while creating a new in-house brand for J.C. Penney, Ralph Lauren wants to sell all things to all people. BY JOHN BRODIE

#### 61 Does Bling Beat the Market?

A new crop of investing vehicles focuses on the conspicuous-consumption sector. Are they a smart way to cash in on the global wealth boom—or is it too late? BY TELIS DEMOS

#### 64 Portfolio: The Style Council

The men and women who personify the business of style, from François-Henri Pinault to David Chu and Diane von Furstenberg. Photographs by BEN BAKER  
Words by EUGENIA LEVENSON



**32 NO CAKEWALK** The Iraqi flag decorates a cake to be served to visiting U.S. Congressmen.

#### 32 Mission Impossible

A former Silicon Valley exec turned Pentagon boss wants to put Iraq back to work. But his plan to restart the country's state-owned factories has run into many roadblocks—including his own government. BY BARNEY GIMBEL

#### 75 Selling P&G

How do you sell \$76 billion of consumer goods? One brand at a time. Procter & Gamble's chief marketing officer, Jim Stengel, talks with GEOFF COLVIN.

## FIRST

#### 15 Fidelity's Deafening Silence

A string of high-profile exits. The rumored illness of his daughter. How long can Ned Johnson avoid publicly addressing the fund giant's future? BY PATRICIA SELLERS

#### 19 Is Canada for Sale?

Many of Canada's best-known companies have been bought by foreigners. Even easygoing Canadians are wondering what can be done about it. BY ERIK HEINRICH

#### 20 Question Authority

Wall Street bond titan Larry Fink has been advising clients reeling from the subprime meltdown. He speaks with PETER EAVIS about the credit crunch.

#### 23 Bright Prospects for a Poisonous Plant

BP believes an incredible plant called jatropha can ease global fuel demands. It could boost incomes in Africa and other impoverished regions too. BY CAROLYN WHELAN

#### 24 Picture This

Nearly a quarter-million refugees from Sudan's war-torn Darfur region have taken shelter in Chad. The four-year conflict has had a spillover effect in neighboring countries. BY SHERIDAN PRASSO

## COLUMNS

#### 26 The Deal

Don't believe the hype about Bush's budget numbers: The deficit is much bigger than you think. BY ALLAN SLOAN

#### 28 Technology

Consumer content is driving the Internet's future. BY BRENT SCHLENDER



**64**  
**LEATHER EMPIRE**  
 Diego Della Valle arrives at Casette d'Ete, Italy, in his company plane. He built a \$719-million-a-year luxury shoe and handbag business over the course of three decades.

**30 Books**

Government gets off easy in Bill Clinton's new book about the world of philanthropy and volunteerism. BY JEFFREY SACHS

**88 While You Were Out**

Luxury for middle managers: So what if a small cube of Montrachet costs as much as a tank of gas. Aren't you worth it? BY STANLEY BING

**INVESTING**

**83 After the Storm**

Many stocks were bruised in the recent market tumble. Screaming bargains may be hard to come by, but we found some ripe choices with bright prospects. BY COREY HAJIM

**8 Index 10 Letters**

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/customer-service/asia](http://fortune.com/customer-service/asia). You may also contact Customer Services Center at (852) 3128-5688, or e-mail to [enquiries@timeasia.com](mailto: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. PPS1162/5/2008. Worldwide publisher: Michael Fedele.