

FORTUNE

November 27, 2006 • Vol. 154, No. 10

COVER STORIES

- 41 PORTRAITS OF POWER: A FORTUNE PORTFOLIO**
Triumph. Scandal. Redemption. Resolve. Here are the leaders who personify the promise—and peril—of the business world in 2006. PHOTOGRAPHS BY ALBERT WATSON
- 74 HAMMERIN' HANK: AN EXCLUSIVE INTERVIEW**
Treasury Secretary Hank Paulson has unmatched credibility on Wall Street, in the White House, and on both sides of the aisle in Congress. BY NINA EASTON AND ANDY SERWER

FEATURES

- 82 Lessons of Private Equity**
The boom in private equity is breathtaking. But it's not just making investors rich—the wave of deals is changing the whole mindset of corporate managers everywhere.
BY GEOFFREY COLVIN AND RAM CHARAN

FIRST

- 21 Business Gets Thumped**
After a dozen years in the minority, the Democrats are ready to put their stamp on oil, pharma, and finance. BY NINA EASTON
- 26 A Bitter Pill for Indian Pharma**
India's drug industry objects to the pharma minister's move to reduce prices for 354 essential drugs. BY YASSIR A. PITALWALLA
- 30 When Is Banking a Terrorist Act?**
A U.S. district court holds two foreign banks liable for financing terrorism, even though their home countries found them innocent. BY MARC PERELMAN

PLUS How Hewlett-Packard Got Its Groove Back • World at Risk • 60-Second Briefing • Picture This • and more ...

DISPATCHES

- 36 In Harm's Way**
A proposed gas pipeline in Myanmar has farmers worried about their land—and human-rights activists up in arms.
BY DANIEL PEPPER

COLUMNISTS

- 128 While You Were Out**
Are you powerful? Answer these seven simple questions to find out. BY STANLEY BING

INVESTING

- 93 Mapping the Market's Wild Ride**
The Dow Jones industrial average keeps reaching new highs, but the S&P 500 index is still about 10% shy of its record, and the Nasdaq, hampered by its heavy load of tech stocks, is nowhere near its peak. A graphic look at a ragged rally.
BY KATIE BENNER

BUSINESS LIFE

- 121 For Love and Money**
The two Harvard Business School classmates who resurrected legendary boatmaker Chris-Craft have a new plan to bring Indian Motorcycle back from the brink. Can this icon be saved? BY EUGENIA LEVENSON
- 126 Gadgets**
Microsoft takes on iPod with its wireless-enabled Zune, which lets music lovers swap songs. Too bad Microsoft does better with the hardware than with the software.
BY PETER LEWIS

12 Editor's Desk 14 Letters 18 Index

FORTUNE Asia (ISSN 0738-5587) is published 23 issues a year by Time Inc. Principal office: Time & Life Building, Rockefeller Center, New York, N.Y. 10020-1393. Ann S. Moore, Chairman and CEO; John S. Redpath Jr., Secretary. FORTUNE Asia may also publish occasional extra issues. **Customer Service and Subscriptions:** For 24/7 service, please use our website: www.fortune.com/customerservice. You may also contact Customer Services Center at 852-3128-5688, or e-mail to enquiries@timeinc.com or write to 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. ©2006 Time Inc. All rights reserved. FORTUNE is a registered mark of Time Inc. FORTUNE Asia is printed in Singapore. Singapore MICA (P) 245/06/2006. Malaysia KKD permit PP5 1162/04/2006. Publisher: Michael Federle.

COVER PHOTOGRAPH AND OPPOSITE PAGE BY ALBERT WATSON



Find current FORTUNE stories and more on fortune.com