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*December 2009
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2008**

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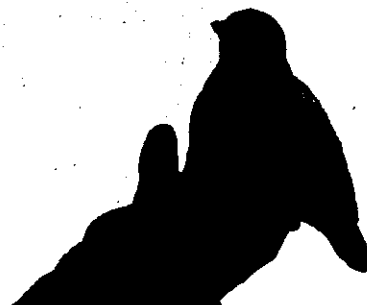
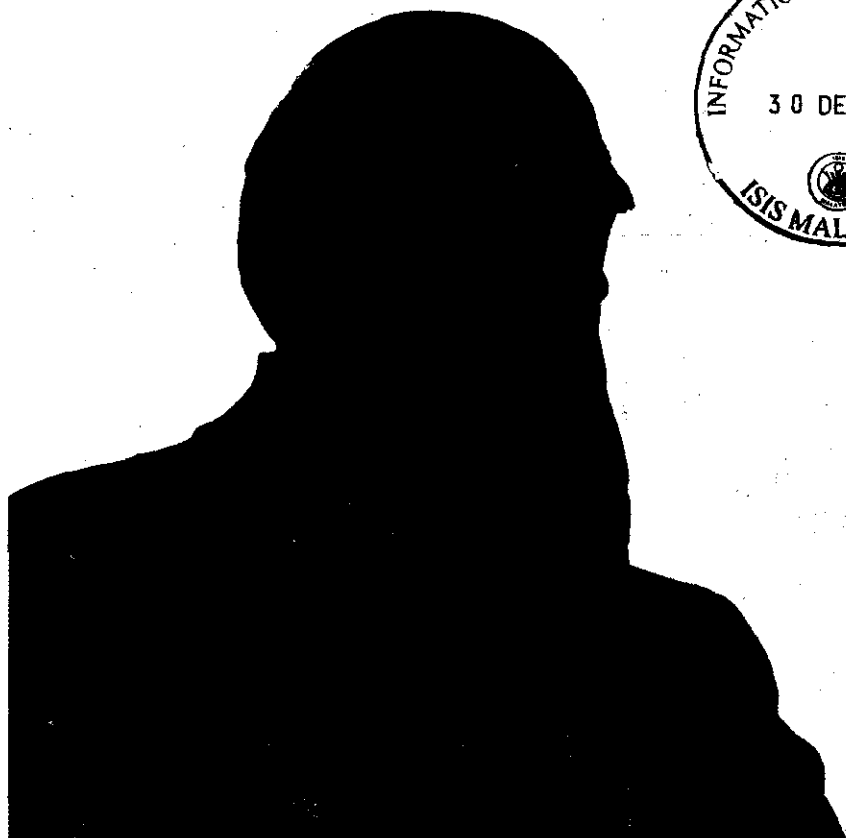
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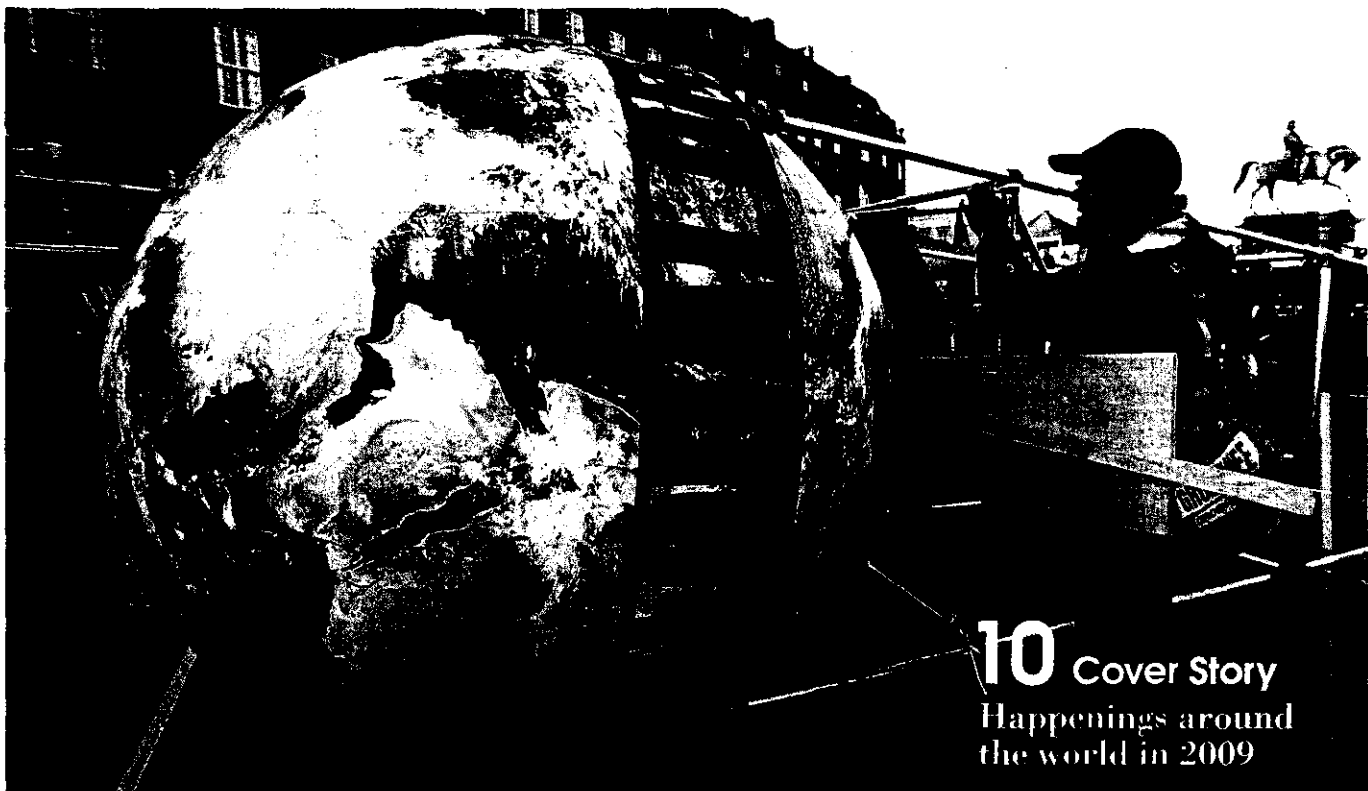
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Charles Onyango
Apiyo blames
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for the deaths of
many of his cattle

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RETAIL SPECIAL REPORT LOOK WHO'S STALKING WAL-MART

030 | Target is battling the recession by stressing low prices. But can it move downmarket without losing its long-cultivated cachet?

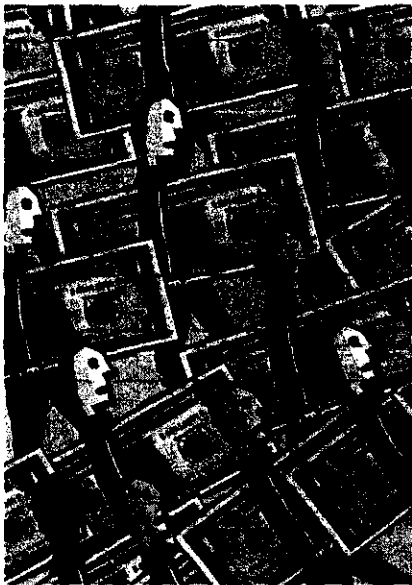
ALSO: While Old Navy is enjoying a sales uptick, it may still be at sea. |BW|

LAND RUSH IN AFRICA

038 | Agribusiness and global investors are scooping up vast tracts of farmland across the continent. Some, like Dominion Farms' Calvin Burgess, say they're boosting local economies. But in Kenya, foreign investors are stirring resentments. |BW|

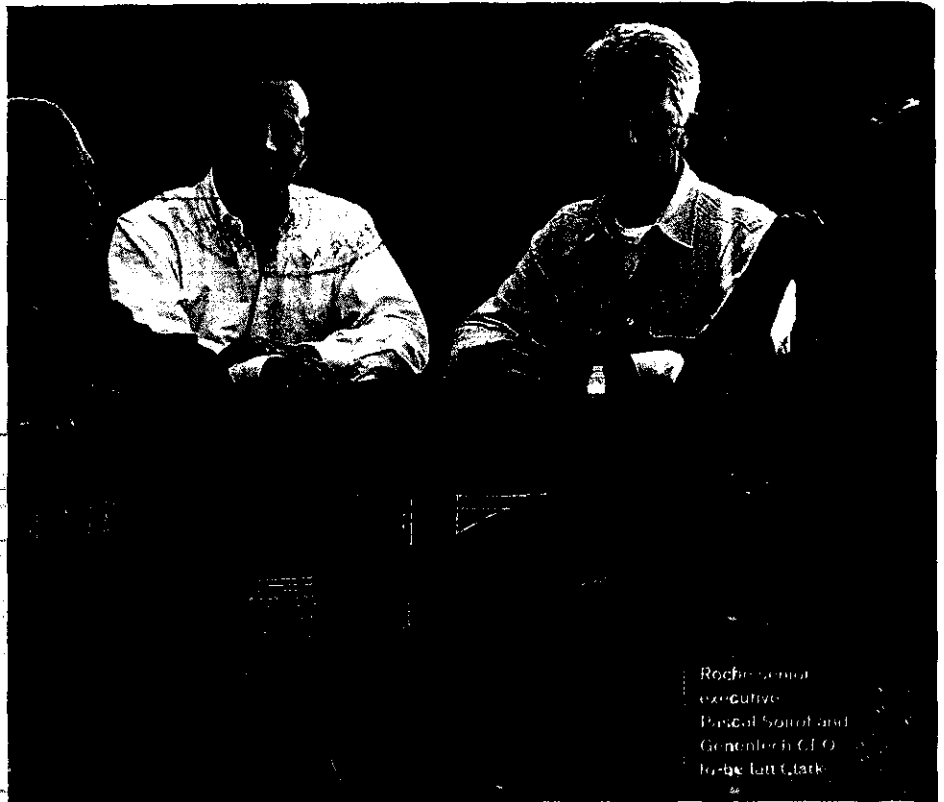
OBAMA'S BIG GOV SWAT TEAM

044 | The White House has a small cadre of technocrats hard at work on a "new performance compact" where the government gets the maximum bang for the big bucks it spends. Policy experts wonder if they can really remake the ways of Washington. |BW|



BEHIND THE STOCK RALLY

Sure, the Dow and S&P 500 are flying. But some see a "melt up," where large institutional players generate market momentum that has little to do with economic reality. **IBW | PAGE 024**



Roche senior executive Pascal Soriot and Genentech CEO Vibeke Iltis talk

CAN ROCHE LEAVE GENENTECH ALONE?

The Swiss pharmaceutical giant has generally kept its hands off its San Francisco-based drug-development partner, yielding many blockbusters. Now that it owns it outright, the challenge is not to mess with a formula that works. **IBW | PAGE 048**

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- 011 FACETIME** Maria Bartiromo talks about gold with commodities guru Jim Rogers
- 015 BTW** Green offices save money; a tax on cosmetic work; Coke's underground Christmas carols
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- 018 NUMBERS** Global dealmaking is recovering, and U.S. companies are the biggest targets

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- 028 TOUGH CHOICES FOR HULU** The TV Web site, losing a bundle, may start charging visitors

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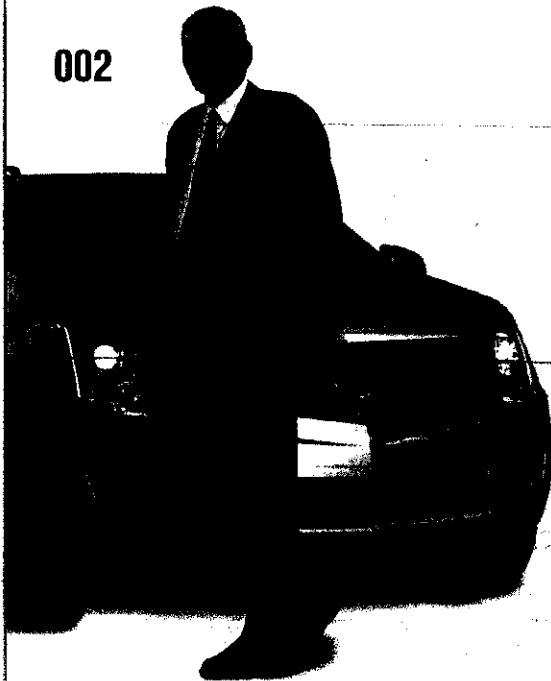
- 059 MONEY REPORT** Warning signs in the S&P 500; overvalued stocks; Tupperware's new frontier
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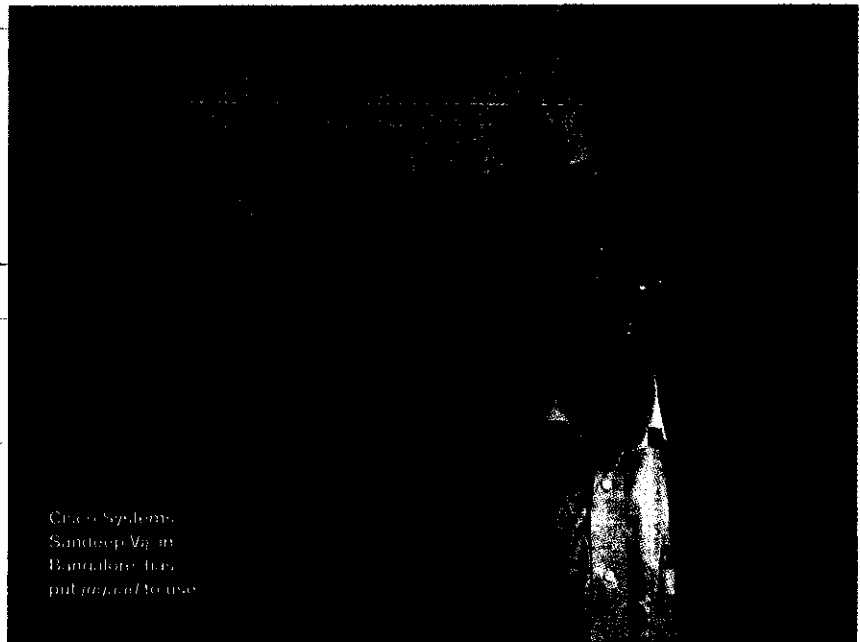
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THE BATTLE INSIDE GM

The ouster of Fritz Henderson may make tactical sense. But the second-guessing of Ed Whitacre (above) and other industry outsiders on the board has insiders worried. | BW | PAGE 020



Cisco Systems
Sandeep Vajani
Bangalore, India
put *jugad* to use

A MANAGEMENT CRAZE FROM INDIA

Jugaad is becoming a buzzword among management consultants. The term, which is Hindi slang, has come to mean fast, cheap, customer-centric innovation. And it's catching the attention of Western executives. | BW | PAGE 057

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AOL's Armstrong
has 100 million
unique monthly
visitors—and
serious rivals



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**CRISIS IN THE GULF:
WHY DUBAI MATTERS**

034 | Sure, it's going to pay a hefty price for its debt woes. But the city-state's open economy has attracted legions of foreign investors and serves as a model for its conservative, autocratic neighbors in the Persian Gulf. **| BW |**

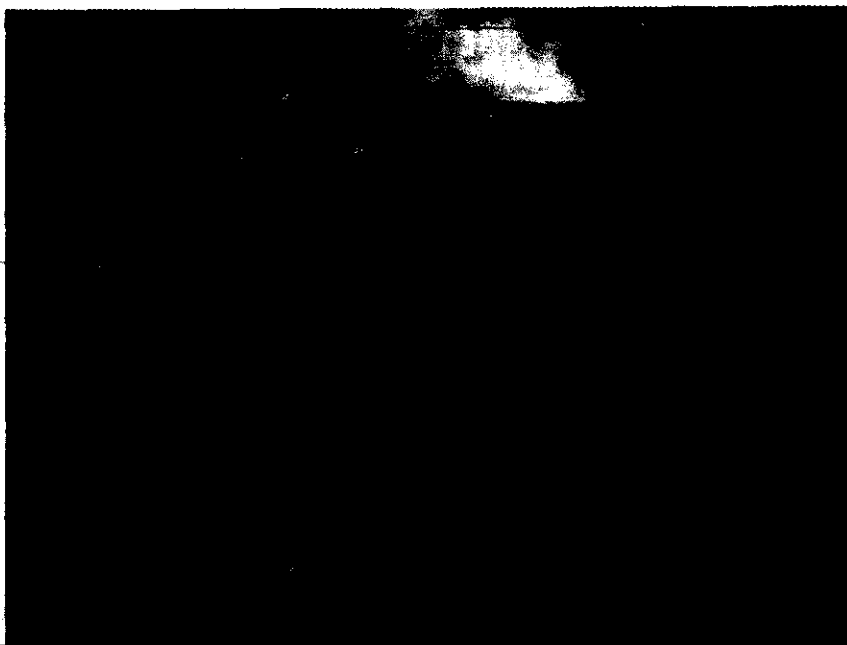
**CAN THIS MAN
SAVE AOL?**

042 | Tim Armstrong may have the toughest job in media: Trying to teach an old digital dog the new tricks that will make it relevant to users and advertisers. Among the obstacles he faces: Yahoo!, Microsoft, and a slew of startups. **| BW |**

**BEWARE SOCIAL MEDIA
SNAKE OIL**

048 | Many executives are drawn to the opportunities they see in social media. And they're listening to hordes of marketing "experts" enthusing about Facebook, Twitter, and blogs. But all the hype may obscure the real potential of these tools. **| BW |**

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HANDLING A WOUNDED TIGER

CHINA'S 'MADE IN CHINA' PROBLEM

Beijing's massive stimulus helped boost demand for commodities such as steel. It also led to a boom in new factories and a glut in output. Experts fear trade friction could increase if China starts exporting the excess at cut-rate prices. | BW | PAGE 020

Many sponsors are standing behind him, in part because there is no one who can replace him. But the public will never look at this endorser the same way again. | BW | PAGE 036

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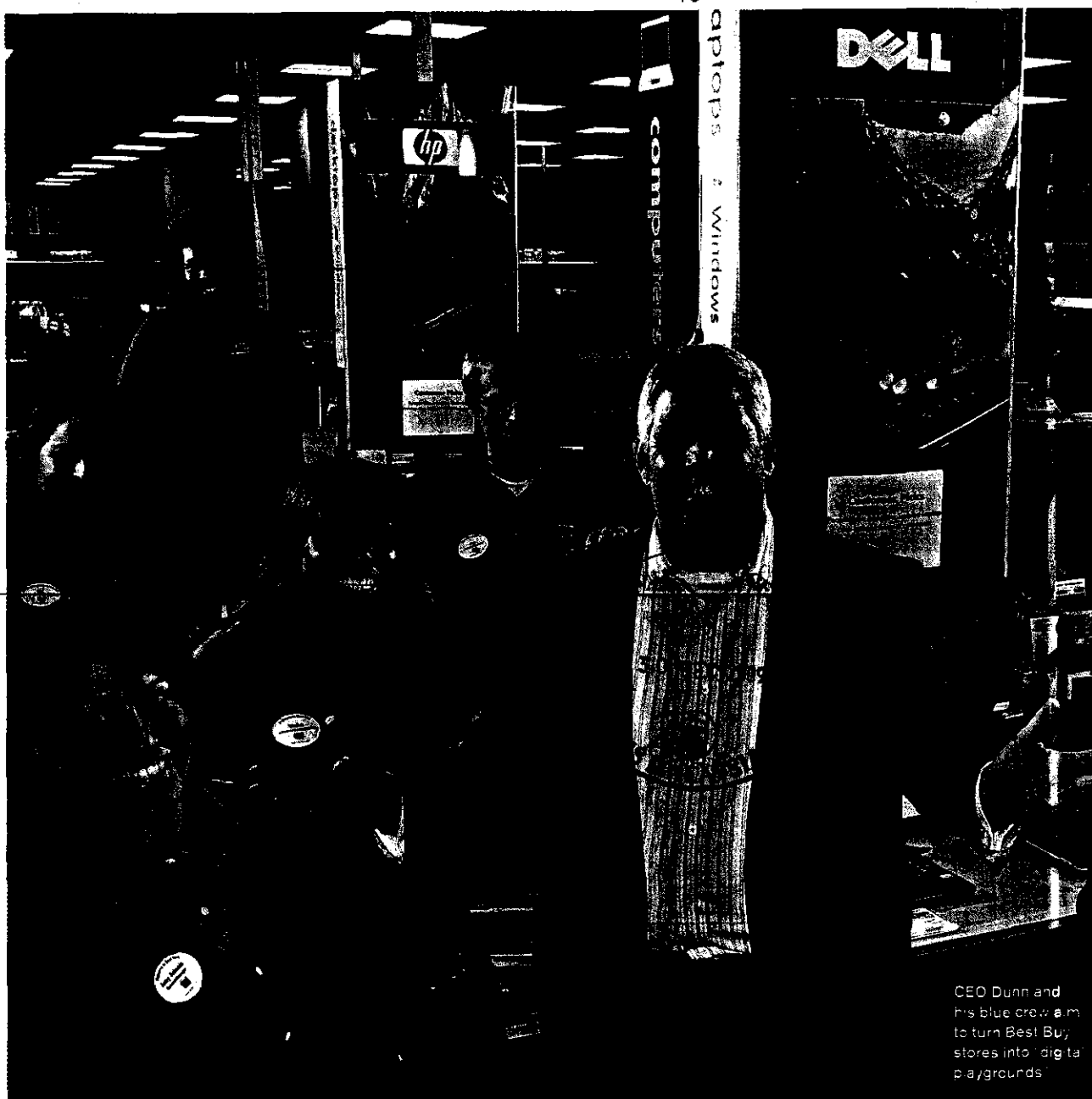
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CEO Dunn and his blue crew aim to turn Best Buy stores into 'digital playgrounds'

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CAN KKR BECOME OMAHA ON THE HUDSON?

038 | Henry Kravis and George Roberts built their private equity giant on swashbuckling deals like the debt-fueled takeover of RJR Nabisco. Now they want a more diversified firm that can finance its own deals—just like Buffett's Berkshire Hathaway. |BW|

WHAT HEALTH REFORM WON'T CURE

046 | Obama and his allies in Congress say cutting waste and fraud will fund expansion of health coverage. But proposed legislation barely nods to the problem, and medical suppliers who have overbilled the feds for billions aren't likely to change their ways. |BW|

WHY TECH BOWS TO BEST BUY

050 | As the last consumer electronics giant standing, Best Buy has unparalleled clout. Now CEO Brian Dunn wants to go beyond selling products like TVs and computers and become a central player in determining what kind of products come to market. |BW|

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On the cover: Barack Obama doing the right thing in the wrong way. Leader, page 12. The speech of a politician, not a commander, in the wrong way. Lexington, page 42. The war from Kabul, page 29.

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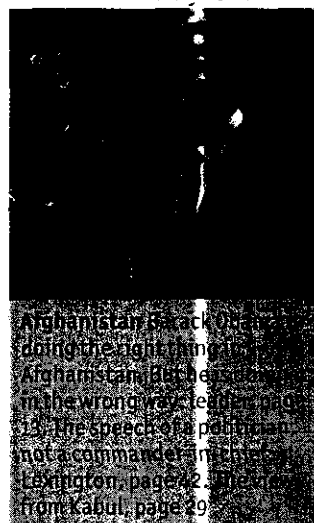
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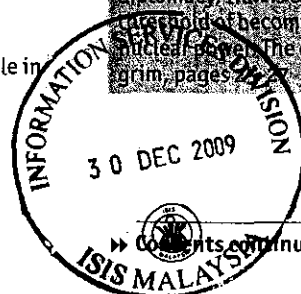
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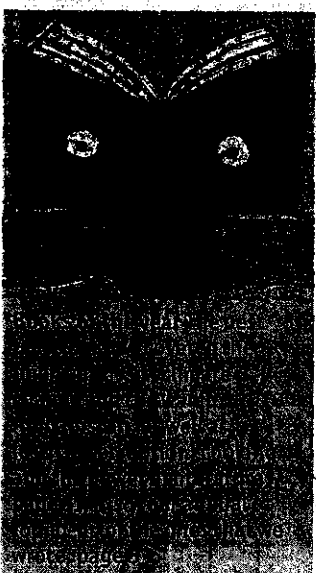
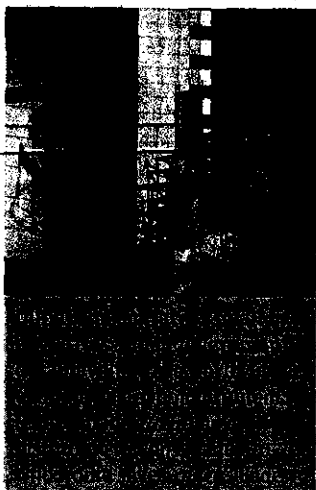
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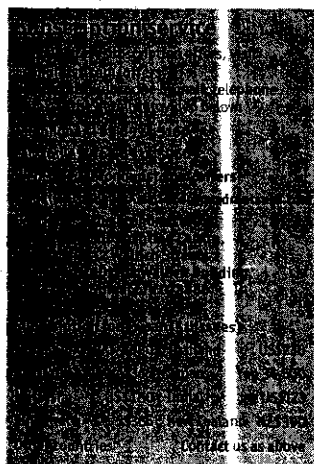
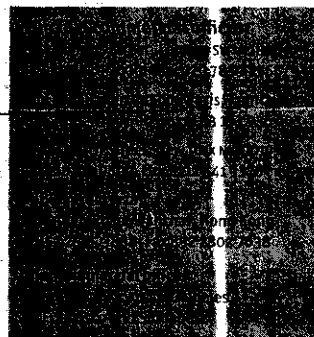
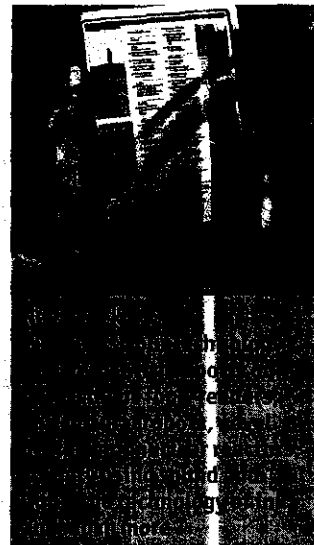
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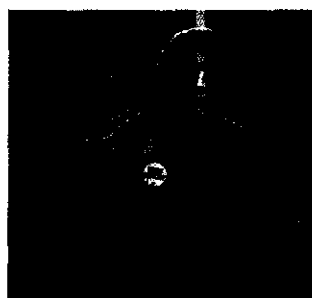
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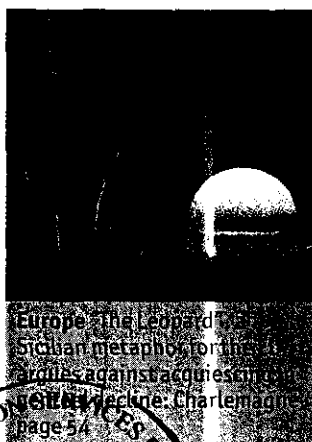
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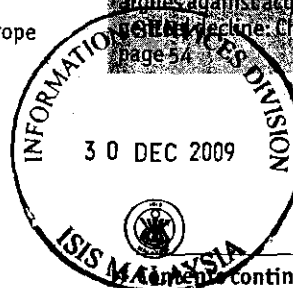
Mike Huckabee from the 2008 presidential campaign underestimates the rock of the religious right. Lexington, page 38



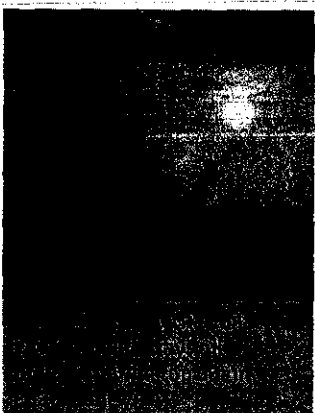
Gordon Brown, classmate of the government minister, is bashing the rich, that is, mending the economy. What does he propose to mend its financial page 55. Politicians get serious (well, sort of) about wasteful spending, page 56. Gordon Brown has attacked both the posh and the plebs, may ignite another sort of class war. Bagehot, page 56



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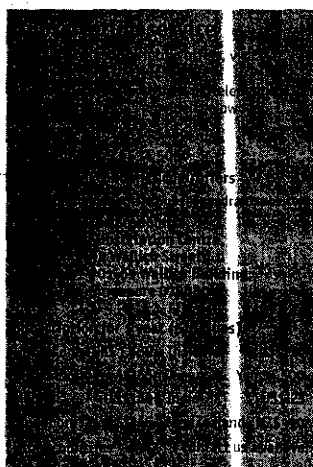
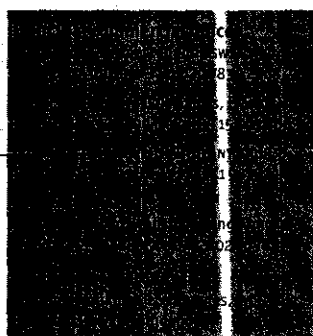
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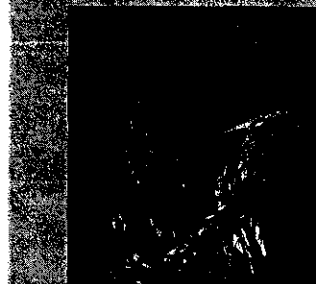
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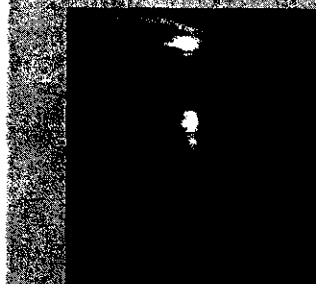




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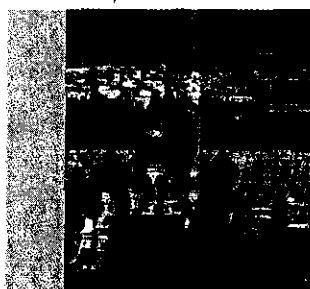
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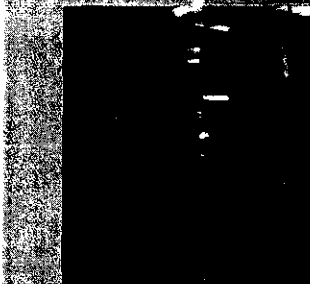
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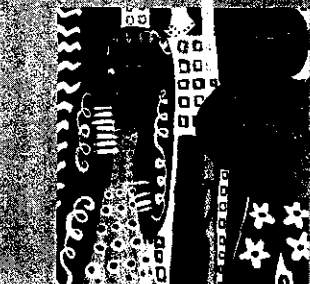
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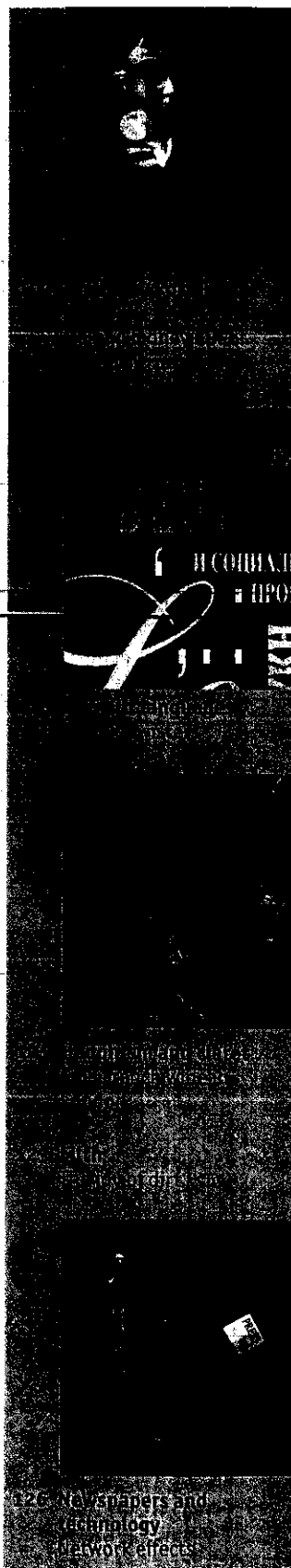
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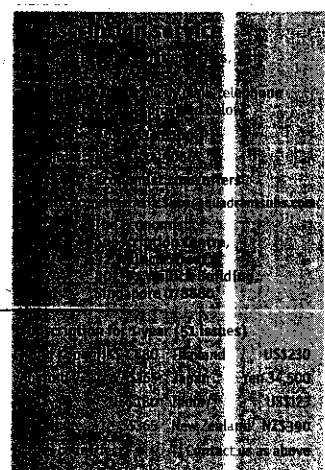
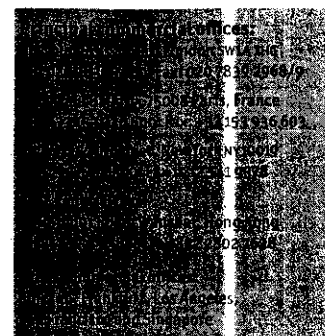
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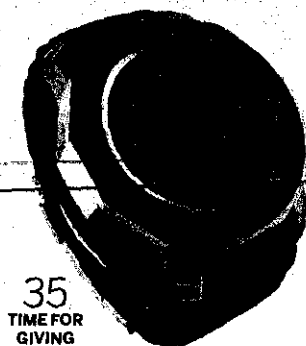
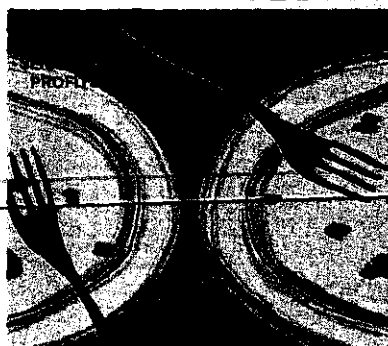
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In Road Warrior (Nov. 9), we misidentified a photograph of the Fairmont Le Montreux Palace as the Evian Royal Resort. *Fortune* regrets the error.

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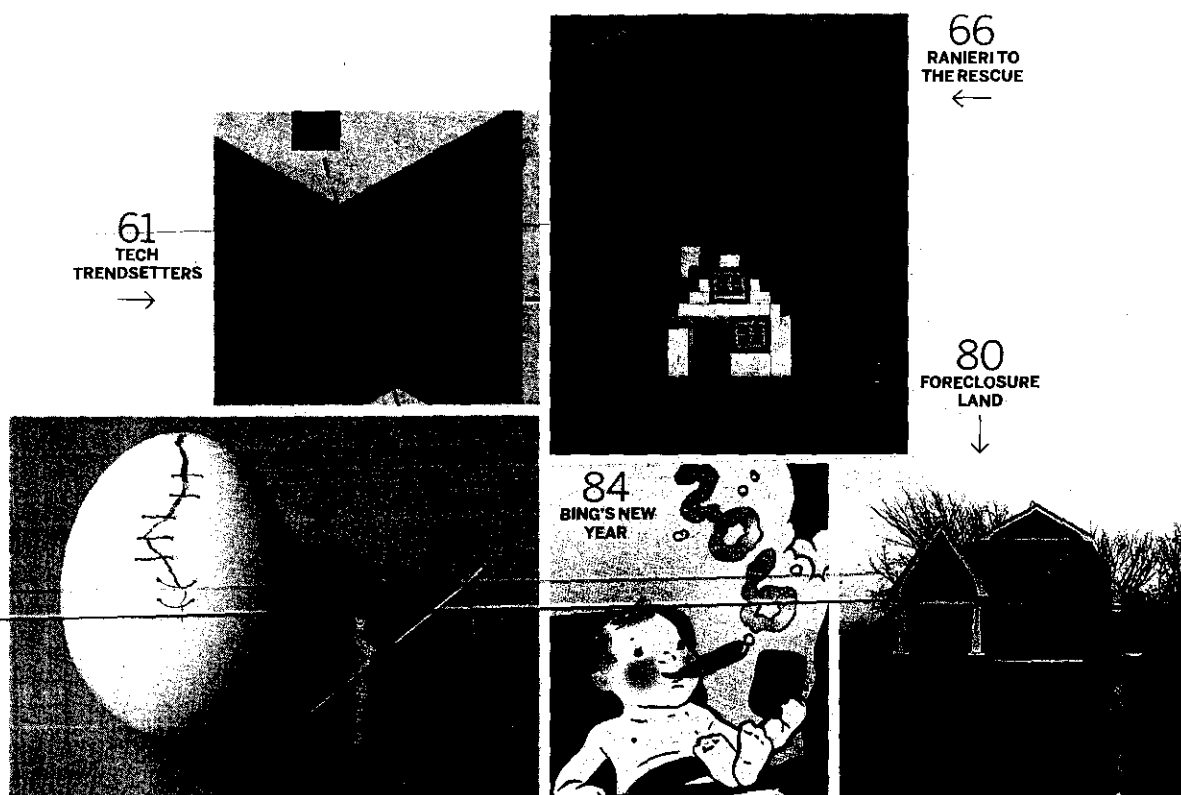
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In "Best Buy Wants Your Junk" (Dec. 7), we incorrectly reported that Hewlett-Packard and Epson buy used ink-jet cartridges from Best Buy. *Fortune* regrets the error.



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IF ANALYST views pan out and the current stock market rally extends its run into the New Year, smaller-cap stocks could be the next star performers. With their relatively lower valuations, prevailing low interest rates and surplus liquidity in the market, these much-overlooked stocks could just upstage their bigger-cap peers. Such a scenario is not without precedent. In 1996/1997, when the

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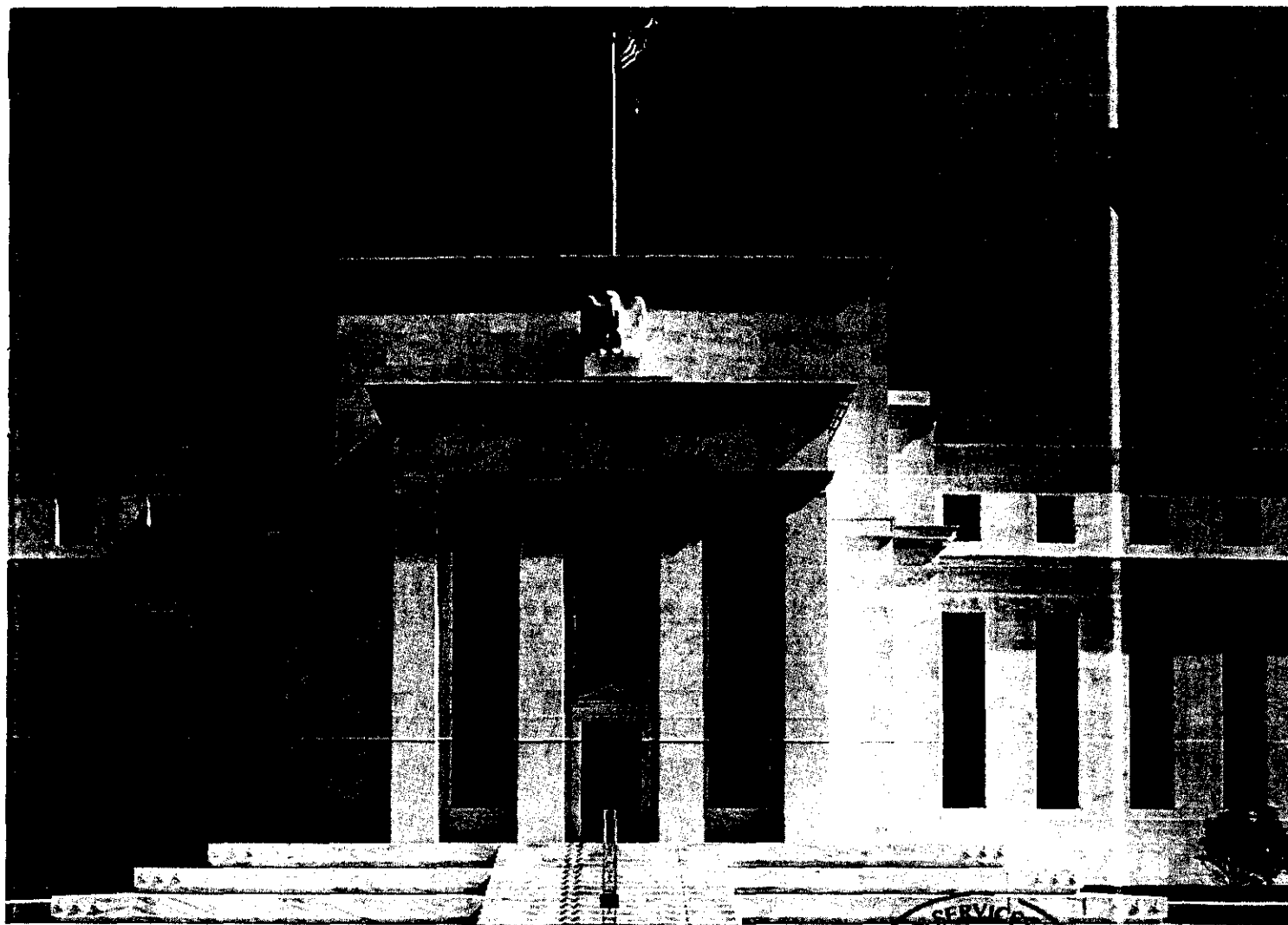
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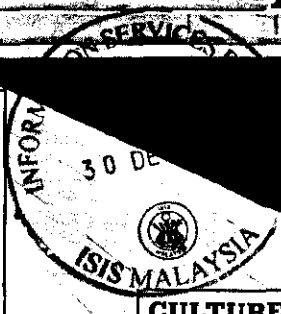
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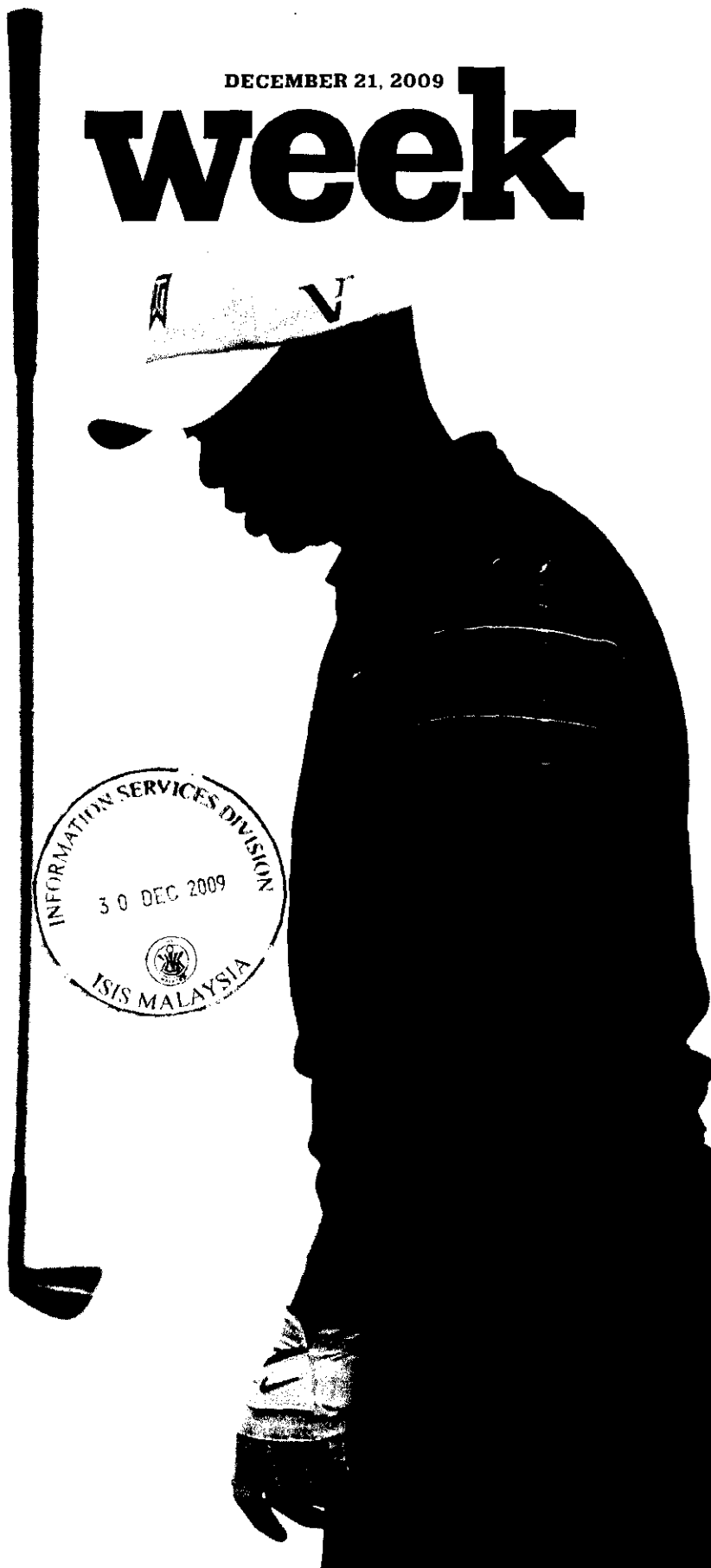
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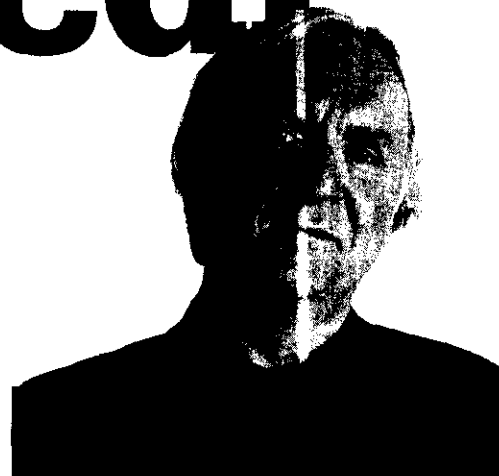
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MUSHIKIWABO, DOUGLAS HOLTZ-EAKIN

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On the cover and above: President Barack Obama addresses the nation at the United States Military Academy at West Point in New York on Dec. 1. Photographs for TIME by Christopher Morris-VII.

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A light in Afghanistan A German soldier ignites a flare at a desert camp. Photograph by Moises Saman

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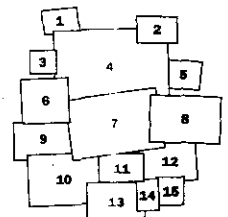
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ON THE COVER: Portrait for TIME by Mark Summers. Above: Photograph for TIME by Dan Winters

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