

BUSINESS

SUNDAY, DECEMBER 25, 2011

AX FN FS LF PW DC BD PG AA FD HO MN MS SM

ON HOLIDAY

Steven Pearlstein

is away this week. His column will return.



SLATE

Skip the tie?

An economist's guide to picking the gifts that people really want. (Hint: Surprise adds value!) **G2**

BLOOMBERG

Piling into debt

Banks in China may be understating their exposure as towns and provinces ramp up their borrowing. **G3**

CASE IN POINT

Supply chain, reversed

Sandvik Tooling made recycling its own products profitable — and a noble pursuit for its sales force. **G2**



ON CARS

A contender

Detroit has turned out a real middleweight fighter with the Chevrolet Malibu. **On the Car Pages**

THE WEEK

AS OF FRIDAY AT 5 P.M.

DOW 12,294.00
427.61, 3.6%

NASDAQ 2618.64
63.31, 2.5%

S&P 500 1265.33
45.67, 3.7%

GOLD \$1,604.70
9.10, 0.6%

CRUDE OIL \$99.68
6.15, 6.6%

10-YEAR TREASURY
\$15.90 per \$1,000, 2%

CURRENCIES
\$1=78.02 Yen; Euro=\$1.3046



PATTIE SELLERS, FORTUNE

TONY AVELAR FOR THE WASHINGTON POST

The Rolodex that redefined power

BY LILLIAN CUNNINGHAM

You've probably never heard of Pattie Sellers. But Warren Buffett has. And so have Sheryl Sandberg, Oprah Winfrey and Indra Nooyi.

It's an enviable list, really. They're among the many who've joined Sellers at the Most Powerful Women summit. This year, from a slightly raised stage, she looks out once more across a table upon table of some of the world's most prominent female executives, artists and philanthropists. It's the opening dinner of Fortune magazine's annual summit on a surprisingly chilly October evening on the Southern California coastline. The 400-plus guests sit under a big, white tent on a cliff perched over the gray, choppy Pacific. Inside, the Ritz-Carlton has pulled off something that looks a lot like prom: purple sequined tablecloths and settings of pink roses illuminated by purple and pink floodlights.

It's Fortune's event, but it's Sellers's party. Every seat is filled. An additional 200-plus women on the invitation-only list were ready to hand over \$5,500 for a three-day ticket. They just weren't fast enough.

Sellers is the brains behind Fortune's 50 Most Powerful Women rankings and the heart behind this annual summit. She has boyishly short brown hair and laughs like Julia Roberts, that kind of toothy, head-back guffaw.

When Fortune inaugurated the list in 1998, it was the first of the magazine's famous tallies not based purely on statistics — revenue in the case of the Fortune 500 and survey results in the case of Most Admired Companies. Instead, this was a ranking based on the amorphous concept of "power." And for 13 years, Sellers has been a key decider of who's got it.

She's well positioned to make such calls. Her cover stories for Fortune often delve into the biggest personalities of big business. On her blog,

SELLERS CONTINUED ON G4

Highest-paid women on Fortune's 50 Most Powerful Women list (2008-11)



2011
Safra Catz, Oracle
\$42.1 million
Fortune rank: 11
* Philippe P. Dauman, Viacom, \$84.5 million



2010
Carol Bartz, Yahoo
\$47.2 million
Fortune rank: 10
Gregory Maffei, Liberty Media, \$87.5 million



2009
Safra Catz, Oracle
\$42.4 million
Fortune rank: 12
Aubrey K. McClendon, Chesapeake Energy, \$112.5 million



2008
Sharilyn Gasaway, Alltel
\$38.6 million
Fortune rank: None
Steve Schwarzman, Blackstone Group, \$350.7 million

*For comparison, the highest paid man each year

A tax break is lost, another is found

U.S. firms simply shift profits elsewhere after Puerto Rican credit ends

BY **JESSE DRUCKER**
Bloomberg News

On either side of a two-lane road, and surrounded by the lush green mountains of Villalba in central Puerto Rico, stand a pair of manufacturing plants owned by Medtronic, the world's biggest maker of heart-rhythm devices.

Medtronic does more than half of its \$16 billion in annual sales of pacemakers, defibrillators and other devices in the United States. It manufactures the equipment at this facility, legacy of a defunct U.S. tax break designed to encourage investment on the poverty-stricken island. Yet, Medtronic credits the income to a mailbox in the Cayman Islands.

This isn't what Congress had in mind when it did away with the

federal tax credit for companies' Puerto Rican profits. The break was attacked by Republicans and Democrats as too expensive, and, as of 2006, it ended. So Medtronic and other companies found a solution: They avoid taxes by moving those profits into shell subsidiaries in havens such as the Cayman Islands, Switzerland and the Netherlands.

"By aggressively shifting income to offshore affiliates, companies appear to be getting U.S. tax benefits that are equal to or greater than the ones they did under the old Puerto Rico tax break," said Stephen E. Shay, former deputy assistant secretary for international tax affairs at the U.S. Treasury and now a Harvard Law School professor. "That almost certainly was not the intent of the repeal."

The profits that used to benefit from the Puerto Rico credit are now part of a mountain of tax-deferred offshore earnings totaling at least \$1.38 trillion, according to a May

PUERTO RICO CONTINUED ON G6

AN INVESTOR'S WISH LIST

*Dear ~~Santa~~,
SEC, Congress,
White House*



BARRY RITHOLTZ
On Investing

Despite another trying year, investors have been good little boys and girls. We faithfully made contributions to our retirement accounts but have little to show for the effort. We maxed out our tax-deferred IRAs and 401(k)s and managed to keep our costs down. We even reduced our tendency to overtrade.

It mostly has been for naught. It doesn't seem like any of our holiday wishes have been granted over the past decade.

All we want for Christmas is to get back to break-even.

Rather than mailing you directly and hoping for the best, this year I decided to publish my holiday list in this newspaper. (In Washington, this is called a "well-placed leak.")

RITHOLTZ CONTINUED ON G6

How consumers fared in 2011

As 2011 wraps up, let's look back and reflect on the good, the bad and the ugly when it comes to personal finance.

One of the good things was the opening of the Consumer Financial Protection Bureau, which will promote financial education and write federal rules to combat unfair, deceptive and abusive financial practices and products.

The bureau, despite not having a director, has been busy. I'm a huge fan of its "Know Before You Owe" initiative aimed at helping people understand the consequences of the debt they take on. The agency began collecting public comment on a simplified credit-card agreement, and it's testing two prototypes of mortgage disclosure forms to simplify the paperwork consumers have to tackle at the closing table.

Partnering with the Education Department, the bureau has drafted a one-page shopping sheet to help students better understand



MICHELLE SINGLETARY
The Color of Money

the type and amount of financial aid they qualify for, and to allow them to compare college offers. The bureau is also looking more closely at the private student-loan industry.

Also on the good side, the federal government began requiring all post-secondary institutions that participate in Title IV federal student-aid programs to begin posting a net price calculator on their Web sites. The net price is what a student might have to earn, save or borrow to go to his or her

COLOR CONTINUED ON G6