

BUSINESS

SUNDAY, AUGUST 7, 2011

AX FN FS LF PW DC BD PG AA FD

HO MN MS SM



CASE IN POINT

Unlikely innovators

Look beyond the obvious to discover those around you (maybe even accountants!) who inspire change. **G2**

SLATE

Guest turns intruder

Airbnb can help you rent out that extra room, or even the whole house. But it cannot ensure your safety. **G4**

ON TAXES

Speak up, little guy

It's time for small-business owners to exert some influence over corporate tax reform. **G6**

ON CARS

R for Remarkable

Hyundai's Genesis R-Spec is first-rate luxury that also delivers solid value. **On the Car Pages**

Q AND A

Driving into China

Terry McAuliffe talks about GreenTech's new venture to build electric and hybrid cars in Inner Mongolia. **G3**

THE WEEK

AS OF FRIDAY AT 5 P.M.



DOW 11,444.61
698.63, 5.8%



NASDAQ 2532.41
223.97, 8.1%



S&P 500 1199.38
92.90, 7.2%



GOLD \$1648.80
20.50, 1.3%



CRUDE OIL \$86.88
8.82, 9.2%



10-YEAR TREASURY
\$202 per \$1,000, 2.56%

CURRENCIES

\$1=78.46 Yen; Euro=\$1.4263



Becky Pool, left, and Alison Hatfield celebrate LivingSocial's second anniversary. The daily-deals Web site has about 600 employees in the District, who work in one of its five local offices.

ASTRID RIECKEN FOR THE WASHINGTON POST

Man the lifeboats: This is not a drill!



BARRY RITHOLTZ

On Investing

Here we go again. The markets had a tumultuous week, flipping negative on the year and taking down investors with it. Back in April, you might recall, we discussed having a plan for these all-too-regular market convulsions

("Anticipating the next Black Swan"). You did set up an exit strategy after reading that, right? If not, last week's ride should inspire you to get in gear. Let's look at why this happened and what you should be doing about it. After Congress and the president reached a debt-ceiling deal, markets applauded. Last Sunday night saw Dow futures up 171. It looked as though equities were ready to shake off their July malaise and power higher. The economic data, however, threw a monkey wrench into traders' plans. On Monday, the Institute of Supply Management survey of purchase

RITHOLTZ CONTINUED ON G6

The great challenge of keeping premiums in check. Page 3

2030: Fiction's financial apocalypse



MICHELLE SINGLETARY

The Color of Money

Imagine a world where the U.S. government is nearly bankrupt because most of the revenue coming in is used to pay its debts. What if a natural disaster hits somewhere in the country and is so costly — worse than anything ever seen — that

it further devastates the economy? No insurance company can come close to covering all the claims to reimburse people for their losses. Just imagine a United States where the younger generation is taxed heavily to fund social programs for seniors who, because of medical breakthroughs, are living well past 90. As a result, the young adults resent "the olds," as they are called. They become the first generation financially worse off than their parents. What about a time when people can't afford health insurance, so a trip to the emergency room sets them back tens of

COLOR CONTINUED ON G5

We wanted to play big.

LivingSocial's IPO-ready business model: You get the deals. They get the riches.

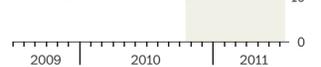
BY STEVEN OVERLY AND THOMAS HEATH

LivingSocial had wrapped up its most lucrative month ever, and its four founders were sprawled around an Ikea conference table with their investors in a brick-walled office above the Hooters in Chinatown. It was a bright July morning in 2009. The initial business was building widgets for Facebook, leveraging LivingSocial's customer base of hundreds of millions of users. The group downed Starbucks coffee and noshed on cookies while working through the agenda. Then chief executive Tim O'Shaughnessy, flanked by Tige Savage, a key investor on the company's board, dropped a bomb: What if they abandoned it all to make a big bet on something called the vouchers business? Mostly silence. This bold turn would propel the company beyond building cool gizmos. The just-emerging daily-deals trade would mean hiring salespeople. Selling to merchants. Selling to customers. Retail.

LIVING SOCIAL CONTINUED ON G4

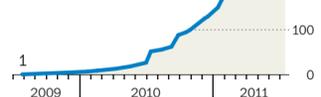
Number of members of LivingSocial, a daily coupon site

The number has quadrupled in the past year, stoked by acquisitions of foreign companies. Its competitor Groupon had 83 million members as of March.



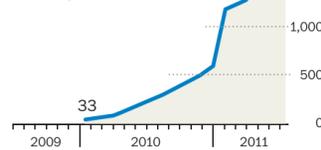
Number of markets worldwide

In a race with Groupon for market share, LivingSocial expanded quickly, adding 487 markets in less than two years.



Number of employees worldwide

LivingSocial is one of the most aggressive local employers, with 600 workers in the District. Its success has gained the attention of job-hungry officials in Maryland and Virginia.



Source: Company reports THE WASHINGTON POST