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AMERICA'S TOP GIVERS

Our Annual Ranking of the
Super Philanthropists **Page 78**

Plus: **»»** The Secret Givers
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SPECIAL REPORT **PHILANTHROPY 2003**



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The Top Givers

Today's philanthropists aren't leaving the good works to future generations—they're making their mark now

BY MICHELLE CONLIN AND JESSI HEMPEL

PERHAPS THE ONLY THING HARDER THAN BUILDING A GREAT fortune is giving one away. At least that's the conclusion you might draw after looking at how hard the megagivers on our second annual ranking of top philanthropists work at the task. At No. 1 on our list, William H. Gates III and his wife, Melinda, are the reigning royalty of a new class of self-made superphilanthropists. Along with Michael and Susan Dell, PeopleSoft co-founder David Duffield and his wife, Cheryl, and eBay Inc.'s first president, Jeffrey S. Skoll, they're schooling society in the ways of conspicuous donation. Combining their billions with their enormous personal capital, these benefactors are attacking some of the world's most intractable social problems, from poverty to public schools. And in a year when nonprofits have been savaged by drastic government budget cuts, their donations are helping to reinforce an unraveling safety net. The new philanthropists' demand for measurable results, efficiency, and transparency—for bringing a businesslike rigor to philanthropy—is already trickling down to the lowest levels of the nonprofit world.

The members of our elite roster are not just out front in terms of sheer amounts given; they're also leading the way to a new conception of responsible philanthropy. Today's top givers are inventing a new kind of "carpe diem giving." Instead of making promises to be fulfilled by bequest on their deaths, they're handing over the bulk of their fortunes during their lifetimes, when they can bring vast stores of money and talent to bear on the worst problems plaguing society. Their hands-on philanthropy also allows them to better prepare their children for a life of privilege minus the psychological hex wealth can sometimes bring. Indeed, many of our big givers have decided to leave their off-

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JUST DO IT
Like many elite philanthropists, Michael and Susan Dell aren't waiting to make big donations

spring relatively small amounts in the belief that a life animated by work and a sense of purpose is ultimately a richer existence. In some cases, they don't even plan to leave a permanent foundation as a legacy, choosing instead to spend their charitable organizations out of existence—or close to it—to accomplish the maximum good during their lifetimes.

To find the 15 new entrants on this year's list and to compile the overall ranking of the biggest philanthropists, we combed through public records and conducted scores of interviews with foundation heads, community groups, nonprofit experts, and wealth watchers. To make the cut this year, candidates had to have given or pledged \$95 million in the past five years—\$30 million more than last year. That bumped investors Ted Forstmann and Frederick Klingenstein and insurance moguls Arthur and Angela Williams off the list. Others from last year, including the first lady of McDonald's Corp., Joan B. Kroc, investor Leon Levy, oil heiress Audrey Jones Beck, and oil baron John Jackson, died.

Intriguingly, our research this year also turned up a handful

of secret givers, philanthropists who believe in giving big for zero public recognition (page 86). They subscribe to the notion that having been blessed with great wealth, they should give something back—without getting anything in return. Some, like Maurice "Chico" Sabbah and George Kaiser, are among our top 50 givers. Others, such as Fred Eychaner and A. Jerrold Perenchio, are not, partly because there was not enough publicly available information with which to rank them. Then there's Charles F. Feeney, who managed to elude the charitable radar for more than a decade despite gifts that make him one of the top philanthropists of our time.

Tech Tycoons

MANY OF THE MOST DYNAMIC givers on our list are drawn from those who made their fortunes in technology. Along with the Gateses and the Dells, other tech visionaries-turned-philanthropists include Philip R. Berber, founder of online-trading firm CyBerCorp Holdings Inc., and his wife, Donna, as well as Gateway Inc. co-founder Theodore W. Waitt and his wife, Joan. The Berbers and Waitts are new inductees, as is No. 38 Catherine Reynolds, the first self-made woman to appear in the ranking. Reynolds made her money in the student-loan business. Her big gifts to D.C. museums caused the Old Guard to suggest that she might be trying to buy her way into Washington society—a notion she says she still can't understand. Also making their debuts this year: No. 47 Haim Saban, an entertainment entrepreneur, and his wife, Cheryl, who recently challenged other Hollywood insiders to start ponying up blockbuster bucks; No. 42 Ira and Mary Lou Fulton, who donate half the profits from their company, Fulton Homes Inc., to education; and No. 41 Gary and Frances Comer. Gary, who founded Lands' End, was inspired to support global warming research after he was able to pilot his yacht across the Arctic without hitting ice.

This group exemplifies the new breed of fully engaged phi-

METHODOLOGY

Counting the Bounty

How does one measure generosity? It's a challenge, especially when many of the country's most charitable donors work hard to keep their gifts under wraps. Public information is often outdated and rarely comprehensive. And stocks move regularly, causing large pledges and gifts to shift in value substantially over time.

To compile *BusinessWeek's* annual ranking of the country's most generous philanthropists, we relied heavily on news reports of publicly announced gifts, press releases, foundation filings, and interviews. In particular, we made great use of *The*

Chronicle of Philanthropy, *Charity Navigator*, the *Forbes 400*, and GuideStar's online database. We ranked the Top 50 by what they've pledged and given in the past five years. We also estimated their total contributions and presented these figures as a percentage of each candidate's current net worth, for another way of measuring generosity.

We chose to count pledges because we believe gifts alone don't adequately reflect a philanthropic culture in which donors often make sweeping multiyear promises that inspire their peers to greater charitable endeavors. But pledges proved difficult to value. In many cases, the gift amount had

changed since the pledge was made. For example, Eli Lilly & Co. heiress Ruth Lilly's \$100 million pledge to *Poetry* magazine was worth roughly 25% less by the time her bank cashed in the promised shares of Lilly stock. For consistency, we counted all pledges at their value at the time they were announced.

In some cases, philanthropists, perhaps most notably investor Alberto W. Vilar, held off on making payments on their pledges after the economy fell into recession. However, we chose to discount only those pledges that had been formally reneged upon. Among these was Netscape Communications Corp. co-founder James H. Clark's 1999 pledge of \$150 million to Stanford University. He withdrew \$60 million of it in 2001 in protest of President George W. Bush's restrictive policy on stem-cell research.

—By Jessi Hempel in New York

The 50 Most Generous Philanthropists

RANK/NAME DONORS NEW ON THE 2003 LIST	BACKGROUND	1999-2003 GIVEN OR PLEDGED MILLIONS	CAUSES	ESTIMATED LIFETIME GIFTS* MILLIONS	CURRENT NET WORTH** MILLIONS	PERCENT OF WEALTH DONATED***
1 Bill and Melinda Gates	Microsoft co-founder	\$22,906	Health, education	\$24,976	\$46,000	54%
2 Gordon and Betty Moore	Intel co-founder	7,010	Conservation, education	7,200	5,000	144
3 George Soros	Investor	2,431	Open and free societies	4,741	7,000	68
4 Eli and Edythe Broad	SunAmerica founder	1,463	Public education, arts, science	1,500	3,800	39
5 James and Virginia Stowers	American Century founder	1,345	Biomedical research	1,559	575	271
6 Michael and Susan Dell	Dell founder	1,215	Children's health care	1,230	13,000	9
7 The Walton Family	Family of Wal-Mart founder	750	Education	1,000	108,400	1
8 Ted Turner	CNN founder	664	Health, environment	1,300	2,300	57
9 Ruth Lilly	Eli Lilly heiress	560	Poetry, libraries, culture	740	1,000	74
10 Donald Bren	Real estate	402	Education, environment	412	4,000	10
11 Michael Bloomberg	Bloomberg founder, NYC mayor	401	Education, health care, arts	401	4,900	8
12 H.F. (Gerry) and Marguerite Lenfest	Former Suburban Cable owner	375	Higher education, arts	385	825	47
13 Patrick and Lore McGovern	IDG founder	351	Brain research	371	2,000	19
14 Jeffrey Skoll	Ex-president of eBay	347	Social services	357	2,300	16
15 Sidney Kimmel	Jones Apparel chairman	340	Health care, arts	472	700	67
16 Jon Huntsman	Huntsman founder	340	Cancer research, business education	400	2,500	16
17 Paul Allen	Microsoft co-founder	317	Art, culture	646	22,000	3
18 Robert and Jane Meyerhoff	Real estate developer	304	Art, higher education	305	n.a.	n.a.
19 John Kluge	Metromedia founder	300	Library of Congress	750	10,500	7
20 Ted and Joan Waitt	Gateway founder	288	Community change	345	1,400	25
21 Frank and Jane Batten	Landmark Communic. founder	285	Higher education	315	900	35
22 George Kaiser	Oil and gas, banking, real estate	275	Antipoverty in Oklahoma	287	3,000	10
23 Sandy and Joan Weill	Citigroup chairman	273	Arts, education	278	1,400	20
24 William and Claudia Coleman	BEA Systems co-founder	252	Cognitive disabilities	251	100	251
25 Thomas Monaghan	Domino's Pizza founder	236	Catholic education and services	451	550	82
26 Warren and Susan Buffett	Berkshire Hathaway CEO	230	Reducing nuclear weapons, pop. control	231	36,000	1
27 Irwin and Joan Jacobs	Qualcomm co-founder	226	Symphony, education, arts	240	1,000	24
28 Kirk Kerkorian	Investor	225	Humanitarian causes	265	5,000	5
29 David Geffen	DreamWorks co-founder	225	Health care, education	250	4,000	6
30 Peter Lewis	Progressive chairman	221	Education, arts	275	1,300	21
31 Pierre and Pam Omidyar	eBay chairman and founder	214	Building community	241	6,900	3
32 Alberto Vilar	Investor	195	Arts, culture	225	750	30
33 Arthur Blank	Home Depot co-founder	176	Youth development	200	1,100	18
34 Charles and Helen Schwab	Charles Schwab	174	Social issues, education, arts	225	3,200	7
35 David and Cheryl Duffield	PeopleSoft co-founder	152	Animals, humane society, education	200	1,200	17
36 Henry and Susan Samueli	Broadcom chairman and founder	150	Arts	160	1,400	11
37 Bernard Marcus	Home Depot co-founder	149	Aquarium, Jewish causes, health, children	442	2,100	21
38 Catherine Reynolds	Student loan business	135	Arts, education	135	500	27
39 William and Alice Goodwin	Former CEO, AMF Bowling	129	Cancer research, higher education	156	100	156
40 Kenneth Behring	Real estate	118	Smithsonian, wheelchairs	100	395	25
41 Gary and Frances Comer	Lands' End founder	114	Environment, education	128	1,000	13
42 Ira and Mary Lou Fulton	Fulton Homes	113	Higher education, community initiatives	116	325	36
43 Ann Lurie	Lurie Investments	110	Cancer research, education	144	n.a.	n.a.
44 James and Sally Barksdale	Netscape co-founder	110	Education and literacy in Mississippi	150	465	32
45 Philip and Donna Berber	CyBerCorp.com founder	102	Antipoverty in Ethiopia	102	150	68
46 Kenan Sahin	Kenan Systems founder	100	Higher education	100	260	38
47 Haim and Cheryl Saban	Saban Capital Group	100	Children's hosp., charities in U.S. and Israel	100	1,700	6
48 Maurice "Chico" Sabbah	Reinsurance	100	Jewish secondary education	100	n.a.	n.a.
49 Pritzker Family	Hyatt hotels and real estate	100	Education	450	15,200	3
50 James Clark	Netscape co-founder	95	Biomedical engineering	120	700	17

*Based on public records and interviews with donors **Based on BusinessWeek estimates and Forbes 400 list ***Donations as a percent of current net worth
Data: BusinessWeek, Center for Philanthropy, Chronicle of Philanthropy, various news sources

lanthropist. Many are giving away vast portions of their wealth early while they can still manage the process. Feeney, one of our stealth givers, has been honing this philosophy, which he calls "giving while living," for 25 years. Now, after a wealth-creation boom that made many an under-40 striver astonishingly rich, others are starting to follow his lead. Today's big philanthropists are donating ever-larger sums at younger and younger ages. "The old model of an old guy on his deathbed leaving his estate to his foundation is over," says Rick Cohen, executive director of the National Committee for Responsive Philanthropy. "Now, people are setting up foundations in their 30s and 40s." Harvard University's senior philanthropic adviser, Charles W. Collier, adds: "In years past, everybody assumed foundations would go on for multiple generations. Today, I think the trend is definitely toward giving more in their lifetime."

"There's My Inheritance"

WHY THE RUSH TO TO GIVE it all away? Probably the biggest reason is control. By giving now, philanthropists can make sure their gifts fund the causes they've chosen in the most efficient way possible, rather than trusting future foundation heads, who may be tempted to stray from the founder's mission. "Michael and I want to direct the majority of our funds during our lifetime to ensure that they are deployed in ways that are the most effective," says Susan Dell, who along with her husband is No. 6 in our ranking.

Then there's the compelling logic of attacking problems of human suffering now rather than later. Tomorrow will have its own crises—and its own philanthropists. "You just never know how much time you are going to have," says Skoll. The 38-year-old recently accelerated his giving, which concentrates on supporting social entrepreneurship—using business skills to solve social problems—by an additional \$200 million over the past 12 months (page 84). Or, as Berber, No. 45 on our list, put it: "Which is the greater blessing: becoming wealthy? Or getting to redistribute God's wealth for the well-being of others? It's very hard to do when you are six feet under."

With some of the world's most acute problems concentrated far beyond America's borders, it's no wonder so many philanthropists on our list are funneling their money to projects overseas. Berber, for example, focuses on supplying safe water, eradicating poverty, and providing education in Ethiopia. Jacqueline Novogratz, CEO of Acumen Fund, a nonprofit that helps match philanthropists with innovative groups in need of funding, points out that some 4 billion people around the world make \$4 or less a day. Some 1.2 billion have no access to safe water. Fixing the water-supply problem alone could cut disease levels by up to 80%, says Novogratz. Addressing such problems is increasingly what the new

brand of philanthropy is about. "Our biggest issue on earth has to be this increasing disparity of income between rich and poor," she says. "And if we don't find a way to narrow it, everybody will lose."

Along with solving social ills, there's another, more personal reason why the idea of donating during one's lifetime is taking hold: Many of philanthropy's biggest players carry a deep awareness of the voodoo of wealth—the danger of hoarding it to create financial dynasties. The spectacle of high-profile trust battles like the one ravaging Chicago's Pritzker family or even the many tales of dilettante loafers leading a *Born Rich* existence terrifies many families.

Besides, most Americans still esteem above all else those who make it themselves. Inheritors can be robbed of the sense of having achieved anything on their own. "We didn't want to give it all to our kids and ruin them any more than we have," says American Century founder James E. Stowers, who with his wife, Virginia, is No. 5 on our list. "If the kids have so much money they don't even have a reason to get out of bed in the morning, we're hurting them." The Stowers are leaving most of their fortune to the Kansas City (Mo.) medical center they founded. When his children drive by, Stowers jokes, "they look at the building and say, 'There's my inheritance.'"

More and more social research has revealed what a danger-

ous combination wealth and youth can be. A recent study by Columbia University, for example, found that rich kids suffer higher incidences of substance abuse, anxiety, and depression than their middle-class and even low-income peers. That's why many of the newly rich are choosing to leave their children, say, \$10 million instead of \$100 million—enough to make them comfortable, but not so much that it hurts them. The trend, says Harvard's Collier, is also being driven by the fact that, since the 1980s, there have been many more new wealth holders. "They are people who made their money themselves, who know the great pleasure and meaning of work," says Collier. "They don't want their kids to be spoiled by money." Reynolds, like many on our list, is intent on having her daughter make her own way, just as she did. "My concept with wealth is not to leave it to the next generation," says Reynolds. "I think you sort of take away the fire in the belly."

Instead, many are helping their children become involved in the family philanthropy, choosing that as a legacy instead of an exorbitant trust fund. Like many on our list, No. 33 Arthur M. Blank is leaving 95% of his estate to his



EDUCATION AND ART
The Fultons have given millions to Arizona State University and Brigham Young University; Reynolds, the first self-made woman on the list, gave big to D.C. museums



foundation. "There's a great joy in doing the giving," he says. "That's where the money belongs."

Junior philanthropists include the Dells' four children, who once persuaded a car dealer to throw in eight free tires when they purchased a van for a youth group. The six children of our No. 43 giver, Ann Lurie, have rejected many of the symbols of wealth, with a few of them favoring wardrobes from thrift shops. "If you saw my children, you would think they needed to be fed or something," says Lurie, who has set up foundations in each of their names so they can contribute as they choose. "They want to be seen as making their way in the world."

Yes, there are holdouts, those who have made astronomical sums and have no intention of stopping long enough to give it away. Most famous is Warren E. Buffett, who at No. 26 draws wide-ranging criticism for his plan to leave his wealth, which will become the biggest single bequest in history, to his foundation after he dies, as opposed to giving it now. There are certainly good reasons to do it this way. The idea is that the wealth holder can do what he or she does best—make money—during his or her lifetime, leaving the philanthropy to heirs.

Others are stretching out their pledges because they simply don't have the financial firepower they once had. Some on our list were faced with having to postpone or renege on gifts altogether. Alberto W. Vilar, the once-high-flying investor whose wealth plunged in the tech crash, was forced to postpone a gift earlier this year to New York's Metropolitan Opera. Afterward, the opera-obsessed Vilar suffered the ultimate philanthropic indignity: The Met removed his prominently displayed name from its Lincoln Center theater. Vilar says he hasn't been back since.

But such instances are the exception. For the most part, our superphilanthropists provide powerful examples of the good that can come from redistributing fortunes back into society. For many, philanthropy becomes a second career—and they bring to it the same discipline and talent they used to accumulate their fortunes in the first place. ■

—With David Polek and Todd Dayton in New York

BusinessWeek online For extended rankings of corporate givers, interviews, and additional stories, go to www.businessweek.com/magazine/extra.htm

JEFFREY SKOLL

Why Delay? Give It Away

Jeffrey S. Skoll lit up Silicon Valley as the first president of eBay Inc. Then, in 1999, when he was all of 34, he used \$34 million from the proceeds of eBay's initial public offering to set up the Skoll Foundation, making him one of the youngest philanthropists in U.S. history. Typical of his recent projects is a \$7.5 million grant to Oxford University to integrate social entrepreneurship—the use of business skills to attack social problems—into the curriculum. His third act is no less audacious: taking on Hollywood by producing films about his favorite characters, social entrepreneurs. He talked with *BusinessWeek's* Michelle Conlin.

When did you feel your first charitable instincts?

My philosophy started when I was a kid. My family camped in upstate New York, and there wasn't a lot to do. So I would read—books like *Brave New World* and *1984*, [authors like] Ayn Rand and James Michener—and it just struck me that the future was looking pretty scary. It also seemed that a lot of the problems derived from the inequities between rich and poor. I wanted to make a difference in that equation.

Did you always envision yourself becoming a philanthropist?

My goal was to be at the point—no older than 40—where I would have enough

resources to make a difference in the lives of disadvantaged people.

You've always done things on a big scale. Where does that ambition come from?

When I was 14, my Dad came home one day and told us he had cancer. It was looking



pretty bad. And I remember him saying how afraid he was that he hadn't gotten to do the things he wanted to do during his life. He had surgery and survived. And he's still alive today, thank God. But it made a big impact on me.

Did you always see yourself becoming an entrepreneur?

I wanted to be a writer, to write these stories that would make people see the world in a different way. But I ended up going to

business school because I thought I could ultimately get to where I wanted to go faster that way.

You promote the idea of other young people giving away money earlier rather than later.

I do encourage others to do the same. Probably the biggest frustration I had during the boom was talking to highfliers, young folks who had a huge amount of paper fortune. My rationale was: "Gosh, set aside some of that wealth in a foundation. If it all disappears tomorrow, you will still have that." A lot of people just didn't do it. Most had the same rationale as Warren Buffett: that they were better off spending their time making money.

After eBay hit, did you ever think of just retiring and writing?

The reason I was trying to write was to get across this vision, and I realized that in addition to the foundation, I could use

movies to spread my message about people who change lives through social entrepreneurship. Movies like *Gandhi* and *Schindler's List*.

You say you are in the giving-while-living camp. Lately, you've been accelerating your gifts. Why?

My hope is that I'll see real results during my lifetime. I certainly expect the results to at least happen within the lives of my kids.