

WORLD'S THREE BIGGEST COMPANIES

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HOW DO WE JUDGE WHICH COMPANIES ARE BIGGEST?

By market cap (as of 4/24 using the VL 1700 stock universe), the ranking is:

GE, CSCO, INTC, MSFT, VOD, XOM, WMT, NOK
B\$ 520 430 340 230

By Revenue, the ranking is:

XOM, WMT, GM, DCX, F, SC, RD... GE (#11)... MSFT (#72)... CSCO (#117)
B\$ 165 105 56 20 12

By Total Profits, the ranking is:

GE, MSFT, BOA, INTC, MO, SBC, IBM, XOM, MRK,... CSCO(#34)
B\$ 11 9 6 3

By EPS 5-Year-Back Growth Rate,

CSCO #42 with 42%, MSFT #76 with 38%, GE #520 with 13%

WHAT TRENDS DRIVE THE "BIGGEST THREE"?

1. Proliferation and humanization of computational power

- dispersion of PCs
- dispersion of dumb terminals
- intelligent and self-healing software

2. Re-wiring of America

- broadband (coax, optical) replaces twisted-pair copper wire

3. Universal on-line information

- knowledge banks
- procurement/sales/finances
- graphics, video, voice on demand

4. Machine control and networking

- airplane engines to refrigerators are monitored, optimized, integrated
- low-cost, micro-sized sensors, video displays, cameras

STATISTICS QUIZ

Which company (of GE, CSCO, MSFT)...

- ... has the most concentrated customer base?
- ... has the largest foreign sales revenue?
- ... is the youngest?
- ... has the lowest Price/Earnings ratio?
- ... has the fastest growing revenues in the past 5 years?
- ... has the best (highest) Book Value/ Share?
- ... has the highest paid CEO?
- ... has the highest projected average price growth rate to 2004?

Answers to “Statistics Quiz”:

(a), (d), (f), (h) = Microsoft

(b), (g) = General Electric

(c), (e) = Cisco Systems