

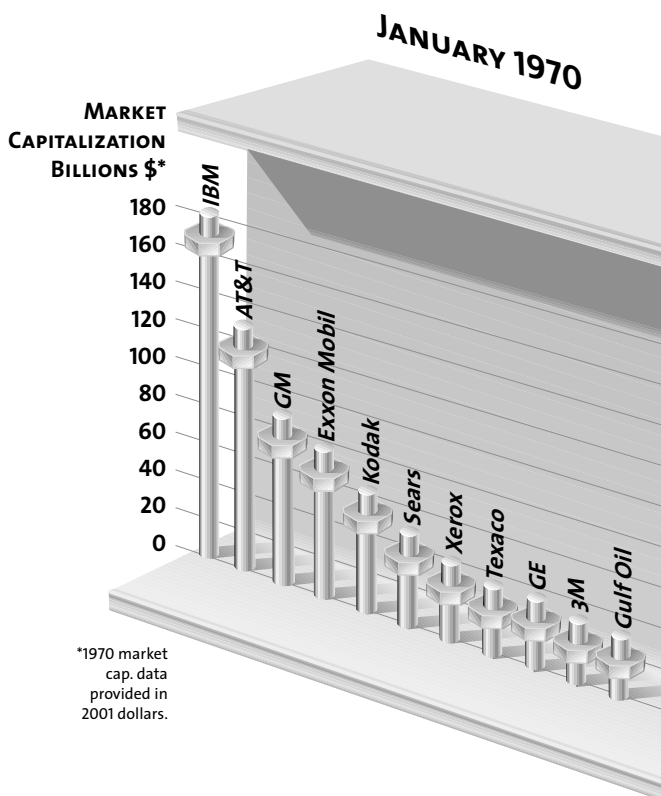
### Hey, we know tech

and phone stocks have really taken a beating in the last year. But step back a little, and you'll see how much the markets are still betting on the success of the New Economy. We've compared the top 20 corporations at the beginning of 1970, as measured by stock market capitalization, with the top 20 at the beginning of March 2001.

Back in 1970, Big Oil and heavy manufacturing (GM, Ford, 3M, DuPont) dominated the list. Thanks to our good buddies the Saudis, the oil patch has hung in there. But the auto and chemical companies are gone. Meanwhile, information technology (Microsoft, Intel, Cisco, IBM), drugs (Pfizer, Merck, Glaxo, J&J) and telecommunications (Vodafone, NTT, SBC, Verizon) have become towering presences.

That doesn't mean the economy has marched in lockstep. The securities markets reflect expectations more than they do realities. And while most of the growth of the last 30 years has been in what might loosely be called intellectual capital-based services, an awful lot of value-added is still in making stuff you can touch.

Perhaps the more profound insight to be extracted here is that Old Economy nuts-and-bolts businesses are so hemmed in by competition in global markets that nobody can make a killing. By contrast, New Economy industries are more likely to be in winner-take-most markets – places where being first and/or best with The Next Big Thing can be worth tens or even hundreds of billions of dollars.



MARCH 2001

# What a difference three decades makes

