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## Apple Now Biggest-Ever U.S. Company

By E.S. BROWNING, STEVEN RUSSOLILLO and JESSICA E. VASCELLARO

[Apple](#) Inc. surpassed [Microsoft](#) Corp. Monday as the largest U.S. company ever, measured by stock-market value.

Apple hit the new milestone—\$623.52 billion—at a time when its influence on the economy, on the stock market and on popular culture rivals that of some of the most powerful companies in U.S. history: [General Motors](#) Co., whose Corvette and Impala typified a confident postwar manufacturing giant; Microsoft, whose technology heralded the arrival of the personal computer and the early Internet age; and [International Business Machines](#) Corp., whose buttoned-down rigor inspired rivals to reach for greatness.

"It is one of those iconic companies," says Richard Sylla, professor of financial history at New York University's Stern School of Business. "When I think about these companies, their products were used by all kinds of people and their leaders were considered geniuses."



Tony Avelar/Agence France-Presse/Getty Images

Apple's influence on the economy and culture rivals some of the most powerful companies in U.S. history. Founder Steve Jobs is pictured above.



Apple is now the most valuable company of all time. But as newer tech companies are floundering, what are the lessons newcomers should be looking for? Marketbeat's Steven Russolillo joins digits to discuss. Photo: AP.

Apple's stock-market valuation at Monday's close of business was greater, in nominal terms, although not in inflation-adjusted terms, than Microsoft's closing high of \$616.34 billion in December 1999. It left Apple's value more than \$200 billion ahead of that of its nearest U.S. rival, Exxon Mobil, which stood at \$405.97 billion, according to FactSet. That gap is almost as large as the market value of IBM.

Apple surpassed Exxon a year ago as the current leader in market value but was still well short of Microsoft's record. In the months that followed, it quickly lengthened its lead over Exxon, like a corporate Usain Bolt.

Apple's stock-market surge has come despite the death in October of its co-founder and creative genius Steve Jobs, despite investor disappointment about its most recent quarterly sales and profit gains and despite the company's failure to introduce a major new product line since the iPad, announced in early 2010.

Still, Apple remains the company whose approach to technology and design has become a standard for others, a development driven home by Apple's lawsuits accusing one of its biggest rivals, [Samsung Electronics](#) Co., of stealing its designs and features. Samsung has denied that and made similar accusations against Apple.

The big question on the minds of investors and technology mavens alike is how long Apple can keep it up. Its challenge will be to continue to attract customers with expected future products including an iPhone with a bigger screen and a smaller iPad. It also is seeking to shake up the television business with a device that can carry live television, according to people familiar with the matter, although it remains to be seen whether cable operators will bite.

Apple's challenge is the same one faced by Microsoft, GM, IBM and other once-dominant companies. The bigger it gets in both sales and bureaucracy, the harder it is to keep increasing profits and revenues at the same speed, and to continue developing products and maintain a culture that inspires customers and rival firms.

"Capitalism is creative destruction, and as we speak, someone probably is plotting a product that will steal Apple's thunder," says NYU's Mr. Sylla. "Apple will sell a lot of products, but I suspect that their reign as the most valuable company in the world won't last for more than another few years." He added: "These products can be imitated and they will be imitated."



Kevork Djiansejian/Getty Images

Apple's current CEO, Tim Cook.

The nature of business is that small companies come along with new approaches that permit them to grow faster and supplant larger ones. Just as Apple overtook Microsoft, someone inevitably will replace Apple, Mr. Sylla says. It is a challenge that not only caught up with Apple's predecessors, but also faces other newly enormous market leaders such as [Google Inc.](#) and [Amazon.com Inc.](#)

"Even trees don't grow to the sky," says Keith Springer, president of Springer Financial Advisors. "There's no product in the history of mankind where the company continues to do better and better. At some point the valuation gets too rich. But at this point they're still innovating and producing. As long as they're innovating, I will keep buying."

Microsoft's market value topped out just months before the technology bubble burst in March 2000. The software giant's shares lost more than half of their value within a year and have never since come close to reaching similar heights. On Monday, the stock closed at \$30.74, still only a little more than half its peak level.



Apple is now the most valuable company of all time, surpassing Microsoft's previous record set in December 1999. Jonathan Cheng has details on [The News Hub](#).

Apple shares have surged 64% this year. An Apple spokesman declined to comment on the share price.

Investors last year worried about the company's ability to innovate under new leadership. Those worries have been cast aside for much of this year under Tim Cook, the company's chief executive.

Strong demand for iPhones and iPads have driven Apple to sales and profit records this year.

analysts have predicted this year that Apple would top \$1,000 a share, a 50% gain from its \$665.15 close Monday. The stock is up 16% since July 25.

Apple shares have attracted a cultlike following among traders and investors of all stripes. Investors large and small have piled into the stock. At least two

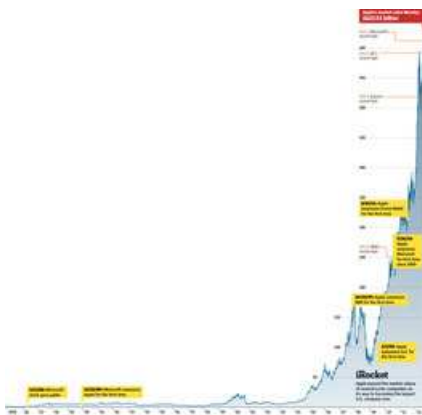
To surpass Microsoft's 1999 market value after adjusting for inflation, Apple shares would need to exceed \$900, according to Howard Silverblatt, senior index analyst at S&P Indices.

"We still like it and think there's a good probability that this will become the U.S.'s first trillion-dollar company," said St. Denis Villere III, a partner at Villere & Co., which has about \$1.7 billion in assets under management. [PetroChina Co.](#) in 2007, by some measures, became the first company in the world to have a market value of \$1 trillion, albeit very briefly and only based on its valuation on the Shanghai Stock Exchange.

Apple isn't the only company whose share price has hit new heights as the stock market has drifted higher this summer. Shares of [Wal-Mart Stores Inc.](#) hit all-time highs last month around \$75, after more than a decade of trading around \$50. IBM hit record highs in April above \$200, and still is trading near those levels.

### iRocket

Apple passed the market values of several iconic companies on its way to becoming the largest U.S. company ever.



The Dow Jones Industrial Average, at 13271.64, is near its highest level since December 2007.

Toni Sacconaghi of Bernstein Research said in a research note Monday that Apple shares have shown more pronounced increases relative to the S&P 500 ahead of the past two iPhone announcements. Consumers have put off purchasing devices in anticipation of the new phones, which start generating buzz months before their release. The trend puts pressure on Apple to meet high expectations and to ramp up the rollouts to international markets quickly.

Another positive for the stock has been Apple's decision to issue a quarterly dividend for the first time in nearly two decades. The \$2.65 per share payout, issued Aug. 16, placated investors who had been grumbling about the company failing to dip into its cash hoard—which totaled more than \$117 billion as of the end of June—for shareholders.

Still, the recent rally has investors on guard in the event that the company's growth rates disappoint analysts.

"As with any technology investment, and you can go back through history, it's very hard for any company to continue to stay on top," Mr. Villere said.

"Technology is one sector you have to watch very carefully. But they have more than enough going for them at Apple that you don't want to get off the train just yet."

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