



Internet Trends

The Kelsey Group: Interactive Local Media 2004

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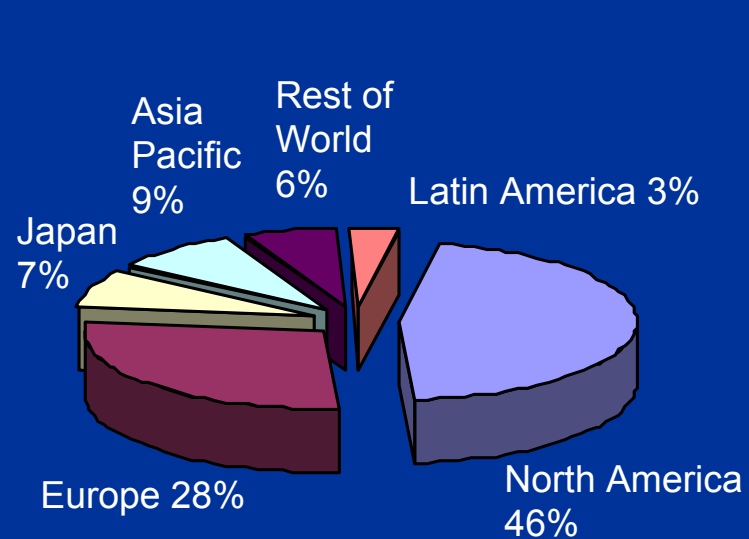
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Outline

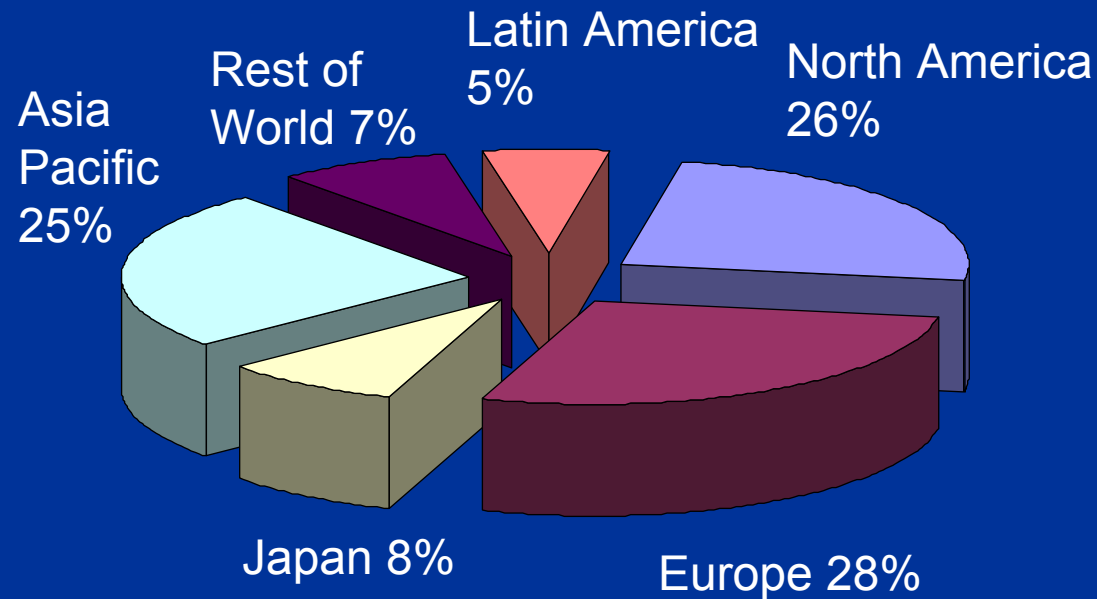
- Global Basics
- Recent Trends
- Where we Are
- High Level Online Ad Trends
- A Few Thoughts on Search
- Your Questions

Global Basics

N. America = 26% of Internet Users, was 46% in 1998



1998: 147MM Internet Users



2003E: 751 MM Internet Users

Source: Morgan Stanley Global Market Sizing of TMT Products and Services (9/03) <http://www.morganstanley.com/techresearch>

Technology Adoption... Not all Made in the USA

- **China Internet** – 87MM+ users; #2 in world, likely #1 within 5 years; more than 70% of Internet users under 30
- **S. Korea** – Broadband penetration of 70%+ is higher than any other country
- **Shanda Networking** – 1.7MM peak concurrent online gamers in CQ3:04, in China
- **Ringtones** – \$3B+ annual market
- **Picture phones** – 1 of 6 mobile phones sold globally in 2003
- **Apple** – 70%+ market share of online paid-music market
- **Yahoo!** – 3.6B+ annual run-rate for music video streaming sessions
- **Google News** – 7MM global visitors/month, 5K sources, zero human intervention
- **eBay** – facilitated CQ3 trades of \$8B, up 44% Y/Y with 46%, and rising, outside US
- **VoIP** – Japan leads with 4MM+ subscribers via Softbank / Yahoo! BB

Wireless Messaging Becoming More Important

Country	Mobile Phones (MM)	Internet Users (MM)	Mobile Phone to Internet User Ratio	Installed PCs (MM)
China	207	59	3.5 : 1	29
US	141	162	0.9 : 1	198
Japan	79	53	1.5 : 1	49
Germany	60	34	1.8 : 1	36
UK	49	32	1.5 : 1	24
Italy	49	20	2.5 : 1	12
South Korea	32	26	1.2 : 1	13

Source: Morgan Stanley Research – Global Market Sizing of TMT Products and Services – 9/03; 2002 year-end data.

Recent Trends

Top 5 Global Internet Market Cap Leaders

eBay + Google + Yahoo! + Yahoo! Japan + Amazon.com

- \$ 2B = market value at pre-2000 IPO
- \$178B = market value at Nasdaq peak – 3/10/00
- \$ 32B = market value at Nasdaq trough – 10/9/02
- \$231B = market value at 11/3/04

Note -Google included after the company's 8/04 IPO

Strong Financial Results - CQ3

Google

19% Q/Q (101% Y/Y) net revenue growth to \$503MM with \$280MM in operating income

Yahoo!

8% Q/Q (84% Y/Y) net revenue growth to \$655MM with \$215MM in operating income

eBay

4% Q/Q (44% Y/Y) net revenue growth to \$806MM with \$273MM in operating income

Broad-based e-Commerce Growth - CQ3

eBay CQ3 Gross Merchandise Volume (GMV) Growth

61% Y/Y	–	\$11B	– Motors
41%	–	3	– Consumer Electronics
23%	–	3	– Computers
68%	–	2	– Clothing / Accessories
29%	–	2	– Books / Movies / Music
17%	–	2	– Collectibles
55%	–	2	– Home / Garden
43%	–	2	– Sports
26%	–	1	– Toys
34%	–	1	– Jewelry / Watches
18%	–	1	– Cameras / Photo
57%	–	1	– Business / Industrial

eCommerce Share Gains Continue

(All Figures US\$ in Billions)

	C1999	C2000	C2001	C2002	C2003	CQ2:04
Total US Retail Sales	\$2,868	\$3,072	\$3,163	\$3,230	\$3,400	\$919
Y/Y Change	--	7%	3%	2%	5%	8%
Total US Retail eCommerce Sales*	\$15	\$28	\$35	\$44	\$56	\$16
Y/Y Change	--	87%	22%	29%	26%	23%
% of Total US Retail Sales	0.52%	0.91%	1.09%	1.37%	1.65%	1.70%

*Does not include travel, financial services, or event ticket sales. eBay U.S. Gross Merchandise Volume (GMV) not included; In CQ2:04 eBay U.S. GMV was \$4.4B. GMV-adjusted, US Retail eCommerce Sales in CQ2:04 would have been \$19.7B (up 24% Y/Y, flat Q/Q).

eCommerce sales are goods and services where an order is placed by the buyer or price and terms of sale are negotiated over an Internet, extranet, EDI network, e-mail, or other online system. Payment may or may not be made online.

Source: U.S. Department of Commerce, August 2004.

Strong User & Usage Growth - CQ3

eBay

- 48% Y/Y listings growth (31%Y/Y - US; 75% Y/Y - non-US)
- 38% Y/Y active user growth to 52MM
- 55% Y/Y active PayPal user growth to 17MM

Yahoo!

- 35% Y/Y page view growth
- 28% Y/Y active registered user growth to 157MM

Penetration still low into 800MM+ base of Internet users...

Strong Monetization Growth - CQ3

eBay

7.4% from 7.1% Y/Y increase in US take rate,
11.0% from 10.6% Y/Y increase including PayPal

Yahoo!

\$2.17 from \$1.38 Y/Y increase in marketing
services revenue per 1,000 pages delivered

Outlook for Solid *User* Growth

	1998E	1999E	2000E	2001E	2002E	2003E	2004E	2005E	02-05E CAGR
Total Internet Users (MM)	147	229	341	485	609	751	872	976	17%
North America	68	93	122	156	176	198	221	242	11%
Europe	41	68	102	136	169	210	249	269	17%
Asia/Pacific	13	30	56	100	141	187	217	246	20%
Japan	11	17	28	42	53	64	73	82	16%
Rest of World	10	13	18	27	38	51	64	79	28%
Latin America	5	8	15	24	32	41	49	58	22%

Source: Morgan Stanley Global Market Sizing of TMT Products and Services (9/03) [http:// www.morganstanley.com/techresearch](http://www.morganstanley.com/techresearch)

Outlook for Strong *Usage* Growth

	C2000	C2001	C2002	C2003	CQ2:04E
Global Broadband Subscribers (000's)	13,477	31,933	56,093	88,194	106,704
Y/Y Growth	--	137%	76%	57%	47%
North America	7,174	13,948	21,075	29,036	33,776
Y/Y Growth	--	94%	51%	38%	38%
Europe	1,287	4,118	9,589	17,555	23,160
Y/Y Growth	--	220%	133%	83%	76%
Japan	625	2,836	7,806	13,641	16,055
Y/Y Growth	--	354%	175%	75%	47%
Asia-Pacific	4,351	10,707	16,862	26,444	31,692
Y/Y Growth	--	146%	57%	57%	39%
Latin America	41	324	761	1,518	2,021
Y/Y Growth	--	689%	135%	99%	96%

Source: Morgan Stanley estimates updated 10/12/04; R. Bilotti, S. Flannery, S. Simon, P. Marsch, Y. Motoyama, M. Kim, N. Sebrell, B. Swinburne, L. Choi;

Usage Growth Likely Paced by Innovation

- Broadband
- User experience
- Search
- Personalization with more effective targeting
- User-generated content (RSS, blogs, reviews, images, audio...)
- Music
- Short- and long-form video
- Local
- Accessibility (including mobile devices and desktop)

Basic Thesis...

- **10-15%** annual global Internet user growth
- **20-30%** usage growth
- **30%+** monetization growth

Things to Watch...

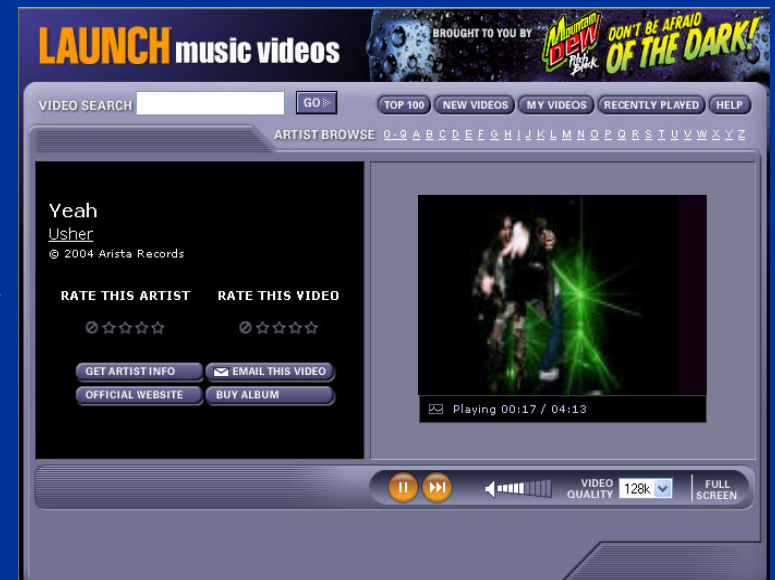
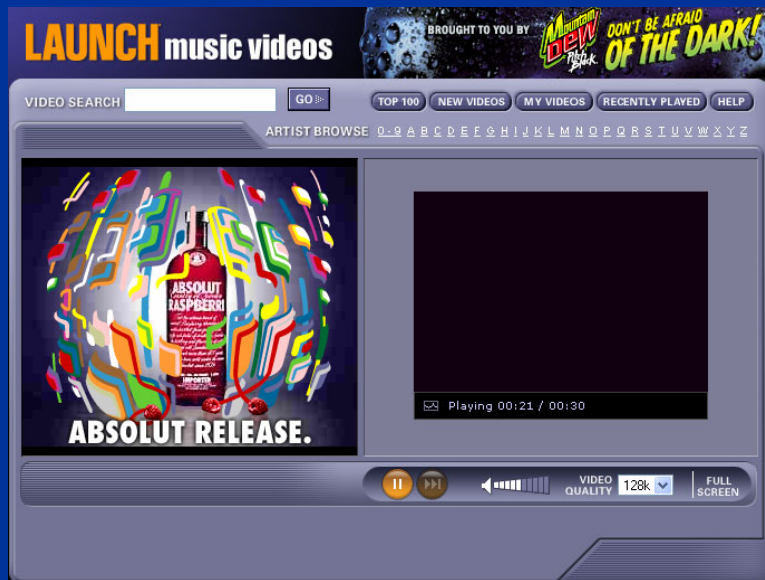
- Development of user-generated web services platforms.
At risk of oversimplifying:
 - eBay = e-commerce
 - Google = search and ad targeting
 - Yahoo! = content serving, etc...
 - Microsoft = etc...
- Korea broadband / mobile...
- Music video monetization...
- Healthy ecosystem...

Broadband Impact on Internet Usage Patterns

- In South Korea, the country with world's highest broadband penetration (70%+), always-on, high-speed internet connections have changed media consumption patterns
- Korean TV channels allow users to download shows for ~\$1
- In 2003, e-commerce comprised 12% of retail sales in Korea vs. <2% in US

Source: Morgan Stanley Research, Mitchell Kim; Chiefexecutive.net, "Korea's Broadband Revolution"; US Department of Commerce.

Online Advertising is Undermonetized...



<15% of music videos (at 300MM per month in 10/04) on Yahoo! LAUNCH have ads preceding them, implying significant opportunity for expansion of highly targeted ads...

Source: Morgan Stanley Research, Yahoo! (9/04).

...Online Advertising is Undermonetized...

The image shows a screenshot of a Google search for "ipod". The search bar at the top contains "ipod" and the search results show "Results 1 - 10 of about 13,800,000 for ipod [definition]. (0.45 seconds)". A yellow callout box highlights the search bar and the "Web" tab. A large yellow oval with the text "High Volume of Sponsored Links" is overlaid on the search results, with an arrow pointing to the "Sponsored Links" section on the right. This section contains several advertisements for iPods, including "MP3 Players in stock", "Free Apple iPods w/ Free Shipping", "Apple iPod from HP", "Buy Apple iPod on Sale", "iPods at Macmall.com", and "Save \$100 on an iPod".

Google Search: ipod

Web Images Gro

Google

ipod

Results 1 - 10 of about 13,800,000 for ipod [definition]. (0.45 seconds)

Web

[The Official iPod Store](#) Sponsored Link
www.apple.com Find Your iPod at the Apple Store. The Perfect Digital Music Player.

News results for ipod - View today's top stories

- [Apple Makes Latest iPod Audiovisual](#) - Los Angeles Times (subscription) - 1 hour ago
- [Microsoft vs. iPod Photo](#) - Seattle Post Intelligencer - 11 hours ago
- [iPod Photo Boasts High-Res Color Screen](#) - eWeek - 12 hours ago

[Apple - iPod](#)

... Want that song to play from the beginning again? A single click will do the trick. Do the iPod Shuffle. You ... Buy an iPod. Buy Now. Order ...
www.apple.com/ipod/ - 22k - Cached - Similar pages

[Apple - iPod](#)

... iPod ... with Mac and Windows. ... Parachute.
Enjoy ...
www. ...
Similar pages

iPod

The world's most popular music player. Downloads and more ...
www.ipod.com/ - 10k - Cached - Similar pages

[iPod Hacks :: The Latest News About Your iPod](#)

... Find iPod Gear, Google, Web iPodHacks.com. Jobs: Order Your Christmas iPods Now, posted Friday, October 22, 2004 - 02:20 PM EDT. Is an iPod on your Christmas list ...
www.ipodhacks.com/ - 63k - Oct 25, 2004 - Cached - Similar pages

[iPod's Dirty Secret - Neistat Brothers](#)

iPod's Dirty Secret by THE NEISTAT BROTHERS. Watch the latest short from THE NEISTAT BROTHERS: The Holland Tunnel. More about iPod's Dirty Secret. ...
www.ipodsdirtysecret.com/ - 3k - Cached - Similar pages

[iPod vs. The Cassette](#)

Sponsored Links

- [MP3 Players in stock.](#)
Just in time for the holidays! Grab yours before it too late! 4 to 40GB
www.pcbin.com
- [iPod](#)
Free Apple iPods w/ Free Shipping. Get Your Free Mini iPod Now!
www.freeipods.com
- [Apple iPod from HP](#)
20GB iPod-\$299.99 at HPshopping.com Get iPod accessories & more!
www.hpshopping.com
- [Buy Apple iPod on Sale](#)
Free shipping! Huge selection. Easy online ordering. Amazon affiliate.
www.amazon.com
- [iPods at Macmall.com](#)
iPods In Stock!
Great Prices-Free Shipping Offer
www.macmall.com
- [Save \\$100 on an iPod](#)
Download & listen to 1000s of audio books. Join Audible & get an iPod
www.audible.com
- [\\$299.99 for 40GB iPod](#)
Starting at \$169.99 3rd Gen ipods Accessories for ipod and ipod mini

...Online Advertising is Undermonetized

The image shows a screenshot of a Google search for "haircut jersey city". The search bar is highlighted with a yellow box, and the search results are displayed below. A yellow arrow points from the search bar to the search results. A large yellow oval with the text "Low Volume of Sponsored Links" is overlaid on the search results. A yellow bracket on the right side of the search results indicates the low volume of sponsored links. The search results include several organic links, such as "barber and hair cut | barber and hair cut", "New Jersey barber and hair cut Yellow Pages and Business Directory", "Beauty Salons, Jersey City, NJ", "Hair Cuts, Jersey City, NJ", "Jersey City Journal, December '03", "Jersey City Journal, June '04", and "Spas in New Jersey that offer pre- and post-natal spa treatments ...". A "Sponsored Links" section is visible on the right side of the search results, containing a link to "Jersey City City Guide".

Web Images Groups

haircut jersey city

Results 1 - 10 of about 33,000 for haircut jersey city (0.61 seconds)

Sponsored Links

Jersey City City Guide
Guide for Hotels, Real Estate,
Weather, Maps, Yellow & White Pages
www.areaguides.net

Low Volume of Sponsored Links

...Online Advertising is Undermonetized



NYTimes.com article about broadband triggers sponsored ads for broadband providers

- Initiatives like Google AdSense for Content (which automatically serves ads relevant to subject matter of a Web page) help expand ad inventory and monetization
- Status now like US roadside billboard opportunity in the 1950s?

Source: Google, NYTimes.com (7/04).

Where we Are

Google's Mission is a Very Big Idea

*To organize the world's information
and make it universally accessible
and useful.*

Search / Find / Obtain (SFO) Getting Easier

YAHOO! search

Search the Web

tivo

Yahoo! Search

Advanced Search · Preferences · Language Tools · Services and Tools

Search for "TiVo"

YAHOO! search

Search Results

Results 1 - 18 of about 2,499,869 for tivo - 0.22 sec. (Pages: 1-18)

1. DIRECTV TiVo System with Install Free Get TiVo - Change the way you watch TV. Record, watch live TV, play commercials. Available for DIRECTV or cable TV. \$1,000 in rebates on TiVo playdigi digital camera. Low price guarantee. www.playdigi.com

2. TiVo Sale - New Lower Prices High price drop on TiVo models from \$6 to \$5. Or check out our upgrade kits that add up to 700 hours to any TiVo. Low price guarantee. Free shipping. Great customer service. www.walgreens.com

3. TiVo.com | What is TiVo? Buy, rent and activate the popular TiVo service for just \$129.95! www.tivo.com

4. Amazon.com: Electronics: TiVo - 80-Hour Digital Video Recorder TiVo R2408A 80-Hour Digital Video Recorder Like other reviewers I once considered TiVo to be a "glorified" VCR that instead of recording on tapes... www.amazon.com

5. Walgreens.com

Find

YAHOO! shopping

TiVo R2408A Digital Video Recorder

Compare Prices from 2 merchants

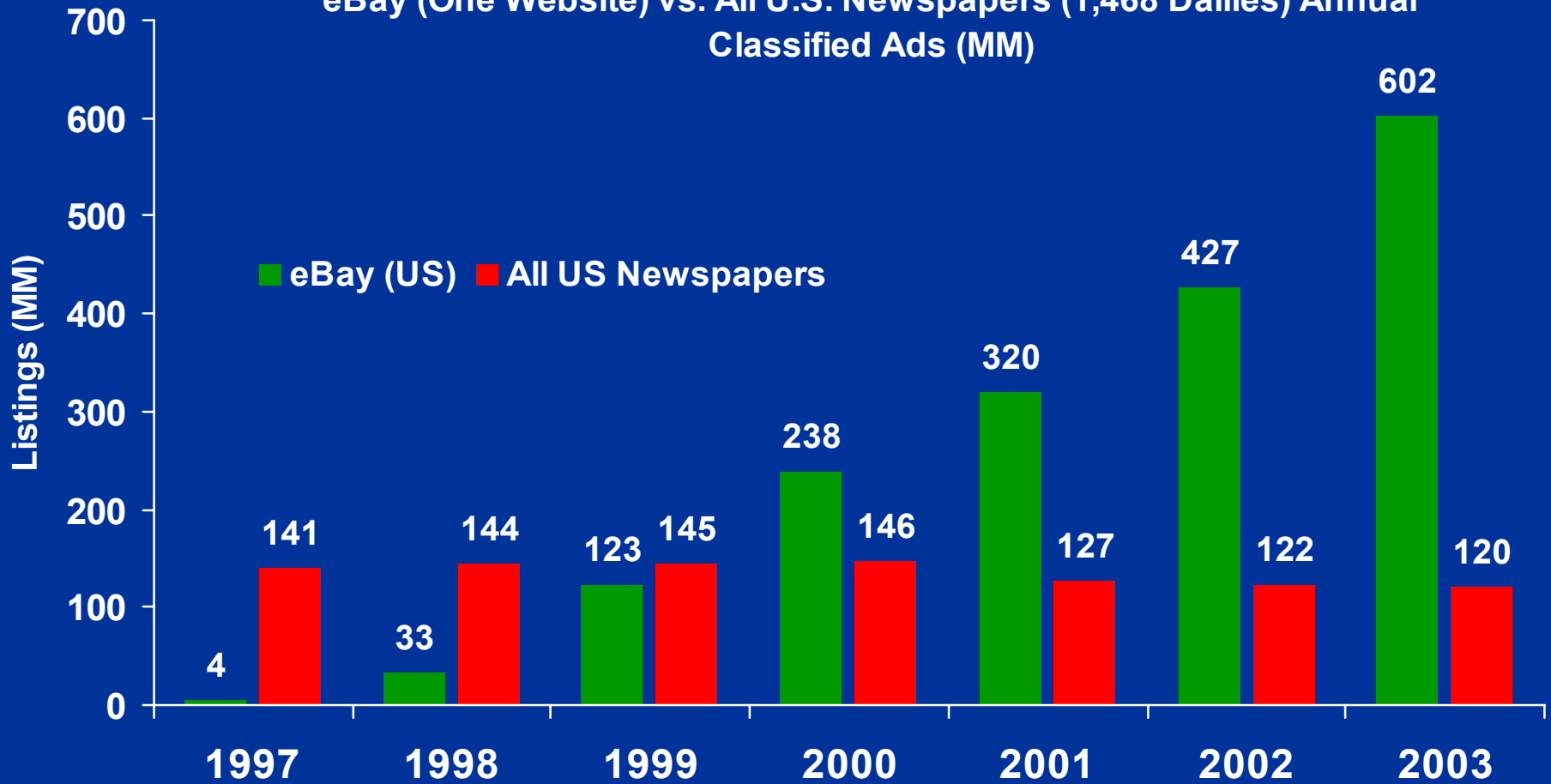
Merchant	Merchant Rating	Base Price	Shipping	Buy
Circuit City	★★★★☆	\$149.99	Free shipping	Buy from Circuit City
dynalinet.com	★★★★☆	\$149.00	Check store	Buy from dynalinet.com

Obtain

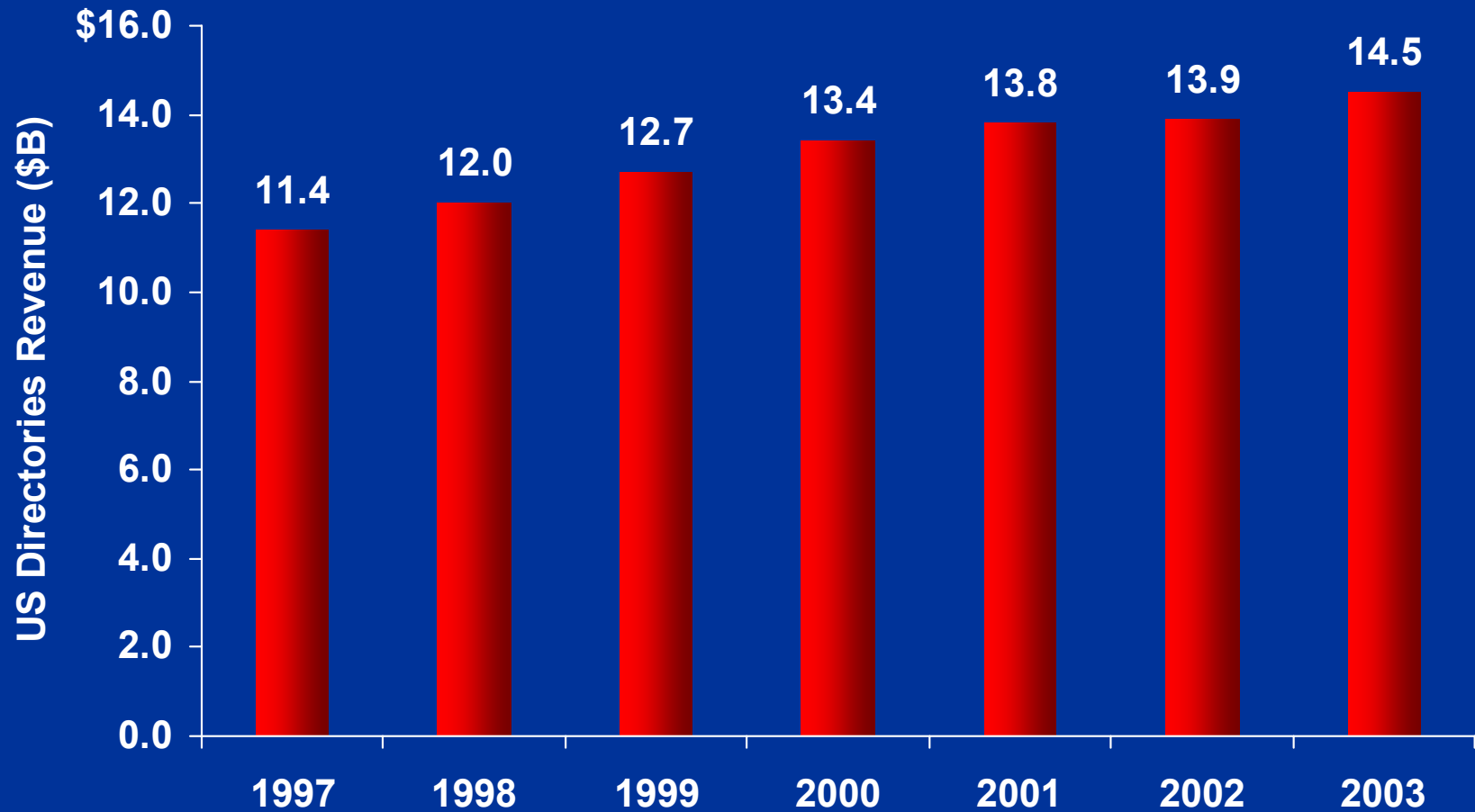
Source: Morgan Stanley Research, Yahoo!, Amazon.com, TiVo (9/04).

eBay Has Expanded SFO Market

eBay (One Website) vs. All U.S. Newspapers (1,468 Dailies) Annual Classified Ads (MM)



... Why Shouldn't Same Trends Occur in Local?



Source: Robert Coen, Universal McCann

Again, Why Shouldn't Same Trends Occur in Local?

	Yellow Pages	Direct Mail	Search
Usage	30-40MM references per day	11MM pieces read per day	300MM searches per day
Leads Generated	25-35MM phone calls per day	2MM responses per day	150MM leads per day
Market Size	\$14B	\$49B	~\$3B
Targeting	You seek leads	You seek leads	Leads find you
Tracking	Mostly untracked, some use separate phone numbers	Track responses via phone/mail	Track in realtime using online tools
Dollars Spent	Pay whether or not you generate leads	Pay whether or not you generate leads	Pay only when lead visits Web site

Source: Yahoo!, Analyst Day (5/04).

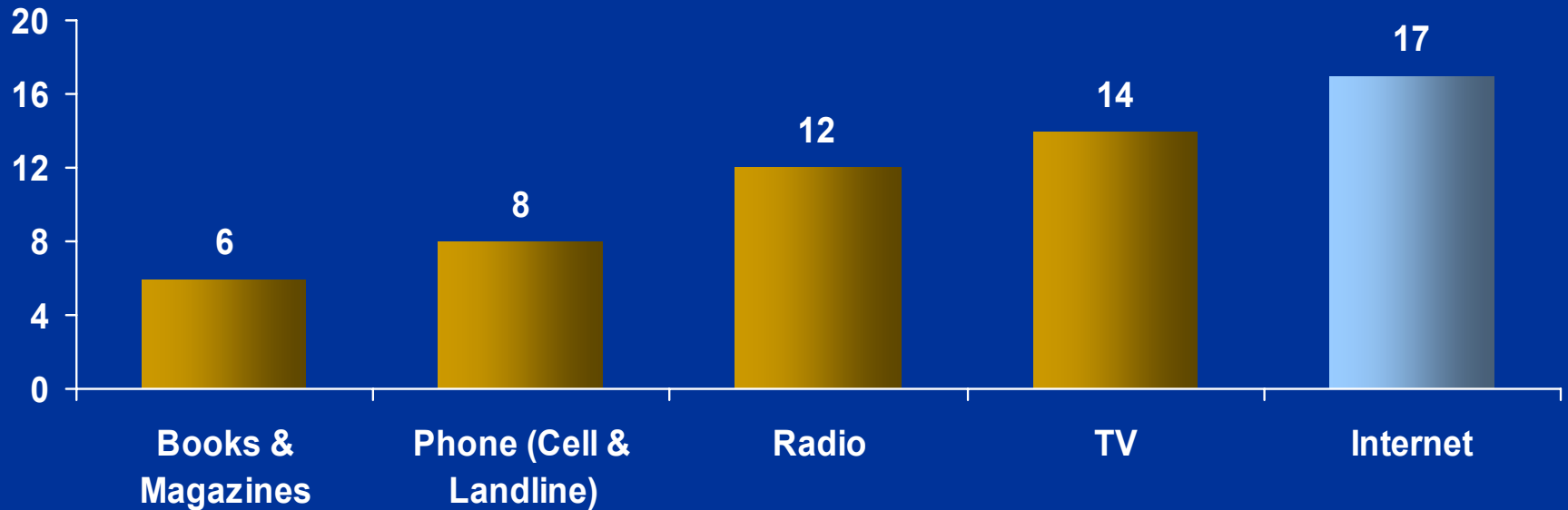
High Level Online Ad Trends

Internet Ad Spend at \$120 Per Home vs. \$898 for Newspapers?

Medium	2003E Advertising Spending (\$B)	Households (MM)	Ad Spending / Household (\$)
Promotions	\$97	99	\$976
Newspapers	45	50	898
<i>Classifieds</i>	15	55	289
Direct Telephone	85	99	863
Direct Mail	48	99	483
Broadcast TV	43	99	429
Radio	20	60	328
Cable TV	16	70	226
Yellow Pages	14	99	146
Internet / Online	7 ↑	60 ↑	120 ↑
Total	\$374	735	\$4,469
Average	42	82	497

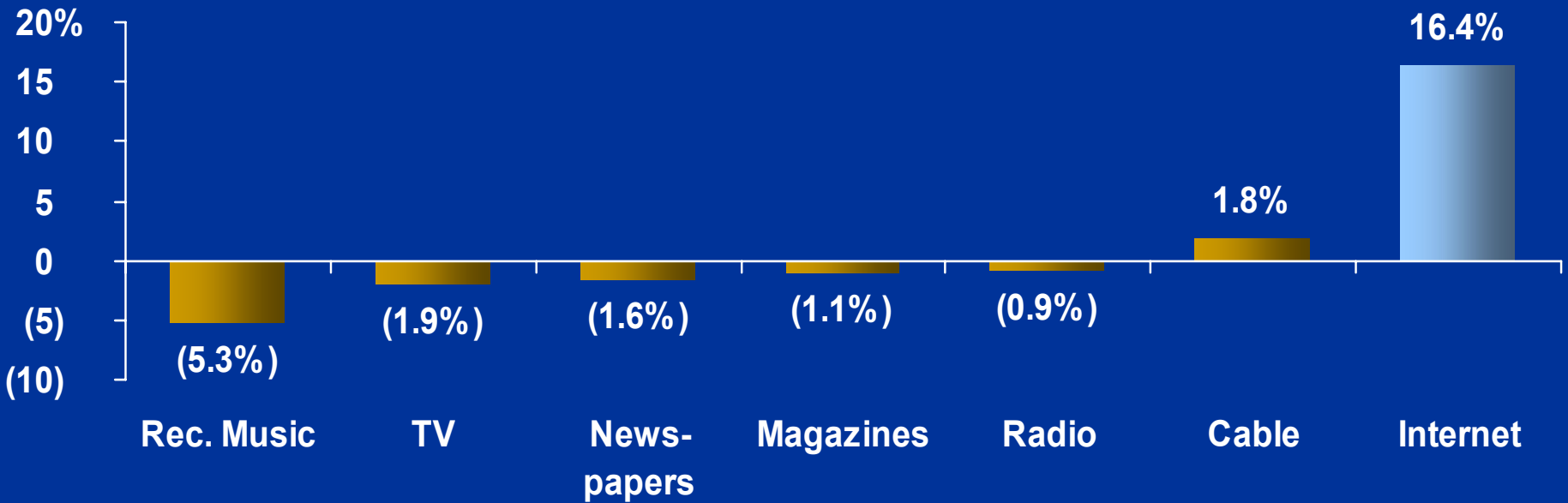
Source: Morgan Stanley Research, PricewaterhouseCoopers, IAB, Jupiter Research, McCann-Erickson, RAB; Newspapers include Classifieds. Promotions (\$97B) include: incentives (\$26B), promotional products (\$20B), POS (\$17B), specialty printing (\$8B), coupons (\$7B), premiums (\$6B), promotional licensing (\$6B), promotional fulfillment (\$4B), product sampling (\$2B), and in-store marketing (\$1B). Households may use multiple advertising mediums.

Younger Demographic Spends More Time Online vs. Other Media



Source: Veronis Suhler Stevenson (2003), Yahoo! (5/04). Youth defined as age 17 and under.

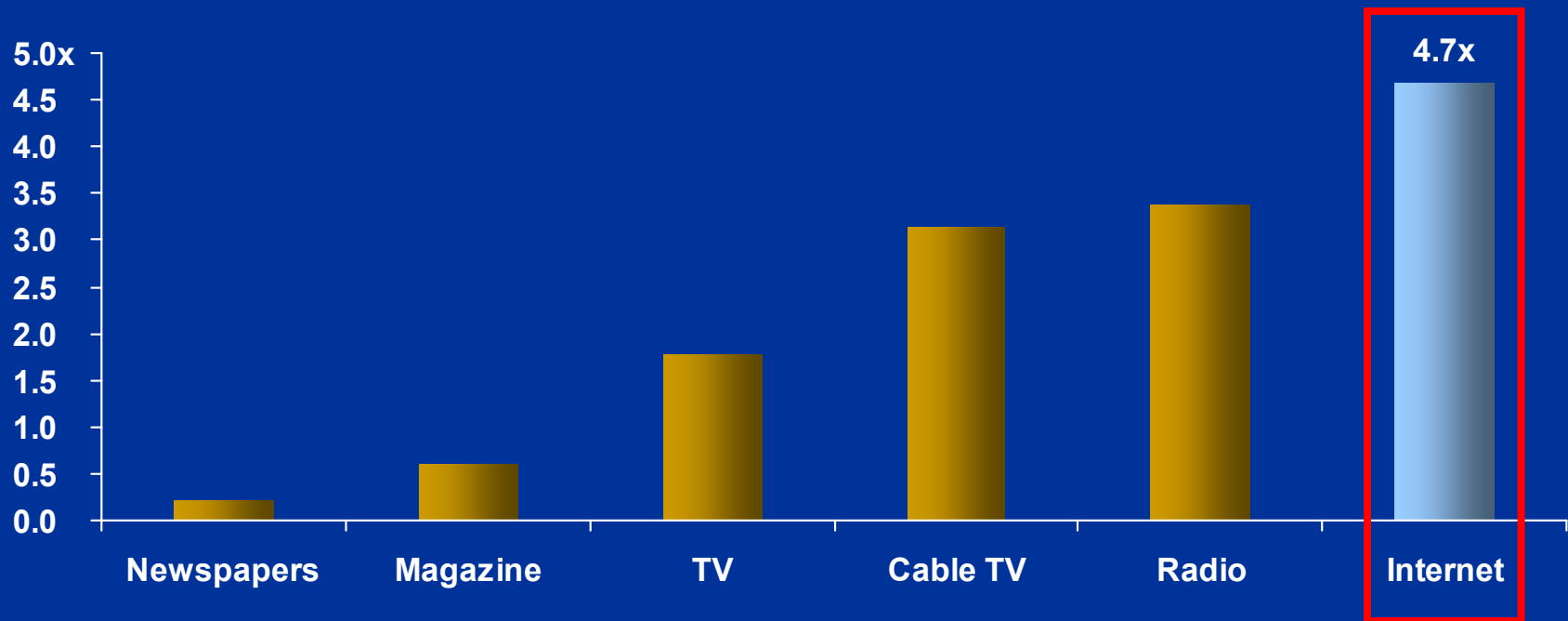
Internet Estimated to Gain Most Media in Media Consumption, 2003-2007E



Source: Veronis Suhler Stevenson (2003).

Gap Between Internet Consumption and Ad Spend is Large

US Media Usage to Ad Spending Ratios



Media Usage Source: SRI-Knowledge Networks, Fall 2003.

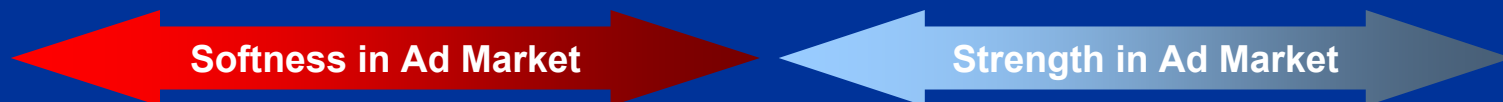
Ad Spending Source: Universal McCann, (6/03); Internet Advertising Bureau (3/04).

Ratios are calculated as percent of US media usage on a medium divided by percent of US ad spending on a medium.

Impressive Y/Y Acceleration in US Online Ad Growth

(US\$ in Billions)

	Q4:00	Q1:01	Q2:01	Q3:01	Q4:01	Q1:02	Q2:02	Q3:02	Q4:02	Q1:03	Q2:03	Q3:03	Q4:03	Q1:04	Q2:04
Revenue	\$2.1	\$1.9	\$1.8	\$1.8	\$1.6	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.7	\$1.8	\$2.2	\$2.3	\$2.4
Y/Y Change	+19%	-3%	-12%	-9%	-23%	-19%	-21%	-18%	-4%	+7%	+14%	+24%	+38%	+37%	+43%
Q/Q Change	+9	-12	-1	-4	-7	-7	-4	-1	+9	+3	+2	+5	+22	+2	+6



Source: Morgan Stanley Research; IAB.

A Few Thoughts on Search

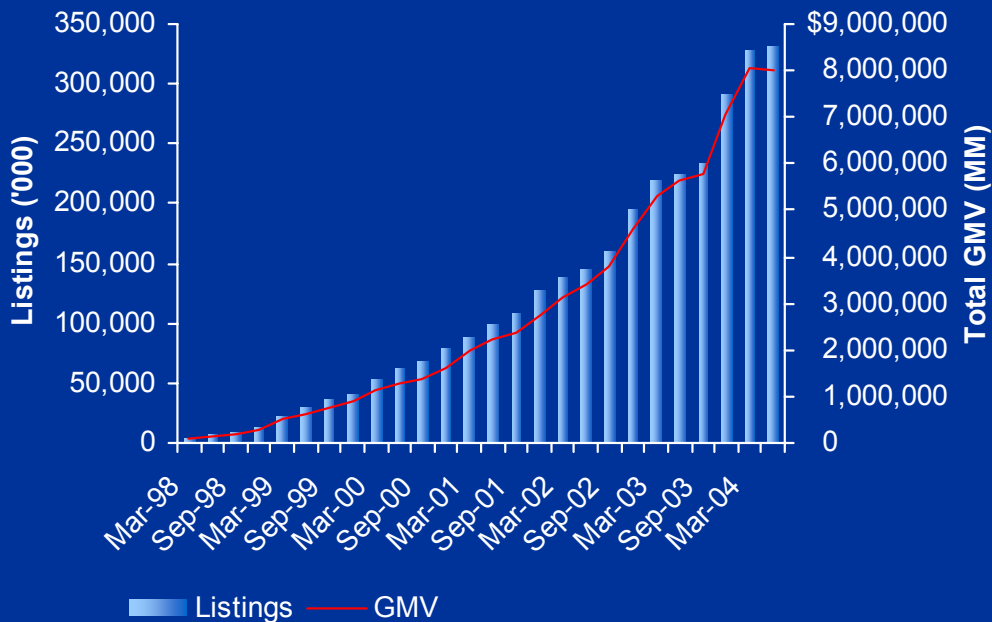
Improving User Experience Creates Opportunities...

- Effective matching of queries with satisfactory results is still in its infancy – this is the opportunity
- Financial opportunity lies in ability to improve users' satisfaction in finding what they are looking for

...Improving User Experience Creates Opportunities...

As eBay and buyers / sellers became smarter, the online marketplace improved...

eBay Listings, Gross Merchandise Volume (GMV)



- As buyers, sellers and eBay became smarter about expanding and improving eBay's user experience, volume and scope of listings and value of goods increased across eBay platform, while conversion rates (ex-ASP increases) remained relatively steady
- Similar trends may play out in search – as searchers, advertisers and search engines become more sophisticated about expanding and improving user experience and relevancy of sponsored and natural search results, search query volume, conversions plus resulting revenue levels could increase
- The key takeaway is that **more sophisticated user experience** leads to a **higher ROI**, for both eBay and its sellers

Source: Morgan Stanley Research.

...Improving User Experience Creates Opportunities...

Improvements in *natural search* (85% of clicks...)

Greater R&D spend

Increasing the number of documents
crawled

Improving natural-language processing,
intent-based results

Improving algorithms that determine the
relevancy of results

Increasing amounts of web content

Partnerships with premium research
sources

Highly relevant natural results

Source: Morgan Stanley Research.

...Improving User Experience Creates Opportunities...

Improvements in *sponsored search*

More nuanced campaign control

More bidders, greater volume

Advertisers' greater financial
incentive to improve relevancy

Improved keyword matching
technology

Increased keyword coverage

**An efficient, high- volume market for
sponsored results**

Source: Morgan Stanley Research.

...Improving User Experience Creates Opportunities

Improvements and demand for natural vs. sponsored search has been somewhat asynchronous...and may remain this way in the future as both ways of searching continue to improve and become more similar...

Revenue Per Search (RPS) Components

$$\text{RPS} = \text{Coverage} \times \text{Click-through Rate} \times \text{Price Per Click}$$



Searches that Show Ads



Total # Clicks on Ads



Total Amount Received from Advertisers

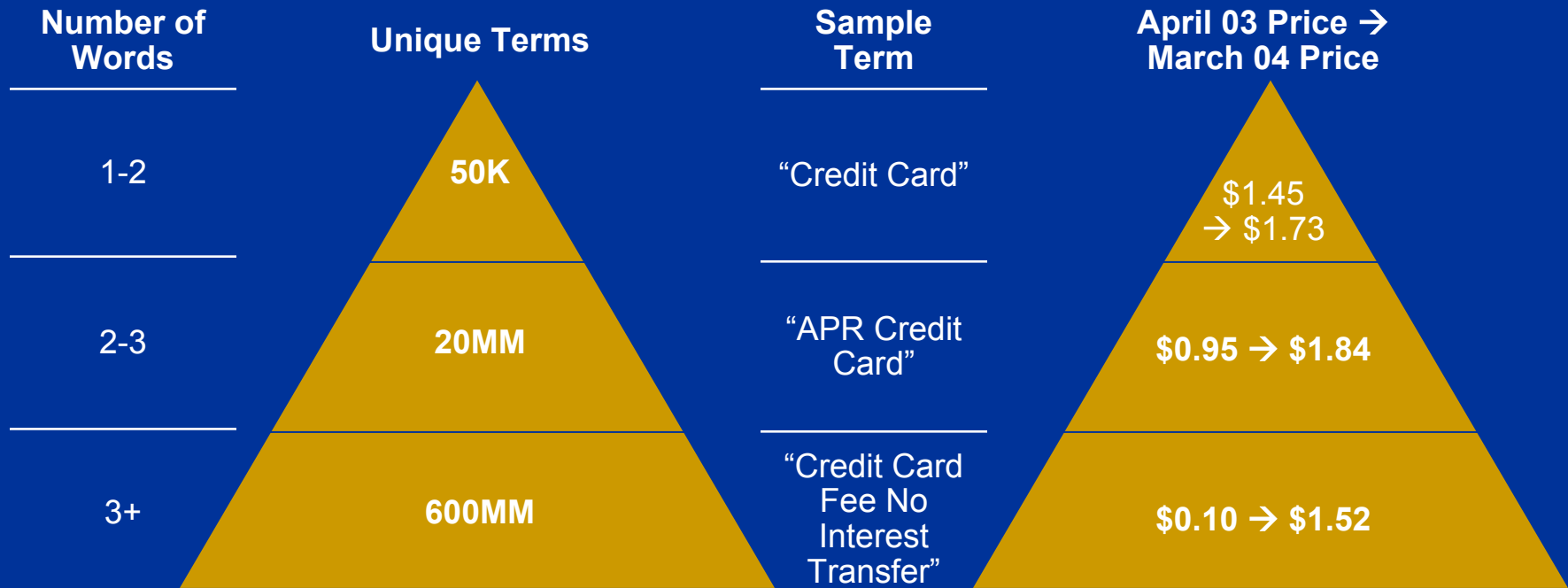
$$\text{RPS} = \frac{\text{\# Searches that Show Ads}}{\text{Total \# Searches}} \times \frac{\text{Total \# Clicks on Ads}}{\text{\# Searches that Show Ads}} \times \frac{\text{Total Amount Received from Advertisers}}{\text{Total \# Clicks on Ads}}$$



$$\text{RPS} = \frac{\text{Total Amount Received from Advertisers}}{\text{Total \# Searches}}$$

Source: Yahoo! Analyst Day as of 5/04. Morgan Stanley Research.

Revenue Per Search Trends...



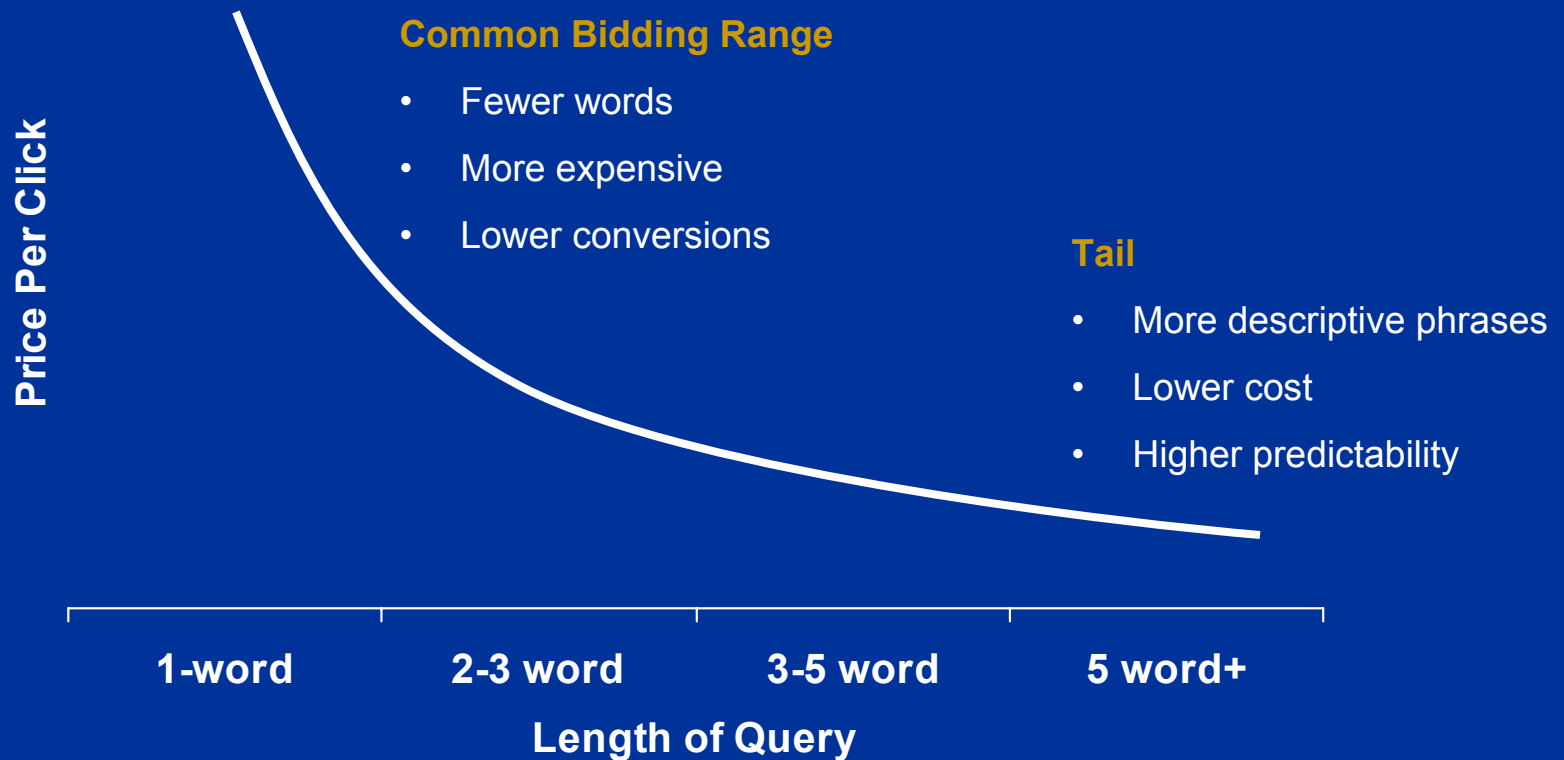
- Ad inventory increases as searchers enter more specific (longer) queries. Highest Price Per Click Y/Y growth is in longer phrases
- We believe there are still many price inefficiencies at the lower tiers—longer phrases that could convert effectively but that are not bid on. As advertisers discover these terms, we believe discrepancies could close

Source: Yahoo! Analyst Day (5/04). Morgan Stanley Research.

...Revenue Per Search Trends...

While RPS may have an upward bias on an on-going basis for quite some time for certain words as optimization tools improve and ROI declines, we believe that overall industry RPS could decline (or show modest growth) while overall search industry revenue rises nicely owing to volume ramps and rising pricing for longer terms which currently support below-average RPS...

...Revenue Per Search Trends



- Keyword price decreases as query length increases, initially
- But as advertisers “discover” and begin bidding on these terms, these longer keywords begin to increase in price

Source: inceptor (8/04).

First Closing Thought

In our view, the combination of competition, innovation and user demand for new and improved services should drive strong usage and monetization growth over the next few years. Every company won't win, however, overall market growth should be strong...

Final Closing Thought

*People have very little intuition for what it will mean when the top 40% of US households, based on income, **have half a dozen computers, all of them connected to the Net, all of them with "instant on."** They just don't know how **important a part of our daily life the online world will be!***

Jeff Bezos interview with Chip Bayers, *Business 2.0*
September, 2002

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Global Stock Ratings Distribution

(as of March 31, 2004)

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight	619	35%	262	41%	42%
Equal-weight	785	44%	280	44%	36%
Underweight	375	21%	101	16%	27%
Total	1,779		643		

Data include common stock and ADRs currently assigned ratings. For disclosure purposes (in accordance with NASD and NYSE requirements), we note that Overweight, our most positive stock rating, most closely corresponds to a buy recommendation; Equal-weight and Underweight most closely correspond to neutral and sell recommendations, respectively. However, Overweight, Equal-weight, and Underweight are not the equivalent of buy, neutral, and sell but represent recommended relative weightings (see definitions below). An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

More volatile (V). We estimate that this stock has more than a 25% chance of a price move (up or down) of more than 25% in a month, based on a quantitative assessment of historical data, or in the analyst's view, it is likely to become materially more volatile over the next 1-12 months compared with the past three years. Stocks with less than one year of trading history are automatically rated as more volatile (unless otherwise noted). We note that securities that we do not currently consider "more volatile" can still perform in that manner.

Unless otherwise specified, the time frame for price targets included in this report is 12 to 18 months. Ratings prior to March 18, 2002: SB=Strong Buy; OP=Outperform; N=Neutral; UP=Underperform. For definitions, please go to www.morganstanley.com/companycharts.

Analyst Industry Views

Attractive (A). The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark named on the cover of this report.

In-Line (I). The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark named on the cover of this report.

Cautious (C). The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark named on the cover of this report.

Stock price charts and rating histories for companies discussed in this report are also available at www.morganstanley.com/companycharts. You may also request this information by writing to Morgan Stanley at 1585 Broadway, 14th Floor (Attention: Research Disclosures), New York, NY, 10036 USA.

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