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North America

Industry

Internet

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GICS SECTOR	INFORMATION TECHNOLOGY
US Strategist Weight	16.9%
S&P 500 Weight	17.9%

Industry Overview

November 21, 2003

November 2003 — An Update From the Digital World

- **Reviewing Multi-Factor Growth Momentum Rankings**
  To determine which US Web sites are showing the greatest growth momentum we aggregate absolute and sequential trends for visitors, page views, and usage minutes at 1,217 leading properties/sites.
- **Encouraging trends for advertising, commerce, content, and community sites**
  Advertising and marketing sites dominate the top 100 listings for our rankings, accounting for 16 out of the top 25 sites. We believe online advertising may finally have begun to prove its absolute and relative power.
- **We remain very upbeat about the outlook for the Internet leaders**
  We maintain that CQ4:03 financial results should be strong for Internet leaders like Yahoo!, Amazon.com, and eBay, leading these companies to become even more upbeat as they reassess their outlooks for C2004.
- **Internet & PC Applications Software Industry view is Attractive**
  We continue to believe that, at the margin, online is gaining share from offline, that this will occur for some time to come, and that this should benefit the Internet leaders.

Please see analyst certification and other important disclosures starting on page 11.

November 2003 — An Update From the Digital World

Updates from the Digital World — An Overview

We published our first "Digital World" report in December, 2002. We thought that there were some major events and inflection points related to the Internet that were underappreciated. In that report, we focused on online vs. offline momentum thanks to expanded global distribution, lower relative pricing related to transparency and the ramp in the sale of used goods, and the rising impact of replacement products.

In our February, 2003 report, we focused on the relevance and magnitude of sellers migrating online, as illustrated by eBay's momentum.

In our March, 2003 report, we focused on what we believe is one of the answers to the "what just happened to assist such strong momentum in CQ4:02" question. In addition to improvements in the search/find/obtain (SFO) experiences of the Internet, a key part of the answer may have been the scale and ramp of residential broadband usage.

In our late March, 2003 report, we focused on the strong relative results for customer satisfaction by Internet leaders such as Amazon.com, eBay, and Expedia in the American Customer Satisfaction Survey (ASCI).

In our April, 2003 report, we focused on the positive core secular trends in Internet advertising and drilled down on Yahoo! as a proxy and driver of these trends.

In our June, 2003 report, we tried to put into historical perspective the landmark settlement of the lawsuit between AOL Time Warner and Microsoft, and we focused on the implications for the competitive landscape in SFO applications.

In this report, we review multi-factor rankings to help determine which US Web sites are showing the greatest growth momentum.

Links to aforementioned reports:

http://www.morganstanley.com/institutional/techresearch/digital_world1202.html
http://www.morganstanley.com/institutional/techresearch/digital_world0203.html
http://www.morganstanley.com/institutional/techresearch/digital_world0303.html
http://www.morganstanley.com/institutional/techresearch/online_classifieds1102.html
http://www.morganstanley.com/institutional/techresearch/digital_world03032.html
http://www.morganstanley.com/institutional/techresearch/digital_world0403.html
http://www.morganstanley.com/institutional/techresearch/digital_world0603.html
http://www.morganstanley.com/institutional/techresearch/digital_world1103.html

At about this time last year, we were looking forward to "an Internet wake-up call" in 2003 based on an "inflection point for more intensive, broad-based Internet usage," and we highlighted four secular trends — "globalization, pricing, used goods, and replacement — that may be changing the nature of transactions" (see our December 2002 *Update From the Digital World*). Based on year-to-date company and stock-price performance for the Internet leaders, it appears the "wake up call" has happened. We still believe we are in the early stages of observing the impact of the Internet on consumers and businesses, and we remain optimistic about the outlook for 2004.

To determine which Web sites are supporting the greatest growth momentum, we reviewed multi-factor rankings which aggregate absolute and sequential trends for visitors, page views, and usage minutes at 1,217 leading properties/sites (using US Media Metrix data). Growth trends for advertising, commerce, content, and community continue to look encouraging. Based on these rankings and other data points, we remain very upbeat about the outlook for the Internet leaders (including Yahoo!, Amazon.com, and eBay). We maintain that CQ4:03 financial results should be strong. And, as the leading companies reassess their outlooks for C2004, after CQ4 numbers come in, we expect they will become even more upbeat than they were just a few weeks ago following CQ3 results.

In our view, several recent data points have been compelling, including the surprisingly strong impact and sharp growth of online registrations for www.donotcall.gov; Yahoo! Movies consumer movie critiques; Yahoo! Fantasy Football; and the ongoing strength in eBay listings growth (up 41% QTD Y/Y as of November 18, 2003).

The anecdotal evidence and our composite measure of growth momentum reveal some recurring themes that continue to impress us:

1) empowerment of consumers and small and medium-size enterprises (SMEs);

2) rising interest in user-generated content (UGC), ranging from postings to reviews to feedback;

3) flourishing new markets that do not have exact offline analogs, like interactive search, dating, and blogging;

4) certain online businesses taking share from offline analogs — music may be the best example;

5) a rapid global ramp in broadband usage that is changing how people use the Internet — note the one billion music videos (up four-fold Y/Y) that Yahoo! LAUNCH has served as of 11/3 YTD; and

6) online advertising momentum that is very strong, as best we can tell, and may finally have begun to prove its absolute and relative power.

Taken together, these themes remind us of Paul Saffo's prescient reflections from 1995 regarding the fundamental power of the Internet to transform, even when its impact may be manifested at different times and in different forms than initially anticipated.

"It's a very consistent pattern in this business that collectively as a society and as individuals we all suffer from what I call macro-myopia — a pattern where our hopes and our expectations or our fears about the threatened impact of some new technology cause us to overestimate its short-term impacts, and reality always fails to meet those inflated expectations. As a result, our disappointment then leads us to turn around and underestimate the long-term implications, and I can guarantee you this time will be no different. The short-term impact of this stuff will be less than the hype would suggest, but the long-term implications will be vastly larger than we can possibly imagine today."

Our Multi-Factor Growth Momentum Rankings

We started by gathering US Media Metrix monthly data on visitors, page views, and usage minutes for over 11,500 web sites/web properties. We took the top 1,000 names for each metric (so 3,000 in total) and removed redundant listings. Finally, we removed sites with less than one million visitors in October and calculated multi-factor scores for the resultant database of 1,217 properties/sites based on weighted rankings (see Exhibit 1; the higher the weighting, the higher the relevance we attach to each factor). Note that we give Q/Q growth in minutes the highest weighting as we believe it serves as a good proxy for user interest.

Exhibit 1

Factor Weightings for Growth Momentum Rankings

Factor	Weighting
October Absolute Unique Visitors Rank	1.50
October Unique Visitors Q/Q* Growth Rank	2.00
October Absolute Page Views Rank	1.75
October Page Views Q/Q* Growth Rank	2.50
October Absolute Minutes Rank	2.00
October Minutes Q/Q* Growth Rank	3.00
Additional Weighting for Top Quartile members in each of the absolute metrics (Unique Visitors, Page Views, and Minutes)	1.00

**Rolling 3 months vs. prior 3 months*

Multi-factor score = Absolute Unique Visitors Rank x 1.50 + Unique Visitors Q/Q Growth Rank x 2.00 + Absolute Page View Rank x 1.75 + Page Views Q/Q Growth Rank x 2.50 + Absolute Minutes Rank x 2.00 + Minutes Q/Q Growth Rank x 3.00.

Source: Morgan Stanley Equity Research

Exhibit 2

Example of Multi-Factor Score Calculation — Yahoo! Sports

Measurement	Values / Rank	Weighting	Calculation
October Absolute Unique Visitors	11,158		
October Absolute Unique Visitors Rank (out of 1,217, higher=better)	*1,120*	*1.50*	*1,680*
Bonus for being in the top quintile (one of the top 243 sites - rank is >973)?	*yes: 1,120>973*	*1.00*	*1,120*
October Unique Visitors Q/Q* Growth	49%		
October Unique Visitors Q/Q Growth Rank (out of 1,217, higher=better)*	*1,097*	*2.00*	*2,194*
October Absolute Page Views	2,108		
October Absolute Page Views Rank (out of 1,217, higher=better)	*1,203*	*1.75*	*2,105*
Bonus for being in the top quintile (one of the top 243 sites - rank is >973)?	*yes: 1,203>973*	*1.00*	*1,203*
October Page Views Q/Q* Growth	35%		
October Page Views Q/Q Growth Rank (out of 1,217, higher=better)*	*966*	*2.50*	*2,415*
October Absolute Minutes	1,129		
October Absolute Minutes Rank (out of 1,217, higher=better)	*1,203*	*2.00*	*2,406*
Bonus for being in the top quintile (one of the top 243 sites - rank is >973)?	*yes: 1,203>973*	*1.00*	*1,203*
October Minutes Q/Q* Growth	20%		
October Minutes Q/Q Growth Rank (out of 1,217, higher=better)*	*853*	*3.00*	*2,559*
Score			**16,885**

Source: Morgan Stanley Equity Research

For the three metrics expressed in absolute terms (i.e., number of unique visitors, page views, and minutes), we increased the factor weightings by 1.00 for those properties that are in the top quintile for each metric (i.e., one of the top 244 sites out of a total of 1,217 sites). Exhibit 2 shows how this works in the multi-factor score calculation for Yahoo! Sports. Yahoo! Sports had a rank of 1,120 for the absolute number of unique visitors in October, so it was part of the top quintile. As a result, we multiplied its rank not by the usual factor weighting of 1.50 but by 2.50 (i.e., 1.50+1.00). We did the same for its rankings for page views and minutes, the other two metrics for which Yahoo! Sports also ranked in the top quintile.

US Media Metrix data are based on a sample of 120,000 users comprised of 50,000 At-Home, 35,000 At-Work, and 35,000 At-University panelists, so their absolute relevance may be somewhat limited, in our view. Nevertheless, we do believe that the data we present in this report have relative and directional significance.

Key Findings

We broke down the sites into nine categories based on the type of content and business model: advertising and marketing, commerce, content, community, Internet access, portal, search, antivirus, and adult (see Exhibit 4).

Advertising and marketing sites dominated the top 100 listing for our growth composite index, accounting for 16 out of the top 25 sites and 31 out of the top 100 (see Exhibit 5). As sites and sellers continue to focus on ways to monetize their online efforts, sites like 180Solutions, eyeblaster, BetterInternet, Frag Solutions AG, InsightExpress, iWon, TuCows, and Santa Monica Networks supported very strong growth. It is important to note that these Web properties included ad-serving entities, which deliver advertisements via email, pop-ups, and pop-unders. While these efforts create a lot of traffic, we lack specific data on user interest and usage, although it's our sense that the related financials for the vendors are often quite strong. The sheer number of companies with strong growth in advertising and marketing and the absolute number of users and Q/Q page view growth rates provide powerful evidence of the strength of online advertising.

These findings are consistent with the strong advertising growth, particularly online, that was reported in a recent survey of 226 US media planners, conducted by MediaPost and InsightExpress in September. There was an increase in the percentage of respondents who reported a month-over-month uptick in overall advertising demand, from 39% of respondents in the August survey to 44% in September. In addition, over 50% indicated that the Internet, in particular, experienced a substantial increase in demand.

As evinced in Exhibit 3 below, we continue to believe that the absolute and relative potential upside for Internet advertising is especially compelling.

Exhibit 3

Relative Ad Spend — Internet Upside is Compelling

2002 U.S. Spending per Household for Various Media

Medium	2002 Advertising Spending ($B)	Households (MM)	Ad Spending/ Household ($)
Promotions *	$92	99	$929
Newspapers	44	50	882
Classifieds	*15*	*55*	*289*
Direct Telephone	80	99	809
Direct Mail	45	99	462
Broadcast TV	42	99	425
Radio	19	60	326
Cable TV	14	70	201
Yellow Pages	13	99	140
Internet/Online	6 ⬆	60 ⬆	100 ⬆
Total	**$357**	**735**	**$4,276**
Average	**39**	**82**	**475**

Source: Morgan Stanley Research, PricewaterhouseCoopers, IAB, Jupiter Research, McCann-Erickson, RAB; Classifieds included in Newspapers
*Promotions ($92B) include: incentives ($25B), promotional products ($19B), POS ($16B), specialty printing ($7B), coupons ($7B), premiums ($6B), promotional licensing ($6B), promotional fulfillment ($4B), product sampling ($1B), and in-store marketing ($1B).

Source: Morgan Stanley Equity Research

Commerce, content, community, and antivirus sites also showed strong growth.

- *Commerce sites* accounted for 19 of the top 100 entries, with eBay, Overstock, Dell, Wachovia, and PayPal maintaining impressive growth, in our view.

- *Content sites* accounted for 16 of the top 100, with some sites showing momentum that was seasonal (NFL, Yahoo! Sports, rednova.com) or secular (Ford Motor, Kelly Blue Book, and Yahoo! LAUNCH).

- *Community sites*, while still challenged to obtain more that 5–10 million visitors per month, showed especially strong growth momentum. Specifically, Friendster and Emode (Tickle) – social; Xanga – weblogs; Webshots – photos; Bolt – teens; and MyFamily – family. The trends for these community sites reflect the development of online venues for special-interest groups that typically have combinations of information/content with opportunities for active participation (getting to know people online/offline, posting opinions/thoughts, and receiving feedback).

- *Antivirus sites* (Symantec and McAfee) realized significant growth as a result of mounting online security concerns.

Exhibit 4

Top 100 Properties/Companies — Sorted by Category and Multi-Factor Growth Momentum Score

Rank	Property/Company	Score	Oct Visitors (MM)	% Q/Q (last 3 months) visitors	Oct Page Views (MM)	% Q/Q (last 3 months) Page Views	Oct Minutes (MM)	% Q/Q (last 3 months) minutes
	Promotional / Ad Server / Marketing							
1	180SOLUTIONS.COM	**18,622**	9,877	522%	1,017	2,930%	491	3,665%
2	SERVING-SYS.COM (www.eyeblaster.com)	**18,601**	53,054	730%	438	1,337%	229	1,235%
3	ABETTERINTERNET.COM	**18,274**	24,099	162%	431	389%	154	400%
4	FALKAG.NET (Falk eSolutions AG)	**18,062**	35,808	160%	306	148%	164	227%
5	INSIGHTEXPRESS.COM	**17,967**	22,741	552%	155	614%	103	642%
6	IMGFARM.COM (iWon Inc.)	**17,835**	6,942	389%	167	1,090%	170	1,360%
7	2O7.NET (TUCOWS, Inc.)	**17,381**	55,268	13%	1,215	54%	784	63%
8	SMNI.COM (Santa Monica Networks Inc.)	**17,194**	28,310	27%	202	47%	154	133%
9	MARKETBANKER.COM	**17,189**	10,377	114%	191	94%	80	117%
10	RU4.COM	**17,154**	74,953	23%	984	44%	987	33%
11	ADSERVER.COM	**17,084**	58,012	18%	384	58%	361	43%
12	PASSTHISON.COM	**16,855**	8,489	5,100%	382	29,570%	60	7,460%
4	Weatherbug.com Property	**16,783**	15,449	11%	856	63%	554	30%
13	PENNYWEB.COM	**16,762**	16,013	40%	166	32%	182	63%
14	QUESTIONMARKET.COM	**16,402**	89,750	11%	1,949	46%	1,062	10%
15	Gator Network	**16,269**	34,604	-1%	262	127%	103	58%
16	SEARCHSCOUT.COM	**16,055**	22,604	9%	469	32%	123	29%
17	EXITEXCHANGE.COM	**15,801**	12,326	15%	167	221%	52	206%
18	CYDOOR.COM	**15,687**	29,459	-12%	22,188	136%	1,424	12%
19	TRAFFICMP.COM	**15,641**	66,573	8%	474	4%	291	26%
20	SYSUPDATES.COM	**15,596**	7,701	24%	379	26%	174	10%
21	PAYPOPUP.COM	**15,576**	17,160	6%	258	15%	99	42%
22	LIVEPERSON.NET	**15,536**	26,039	-5%	1,266	27%	395	18%
23	HUNTFLY.COM	**15,482**	5,715	20%	85	236%	76	285%
24	HOTBAR.COM	**15,421**	18,882	11%	13,308	14%	2,717	0%
25	Student Advantage	**15,256**	4,470	43%	443	19%	177	57%
26	PREMIUM-OFFERS.COM	**15,244**	10,358	-8%	670	29%	311	27%
27	YOURFREEDVDS.COM	**15,185**	30,567	127%	77	161%	61	223%
28	ADBUREAU.NET	**15,153**	4,506	8%	226	75%	135	74%
29	PPMDATING.COM	**14,901**	14,187	302%	61	208%	38	267%
30	TRAFFICMARKETPLACE.COM	**14,755**	17,130	922%	40	1,296%	26	2,070%
31	SYNOVATE.NET	**14,524**	3,510	10%	259	43%	120	36%
32	REFERRALWARE.COM	**14,260**	10,050	96%	46	135%	28	191%
33	FOCALEX.COM	**14,223**	12,066	34%	80	48%	45	107%
34	DOWNLOADV3.COM	**14,080**	6,610	743%	66	920%	12	796%
	Commerce							
1	eBay	**15,974**	62,454	6%	13,647	31%	6,752	6%
2	OVERSTOCK.COM	**15,863**	6,719	15%	115	57%	62	86%
3	Dell	**15,771**	10,873	18%	314	27%	189	13%
4	WACHOVIA.COM	**15,507**	3,188	19%	191	129%	109	160%
5	PayPal	**15,434**	15,841	3%	572	10%	375	20%
6	JCPenney Sites	**15,263**	5,937	16%	195	30%	90	21%
7	Bank of America	**15,089**	9,834	3%	418	12%	368	11%
8	Amazon Sites	**14,824**	37,297	0%	1,162	6%	703	3%
9	Citigroup	**14,783**	8,634	-6%	430	14%	249	20%
10	GSI Network (gsicommerce.com)	**14,764**	5,793	0%	200	22%	108	27%
11	eBay Stores	**14,737**	9,754	1%	169	18%	77	27%
12	Target Corporation	**14,720**	7,968	9%	156	14%	84	17%
13	Avon Products Inc.	**14,713**	2,719	17%	301	49%	150	35%
14	Wells Fargo	**14,550**	7,178	3%	342	17%	240	2%
15	Ticketmaster	**14,417**	8,715	-5%	446	48%	135	-1%
16	Best Buy Sites	**14,238**	7,809	-1%	155	13%	103	13%
17	Gap, Inc.	**14,228**	5,772	14%	161	0%	98	14%
18	Verisign Sites	**14,124**	13,950	234%	51	96%	27	76%
19	NEXTEL.COM	**14,123**	2,557	1%	113	71%	82	102%
20	Capital One	**14,094**	9,520	7%	294	-1%	137	3%

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Exhibit 4 (continued)

Top 100 Properties/Companies — Sorted by Category and Multi-Factor Growth Momentum Score

Rank	Property/Company	Score	Oct Visitors (MM)	% Q/Q (last 3 months) visitors	Oct Page Views (MM)	% Q/Q (last 3 months) Page Views	Oct Minutes (MM)	% Q/Q (last 3 months) minutes
	Content							
1	NFL Internet Group	**18,295**	12,145	151%	517	253%	416	237%
2	Ford Motor Company	**17,046**	5,618	34%	246	129%	109	179%
3	Yahoo! Sports	**16,885**	11,158	49%	2,108	35%	1,129	20%
4	KELLEYBLUEBOOK.COM	**16,717**	5,780	9%	180	903%	93	553%
5	Yahoo! LAUNCH	**16,649**	11,705	17%	844	24%	746	42%
6	CLICKSPRING.NET	**16,190**	3,377	66%	1,684	186%	1,045	40%
7	GAMERIVAL.COM	**15,632**	2,025	58%	163	88%	352	208%
8	Yahoo! News	**15,199**	21,062	6%	477	12%	406	5%
9	Department of Commerce	**15,101**	6,379	6%	122	15%	142	43%
10	Yahoo! Finance	**15,046**	10,204	18%	894	5%	500	1%
11	REDNOVA.COM	**14,956**	5,249	333%	58	1,235%	74	3,009%
12	Gannett Sites	**14,876**	13,421	1%	263	16%	234	10%
13	Womensforum Sites	**14,618**	7,880	-3%	215	12%	134	25%
14	CA.GOV	**14,397**	5,022	6%	215	48%	135	25%
15	SPARKNOTES.COM	**14,166**	3,090	35%	83	68%	124	107%
	Community							
1	FRIENDSTER.COM	**15,515**	1,750	110%	319	152%	122	124%
2	WEBSHOTS.COM	**15,438**	8,279	1%	496	31%	245	20%
3	XANGA.COM	**15,250**	3,326	16%	511	60%	279	41%
4	Bolt	**14,974**	1,858	167%	261	90%	102	45%
5	Planetout	**14,700**	1,662	27%	308	44%	670	44%
6	Yahoo! Member Directory	**14,656**	13,715	-4%	1,099	16%	625	1%
7	Yahoo! Messenger	**14,536**	19,533	-1%	8,519	3%	6,591	-1%
8	EMODE.COM*	**14,392**	10,788	9%	214	7%	183	-1%
9	Yahoo! Mail	**14,368**	50,611	5%	9,475	-10%	11,032	0%
10	Yahoo! Personals	**14,356**	6,039	-28%	634	23%	309	29%
11	MyFamily Network	**14,278**	9,278	-4%	425	8%	255	6%
12	EHARMONY.COM	**14,190**	1,330	34%	124	73%	95	69%
	Internet Access							
1	Comcast Corporation	**17,209**	9,769	17%	1,006	52%	526	76%
2	Earthlink	**14,778**	11,906	-6%	741	10%	710	14%
3	SBC Communications	**14,347**	16,283	2%	292	5%	186	2%
4	Verizon Communications Corporation	**14,320**	19,960	1%	465	-4%	323	4%
5	Cox Enterprises Inc.	**14,056**	11,613	-7%	575	4%	351	4%
	Portal							
1	eUniverse Network	**14,403**	16,742	-15%	828	21%	523	5%
2	AOL Time Warner Network - Proprietary & WWW	**14,269**	108,394	0%	41,051	-8%	46,857	0%
3	Yahoo! Sites	**14,221**	108,673	0%	36,672	-4%	29,975	-5%
4	My Yahoo!	**14,078**	23,565	-11%	936	2%	1,024	3%
5	Excite Network	**14,067**	26,444	21%	2,370	-10%	1,339	-14%
	Search							
1	Ask Jeeves	**15,667**	17,455	1%	429	8%	249	49%
2	Google Sites	**14,786**	58,209	0%	3,604	2%	1,639	3%
3	Yahoo! Search	**14,101**	58,909	-2%	1,854	-2%	771	-5%
4	Yahoo! Get Local	**14,059**	20,451	-6%	383	11%	209	-1%
	Antivirus							
1	Symantec	**18,099**	21,688	308%	175	239%	184	500%
2	McAfee.com Sites	**14,989**	6,181	31%	96	40%	78	88%
	XXX/Adult							
1	ADULTFRIENDFINDER.COM	**15,584**	4,594	10%	1,226	84%	394	50%
2	89.COM	**14,848**	5,594	42%	111	55%	33	88%

Exhibit 5

Top 100 Properties/Companies — Sorted by Multi-Factor Growth Momentum Score

Rank	Property/Company	Category	Score	Oct Visitors (MM)	% Q/Q (last 3 months) visitors	Oct Page Views (MM)	% Q/Q (last 3 months) Page Views	Oct Minutes (MM)	% Q/Q (last 3 months) minutes
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2	SERVING-SYS.COM (www.eyeblaster.com)	promotional / ad server / marketing	**18,601**	53,054	730%	438	1,337%	229	1,235%
3	NFL Internet Group	content - sports	**18,295**	12,145	151%	517	253%	416	237%
4	ABETTERINTERNET.COM	promotional / ad server / marketing	**18,274**	24,099	162%	431	389%	154	400%
5	Symantec	antivirus	**18,099**	21,688	308%	175	239%	184	500%
6	FALKAG.NET (Flak eSolutions AG)	promotional / ad server / marketing	**18,062**	35,808	160%	306	148%	164	227%
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8	IMGFARM.COM (iWon Inc.)	promotional / ad server / marketing	**17,835**	6,942	389%	167	1,090%	170	1,360%
9	2O7.NET (TUCOWS Inc.)	promotional / ad server / marketing	**17,381**	55,268	13%	1,215	54%	784	63%
10	Comcast Corporation	Internet access	**17,209**	9,769	17%	1,006	52%	526	76%
11	SMNI.COM (Santa Monica Networks Inc.)	promotional / ad server / marketing	**17,194**	28,310	27%	202	47%	154	133%
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13	RU4.COM	promotional / ad server / marketing	**17,154**	74,953	23%	984	44%	987	33%
14	ADSERVER.COM	promotional / ad server / marketing	**17,084**	58,012	18%	384	58%	361	43%
15	Ford Motor Company	content - autos	**17,046**	5,618	34%	246	129%	109	179%
16	Yahoo! Sports	content - sports	**16,885**	11,158	49%	2,108	35%	1,129	20%
17	PASSTHISON.COM	promotional / ad server / marketing	**16,855**	8,489	5,100%	382	29,570%	60	7,460%
18	Weatherbug.com Property	content - weather	**16,783**	15,449	11%	856	63%	554	30%
19	PENNYWEB.COM	promotional / ad server / marketing	**16,762**	16,013	40%	166	32%	182	63%
20	KELLEYBLUEBOOK.COM	content - autos	**16,717**	5,780	9%	180	903%	93	553%
21	LAUNCH	content - music/video	**16,649**	11,705	17%	844	24%	746	42%
22	QUESTIONMARKET.COM	promotional / ad server / marketing	**16,402**	89,750	11%	1,949	46%	1,062	10%
23	Gator Network	promotional / ad server / marketing	**16,269**	34,604	-1%	262	127%	103	58%
24	CLICKSPRING.NET	content - astrology	**16,190**	3,377	66%	1,684	186%	1,045	40%
25	SEARCHSCOUT.COM	promotional / ad server / marketing	**16,055**	22,604	9%	469	32%	123	29%
26	eBay	commerce	**15,974**	62,454	6%	13,647	31%	6,752	6%
27	OVERSTOCK.COM	commerce	**15,863**	6,719	15%	115	57%	62	86%
28	EXITEXCHANGE.COM	promotional / ad server / marketing	**15,801**	12,326	15%	167	221%	52	206%
29	Dell	commerce	**15,771**	10,873	18%	314	27%	189	13%
30	CYDOOR.COM	promotional / ad server / marketing	**15,687**	29,459	-12%	22,188	136%	1,424	12%
31	Ask Jeeves	search	**15,667**	17,455	1%	429	8%	249	49%
32	TRAFFICMP.COM	promotional / ad server / marketing	**15,641**	66,573	8%	474	4%	291	26%
33	GAMERIVAL.COM	content - gaming	**15,632**	2,025	58%	163	88%	352	208%
34	SYSUPDATES.COM	promotional / ad server / marketing	**15,596**	7,701	24%	379	26%	174	10%
35	ADULTFRIENDFINDER.COM	XXX / Adult	**15,584**	4,594	10%	1,226	84%	394	50%
36	PAYPOPUP.COM	promotional / ad server / marketing	**15,576**	17,160	6%	258	15%	99	42%
37	LIVEPERSON.NET	promotional / ad server / marketing	**15,536**	26,039	-5%	1,266	27%	395	18%
38	FRIENDSTER.COM	community - friends	**15,515**	1,750	110%	319	152%	122	124%
39	WACHOVIA.COM	commerce	**15,507**	3,188	19%	191	129%	109	160%
40	HUNTFLY.COM	promotional / ad server / marketing	**15,482**	5,715	20%	85	236%	76	285%
41	WEBSHOTS.COM	community - photos	**15,438**	8,279	1%	496	31%	245	20%
42	PayPal	commerce	**15,434**	15,841	3%	572	10%	375	20%
43	HOTBAR.COM	promotional / ad server / marketing	**15,421**	18,882	11%	13,308	14%	2,717	0%
44	JCPenney Sites	commerce	**15,263**	5,937	16%	195	30%	90	21%
45	Student Advantage	promotional / ad server / marketing	**15,256**	4,470	43%	443	19%	177	57%
46	XANGA.COM	community - weblog	**15,250**	3,326	16%	511	60%	279	41%
47	PREMIUM-OFFERS.COM	promotional / ad server / marketing	**15,244**	10,358	-8%	670	29%	311	27%
48	Yahoo! News	content - news	**15,199**	21,062	6%	477	12%	406	5%
49	YOURFREEDVDS.COM	promotional / ad server / marketing	**15,185**	30,567	127%	77	161%	61	223%
50	ADBUREAU.NET	promotional / ad server / marketing	**15,153**	4,506	8%	226	75%	135	74%
51	Department of Commerce	content - government	**15,101**	6,379	6%	122	15%	142	43%
52	Bank of America	commerce	**15,089**	9,834	3%	418	12%	368	11%
53	Yahoo! Finance	content - finance	**15,046**	10,204	18%	894	5%	500	1%
54	McAfee.com Sites	antivirus	**14,989**	6,181	31%	96	40%	78	88%
55	Bolt	community - Gen Y	**14,974**	1,858	167%	261	90%	102	45%
56	REDNOVA.COM	content - space	**14,956**	5,249	333%	58	1,235%	74	3,009%
57	PPMDATING.COM	promotional / ad server / marketing	**14,901**	14,187	302%	61	208%	38	267%
58	Gannett Sites	content - news	**14,876**	13,421	1%	263	16%	234	10%
59	89.COM	XXX / Adult	**14,848**	5,594	42%	111	55%	33	88%
60	Amazon Sites	commerce	**14,824**	37,297	0%	1,162	6%	703	3%
61	Google Sites	search	**14,786**	58,209	0%	3,604	2%	1,639	3%
62	Citigroup	commerce	**14,783**	8,634	-6%	430	14%	249	20%
63	Earthlink	Internet access	**14,778**	11,906	-6%	741	10%	710	14%
64	GSI Network (gsicommerce.com)	commerce	**14,764**	5,793	0%	200	22%	108	27%
65	TRAFFICMARKETPLACE.COM	promotional / ad server / marketing	**14,755**	17,130	922%	40	1,296%	26	2,070%
66	eBay Stores	commerce	**14,737**	9,754	1%	169	18%	77	27%
67	Target Corporation	commerce	**14,720**	7,968	9%	156	14%	84	17%
68	Avon Products Inc.	commerce	**14,713**	2,719	17%	301	49%	150	35%
69	Planetout	community - gay	**14,700**	1,662	27%	308	44%	670	44%

continued on next page

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Exhibit 5

Top 100 Properties/Companies — Sorted by Multi-Factor Growth Momentum Score

Rank	Property/Company	Category	Score	Oct Visitors (MM)	% Q/Q (last 3 months) visitors	Oct Page Views (MM)	% Q/Q (last 3 months) Page Views	Oct Minutes (MM)	% Q/Q (last 3 months) minutes
70	Yahoo! Member Directory	community - directory	**14,656**	13,715	-4%	1,099	16%	625	1%
71	Womensforum Sites	content - women	**14,618**	7,880	-3%	215	12%	134	25%
72	Wells Fargo	commerce	**14,550**	7,178	3%	342	17%	240	2%
73	Yahoo! Messenger	community - messenger	**14,536**	19,533	-1%	8,519	3%	6,591	-1%
74	SYNOVATE.NET	promotional / ad server / marketing	**14,524**	3,510	10%	259	43%	120	36%
75	Ticketmaster	commerce	**14,417**	8,715	-5%	446	48%	135	-1%
76	eUniverse Network	portal	**14,403**	16,742	-15%	828	21%	523	5%
77	CA.GOV	content - government	**14,397**	5,022	6%	215	48%	135	25%
78	EMODE.COM*	community - social	**14,392**	10,788	9%	214	7%	183	-1%
79	Yahoo! Mail	community - email	**14,368**	50,611	5%	9,475	-10%	11,032	0%
80	Yahoo! Personals	community - dating	**14,356**	6,039	-28%	634	23%	309	29%
81	SBC Communications	Internet access	**14,347**	16,283	2%	292	5%	186	2%
82	Verizon Communications Corporation	Internet access	**14,320**	19,960	1%	465	-4%	323	4%
83	MyFamily Network	community - family	**14,278**	9,278	-4%	425	8%	255	6%
84	AOL Time Warner Network - Proprietary & WWW	portal	**14,269**	108,394	0%	41,051	-8%	46,857	0%
85	REFERRALWARE.COM	promotional / ad server / marketing	**14,260**	10,050	96%	46	135%	28	191%
86	Best Buy Sites	commerce	**14,238**	7,809	-1%	155	13%	103	13%
87	Gap, Inc.	commerce	**14,228**	5,772	14%	161	0%	98	14%
88	FOCALEX.COM	promotional / ad server / marketing	**14,223**	12,066	34%	80	48%	45	107%
89	Yahoo! Sites	portal	**14,221**	108,673	0%	36,672	-4%	29,975	-5%
90	EHARMONY.COM	community - social	**14,190**	1,330	34%	124	73%	95	69%
91	SPARKNOTES.COM	content - education	**14,166**	3,090	35%	83	68%	124	107%
92	Verisign Sites	commerce	**14,124**	13,950	234%	51	96%	27	76%
93	NEXTEL.COM	commerce	**14,123**	2,557	1%	113	71%	82	102%
94	Yahoo! Search	search	**14,101**	58,909	-2%	1,854	-2%	771	-5%
95	Capital One	commerce	**14,094**	9,520	7%	294	-1%	137	3%
96	DOWNLOADV3.COM	promotional / ad server / marketing	**14,080**	6,610	743%	66	920%	12	796%
97	My Yahoo!	portal	**14,078**	23,565	-11%	936	2%	1,024	3%
98	Excite Network	portal	**14,067**	26,444	21%	2,370	-10%	1,339	-14%
99	Yahoo! Get Local	consumer/business directory	**14,059**	20,451	-6%	383	11%	209	-1%
100	Cox Enterprises Inc.	Internet access	**14,056**	11,613	-7%	575	4%	351	4%

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Companies mentioned in this report:

Amazon.com (AMZN, $49.53, Overweight-V) — With AMZN, we believe there is long-term valuation upside if the company executes. And we believe our estimates are conservative, specifically, when considering our 10-year DCF ($69, using a 10.5% discount rate and 7% terminal growth rate), our Price-to-Earnings-to-Growth (PEG) valuation ($30–49), and our Discounted Future Market Cap to Sales valuation ($30–64).

eBay (EBAY, $53.04, Overweight-V) — With eBay, we continue to believe there is long-term valuation upside, if the company executes, specifically when considering our 10-year DCF ($68 with a 11.5% discount rate and 7% terminal growth rate), Price-to-Earnings-to-Growth (PEG) analysis ($22-43, applying a 1.0-2.0 PEG multiple on our 29% three-year cash EPS CAGR and $0.72 C2003 EPS estimate), Discounted Future Price-to-Earnings valuation ($40-60), based on $0.97-$1.25 in C2005 EPS, a 10%-15% discount rate, and a 40-50 P/E multiple).

Yahoo! (YHOO, $39.27, Overweight-V) — With Yahoo!, we believe there is long-term valuation upside if the company executes, specifically, based on our 10-year DCF ($48, using a 12% discount rate and a 7% terminal growth rate), Price-to-Earnings-to-Growth (PEG) valuation ($24-40), and Discounted Future Price-to-Earnings valuation ($31–45).

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Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Mary Meeker, Brian Pitz.

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As of October 31, 2003, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in this report: Amazon.com, Yahoo!, eBay.

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Morgan Stanley & Co. Incorporated makes a market in the securities of Amazon.com, Yahoo!, eBay.

Global Stock Ratings Distribution

(as of October 31, 2003)

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight	572	31%	237	38%	41%
Equal-weight	862	47%	282	46%	33%
Underweight	406	22%	99	16%	24%
Total	1,840		618		

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 to be attractive vs. the relevant broad market benchmark over the next 12-18 months.

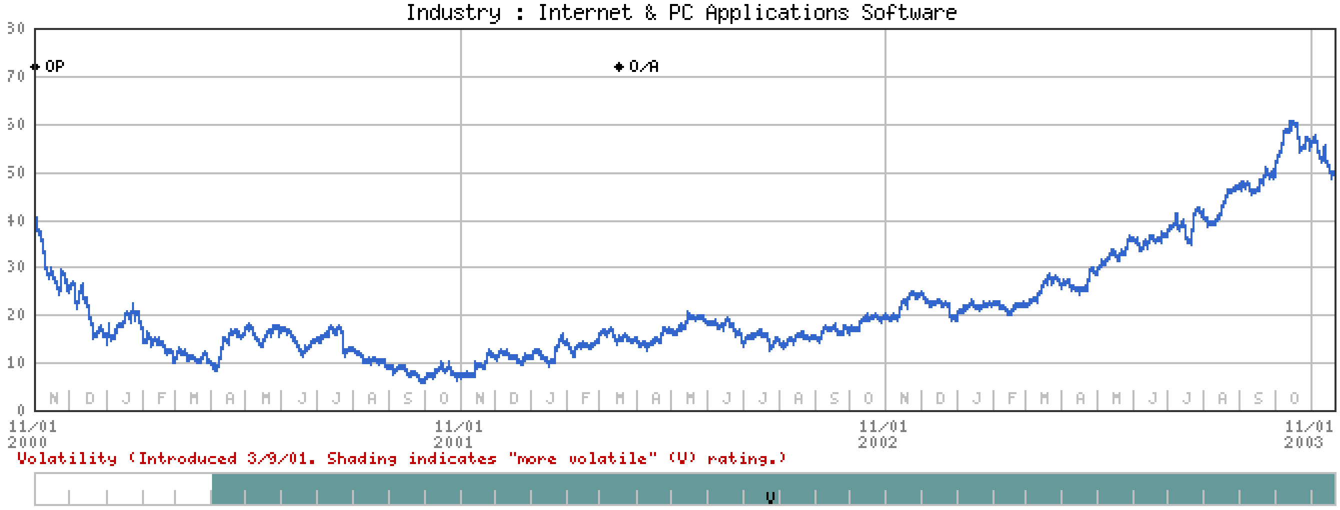
In-Line (I). The analyst expects the performance of his or her industry coverage universe to be in line with the relevant broad market benchmark over the next 12-18 months.

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

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.

Stock Price, Price Target and Rating History (See Rating Definitions)

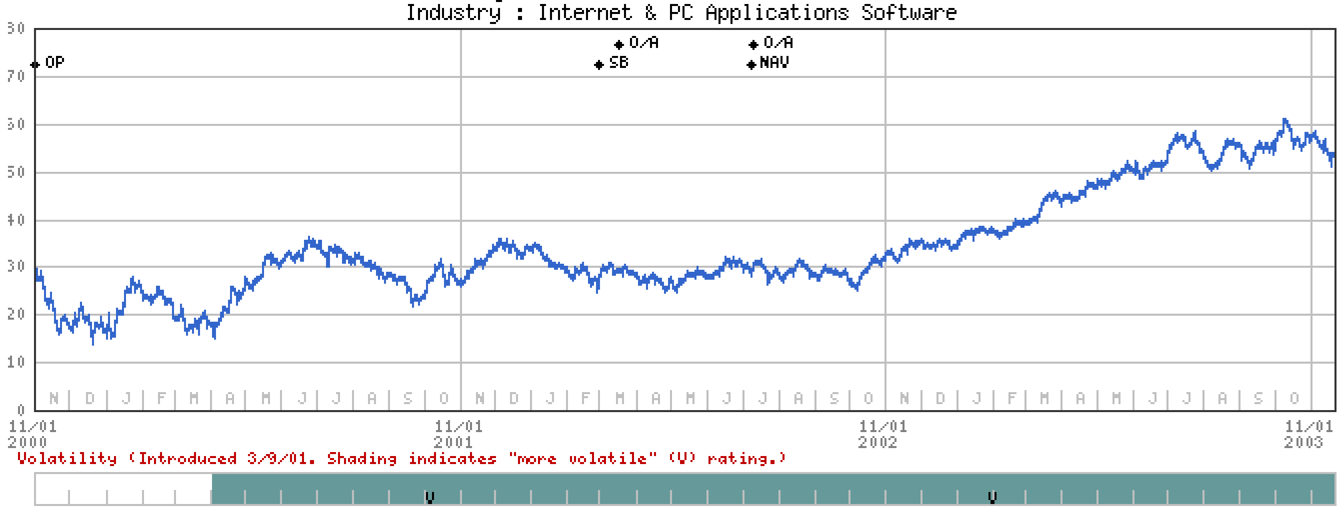
Amazon.com (AMZN.O) - As of 11/20/03 in USD
Industry : Internet & PC Applications Software



Stock Rating History: 2/24/99 : OP; 3/18/02 : O/A
Price Target History: 1/27/99 : NA

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target --   No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) —   Stock Price (Covered by Current Analyst) ■
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

eBay (EBAY.O) - As of 11/20/03 in USD
Industry : Internet & PC Applications Software



Stock Rating History: 9/24/98 : OP; 2/28/02 : SB; 3/18/02 : O/A; 7/8/02 : NAV; 7/10/02 : O/A
Price Target History: 9/24/98 : NA

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target --   No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) —   Stock Price (Covered by Current Analyst) ■
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Stock Rating History: 8/6/99 : OP; 3/18/02 : O/A
Price Target History: 4/9/98 : NA

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Other Important Disclosures

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks. Research is available through your sales representative or on Client Link at www.morganstanley.com and other electronic systems.

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