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Industry View
Attractive

Internet & Consumer Software

Internet Ecosystem Framework – CQ4 Trends Strong, Though Slower…

•Internet user / usage trends remain strong, though growth rates, at margin, are slowing:
In CQ4, there were an estimated 1,039MM global Internet users; 209MM global broadband subscribers (up 41% Y/Y); global search query volume (per comScore) was up 28% Y/Y. Yahoo!'s average daily page views rose 20% Y/Y while monetization (or marketing revenue per 1,000 pages) increased to $3.02 vs. $2.57 Y/Y, though global unique visitor growth slowed to 11% Y/Y vs. 17% in CQ3 and 22% in CQ2. eBay's units traded rose an estimated 21% Y/Y with GMV up 22% Y/Y. VeriSign's global registry was up 30% Y/Y. Amazon.com's units shipped were up 22% Y/Y. PayPal payments rose 40% Y/Y and Apple iTunes' songs downloaded increased 289% Y/Y while iPod units sold were up 273% Y/Y. Skype register users increased 277% Y/Y.

•We drilldown on 34 Internet data points from 39 companies / agencies:
Our Internet Ecosystem Framework focuses on trends for Internet users, Internet usage, online advertising, ecommerce, digital media and WiFi / Wireless data. The highlighted trends are key to watch through C2006 -- we remain upbeat about the outlook. We continue to estimate annual global growth of 10-15% for Internet users; 20-30% for usage and 30%+ for monetization.

•Industry view is Attractive:
We maintain that investors still underestimate the impact the Internet will have in changing business process and consumer behavior on a global basis. We continue to believe that, at the margin, online is gaining share from offline, that this will occur for some time to come, and should benefit the Internet leaders.

For more details on our industry view, please see our 2/14 note: *Internet Trends – From Great to Very Good* (https://secure.ms.com/ER/ebs/2006/ny/mm/mmee021406.pdf).

An Update from the Digital World – February 2006

Overview:

In our effort to determine the basics of the health, growth, and direction of the Internet, we created the first iteration of the Internet Ecosystem Framework in January 2001. It has been frustrating that there's no single, truly dependable global source for Internet Usage/User data. However, with our framework, updated in this report, we believe we have created the best data set for determining Internet usage/user trends. We have done this by compiling what we believe are the 34 most relevant publicly available metrics from 39 companies and agencies (primarily US-based).

Exhibit 1

Internet Ecosystem Framework - Overall Internet Market Data

	Est. Metric Share	C2003E Q1:03	Q2:03	Q3:03	Q4:03	C2004E Q1:04	Q2:04	Q3:04	Q4:04	C2005E Q1:05	Q2:05	Q3:05	Q4:05	Comments
Overall Internet Market Data														
Global Internet Users (MM)	**90%**	**--**	**--**	**--**	**761**	**796**	**833**	**871**	**901**	**939**	**975**	**1,011**	**1,039**	**While user growth rates are slowing,**
Y/Y Growth		**--**	**--**	**--**	***38%***	**--**	**--**	**--**	***18%***	***18%***	***17%***	***16%***	***15%***	**absolute rates remain healthy. Page**
Q/Q Growth		**--**	**--**	**--**	**--**	***5***	***5***	***5***	***3***	***4***	***4***	***4***	***3***	**view growth (usage) is key to monitor.**
North America	25%	--	--	--	203	208	214	219	224	228	232	237	241	Market at hefty 75% penetration in 2005…
Y/Y Growth		--	--	--	*14%*	--	--	--	*10%*	*9%*	*9%*	*8%*	*8%*	
Q/Q Growth		--	--	--	--	*3*	*3*	*3*	*2*	*2*	*2*	*2*	*2*	
Europe	26	--	--	--	196	206	217	228	236	245	254	263	271	Market at 42% penetration in 2005…
Y/Y Growth		--	--	--	*25%*	--	--	--	*20%*	*19%*	*17%*	*15%*	*15%*	
Q/Q Growth		--	--	--	--	*5*	*5*	*5*	*4*	*4*	*4*	*4*	*3*	
China	10	--	--	--	80	83	87	90	94	98	103	107	111	
Y/Y Growth		--	--	--	*35%*	--	--	--	*18%*	*18%*	*18%*	*19%*	*18%*	
Q/Q Growth		--	--	--	--	*4*	*5*	*3*	*4*	*4*	*5*	*4*	*4*	
Japan	8	--	--	--	64	66	68	71	73	75	77	80	82	
Y/Y Growth		--	--	--	*21%*	--	--	--	*14%*	*13%*	*13%*	*13%*	*12%*	
Q/Q Growth		--	--	--	--	*3*	*3*	*3*	*3*	*3*	*3*	*3*	*3*	
Asia-Pacific (excl. China, Japan)	16	--	--	--	112	119	127	136	141	153	166	180	189	
Y/Y Growth		--	--	--	*29%*	--	--	--	*26%*	*29%*	*31%*	*32%*	*34%*	
Q/Q Growth		--	--	--	--	*7*	*7*	*7*	*4*	*9*	*8*	*8*	*5*	
Asia-Pacific (incl. China, Japan)	34	--	--	--	255	268	282	297	308	326	346	367	382	Market at 12% penetration in 2005...
Y/Y Growth		--	--	--	*29%*	--	--	--	*21%*	*22%*	*23%*	*24%*	*24%*	Asia-Pacific likely to remain fastest
Q/Q Growth		--	--	--	--	*5*	*5*	*5*	*4*	*6*	*6*	*6*	*4*	growing large market.
Latin America	5	--	--	--	39	41	43	45	47	47	48	49	50	Market at 11% penetration in 2005…
Y/Y Growth		--	--	--	*23%*	--	--	--	*19%*	*15%*	*12%*	*8%*	*6%*	
Q/Q Growth		--	--	--	--	*5*	*5*	*5*	*4*	*2*	*2*	*2*	*1*	
Rest of World	10	--	--	--	67	72	77	83	87	94	95	96	97	Market at 5% penetration in 2005…
Y/Y Growth		--	--	--	*52%*	--	--	--	*29%*	*30%*	*23%*	*16%*	*12%*	
Q/Q Growth		--	--	--	--	*7*	*7*	*7*	*5*	*8*	*2*	*1*	*1*	
Global Broadband Subscribers														
Primarily Residential (000's) (a)	**100%**	**69,585**	**78,609**	**88,046**	**96,309**	**112,051**	**123,286**	**133,992**	**147,699**	**165,803**	**178,471**	**192,796**	**208,979**	**209MM global broadband subscribers**
Y/Y Growth		***92%***	***90%***	***79%***	***70%***	***61%***	***57%***	***52%***	***53%***	***48%***	***45%***	***44%***	***41%***	**(up 41%+ Y/Y) in CQ4:05. Sub/user**
Q/Q Growth		***23***	***13***	***12***	***9***	***16***	***10***	***9***	***10***	***12***	***8***	***8***	***8***	**multiplier could be 2.0x+. Broadband users more active than narrowband users.**
North America	26%	22,607	24,336	26,649	28,880	31,540	33,505	36,153	38,740	41,699	43,788	46,797	49,848	
Y/Y Growth		*47%*	*43%*	*45%*	*41%*	*40%*	*38%*	*36%*	*34%*	*32%*	*31%*	*29%*	*29%*	
Q/Q Growth		*10*	*8*	*10*	*8*	*9*	*6*	*8*	*7*	*8*	*5*	*7*	*7*	
Europe	29	16,363	18,543	20,951	24,693	28,572	32,376	36,237	42,225	47,738	51,624	55,436	*60,301*	
Y/Y Growth		*331%*	*318%*	*158%*	*148%*	*75%*	*75%*	*73%*	*71%*	*67%*	*59%*	*53%*	*43%*	
Q/Q Growth		*64*	*13*	*13*	*18*	*16*	*13*	*12*	*17*	*13*	*8*	*7*	*9*	
Japan	12	9,397	10,939	12,256	13,641	14,917	16,238	17,304	18,295	19,488	20,428	21,398	22,346	
Y/Y Growth		*143%*	*119%*	*100%*	*75%*	*59%*	*48%*	*41%*	*34%*	*31%*	*26%*	*24%*	*22%*	
Q/Q Growth		*20*	*16*	*12*	*11*	*9*	*9*	*7*	*6*	*7*	*5*	*5*	*4*	
Asia-Pacific (excl. Japan)	30	19,762	23,132	26,243	26,836	34,426	38,090	40,645	44,115	52,032	57,228	63,157	*69,896*	S. Korea is most penetrated global
Y/Y Growth		*58%*	*66%*	*70%*	*58%*	*74%*	*65%*	*55%*	*64%*	*51%*	*50%*	*55%*	*58%*	broadband market and serves as model
Q/Q Growth		*16*	*17*	*13*	*2*	*28*	*11*	*7*	*9*	*18*	*10*	*10*	11	market for what may occur with ramp.
Latin America	3	1,457	1,659	1,947	2,259	2,596	3,077	3,653	4,324	4,847	5,403	6,008	*6,588*	
Y/Y Growth		*83%*	*69%*	*73%*	*73%*	*78%*	*85%*	*88%*	*91%*	*87%*	*76%*	*64%*	*52%*	
Q/Q Growth		*12*	*14*	*17*	*16*	*15*	*19*	*19*	*18*	*12*	*11*	*11*	10	

Source: Company reports, Morgan Stanley Internet Research.
* Italicized values represent Morgan Stanley Internet Research estimates.
(a) Morgan Stanley estimates updated 02/24/06; R. Bilotti, S. Flannery, P. Marsch, M. Kim, N. Sebrell, B. Swinburne, L. Choi.

Exhibit 2

Internet Ecosystem Framework - Internet User and Usage Data Points

	Est. Metric Share	C2003E Q1:03	Q2:03	Q3:03	Q4:03	C2004E Q1:04	Q2:04	Q3:04	Q4:04	C2005E Q1:05	Q2:05	Q3:05	Q4:05	Comments
Internet User Data Points														
Yahoo! (Meeker/Pitz) - Global														
Global Monthly Unique Visitors (000's) (a)	38%	232,000	236,000	245,000	263,000	343,760	355,042	378,306	410,510	428,927	431,513	442,203	456,308	Growth rates for unique visitors are slowing.
Y/Y Growth	--	*15%*	*20%*	*22%*	*23%*	*48%*	*50%*	*54%*	*56%*	*25%*	*22%*	*17%*	*11%*	
Q/Q Growth	--	*9*	*2*	*4*	*7*	*31*	*3*	*7*	*9*	*4*	*1*	*2*	*3*	
VeriSign (Kuper) - Global														
Global Registry (000's) (b)	~95%	26,600	27,500	28,700	30,400	32,300	34,000	36,100	38,400	41,472	44,375	45,706	50,000	Strong Y/Y global domain name growth
Y/Y Growth	--	*(3%)*	*1%*	*4%*	*18%*	*21%*	*24%*	*26%*	*26%*	*28%*	*31%*	*27%*	*30%*	assisted by monetization opportunities
Q/Q Growth	--	*3*	*3*	*4*	*6*	*6*	*5*	*6*	*6*	*8*	*7*	*3*	*9*	for websites.
SBC+Verizon+BellSouth (Flannery) - U.S.														
Digital Signal Lines, Level 0 (DS-0) (000's) (c)	83%	186,714	190,978	196,307	201,582	208,833	214,555	221,207	228,967	239,145	246,973	258,184	268,462	Measures rising use of high capacity
Y/Y Growth	--	*12%*	*11%*	*11%*	*11%*	*12%*	*12%*	*13%*	*14%*	*15%*	*15%*	*17%*	*17%*	circuits by ILEC customers for their
Q/Q Growth	--	*3*	*2*	*3*	*3*	*4*	*3*	*3*	*4*	*4*	*3*	*5*	*4*	broadband needs. Growth rate accelerating.
US Narrowband Subscribers (Bilotti) - U.S.														
Total Subscribers (000's)	33%	37,076	35,883	34,964	34,526	34,107	33,226	32,089	31,514	30,736	29,645	28,776	28,085	Narrowband continues to lose share.
Y/Y Growth	--	*(27%)*	*(30%)*	*(31%)*	*(31%)*	*(8%)*	*(7%)*	*(8%)*	*(9%)*	*(10%)*	*(11%)*	*(10%)*	*(11%)*	
Q/Q Growth	--	*(26)*	*(3)*	*(3)*	*(1)*	*(1)*	*(3)*	*(3)*	*(2)*	*(2)*	*(4)*	*(3)*	*(2)*	
Internet Usage Data Points														
VeriSign (Kuper) - Global														
Average Daily DNS Queries (MM) (d)	~95%	7,500	9,000	10,100	10,000	12,000	12,500	13,600	14,300	14,600	14,601	14,400	14,850	DNS query growth decelerating due to
Y/Y Growth	--	*15%*	*25%*	*42%*	*33%*	*60%*	*39%*	*35%*	*43%*	*22%*	*17%*	*6%*	*4%*	caching at the endpoints.
Q/Q Growth	--	*0*	*20*	*12*	*(1)*	*20*	*4*	*9*	*5*	*2*	*0*	*(1)*	*3*	
Yahoo! (Meeker/Pitz) - Global														
Average Daily Page Views (MM)	--	1,865	1,914	2,041	2,114	2,413	2,504	2,760	2,727	3,070	2,961	3,219	*3,283*	Yahoo! may be best quarterly proxy for
Y/Y Growth	--	*36%*	*31%*	*36%*	*32%*	*29%*	*31%*	*35%*	*29%*	*27%*	*18%*	*17%*	*20%*	global Internet usage growth. Y/Y
Q/Q Growth	--	*17*	*3*	*7*	*4*	*14*	*4*	*10*	*(1)*	*13*	*(4)*	*9*	*2*	growth rates remain solid.
Media Metrix (Meeker/Pitz) - Global														
Estimated Digital Media Usage Minutes (MM)	~100%	--	--	--	--	--	--	--	2,465,704	2,888,680	2,881,306	2,950,789	3,128,877	
Y/Y Growth	--	--	--	--	--	--	--	--	--	--	--	--	*27%*	
Q/Q Growth	--	--	--	--	--	--	--	--	--	*17%*	*(0%)*	*2%*	*6%*	
eBay (Meeker/Pitz) - Global														
Skype Registered Users (MM)	--	--	--	0.5	2	4	7	12	20	33	43	53	75	Extraordinary growth - may be the fastest
Y/Y Growth	--	--	--	--	--	--	--	*2,427%*	*878%*	*696%*	*524%*	*359%*	*277%*	product ramp in history…
Q/Q Growth	--	--	--	--	*345*	*103*	*66*	*68*	*72*	*65*	*31*	*23*	*42*	
Residential IP Telephony (Coleman/Flannery) - U.S.														
Total Subscribers (MM)	--	2,274	2,283	2,308	2,380	2,498	2,623	2,827	3,102	3,450	3,883	4,353	4,904	VoIP a strong component of packaged
Y/Y Growth	--	--	--	--	--	*10%*	*15%*	*22%*	*30%*	*38%*	*48%*	*54%*	*58%*	"triple-play" (voice-video-data).
Q/Q Growth	--	--	*0*	*1*	*3*	*5*	*5*	*8*	*10*	*11*	*13*	*12*	*13*	

Source: Company reports, Morgan Stanley Internet Research.
* Italicized values represent Morgan Stanley Internet Research estimates.
(a) Yahoo! stopped including Yahoo! Japan in Monthly Unique Visitors & Avg. Daily Page Views in CQ3:02; Historicals were only provided back to CQ1:01 accounting for the Q/Q decrease in Q1:01.
(b) VeriSign is the exclusive global registry for .com and .net domain names; The registry does not include the 7 new TLDs (.biz, .pro, .name, .info, .museum, .aero, and .coop) approved by ICANN. Starting in CQ3:02, .org is not included in VRSN registry
(c) Represents Top 3 U.S. suppliers.
(d) Includes subscribers under various unlimited pricing plans, bring your own access price plans, bundled broadband price plans, free trial, no or reduced cost member service retention programs, limited usage plans, OEM bundled plans and bulk subscriptions sold at a discounted rate to AOL's selected strategic partners.

Exhibit 3

Internet Ecosystem Framework – Online Advertising and eCommerce Data Points

	Est. Metric Share	C2003E Q1:03	Q2:03	Q3:03	Q4:03	C2004E Q1:04	Q2:04	Q3:04	Q4:04	C2005E Q1:05	Q2:05	Q3:05	Q4:05	Comments
Online Advertising Data Points														
Internet Advertising Bureau (Meeker/Pitz) - US														
Internet Advertising Revenue ($MM)	~100%	$1,632	$1,660	$1,793	$2,182	$2,230	$2,369	$2,333	$2,694	$2,802	$2,985	$3,125	*$3,575*	Online advertising growth remains very strong. Trend should continue with increasing seasonal impact.
Y/Y Growth	--	*7%*	*14%*	*24%*	*38%*	*37%*	*43%*	*30%*	*23%*	*26%*	*26%*	*34%*	33%	
Q/Q Growth	--	*3*	*2*	*8*	*22*	*2*	*6*	*(2)*	*15*	*4*	*7*	*5*	*14%*	
Yahoo! (Meeker/Pitz) - Global														
Avg. Mktg. Serv. Revenue / 1,000 Pages (RPM)	--	$1.40	$1.47	$1.55	$2.27	$2.20	$2.26	$2.30	$2.57	$2.45	$2.50	$2.58	*$3.02*	Inventory monetization continues to rise…
Y/Y Growth	--	*14%*	*24%*	*25%*	*62%*	*57%*	*53%*	*48%*	*13%*	*12%*	*11%*	*12%*	*17%*	
Q/Q Growth	--	*(1)*	*5*	*5*	*47*	*(3)*	*3*	*2*	*12*	*(5)*	*2*	*3*	*17*	
Media Metrix (Meeker/Pitz) - Global														
Search Query Volume (MM)	--	--	--	--	--	21,963	25,902	29,470	33,504	37,319	40,297	39,591	42,904	
Y/Y Growth	--	--	--	--	--	--	--	--	--	*70%*	*56%*	*34%*	*28%*	
Q/Q Growth	--	--	--	--	--	--	*18*	*14*	*14%*	*11%*	*8%*	*(2%)*	*8%*	
e-commerce Data Points														
VeriSign / eBay (Kuper/Meeker/Pitz) - Global														
Internet Merchant Transactions ($MM) (a)	~30%	$5,200	$5,800	$6,900	$7,700	$8,600	$8,500	$8,600	$9,500	$13,445	$14,145	$14,745	$15,645	Data from online retail partners demonstrates strong demand for e-commerce.
Y/Y Growth	--	*68%*	*71%*	*86%*	*71%*	*65%*	*47%*	*25%*	*23%*	*56%*	*66%*	*71%*	*65%*	
Q/Q Growth	--	*16*	*12*	*19*	*12*	*12*	*(1)*	*1*	*10*	*42*	*5*	*4*	*6*	
VeriSign / eBay (Kuper/Meeker/Pitz) - Global														
Payment Transactions Processed (MM) (a)	--	75	84	91	96	102	101	107	118	120	127	134	*148*	
Y/Y Growth	--	*46%*	*45%*	*48%*	*42%*	*36%*	*20%*	*19%*	*23%*	*18%*	*26%*	*25%*	*25%*	
Q/Q Growth	--	*11*	*11*	*8*	*6*	*6*	*(1)*	*6*	*10*	*2*	*6*	*6*	*10*	
Amazon.com (Meeker/Pitz) - Global														
Total Units Shipped (MM)		57	58	58	96	78	73	76	121	98	92	97	*147*	20%+ Y/Y unit growth for 16 quarters demonstrates market strength.
Y/Y Growth	--	*35%*	*41%*	*36%*	*33%*	*36%*	*26%*	*30%*	*26%*	*26%*	*27%*	*28%*	22%	
Q/Q Growth	--	*(21)*	*1*	*1*	*66*	*(19)*	*(7)*	*4*	*60*	*(19)*	*(6)*	*5*	*52*	
eBay (Meeker/Pitz) - Global														
Gross Merchandise Volume ($MM)	--	$5,317	$5,635	$5,775	$7,052	$8,039	$8,012	$8,307	$9,810	$10,602	$10,884	$10,800	$12,013	22%+ Y/Y growth impressive considering scale, in our view.
Y/Y Growth	--	*71%*	*66%*	*53%*	*53%*	*51%*	*42%*	*44%*	*39%*	*32%*	*36%*	*30%*	*22%*	
Q/Q Growth	--	*16*	*6*	*2*	*22*	*14*	*(0)*	*4*	*18*	*8*	*3*	*(1)*	*11*	
eBay (Meeker/Pitz) - Global														
Estimated Units Traded (MM) (b)	--	113	119	121	147	168	166	171	198	213	217	220	*240*	21%+ estimated Y/Y unit growth is impressive, in our view.
Y/Y Growth	--	*58%*	*56%*	*43%*	*47%*	*49%*	*40%*	*42%*	*34%*	*27%*	*31%*	*29%*	*21%*	
Q/Q Growth	--	*13*	*5*	*2*	*22*	*14*	*(1)*	*3*	*16*	*8*	*2*	*2*	*9*	
PayPal (Meeker/Pitz) - Global														
Total $ Volume (MM)	--	$2,628	$2,843	$3,044	$3,711	$4,321	$4,350	$4,637	$5,607	$6,233	$6,471	$6,667	*$8,114*	
Y/Y Growth	--	*80%*	*76%*	*70%*	*74%*	*64%*	*53%*	*52%*	*51%*	*44%*	*49%*	*44%*	*45%*	
Q/Q Growth	--	*23*	*8*	*7*	*22*	*16*	*1*	*7*	*21*	*11*	*4*	*3*	*22*	
PayPal (Meeker/Pitz) - Global														
Total Payments (MM)	--	51	54	57	68	79	78	83	100	110	*113*	117	*140*	PayPal's ramp on and off the eBay platform remains robust as demand for online payments rises.
Y/Y Growth	--	*90%*	*86%*	*83%*	*74%*	*57%*	*45%*	*45%*	*46%*	*39%*	*46%*	*41%*	*40%*	
Q/Q Growth	--	*29*	*6*	*7*	*19*	*16*	*(2)*	*7*	*19*	*11*	*3*	*4*	*19*	

Source: Company reports, Morgan Stanley Internet Research.
* Italicized values represent Morgan Stanley Internet Research estimates
(a) VeriSign sold its payments / vendor business to eBay. Transaction closed 11/05.
(b) Based on estimated ASP from Morgan Stanley Research eBay notes.

Exhibit 4

Internet Ecosystem Framework – eCommerce *(continued from previous page)* and Digital Media Data Points

	Est. Metric Share	C2003E Q1:03	Q2:03	Q3:03	Q4:03	C2004E Q1:04	Q2:04	Q3:04	Q4:04	C2005E Q1:05	Q2:05	Q3:05	Q4:05	Comments
e-commerce Data Points *(cont.)*														
CheckFree (Meeker/Pitz) - Global														
Est. Average Monthly Transactions Processed (MM)	--	37	40	42	46	51	55	69	73	78	82	89	90	
Y/Y Growth	--	36%	38%	31%	32%	36%	37%	62%	58%	54%	48%	29%	23%	
Q/Q Growth	--	7	7	5	10	9	9	25	7	7	4	9	2	
Yahoo! (Meeker/Pitz) - Global														
Fee Paying Customers (000's)	--	2,900	3,504	4,213	4,900	5,800	6,400	7,600	8,400	8,900	10,100	11,400	*12,600*	Strong growth for Yahoo!'s fee paying
Y/Y Growth	--	364%	242%	172%	123%	100%	83%	80%	71%	53%	58%	50%	50%	customers has surprised many on the
Q/Q Growth	--	32	21	20	16	18	10	19	11	6	13	13	11	upside -- primary services include broadband.
Yahoo! Japan - Japan														
Total e-commerce Transactions Enabled (¥MM)	--	¥108,500	¥119,300	¥125,200	¥148,100	¥150,000	¥152,300	¥157,500	¥187,300	¥184,000	¥182,300	¥182,160	¥213,440	
Y/Y Growth	--	--	--	47%	44%	38%	28%	26%	26%	23%	20%	16%	14%	
Q/Q Growth	--	5	10	5	18	1	2	3	19	(2)	(1)	(0)	17	
U.S. Department of Commerce - U.S.														
US Retail e-commerce Transactions ($MM) (a)	--	$15,261	$15,913	$16,773	$21,174	$19,635	$19,839	$20,599	$26,216	$24,037	$24,769	$25,809	$32,083	Online share gains from offline continue
Y/Y Growth	--	29%	28%	27%	25%	29%	25%	23%	24%	22%	25%	25%	22%	in commerce. Penetration still quite low.
Q/Q Growth	--	(10)	4	5	26	(7)	1	4	27	(8)	3	4	24	
e-commerce as % of Retail Sales	--	2.05	1.93	2.01	2.40	2.44	2.24	2.31	2.74	2.80	2.59	2.69	3.18	
Digital Media Data Points														
RealNetworks (Meeker/Pitz) - Global														
Paid Subscribers (000's)	--	1,000	1,000	1,150	1,300	1,300	1,400	1,550	1,550	1,850	2,000	2,200	2,250	Online demand for music / video
Y/Y Growth	--	67%	33%	35%	44%	30%	40%	35%	19%	42%	43%	42%	42%	(sports, news, entertainment) remains
Q/Q Growth	--	11	0	15	13	0	8	11	0	19	8	10	2	impressive, in our view.
iPods (Runkle) - Global														
Total Cumulative Units Sold (000's)		668	972	1,308	2,041	2,848	3,708	5,724	10,304	15,615	21,770	28,221	38,415	
Units Sold (000's)	--	78	304	336	733	807	860	2,016	4,580	5,311	6,155	6,451	10,194	
Y/Y Growth	--	267%	315%	250%	246%	326%	281%	338%	405%	448%	487%	393%	273%	
Q/Q Growth	--	13	46	35	56	40	30	54	80	52	39	30	36	
iTunes (Runkle) - Global														
Total Cumulative Songs Downloaded (MM)		--	6	12	29	58	83	130	207	323	463	565	806	
Songs Downloaded (MM)	65%	--	5	6	17	29	25	47	77	115	140	102	*242*	1 billion songs have been downloaded
Y/Y Growth	--	--	--	--	--	--	1,409%	1,003%	614%	452%	458%	334%	289%	from the iTunes Music Store, as of
Q/Q Growth	--	--	--	115	146	101	42	57	59	56	44	22	43	02/23/2006.
Yahoo! (Meeker/Pitz) - Global														
Streaming Video Sessions (MM)	--	289	281	317	418	397	683	789	917	--	--	*1,600*	--	Points to the strength of, and consumer
Y/Y Growth	--	857%	285%	165%	113%	37%	143%	149%	119%	--	--	103%	--	interest in, on-demand multimedia…
Q/Q Growth	--	47	(3)	13	32	(5)	72	16	16	--	--	--	--	
TiVo - Global														
Subscribers (000's)		703	793	1,002	1,332	1,596	1,884	2,303	3,001	3,695	3,574	4,008	*4,892*	Metric for determining momentum in Digital
Y/Y Growth	--	--	--	--	113%	127%	138%	130%	125%	132%	90%	74%	*63%*	Digital Video Recording (DVR); "last 10 feet"
Q/Q Growth	--	13	13	26	33	20	18	22	30	23	(3)	12	22	from the computer to the TV…
XM Radio & Sirius (Swinburne) - US														
Satellite Radio Subscriptions (000's)	--	551	797	1,079	1,621	2,032	2,581	3,178	4,372	5,219	6,232	7,209	9,241	Robust growth - indicator of momentum of
Y/Y Growth	--	623%	483%	434%	367%	269%	224%	194%	170%	157%	141%	127%	111%	compelling, always-on subscription services…
Q/Q Growth	--	59	45	35	50	25	27	23	38	19	19	16	28	

Source: Company reports, Morgan Stanley Internet Research.
* Italicized values represent Morgan Stanley Internet Research estimates.
(a) Goods/services where order is placed or price/terms of sale are negotiated over Internet, extranet, EDI network, e-mail, or other online system. Payment may or may not be made online. Does not include travel, financial services, or event tickets. eBay GMS added in CQ3:00.

Exhibit 5

Internet Ecosystem Framework - WiFi/WLAN & Wireless Data Points and Digital Media Data Points

	Est. Metric Share	C2003E				C2004E				C2005E				
		Q1:03	Q2:03	Q3:03	Q4:03	Q1:04	Q2:04	Q3:04	Q4:04	Q1:05	Q2:05	Q3:05	Q4:05	Comments
WiFi/WLAN & Wireless Data Points														
Access Points/Bridges/NICs/Client Devices - U.S.														
802.11b, 802.11g, 802.11a, Multimode - (000's)	~89%	5,120	6,345	7,710	9,580	10,162	9,333	11,090	11,579	12,340	11,960	13,525	*14,002*	WiFi growth remains impressive - 20%+ Y/Y…
Y/Y Growth	--	*101%*	*121%*	*81%*	*91%*	*98%*	*47%*	*44%*	*21%*	21%	*28%*	*22%*	*21%*	
Q/Q Growth	--	*2*	*24*	*22*	*24*	*6*	*(8)*	*19*	*4*	7	*(3)*	*13*	*4*	
NTT DoCoMo (iMode) (Tanaka) - Japan														
Wireless Data Subscribers (000's)	62%	37,758	38,648	39,739	40,335	41,077	41,723	42,362	43,027	44,021	44,658	45,139	45,616	Asia-Pacific is leader in wireless trends.
Y/Y Growth	--	*17%*	*15%*	*14%*	*11%*	*9%*	*8%*	*7%*	*7%*	*7%*	*7%*	*7%*	*6%*	
Q/Q Growth	--	*4*	*2*	*2.8*	*1.5*	*1.8*	*1.6*	*1.5*	*1.6*	*2.3*	*1.4*	*1.1*	*1.1*	
Mobile Data Association (Werner) - UK														
SMS Messages (MM)	--	4,900	5,015	5,100	5,480	6,380	6,290	6,473	6,970	7,310	7,751	8,067	8,872	Mobile messaging growth remains robust.
Y/Y Growth	--	*23%*	*25%*	*22%*	*18%*	*30%*	*25%*	*27%*	*27%*	*15%*	23%	25%	27%	
Q/Q Growth	--	*5*	*2*	*2*	*7*	*16*	*(1)*	*3*	*8*	*5*	3	2	6	

Source: Company reports, Morgan Stanley Internet Research.

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drugstore.com (DSCM.O)	E (03/18/2002)	$2.52
Amazon.com (AMZN.O)	O-V (03/18/2002)	$37.44
CNET (CNET.O)	E (03/18/2002)	$13.84
eBay (EBAY.O)	O-V (07/10/2002)	$40.06
Intuit (INTU.O)	O-V (03/18/2002)	$48.61
Microsoft (MSFT.O)	O-V (03/18/2002)	$26.87
priceline.com (PCLN.O)	E (03/18/2002)	$24.55
Yahoo! (YHOO.O)	O-V (03/18/2002)	$32.06
Google (GOOG.O)	O-V (09/28/2004)	$362.62
Brian Pitz		
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