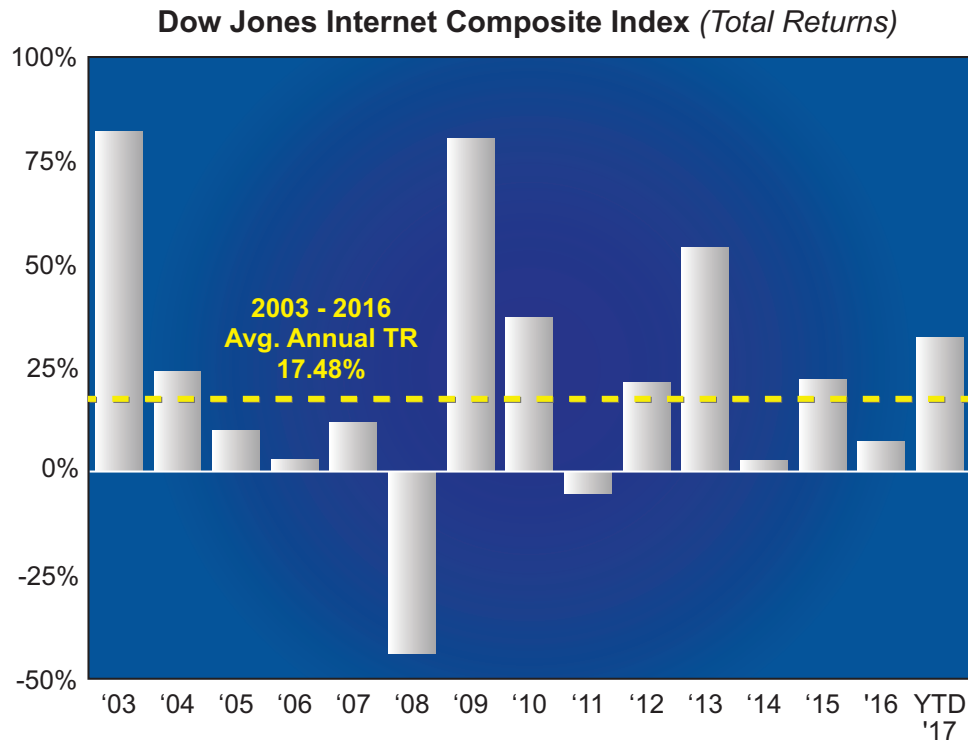


How Internet Stocks Have Fared Since 2002



Source: Bloomberg. YTD through 10/17/17. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's chart shows the performance of internet-related stocks following the end of the technology sector-led bear market ("dot-com crash") that ran from 3/24/00 through 10/09/02, as measured by the S&P 500 Index.
2. As indicated in the chart, from 12/31/02-12/31/16, the Dow Jones Internet Composite Index posted an average annual total return of 17.48%, compared to 9.11% for the S&P 500 Index (not in chart), according to Bloomberg.
3. On a cumulative total return basis, the Dow Jones Internet Composite Index was up 854.91% over that span. For comparative purposes, total U.S. retail e-commerce sales (seasonally adjusted) rose from \$44.46 billion in 2002 to \$389.67 billion in 2016, or an increase of 776.45%, according to data from the Federal Reserve Bank of St. Louis.
4. A forecast by FTI Consulting estimates that U.S. e-commerce retail sales will total \$445 billion in 2017 and surpass the \$1 trillion mark by 2027, according to CNBC.
5. Internet stocks, on average, tend to carry a higher price-to-earnings (P/E) multiple than the broader stock market. From 12/31/02-12/31/16, the average P/E on the Dow Jones Internet Composite Index was 48.16, compared to 17.31 for the S&P 500 Index, according to Bloomberg.
6. As of 10/18/17, the Dow Jones Internet Composite Index's estimated P/Es for 2017, 2018 and 2019 were 36.08, 28.86 and 23.33, respectively, according to Bloomberg.
7. The Dow Jones Internet Composite Index posted \$5.69 per share in earnings in 2016. Bloomberg's consensus estimates for 2017, 2018 and 2019 were \$13.10, \$16.38 and \$20.26 per share, respectively, as of 10/18/17.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The Dow Jones Internet Composite Index is a modified capitalization-weighted index that tracks companies involved in Internet-related activities. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.

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