

FOR IMMEDIATE RELEASE

Online Holiday Shoppers Spent a Total of \$30.1 Billion during 2005 Holiday Season, Up 30 Percent from 2004, According to the eSpending Report from Goldman Sachs, Nielsen//NetRatings and Harris Interactive

Apparel/Clothing, Computer Hardware/Peripherals and Consumer Electronics Captured the Most Online Holiday Dollars This Year, Showing Double to Triple-Digit Year-over-Year Growth; Record High in Shoppers Choosing to Buy Online vs. Other Channels

ROCHESTER, N.Y. and NEW YORK – December 29, 2005 – The Goldman, Sachs & Co., Nielsen//NetRatings and Harris Interactive® fifth annual Holiday eSpending Report revealed today that online holiday shopping totaled \$30.1 billion, excluding travel, during the 2005 holiday season (October 29 – December 23). This season’s online spending in the United States resulted in a 30 percent increase (+/- 3.1 percent margin of error) from the 2004 holiday season.

“Consumers continue to shop later in the online holiday season as their trust in on-time delivery grows. While 2005 holiday sales appear to be at the high end of expectations, continued heightened competition could hurt profitability,” said Anthony Noto, Internet and entertainment analyst, Goldman Sachs.

According to the final Holiday eSpending Report for 2005, online shoppers spent the most holiday dollars on apparel/clothing during the 2005 holiday season, totaling \$5.3 billion; the category enjoyed 42 percent growth from last year’s online revenue (see Table 1). Computer hardware/peripherals ranked second in category spending with a total of \$4.8 billion, showing a 126 percent year-over-year growth in online revenue, the strongest growth this season.

Consumer electronics, the second fastest growing category, garnered \$4.8 billion in online spending, jumping 109 percent year-over-year. Books and toys/video games rounded out the top five product categories, garnering \$3.0 and \$2.3 billion in online revenue, respectively. The Books category jumped 66 percent in revenue from last year, compared to toys/video games, which fell nine percent from the 2004 holiday season.

“Apparel remains one of the more dominant product categories during the holiday season, mirroring offline holiday retail behavior,” said Heather Dougherty, senior retail analyst, Nielsen//NetRatings. “Computer hardware and consumer electronics had a stellar season with the price reductions for laptops, plasma TVs, color printers as well as high demand for iPods, digital cameras, and media accessories. The 2005 holiday season was a gadget year for consumers of all ages, and consumers continued to show their love for free shipping.”

Dougherty continued, “Toys and video games were not as fortunate this year, with a lack of the must-have toy to drive sales. Moreover, the line between product categories are blurring with the introduction of more hybrid devices that can be considered consumer electronics or computer hardware.”

Table 1: Online Shopping Categories Ranked by Projected Online Revenue, December 2005

Product Category**	2005 Projected Online Holiday Revenue in Millions	2005 vs. 2004 YOY Growth
Apparel/Clothing	\$ 5,349	42%
Computer hardware/peripherals	\$ 4,821	126%
Consumer electronics	\$ 4,793	109%
Books	\$ 2,953	66%
Toys/Video games (hardware & software)	\$ 2,296	-9%

Source: Goldman, Sachs, Nielsen//NetRatings, and Harris Interactive eSpending Report, December 2005; the Holiday eSpending Report considers October 29 to December 23, 2005 as the 2005 holiday season.

*Note: Number of respondents: More than 1,000 online U.S. adult consumers surveyed weekly (Week 1-8: n=8,676)

**Note: The featured categories met a minimum reporting sample of 100 respondents.

Shifts in Online Holiday Shopping Behavior

During the 2005 holiday season, the fifth annual Holiday eSpending Report surveyed more than 1,000 consumers a week to capture consumer spending habits, attitudes and motivations, totaling more than 8,600 shoppers throughout the season. Through the course of the last few years, consumers have been asked to break down their holiday budget amongst various sales channels.

While traditional brick-and-mortar stores continued to hold the majority, or 68 percent of the 2005 holiday spending, it dropped 10 percentage points from the 2002 holiday season, when consumers said they intended to conduct 78 percent of their holiday spending in stores.

In contrast, the online sales channel rose 11 percentage points, garnering 27 percent of total budgets this year from 16 percent four years ago. Catalog buying remained steady at five percent this year, compared to six percent in 2002.

"E-commerce is gaining ground amongst consumers during the holiday season due to its convenience, product selection and lower prices. Most importantly, holiday shoppers are diligent about finding the best price. The continued popularity of search engines, such as Google and Yahoo!, highlights the ease of researching product selection and availability, and with a longer shopping season, it was much easier to wait for additional price reductions," continued Dougherty.

Table 2: Distribution of Holiday Spending, Aggregated Seasonal Average, December 2005

Spending Distribution	2005	2004	2003	2002	2002 vs. 2005 Change
Stores	68%	72%	74%	78%	-10%
Catalogs	5%	6%	6%	6%	-1%
Online	27%	22%	20%	16%	11%

Source: Goldman, Sachs, Nielsen//NetRatings, and Harris Interactive eSpending Report, December 2005

*Note: Number of respondents: More than 1,000 online U.S. adult consumers surveyed weekly (Week 1-8: n=8,676)

This holiday season, consumer satisfaction reached a peak with 64 percent of shoppers noting they felt very or somewhat satisfied (see Table 3). Consumer dissatisfaction hit a four-year low as only six percent of consumers cited they were either very dissatisfied or somewhat dissatisfied.

Dougherty added, "The consistently high level of satisfaction each year increases the future expectations for online sales. More consumers are taking advantage of the benefits of e-commerce to avoid holiday crowds and purchase competitively priced gifts. Many of the free shipping promotions help level the playing field among the sales channels, which elevates satisfaction amongst online shoppers."

Table 3: Consumer Satisfaction, Aggregated Seasonal Average, December 2005

Satisfaction Level	2005	2004	2003	2002	2002 vs. 2005 Change
Very satisfied	40%	37%	40%	37%	3%
Somewhat satisfied	24%	24%	23%	22%	2%
Neutral	31%	32%	30%	33%	-3%
Somewhat dissatisfied	4%	5%	5%	5%	-1%
Very dissatisfied	2%	3%	3%	3%	-1%

Source: Goldman, Sachs, Nielsen//NetRatings, and Harris Interactive eSpending Report, December 2005

*Note: Number of respondents: More than 1,000 online U.S. adult consumers surveyed weekly (Week 1-8: n=8,676)

About the 2005 Holiday eSpending Report

The eSpending Report by Goldman Sachs, Nielsen//NetRatings and Harris Interactive is based on a weekly national survey of more than 1,000 adult consumers from among the Harris Interactive online panel of survey respondents who are randomly invited to participate in online surveys. The survey began to field the week of October 29. The week 8 data are based on responses from a sample of 1,153 U.S. adults who were online, fielded from December 17-23, 2005; totaling, over 8,600 consumers who have been surveyed during the 2005 holiday season. The 2005 holiday season data were weighted to be representative of the total U.S. online population of adults, and in theory, with a probability sample of this size, one can say with 95 percent certainty that the overall results have a sampling error of +/-3.1 percentage points. Sampling error for sub-category results is higher and varies. The eSpending Report offers weekly intelligence on online shopping and spending by market segment and also tracks consumer attitudes and motivations that drive online shopping.

About Goldman Sachs

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Founded in 1869, it is one of the oldest and largest investment banking firms. The firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

About Nielsen//NetRatings

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About Harris Interactive®

Harris Interactive Inc. (www.harrisinteractive.com), based in Rochester, New York, is the 13th largest and the fastest-growing market research firm in the world, most widely known for *The Harris Poll*® and for its pioneering leadership in the online market research industry. Long recognized by its clients for delivering insights that enable confident business decisions, the Company blends the science of innovative research with the art of strategic consulting to deliver knowledge that leads to measurable and enduring value.

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To become a member of the Harris Poll OnlineSM and be invited to participate in future online surveys, go to www.harrispollonline.com

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Editor's Note: Please source data to Goldman Sachs, Nielsen//NetRatings and Harris Interactive.