FORM S-1 · REGISTRATION STATEMENT

NetRatings Inc

IPO priced 1999-12-08 · $17.00 a share · NTRT



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 24, 1999

REGISTRATION NO. 333- SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549 FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NETRATINGS, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7389	77-0461990
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code number)	(I.R.S. Employer Identification No.)

830 HILLVIEW COURT, SUITE 225 MILPITAS, CALIFORNIA 95035 (408) 957-0699 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) DAVID J. TOTH PRESIDENT AND CHIEF EXECUTIVE OFFICER NETRATINGS, INC. 830 HILLVIEW COURT, SUITE 225 MILPITAS, CALIFORNIA 95035 (408) 957-0699 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

PLEASE SEND COPIES OF ALL COMMUNICATIONS TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE BEING OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933 CHECK THE FOLLOWING BOX. / / IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, PLEASE CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / _____ IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / _____ IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. / / _____ IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, CHECK THE FOLLOWING BOX. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
COMMON STOCK (PAR VALUE $0.001).....	$69,000,000	$19,182

(1) ESTIMATED SOLELY FOR THE PURPOSES OF DETERMINING THE REGISTRATION FEE PURSUANT TO RULE 457(O) UNDER THE SECURITIES ACT.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER

BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE COMPANY MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES, AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION. DATED SEPTEMBER 24, 1999.

PROSPECTUS

SHARES

[LOGO]

COMMON STOCK

THIS IS OUR INITIAL PUBLIC OFFERING OF SHARES OF COMMON STOCK. WE ARE OFFERING SHARES. NO PUBLIC MARKET CURRENTLY EXISTS FOR OUR SHARES.

WE HAVE APPLIED TO HAVE OUR COMMON STOCK APPROVED FOR LISTING ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "NTRT." WE EXPECT THE PUBLIC OFFERING PRICE TO BE BETWEEN $ AND $ PER SHARE.

Investing in the Shares Involves Risks. "Risk Factors" Begin on Page 6.

Per Share Total

Public Offering Price..... $ $ Underwriting Discount..... $ $ Proceeds to NetRatings..... $ $ We have granted the underwriters a 30-day option to purchase up to additional shares of common stock on the same terms and conditions as set forth above solely to cover over-allotments, if any.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Lehman Brothers expects to deliver the shares on or about , 1999.

Lehman Brothers

Banc of America Securities Llc

Cibc World Markets

C. E. Unterberg, Towbin

, 1999

[inside front cover]

[Logo]

DELIVERING HIGH-QUALITY INTERNET AUDIENCE INFORMATION AND ANALYSIS TO THE GLOBAL INTERNET MARKETPLACE Site, advertising and e-commerce usage and audience behavior, captured by NetRatings' Internet measurement technology in real time, is delivered online in the Nielsen//NetRatings audience measurement services.

Nielsen//NetRatings market research and analysis services evaluate and report on emerging Internet trends based on current audience data and e-commerce activity.

NetRatings' strategic alliances with Nielsen Media Research and ACNielsen enable high-quality Internet audience measurement solutions for the global marketplace. (show logos) [Graphic: Global sphere showing users accessing Internet along latitude/longitude lines of the globe.

Illustration: tracking/gathering of market intelligence translated into online reports and market analysis studies.]

[inside spread]

INFORMATION QUALITY FOR NEW MEDIA [IQ button graphic] - Proven panel research methodology and practices based on industry accepted Random Digit Dialing (RDD).

- Nielsen//NetRatings representative sample of the Internet user population that meets the industry demand for accurate and reliable data.

Real-time Internet Measurement Technology

- NetRatings' proprietary technology captures comprehensive data of site, advertising and e-commerce user activity in real time.

- Daily, weekly and monthly reports are available online via a flexible, easy-to-use interface.

[Screen shots: Top Sites Report screen with Demographic Report screen overlap Banner Impression report screen:

- Caption: BannerTrack reports provide advertisers, site publishers and media planners with ad banner information for use in competitive research, media buying/selling and creative analysis.]

Analytical Services

- E-commerce and Internet Investment Strategies services providing the critical Internet market intelligence required for companies to make business-critical decisions.

- Timely and in-depth trend analysis of emerging sectors and companies based on high-quality Internet user behavior.

[Screen shots: Commerce Data report, Spotlights report caption: Insightful analysis based on detailed E-commerce information including audience traffic patterns and "look-to-book" information.

Photo: E-commerce and Investment Trend Books]

Strategic Partnerships

- [LOGO:] Through the combination of our advanced Internet measurement technology and Nielsen Media Research's 50 years of expertise in panel methodology, we have successfully developed and delivered Nielsen//NetRatings research services to over 140 customers.

- [LOGO:] Leveraging our strategic relationship with ACNielsen, the world's leading supplier of market research information, we intend to expand the Nielsen//NetRatings services into over 30 countries worldwide, bringing high-quality Internet audience information to the global marketplace.

[inside back cover]

Nielsen//netratings Media Outlets

Nielsen//NetRatings audience measurement data appears regularly in major print and online media, including Advertising Age, Bloomberg, Forbes.com, San Jose Mercury News, Washington Post, Business 2.0 and USA Today.

[Photo of AdAge 'Netresults' data page featuring Nielsen//NetRatings data] [Photo of Bloomberg terminal showing daily audience report] AdAge caption:

Advertising Age, a Crain publication serving traditional and interactive advertising agencies, publishes weekly Nielsen//NetRatings data including Top Advertisers and Top Banners.

Bloomberg caption: Daily audience statistics for the top Internet sites are featured on 140,000 Bloomberg terminals worldwide.

Netratings Strategic Relationships

[Logos: Nielsen Media Research, ACNielsen, Bloomberg, AdAge, AdAuction, AdKnowledge, NetGravity]

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About This Prospectus

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus is not an offer to sell or a solicitation of an offer to buy our common stock in any jurisdiction where it is unlawful. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

This preliminary prospectus is subject to completion prior to this offering.

Some of the statements under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this prospectus are "forward-looking statements." These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and

intentions and other statements contained in the prospectus that are not historical facts. When used in this prospectus, the words "anticipates," "believes," "continue," "could," "estimate," "expects," "intends," "may," "plans," "seeks," "should," or "will" or the negative of these terms or similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including the factors discussed under "Risk Factors."

NetRatings, NetRatings Insight and NetRatings Online Observer are registered trademarks of ours and BannerTrack and CommerceTrack are trademarks for which we have applied for registration in the United States. Other trademarks and trade names appearing in this prospectus are the property of their respective holders.

Until , 1999, all dealers selling shares of the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION REGARDING OUR COMPANY AND THE COMMON STOCK BEING SOLD IN THIS OFFERING AND OUR FINANCIAL STATEMENTS AND NOTES TO THOSE STATEMENTS APPEARING ELSEWHERE IN THIS PROSPECTUS. EXCEPT AS OTHERWISE INDICATED, ALL INFORMATION IN THIS PROSPECTUS ASSUMES THAT THE UNDERWRITERS DO NOT EXERCISE THE OPTION GRANTED BY NETRATINGS TO PURCHASE ADDITIONAL SHARES IN THIS OFFERING, THAT ALL OF OUR OUTSTANDING PREFERRED STOCK IS CONVERTED INTO COMMON STOCK UPON THE CLOSING OF THIS OFFERING, AND THAT A ONE-FOR-TWO REVERSE SPLIT OF OUR COMMON STOCK IS EFFECTED BEFORE THE COMPLETION OF THIS OFFERING. NETRATINGS We are a leading provider of Internet audience measurement information and analysis. Our products and services enable our customers to make informed business-critical decisions regarding their Internet strategies. We deliver accurate and timely Internet audience information, collected from a representative sample of Internet users, and augment this information with detailed, flexible reporting and in-depth analysis. In order to provide our customers with the highest quality products and services, we have formed strategic alliances with Nielsen Media Research, the leading source of television audience measurement and related services in the United States and Canada, and ACNielsen, the world's leading provider of market research information and analysis to the consumer products and services industries. We introduced our line of Nielsen//NetRatings products and services in March 1999, and we currently have more than 140 customers, including leading e-commerce companies, advertising agencies, media companies, Internet companies and financial institutions. As the Internet evolves and online advertising and electronic commerce continue their dramatic growth, companies conducting business online are continually challenged to define and reach their target audiences and to develop increasingly sophisticated online business strategies. At the same time, the Internet presents advertisers and online businesses with a unique global opportunity to both target prospective consumers and to measure the

return on their advertising or marketing investment. Internet users visiting the same Web page at the same moment can be presented with different advertisements based on their Internet usage behavior. The Internet also makes it possible for an advertiser or e-commerce company to track how its audience interacts with a banner advertisement or an e-commerce site. The unique dynamics of the Internet require that online market participants understand their markets and quickly recognize and adapt to changing conditions in their particular industries. In order to remain competitive, these online companies demand detailed audience measurement information and analysis that will enable them to make informed business decisions in a timely manner. We believe that our comprehensive solution meets the needs of this market by providing the following benefits: - PROVEN SAMPLING METHODOLOGIES. Through our strategic alliances with Nielsen Media Research and ACNielsen, we provide reliable, independent information using proven sampling methodologies to create statistically representative groups of Internet users, referred to as panels. - PROPRIETARY MEASUREMENT TECHNOLOGY. Our proprietary activity tracking and data collection technology gathers comprehensive and detailed information regarding Internet site and advertising activity in real time. - POWERFUL, FLEXIBLE REPORTING SYSTEMS. We provide customers with flexible reports and powerful analytics, enabling them to easily manipulate data to meet specific information requirements.

- TIMELY, INSIGHTFUL ANALYSIS. We augment high-quality audience behavior information with meaningful analysis delivered on a timely basis, enabling our customers to take decisive strategic actions. - COMPATIBLE, PORTABLE ARCHITECTURE. All of our information is collected using proprietary software that is compatible with devices that operate on a Java-enabled platform permitting seamless integration with many new Internet access devices. Our objective is to become the standard for Internet audience measurement and the worldwide leader in Internet market research. The key elements of our strategy include leveraging our strategic relationships, increasing the size, scope and number of our audience measurement panels, developing new products and entering new markets, expanding internationally, and positioning ourselves to capitalize on the convergence of television and the Internet. Nielsen Media Research has the right, but not the obligation, to purchase additional shares of our common stock that will result in Nielsen Media Research owning up to 54% of our issued and outstanding common stock on a fully-diluted basis. Nielsen Media Research may purchase the additional shares from other stockholders or from us. Our principal executive offices are located at 830 Hillview Court, Suite 225, Milpitas, CA 95035. Our telephone number is (408) 957-0699. We were incorporated in Delaware on July 2, 1997. Our Web site address is www.netratings.com. Information on our Web site does not constitute part of this prospectus. THE OFFERING Common stock offered by NetRatings..... shares Common stock to be outstanding after the offering..... shares Use of proceeds..... For general corporate purposes, including working capital and capital expenditures. See "Use of Proceeds." Proposed Nasdaq National Market symbol..... NTRT The number of shares of common stock to be outstanding after the offering is based on the number of shares outstanding as of June 30, 1999 and excludes: - 2,393,500 shares issuable under our 1998 Stock Plan, consisting of: - 1,693,100 shares issuable upon exercise of options outstanding as of June 30, 1999, with a weighted average exercise price of $0.30 per share; - 307,500 shares issuable upon exercise of options issued subsequent to June 30, 1999, with an exercise price of $6.22 per share; and - 392,900 shares available for future grants; - 661,943 shares issuable upon the

exercise of warrants outstanding as of June 30, 1999, at a weighted average exercise price of $0.83 per share; - 43,293 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $6.24 per share; - 553,054 shares issuable upon the exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $7.20 per share;

'] - 6,000,000 shares issuable upon the exercise of a warrant issued subsequent to June 30, 1999, with an exercise price equal to the lower of $12.00 per share or 60% of the initial public offering price of the shares offered hereby; - shares available for issuance under our 1999 Employee Stock Purchase Plan; and - 6,388,971 shares issuable upon conversion of shares of our Series B, Series C and Series D preferred stock issued after June 30, 1999. SUMMARY FINANCIAL DATA (IN THOUSANDS, EXCEPT PER SHARE DATA) The following table summarizes financial data regarding our business and should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this prospectus. The financial results as of June 30, 1999 and for the six months ended June 30, 1998 and 1999 are unaudited.

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF OPERATIONS DATA:				
Revenue	$ --	$ 237	$ 54	$ 642
Gross profit (loss)	--	(824)	(147)	(1,514)
Loss from operations	(1,787)	(3,768)	(1,574)	(5,658)
Net loss	(1,781)	(3,879)	(1,598)	(5,780)
Basic and diluted net loss per common share	$ (2.03)	$ (2.78)	$ (1.24)	$ (3.05)
Shares used to compute basic and diluted net loss per common share	878	1,393	1,286	1,892
Pro forma basic and diluted net loss per common share		$ (1.67)	$ (0.77)	$ (2.03)
Shares used to compute pro forma basic and diluted net loss per common share		2,319	2,077	2,842

The following table provides a summary of our balance sheet as of June 30, 1999. The as adjusted column reflects the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and offering expenses, and giving effect to the application of the net proceeds from this offering.

As of June 30, 1999 Actual as Adjusted

BALANCE SHEET DATA:		
Cash and cash equivalents	$ 678	
Working capital (deficit)	(7,450)	
Total assets	2,571	
Current amounts due to Nielsen Media Research	5,683	
Long-term debt and capital lease obligations, less current portion	371	
Total stockholders' equity (deficit)	(6,908)	

Risk Factors

ANY INVESTMENT IN OUR COMMON STOCK INVOLVES A SIGNIFICANT DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS AS WELL AS THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCUR, OUR BUSINESS WOULD BE HARMED, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE, AND YOU MAY LOSE ALL OR PART OF YOUR INVESTMENT. THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY ONES FACING US. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO US, OR THAT WE CURRENTLY SEE AS IMMATERIAL MAY ALSO HARM OUR BUSINESS.

We Have Incurred Losses Since Inception and We May Be Unable to Achieve Profitability

We have experienced operating losses in each quarterly and annual period since inception. We incurred operating losses of $3.8 million for the year ended December 31, 1998 and $5.7 million for the six months ended June 30, 1999, and as of June 30, 1999, our accumulated deficit was $11.4 million. We intend to make significant expenditures related to panel development and maintenance, marketing, hiring of additional personnel and further development of our technology and infrastructure. As a result, we will need to generate significant revenue to achieve and maintain profitability. Although our revenue has grown in recent periods, we may not be able to achieve significant revenue growth in the future. Our operating results for future periods are subject to numerous uncertainties, and we may not achieve sufficient revenue to become profitable.

OUR LIMITED OPERATING HISTORY IN THE EVOLVING MARKET FOR INTERNET AUDIENCE MEASUREMENT INCREASES THE POSSIBILITY THAT THE VALUE OF YOUR INVESTMENT WILL DECLINE We were incorporated in July 1997 and did not start generating revenue until the quarter ended March 31, 1998. We introduced our Nielsen//NetRatings Internet audience measurement service in the quarter ended March 31, 1999. Accordingly, we are still in the early stages of development and have only a limited operating history upon which you can evaluate our business. You should evaluate our likelihood of financial and operational success in light of the risks, uncertainties, expenses, delays and difficulties associated with an early-stage business in an evolving market, many of which may be beyond our control, including:

- the risk that a competing company's Internet audience measurement service will become the accepted standard for Internet audience measurement;

- our potential inability to successfully manage our anticipated growth, which could lead to management distractions and increased operating expenses;

- the uncertainties surrounding the acceptance of the Internet as an effective advertising medium;

- the risks associated with our international expansion; and - the uncertainties surrounding the emergence of new Internet access devices.

To address these uncertainties, we must, among other things:

- establish and build our brand identity;

- maintain and establish strategic alliances;

- maintain research sample quality;

- maintain technological leadership;

- continue to develop leading-edge products and services;

- expand the geographic coverage of our Internet audience measurement products and services; and - develop technologies for capturing data from new forms of Internet access devices.

FLUCTUATIONS IN OUR QUARTERLY REVENUES AND OPERATING RESULTS MIGHT LEAD TO REDUCED PRICES FOR OUR STOCK Due to our limited operating history and the evolving nature of the market in which we compete, our future revenue is difficult to forecast. Moreover, our expense levels are based largely on our investment plans and estimates of future revenue. We may be unable to adjust our spending to compensate for an unexpected shortfall in revenue. Accordingly, any significant shortfall in revenue relative to our planned expenditures in a particular quarter would harm our results of operations and could cause our stock price to fall sharply, particularly following quarters in which our operating results fail to meet the expectations of securities analysts or investors.

Factors that may cause fluctuations in our operating results on a quarterly basis include the following, many of which are beyond our control:

- our ability to attract new clients and retain our current clients;

- our ability to sell additional products and services to current clients;

- the amount and timing of operating costs and capital expenditures related to the expansion of our business;

- the amount and timing of costs related to changes in the size or composition of our panel;

- the announcement or introduction of new products and services by us or our competitors;

- the services and pricing offered by our competitors;

- the impact of possible acquisitions both on our operations and on our reported operating results due to associated accounting charges; and - technical difficulties or service interruptions.

THE MARKET FOR INTERNET AUDIENCE MEASUREMENT AND ANALYSIS IS HIGHLY COMPETITIVE, AND IF WE CANNOT COMPETE EFFECTIVELY, OUR REVENUES WILL DECLINE The market for Internet audience measurement and analysis is new and rapidly evolving. We expect competition in this market to intensify in the future. We believe that the market for Internet audience measurement services will eventually gravitate toward a uniform standard that will allow

companies to make meaningful decisions regarding online advertising. We therefore believe that one leading provider is likely to emerge in the market for Internet audience measurement services. Our principal competitor, Media Metrix, has provided Internet audience measurement services since 1995 and, as the "first mover" in this market, has a head start in becoming the industry standard for such services. Accordingly, if we cannot successfully compete against Media Metrix or any other competitors that emerge in the future, our business may fail.

We believe that the principal competitive factors in our market are:

- the development of independent, reliable measurement panels that are representative of the entire target audience;

- the timeliness of reported results;

- the breadth and depth of measurement services offered and their flexibility and ease of use;

- the ability to provide quality analytical services derived from Internet audience measurement information;

- the ability to offer products and services in international markets; and - pricing.

With respect to the provision of analytical services, we compete with companies such as Forrester Research, Gartner Group, International Data Corporation and Jupiter Communications that provide Internet market research and industry analysis based on data derived from surveys.

Many of our competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial and marketing resources than we have. In addition, some of our competitors may be able to:

- devote greater resources to marketing and promotional campaigns;

- adopt more aggressive pricing policies; or - devote more resources to technology and systems development.

In light of these factors, we may be unable to compete successfully in our market.

WE ARE DEPENDENT ON NIELSEN MEDIA RESEARCH FOR THE DEVELOPMENT AND MAINTENANCE OF OUR INTERNET AUDIENCE MEASUREMENT PANELS IN THE UNITED STATES AND CANADA AND ON ACNIELSEN FOR THE DEVELOPMENT AND MAINTENANCE OF OUR INTERNET AUDIENCE MEASUREMENT PANELS IN INTERNATIONAL MARKETS Our at-home Internet audience measurement panel in the United States and Canada is developed and maintained by Nielsen Media Research as part of our strategic alliance with that company. Similarly, our Internet audience measurement panels and other sampling methodologies which we intend to employ in geographic locations outside of the United States, Canada and Japan will be developed and maintained by ACNielsen as part of our joint venture with that company. Any failure on the part of Nielsen Media Research or ACNielsen to devote adequate resources to the development or maintenance of such panels or other sampling methodologies, or to maintain the overall quality of these methodologies, will harm our business. In August 1999, Nielsen Media Research agreed to be

acquired by VNU N.V., a Netherlands-based international publishing company. Should this acquisition result in significant changes in the composition of Nielsen Media Research's management team or its business strategies, our relationship with Nielsen Media Research could be harmed. In addition, Nielsen Media Research may terminate its obligations with respect to Internet audience measurement panels in the event it no longer holds at least 5% of our outstanding stock on a fully-diluted basis. See "Business--Strategic Relationships," "Related Party Transactions--Strategic Relationships--Strategic Alliance With Nielsen Media Research" and "--Joint Venture With ACNielsen."

IF NIELSEN MEDIA RESEARCH IS REQUIRED TO CONSOLIDATE OUR OPERATING RESULTS WITH ITS OWN, IT MAY ATTEMPT TO INFLUENCE OUR EXPENDITURES Nielsen Media Research currently holds rights to purchase our common stock, which, if exercised, would leave it with a majority of our outstanding shares of common stock, based on the number of shares that will be outstanding upon completion of this offering. During any time that Nielsen Media Research is a majority stockholder, it will be required to consolidate our operating results with its own for financial reporting purposes. Our business strategy will require us to incur significant losses as we attempt to establish our brand by increasing our marketing efforts and establishing strategic relationships. Incurring large expenses for these purposes may conflict with the interests of Nielsen Media Research in maximizing its net earnings, and Nielsen Media Research may therefore attempt to influence our expenditures in order to limit our losses in the short term to the detriment of our long-term strategies. See "--Our officers, directors and principal stockholders may exert substantial influence over us."

Our Future Revenue Is Dependent on Renewals of Subscriptions for Our Services

We derive substantially all of our revenue from annual subscriptions for our services. As our business becomes more established, we expect subscription renewals to account for an increasing proportion of our revenue. However, because of our limited operating history, we have no historical basis for projecting the rate at which our customers will renew their subscriptions. Additionally, because most Internet-related businesses are still in the early stages of development, consolidations in our customer base or the failure of a significant number of our customers could cause a decline in renewal rates for our products and services.

We Must Further Develop Our Brand in Order to Remain Competitive

We believe that maintaining and strengthening the Nielsen//NetRatings brand is an important aspect of our business. Our ability to promote and position the Nielsen//NetRatings brand depends largely on the success of our marketing efforts and our ability to provide our customers with high-quality products. To promote the Nielsen//NetRatings brand, we intend to increase our marketing

expenditures, and we may increase our financial commitment in other ways in order to create and maintain brand loyalty among our clients. If we fail to promote and maintain our brand, or incur excessive expenses attempting to promote and maintain our brand, our business will be harmed.

The strength of the Nielsen//NetRatings brand is also closely dependent on the reputations of Nielsen Media Research and ACNielsen and the strength of their brands. Therefore, any negative publicity generated by Nielsen Media Research or ACNielsen, whether or not directly related to any Nielsen//NetRatings-branded products or services, as well as any erosion of the strength of either of their brands, will adversely affect our own brand identity.

COSTS TO DEVELOP AND MAINTAIN ACCURATE MEASUREMENT PANELS ARE SIGNIFICANT AND MAY INCREASE A significant portion of our costs consists of the expense of recruiting and maintaining our panels and collecting and processing data generated by the panels. We believe that the expansion of the number of our panels as well as the size and scope of our panels is critical to the success of our business. This expansion is likely to increase our expenses for recruiting and maintaining our panels. The costs of recruiting and maintaining our panels are dependent on many factors beyond our control, including the cooperation rate of potential panel members and turnover among existing panel members, and accordingly we cannot control these costs to match increases or decreases in revenue. To the extent that such additional expenses are not accompanied by increased revenue, our results of operations will be harmed.

We Must Develop an At-work Measurement Panel in Order to Remain Competitive

A significant percentage of Internet usage takes place at the workplace, and as such, our customers are increasingly requiring audience measurement information from this user segment. In order to measure and analyze this usage, we must develop high-quality panels of at-work Internet users. We may encounter difficulties in the development of these panels. Participation in our audience measurement panels requires that the panel member install our data collection software on the member's PC. Information technology managers are often reluctant to permit employees to install software obtained outside the workplace due to concerns about exposing the employer's network to computer viruses and concerns about incompatibilities between such software and the existing configuration of hardware and software on employees' personal computers. Employers may also object to their employees providing us with data regarding their Internet usage because such data could compromise the confidentiality of sensitive activities that involve Internet research.

OUR MANAGEMENT AND INTERNAL SYSTEMS MAY BE INADEQUATE TO HANDLE THE POTENTIAL GROWTH OF OUR BUSINESS To manage future growth, our management must continue to improve our operational, sales and financial systems and expand, train, retain and manage our employee base. Our management may not be able to manage our growth effectively. If our systems, procedures and controls are inadequate to support our operations, our expansion would be halted. Any inability to manage growth effectively may harm our business.

We May Not Be Able to Recruit or Retain Qualified Personnel to Meet Our Expected Growth

Our future success depends on our ability to attract, retain and motivate highly skilled employees. Competition for employees in Internet-related industries, particularly management, technical, sales and marketing personnel, is intense. Although we provide compensation packages that include stock options, cash incentives and other employee benefits, we may be unable to retain our key employees or to attract, assimilate and retain other highly qualified employees in the future, which would harm our business.

Our Planned International Expansion Could Fail

Our current strategy includes expansion of our services to measure Internet audiences outside the United States. Our expansion into international markets will require management attention and resources. In addition, there can be no assurance of the continued growth of Internet usage in international markets. The international markets for audience measurement services have historically been localized and difficult to penetrate. The success of our international expansion will depend on our ability to:

- recruit and maintain at-home and at-work panels that are representative of a geographic area;

- control costs and effectively manage foreign operations; and - effectively develop, market and sell any new products or services.

These challenges require skills and expertise in foreign countries that we do not currently have. To enable us to expand globally in a rapid timeframe, we have entered into a joint venture with ACNielsen, which will control 80.1% of the joint venture. If we encounter significant problems in our working relationship with ACNielsen, or if our joint venture is ineffectively managed, our international expansion is likely to fail.

In addition, if we are successful in establishing our international operations, we will be subject to a number of inherent risks, including:

- the impact of recessions in economies outside the United States;

- changes in regulatory requirements;

- deficiencies in the telecommunications infrastructure in some countries;

- reduced protection for intellectual property rights in some countries;

- more rigorous levels of privacy protection in some countries;

- potentially adverse tax consequences;

- economic and political instability; and - fluctuations in currency exchange rates.

WE MIGHT NOT BE SUCCESSFUL IN THE DEVELOPMENT OR INTRODUCTION OF NEW PRODUCTS AND SERVICES OR IN OUR ATTEMPTS TO KEEP UP WITH RAPID TECHNOLOGICAL CHANGE We depend in part on our ability to develop new or enhanced products and services in a timely and cost-effective manner and to provide new products and services that achieve rapid and broad market acceptance. We must also keep up with the proliferation of alternative Internet access devices and technologies related to the convergence of the Internet and television as we develop our products and services. We may be unsuccessful in identifying new product and service opportunities or in developing or marketing new products and services in a timely or cost-effective manner. In addition, product innovations may not achieve the market penetration or price stability necessary for profitability. Our future success will depend, in part, on our ability to:

- enhance our current products and services;

- develop new products and services that meet changing customer needs;

- use and continue to develop leading technologies; and - influence and respond to emerging industry standards and other technological changes.

These requirements must be met in a timely and cost-effective manner. We may not be successful in effectively using new technologies, developing new products or services or enhancing our existing products or services on a timely basis. These new technologies or enhancements may not achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

BECAUSE THE INTERNET AUDIENCE MEASUREMENT INDUSTRY IS IN ITS INFANCY, THE PRICING AND ACCEPTANCE OF CERTAIN AUDIENCE MEASUREMENT PRODUCTS IS UNCERTAIN Because our industry is still in its infancy, the pricing of our products and services is subject to rapid and frequent change. We may be forced for competitive or technical reasons to reduce prices for some of our products or services or to offer them free of charge. Such circumstances would reduce our revenue and could harm our business. Additionally, our market is still evolving, and we have little basis to assess demand for different types of products or services or to evaluate whether our products and services will be accepted by the market. If our products and services do not gain broad market acceptance, our business may fail.

The Acceptance and Effectiveness of Internet Advertising Is Uncertain

Our future success will depend in part on an increase in the use of the Internet as an advertising medium. The Internet advertising market is new and rapidly evolving, and the effectiveness of Internet advertising is uncertain. As a result, there is also uncertainty about the demand and market acceptance for Internet advertising. Many of our current or potential customers have little or no experience using the Internet for advertising purposes. The adoption of Internet advertising, particularly by entities that have historically relied on traditional media for advertising, requires the acceptance of a new way of

conducting business. These companies may find Internet advertising to be less effective than traditional advertising for promoting their products and services. In addition, most current and potential publishers of content on the Internet have little or no experience in generating revenue from the sale of advertising space on their Internet sites. Because of the foregoing factors, among others, the market for Internet advertising may not continue to emerge or become sustainable. If the market for Internet advertising fails to develop or develops more slowly than we expect, our business will suffer.

OUR OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS MAY EXERT SUBSTANTIAL INFLUENCE OVER US Our executive officers and directors and entities affiliated with them, including Nielsen Media Research, will, in the aggregate, beneficially own approximately % of our common stock following this offering. These stockholders acting together will have the ability to control all matters requiring approval by our stockholders. These matters include the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, they may dictate the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination.

Nielsen Media Research holds warrants and other rights to acquire our common stock which, if exercised, would give it up to 54% of our outstanding stock after the offering, based on the number of shares outstanding upon completion of this offering and assuming exercise of all options and warrants that are outstanding upon completion of this offering. Therefore, if it exercises these rights, Nielsen Media Research may have sufficient voting power to control the direction and policies of NetRatings, including the election of our board of directors, amendment of our certificate of incorporation and decisions regarding mergers, consolidations, and the sale of all or substantially all of our assets. This control may have the effect of discouraging certain types of transactions involving a change of control, including transactions in which the other holders of our common stock might otherwise receive a premium for their shares over the then current market price. We are currently obligated to use our best efforts to elect a person designated by Nielsen Media Research to serve as a member of our Board of Directors. In the event that Nielsen Media Research exercises all of its warrants, we will be obligated to use our best efforts to elect a second designee. See "Business--Strategic Relationships--Strategic Alliance with Nielsen Media Research" and "Related Party Transactions--Strategic Relationships--Strategic Alliance with Nielsen Media Research."

Other than a 180-day lock-up agreement entered into with the underwriters, there are no contractual restrictions on the ability of Nielsen Media Research to sell shares of our common stock, although sales in the public market will be subject to the volume limitations of SEC Rule 144. Nielsen Media Research, along with some of our other stockholders, has the right, under certain circumstances, to require us to register their stock for sale on the public market. Should Nielsen Media Research decide to sell its stake in NetRatings, it could adversely affect our stock price. Additionally, as a majority stockholder, Nielsen Media Research will have the ability to transfer control of NetRatings, possibly at a premium over the then current market price. Because Nielsen Media Research will have the ability

effect such a transfer of control unilaterally, other stockholders could be denied an opportunity to participate in the transaction and receive a premium for their shares. See "Description of Capital Stock--Registration Rights" and "Shares Eligible for Future Sale."

Our Business May Be Harmed If We Supply Inaccurate Information to Our Customers

If we furnish inaccurate information to our customers, our brand may be harmed. The information in our databases, like that in any database, may contain inaccuracies that our customers may not accept. Any dissatisfaction by our customers with our measurement methodologies or databases could have an adverse effect on our ability to attract new customers and retain existing customers and could ultimately harm our brand. Our customer contracts generally provide that each customer must indemnify us for any damages arising from the use of data, reports or analyses by the customer or the performance of any consulting, analytic or other services by us. However, we cannot be certain that our contract provisions provide sufficient protection. Any liability that we incur or any harm to our brand that we suffer because of irregularities or inaccuracies in the data we supply to our customers could harm our business.

Our Business Could Suffer If We Lose the Services of Key Personnel

Our future success depends to a significant extent on the continued service of our senior management and other key personnel. The loss of the services of any of our executive officers or other key employees could harm our business. We have no employment agreements with any of our key personnel, and should we enter into such agreements in the future, they may be ineffective in preventing a key employee from leaving our company.

SYSTEM FAILURES OR DELAYS MAY HARM OUR BUSINESS, AND OUR FACILITIES AND INTERNAL COMPUTER OPERATIONS ARE VULNERABLE TO NATURAL DISASTERS AND OTHER UNEXPECTED LOSSES Our success depends on the efficient and uninterrupted operation of our computer and communications systems. A failure of our network could impede the processing of data, customer orders and day-to-day management of our business and could result in the corruption or loss of data.

Our internal computer operations are located in leased facilities in San Jose, California, in an area that is susceptible to earthquakes. We do not have a backup facility to provide redundant network capacity in the event of a system failure. Accordingly, if this location experienced a system failure, our online services would become unavailable to our customers until we were able to bring an alternative facility online, a process which could take several weeks. These systems are also vulnerable to damage from fire, floods, power loss, telecommunications failures, break-ins and similar events. If we seek to replicate our systems at other locations, we will face a number of technical challenges, particularly with respect to

database replications, which we may not be able to address successfully. Although we carry property and business interruption insurance, our coverage may not be adequate to compensate us for all losses that may occur. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions.

A Delay or Discontinuation of Our Server Hosting Service Could Harm Our Business

The servers on which we collect panel members' data are maintained by AboveNet at its facilities located in San Jose, California. Accordingly, our ability to collect Internet audience data in real time is dependent upon the efficient and uninterrupted operation of AboveNet's computer and communications hardware and software systems. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at AboveNet's facility could result in interruptions in the flow of data to our servers. In addition, any failure by AboveNet to provide our required data communications capacity could result in interruptions in our service. In the event of a delay in the delivery of data from AboveNet, or if AboveNet should discontinue its services to us, we would be required to transfer our data collection operations to an alternative provider of server hosting services. Such a transfer could result in significant delays in our ability to deliver our products and services to our customers, which could damage our reputation and harm our business.

We May Be Unable to Adequately Protect Our Intellectual Property Rights

We regard our intellectual property as critical to our success. We rely on patent, trademark, copyright and trade secret laws to protect our proprietary rights. We have applied for U.S. patents with respect to our BannerTrack advertising tracking technology. We have registered the NetRatings, NetRatings Insight and NetRatings Online Observer trademarks in the U.S. and have applied to register the BannerTrack and CommerceTrack trademarks in the U.S. We have not undertaken any actions to protect our trademarks, servicemarks or tradenames outside of the United States, nor have we registered our copyrights. Our patent applications or trademark registrations may not be approved or, even if approved, could be challenged by others or invalidated through administrative process or litigation. If our patent applications or trademark registrations are not approved because third parties own rights to the technology we are trying to patent or the trademarks we are trying to register, our use of such technology or trademark would be restricted unless we enter into arrangements with the third-party owners, which might not be possible on commercially reasonable terms or at all. Notwithstanding these laws, we may be unsuccessful in protecting our intellectual property rights or in obtaining patents or registered trademarks for which we apply. See "Business--Intellectual Property."

We Might Face Intellectual Property Infringement Claims That Might Be Costly to Resolve

We may from time to time be subject to claims of infringement of other parties' proprietary rights or claims that our own trademarks, patents or other intellectual property rights are invalid. Any claims of this type, with or without merit, could be time-consuming to defend, result in costly litigation, divert management attention and resources or require us to enter into royalty or license agreements. License agreements may not be available on reasonable terms, if at all, and the assertion or prosecution of any infringement claims could significantly harm our business.

WE MIGHT NEED ADDITIONAL CAPITAL IN THE FUTURE, AND SUCH ADDITIONAL CAPITAL MIGHT NOT BE AVAILABLE UPON ACCEPTABLE TERMS We believe that our existing balances of cash and cash equivalents, including proceeds from financings completed subsequent to June 30, 1999, together with the net proceeds from this offering and our available credit facilities, will be sufficient to meet our cash needs for working capital and capital expenditures for at least the next 18 months. We may need to raise additional funds through public or private debt or equity financing if we were to experience greater than expected losses from operations or in order to:

- take advantage of opportunities, including more rapid international expansion or acquisitions of complementary businesses or technologies;

- develop new products or services; or - respond to competitive pressures.

Any additional financing we may need may not be available on terms favorable to us, if at all. If we raise additional funds through the sale of equity or convertible debt securities, your percentage ownership of our company will be reduced, and the value of your stock may be diluted. Additionally, we may have to issue securities that may have rights, preferences and privileges senior to our common stock. If adequate funds are not available or are not available on acceptable terms, we might not be able to take advantage of unanticipated opportunities, develop new products or services, or otherwise respond to unanticipated competitive pressures, and our business could be harmed. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We Face Risks Related to Storage of Personal Information About Our Panelists

Personal information regarding our panelists is included in the data that our software captures from a panelist's Internet use. Our panel data are released only in an aggregated format or in a form that is not identifiable on an individual basis. However, if a person were to penetrate our network security or otherwise misappropriate sensitive data about our panel members, our reputation could be harmed or we could be subject to claims or litigation arising from damages suffered by panel members as a result of such misappropriation.

ANY ACQUISITIONS THAT WE UNDERTAKE COULD BE DIFFICULT TO INTEGRATE, DISRUPT OUR BUSINESS, DILUTE STOCKHOLDER VALUE OR HARM OUR OPERATING RESULTS We may acquire or make investments in complementary businesses, technologies, services or products if appropriate opportunities arise. The process of integrating any acquired business, technology, service or product into our business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may consume much of our management's time and attention that would otherwise be available for ongoing development of our business. Moreover, the anticipated benefits of any acquisition may not be realized. We currently do not have any understandings, commitments or agreements with respect to any acquisition, and we are not currently pursuing any acquisition. We may be unable to identify, negotiate or finance future acquisitions successfully, or to integrate successfully any acquisitions with our current business. Future acquisitions could result in potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could harm our business.

DEMAND FOR OUR PRODUCTS AND SERVICES MIGHT DECREASE IF GROWTH IN THE USE OF THE INTERNET OR E-COMMERCE DECLINES Our future success depends in part upon the continued growth in the use of the Internet or e-commerce. Rapid growth in the use of the Internet and e-commerce is a rapid phenomenon and may not continue, or the Internet may not be adopted as a medium of commerce by a broad base of consumers. If the Internet does not continue to grow, or if e-commerce is not adopted as a medium of commerce by a broad base of consumers, our business may not grow or may grow at a slower rate.

Governmental Regulation of the Internet Might Harm Our Business

The applicability to the Internet of existing laws governing issues such as property ownership, libel and personal privacy is uncertain. In addition, governmental authorities in various countries may seek to further regulate the Internet with respect to issues such as user privacy, pornography, acceptable content, e-commerce, taxation, and the pricing, characteristics and quality of products and services. Finally, the global nature of the Internet could subject us to the laws of a foreign jurisdiction in an unpredictable manner. Any new legislation regulating the Internet could inhibit the growth of the Internet and decrease the acceptance of the Internet as a communications and commercial medium, which might harm our business.

In addition, the growing use of the Internet has burdened the existing telecommunications infrastructure and has caused interruptions in telephone service. Telephone carriers have petitioned the government to regulate the Internet and impose usage fees on Internet service providers. Any regulations of this type could increase the costs of using the Internet and impede its growth, which could in turn decrease the demand for our services or otherwise harm our business.

Potential Year 2000 Risks Might Harm Our Business

Many existing computer programs and installed computer systems include computer code that uses only two digits to identify a year. These systems could fail to function or produce delayed or erroneous results if they interpret "00" to mean 1900 rather than 2000. As a result of this problem, commonly referred to as the "year 2000" problem, older computer programs or systems may need to be upgraded or replaced. Any failure of our internal systems or the PCs from which our panel members access the Internet could harm our business.

We rely on third-party equipment and software that may not be year 2000 compliant. The failure of such equipment or software to properly process dates for the year 2000 could cause us to incur unanticipated expenses. In addition, PCs used by our panel members to access the Internet may not be year 2000 compliant. As a result, we may encounter difficulties in gathering and accurately measuring data from our panel, or data collected from some of these users may contain inaccuracies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Compliance."

The Price of Our Stock Is Likely to Be Volatile

The market prices of the securities of Internet-related companies have been especially volatile, and such securities may be overvalued. Thus, the market price of our common stock is likely to be subject to wide fluctuations. If our revenue does not grow or grows more slowly than we anticipate, or if operating or capital expenditures exceed our expectations and cannot be adjusted accordingly, or if some other event adversely affects us, the market price of our common stock could decline. In addition, if the market for Internet-related stocks or the stock market in general experiences a loss in investor confidence or otherwise fails, the market price of our common stock could fall for reasons unrelated to our business, results of operations and financial condition. Investors might be unable to resell their shares of our common stock at or above the offering price. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If we were to become the subject of securities class action litigation, it could result in substantial costs and a diversion of management's attention and resources.

MANAGEMENT WILL HAVE DISCRETION OVER THE USE OF THE PROCEEDS OF THIS OFFERING AND COULD SPEND OR INVEST THOSE PROCEEDS IN WAYS WITH WHICH INVESTORS MIGHT NOT AGREE The net proceeds to us from this offering are estimated to be approximately $ million after deducting the underwriting discount and estimated offering expenses. We currently have no specific plans for our net proceeds from this offering. Consequently, our management will have the discretion to allocate the net proceeds to uses that some stockholders may not deem desirable. Management's allocation of the proceeds of this offering may not benefit our business, and we may not be able to obtain a significant return on any use of the proceeds of this offering.

Future Sales of Shares by Existing Stockholders Could Affect Our Stock Price

Sales of substantial amounts of our common stock in the public market after this offering could reduce the prevailing market prices for our common stock. Of the shares of common stock to be outstanding upon the closing of this offering, the shares offered hereby will be freely tradable without restriction or further registration, other than shares purchased by our officers, directors or other "affiliates" within the meaning of Rule 144 under the Securities Act of 1933, which will be restricted from sale until 180 days after the date of this prospectus pursuant to agreements between these affiliates and the underwriters. The remaining shares of our common stock held by existing stockholders upon the completion of this offering will become eligible for resale in the public market as follows:

NUMBER OF SHARES/PERCENT OUTSTANDING AFTER THE OFFERING DATE WHEN SHARES BECOME AVAILABLE IN THE PUBLIC MARKET / . %..... 180 days after the date of this prospectus pursuant to agreements between the stockholders and the underwriters or NetRatings, provided that the underwriters can waive this restriction at any time. of these shares will also be subject to sales volume restrictions under Rule 144 under the Securities Act. / . %..... Upon expiration of applicable one-year holding periods under Rule 144, which will expire between , 2000 and , 2000, subject to sales volume restrictions under Rule 144.

In addition, we intend to file a registration statement on Form S-8 under the Securities Act approximately 90 days after the date of this offering to register an aggregate of shares of common stock issued or reserved for issuance under our various stock plans.

DELAWARE LAW AND OUR CHARTER DOCUMENTS CONTAIN PROVISIONS THAT COULD DISCOURAGE OR PREVENT A POTENTIAL TAKEOVER Provisions of Delaware law and our certificate of incorporation and bylaws could make more difficult the acquisition of us by means of a tender offer, a proxy contest, or otherwise, and the removal of incumbent officers and directors. See "Description of Capital Stock."

Investors in This Offering Will Incur Immediate and Substantial Dilution

The initial public offering price is substantially higher than the pro forma net book value per share of the outstanding common stock. As a result, investors purchasing common stock in this offering will incur immediate substantial dilution in the amount of $. per share. In addition, we have issued options and warrants to acquire common stock at prices significantly below the initial public offering price. To the extent these outstanding options and warrants are exercised, there will be further dilution to investors in this offering. See "Dilution."

Use of Proceeds

We estimate the net proceeds from this offering to be approximately $ million, or approximately $ million if the underwriters' exercise their over-allotment option in full, based on an assumed initial public offering price of $ per share and after deducting the estimated underwriting discount and offering expenses. We intend to use the net proceeds of this offering for general corporate purposes, including working capital and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary businesses or products or to obtain the right to use complementary technologies. However, we have no current commitments or agreements with respect to any of these types of acquisitions or investments. Pending these uses, we intend to invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities.

Dividend Policy

We have never paid cash dividends on our capital stock. We currently intend to retain future earnings, if any, to finance the growth and development of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements and other factors the board deems relevant.

Capitalization

The following table sets forth our actual capitalization as of June 30, 1999. Our capitalization is also presented:

- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of preferred stock, including the shares of our Series B, Series C and Series D preferred stock issued after June 30, 1999, into an aggregate of 6,388,971 shares of common stock which will occur prior to the closing of this offering; and

    - on a pro forma as adjusted basis to reflect an increase in the authorized number of shares of common stock and preferred stock and the sale of shares of common stock in this offering, at an assumed initial public offering and of $ per share, after deducting the estimated underwriting discount and offering expenses, and our receipt and application of the net proceeds.

PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS, EXCEPT PER SHARE DATA)

Long-term debt and capital lease obligations, less current portion	$ 371	$ 371	$ 371
Stockholders' equity (deficit):			
Preferred stock, $0.001 par value; 1,900,000 shares authorized, 950,000 issued or outstanding, actual; 15,571,162 shares authorized, none issued or outstanding, pro forma and pro forma as adjusted	1	--	--
Common stock, $0.001 par value; 20,600,000 shares			

authorized, 3,170,000 shares issued and outstanding, actual; 9,795,471 shares issued and outstanding, pro forma; 86,851,000 shares authorized, shares issued and outstanding, pro forma as adjusted	3	10	
Additional paid-in capital	7,656	43,044	
Deferred compensation	(3,128)	(3,128)	(3,126)
Accumulated deficit	(11,440)	(11,440)	(11,440)
Total stockholders' equity (deficit)	(6,908)	28,486	
Total capitalization	$ (6,537)	$ 28,857	$

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of June 30, 1999 and excludes:

- 2,393,500 shares issuable under our 1998 Stock Plan consisting of:

- 1,693,100 shares issuable upon exercise of options outstanding at June 30, 1999, with a weighted average exercise price of $0.30 per share;

- 307,500 shares issuable upon exercise of options granted subsequent to June 30, 1999, with an exercise price of $6.22 per share; and - 392,900 shares available for future grants;

- 661,943 shares issuable upon exercise of warrants outstanding as of June 30, 1999 with a weighted average exercise price of $0.83 per share;

- 43,293 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $6.24 per share;

- 553,054 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $7.20 per share;

- 6,000,000 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price equal to the lower of $12.00 per share or 60% of the initial public offering price of the shares offered hereby; and - shares available for issuance under our 1999 Employee Stock Purchase Plan.

See "Management--Stock Plans," "Description of Capital Stock" and Notes 3 and 4 of Notes to Financial Statements.

Dilution

The pro forma net tangible book value of our common stock as of June 30, 1999 was $ million, or $ per share. Pro forma net tangible book value per share represents the amount of our total assets, excluding net intangible assets, less our total liabilities, divided by the total number of shares of common stock outstanding, after giving effect to the conversion of all outstanding shares of preferred stock into common stock. Dilution in pro forma net tangible book value per share represents the difference between the amount per share paid by investors in this offering and the pro forma net tangible book value per share of our common stock immediately after the offering. After giving effect to the sale of the shares of common stock in this offering, at an assumed initial public offering price of $ per share, and after deducting the estimated underwriting discount and offering expenses payable by us, the pro

forma net tangible book value of our common stock would have been $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share..... $ Pro forma net tangible book value per share as of June 30, 1999..... $ Increase in pro forma net tangible book value attributable to new public investors..... $ Pro forma net tangible book value per share after the offering..... $ Dilution per share to new public investors..... $

If the underwriters' over-allotment option were exercised in full, the pro forma net tangible book value per share after the offering would be $ per share. The increase in pro forma net tangible book value per share to existing stockholders would be $ per share, and the dilution in pro forma net tangible book value to new investors would be $ per share.

The following table summarizes, as of June 30, 1999 the difference between the total consideration paid and the average price per share paid by the existing stockholders and the new investors with respect to the number of shares of common stock purchased from us based upon an assumed offering price of $ per share:

	SHARES PURCHASED		TOTAL CONSIDERATION	AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Shares purchased in the offering.....		%	$	%	$
Shares owned by existing stockholders.....					
Total.....		100.0%	$	100.0%	$

The information in the above table excludes:

- 2,393,500 shares issuable under our 1998 Stock Plan consisting of:

- 1,693,100 shares issuable upon exercise of options outstanding at June 30, 1999, with a weighted average exercise price of $0.30 per share;

- 307,500 shares issuable upon exercise of options granted subsequent to June 30, 1999, with an exercise price of $6.22 per share; and - 392,900 shares available for future grants;

- 661,943 shares issuable upon exercise of warrants outstanding at June 30, 1999, with a weighted average exercise price of $0.83 per share;

- 43,293 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $6.24 per share;

- 553,054 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price of $7.20 per share; and - 6,000,000 shares issuable upon exercise of a warrant issued subsequent to June 30, 1999, with an exercise price equal to the lower of $12.00 per share or 60% of the initial public offering price of the shares offered hereby.

Selected Financial Data

You should read the following selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included elsewhere in this prospectus. The statement of operations data set forth below for the period from July 2, 1997 (inception) to December 31, 1997 and the year ended December 31, 1998 and the balance sheet data as of December 31, 1997 and 1998 are derived from, and are qualified by reference to, our audited financial statements included elsewhere in this prospectus. The statement of operations data set forth below for the six month periods ended June 30, 1998 and 1999 and the balance sheet data as of June 30, 1999 are derived from, and are qualified by reference to, our unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements include all normal recurring adjustments that we consider necessary for a fair presentation of our financial position and the results of our operations. The results of operations for the six months ended June 30, 1999 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 1999, or any other future period. See the Notes to Financial Statements for an explanation of the method used to determine the number of shares used in computing basic and diluted loss per share.

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
STATEMENT OF OPERATIONS DATA:				
Revenue	$ --	$ 237	$ 54	$ 642
Cost of revenue	--	1,061	201	2,156
Gross profit (loss)	--	(824)	(147)	(1,514)
Operating expenses:				
Research and development	994	1,185	573	1,123
Sales and marketing	452	1,134	564	1,373
General and administrative	341	600	290	509
Stock-based compensation	--	25	--	1,139
Total operating expenses	1,787	2,944	1,427		

4,144				
Loss from operations	(1,787)	(3,768)	(1,574)	(5,658)
Interest income (expense), net	6	(111)	(24)	(122)
Net loss	$ (1,781)	$ (3,879)	$ (1,598)	$ (5,780)
Basic and diluted net loss per common share	$ (2.03)	$ (2.78)	$ (1.24)	$ (3.05)
Shares used to compute basic and diluted net loss per common share	878	1,393	1,286	1,892
Pro forma basic and diluted net loss per common share		$ (1.67)		$ (2.03)
Shares used to compute pro forma basic and diluted net loss per common share		2,319		2,842

	AS OF DECEMBER 31,		AS OF
	1997	1998	JUNE 30, 1999
	(IN THOUSANDS)		
BALANCE SHEET DATA:			
Cash and cash equivalents	$ 551	$ 1,343	$ 678
Working capital (deficit)	78	(2,791)	(7,450)
Total assets	980	1,965	2,571
Current amounts due to Nielsen Media Research	--	2,539	5,683
Long-term debt and capital lease obligations, less current portion	--	130	371
Total stockholders' equity (deficit)	472	(2,448)	(6,908)

Management's Discussion and Analysis of Financial Condition and Results of Operations

THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER SUBSTANTIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF MANY FACTORS, INCLUDING THOSE SET FORTH UNDER "RISK FACTORS" AND ELSEWHERE IN THIS PROSPECTUS. THE FOLLOWING DISCUSSION SHOULD BE READ TOGETHER WITH OUR FINANCIAL STATEMENTS AND RELATED NOTES THERETO INCLUDED ELSEWHERE IN THIS PROSPECTUS.

Overview

We are a leading provider of Internet audience measurement information and analysis. Our products and services enable our customers to make informed business-critical decisions regarding their Internet strategies. We deliver accurate Internet audience information collected from a representative sample of Internet users, and augment this information with detailed, flexible reporting and in-depth analysis.

We were incorporated in July 1997. From our founding through the launch of our initial NetRatings service offering in March 1998, we were primarily engaged in research activities, developing our initial products and services, raising capital and building our business infrastructure. Our initial service offering utilized a Web-based panel selection methodology, a relatively small audience panel and an early version of our data collection software. In October 1998, we established our strategic relationship with Nielsen Media Research. Through this relationship, we began developing an expanded Internet audience panel based on the Nielsen Media Research audience sampling methodology and enhanced versions of our software. In March 1999, we launched our Nielsen//NetRatings brand of product and service offerings.

In June 1999, we commenced our international expansion efforts by establishing a joint venture, NetRatings KK, in which we currently hold a minority ownership interest with several Japanese investors holding the remaining interests. NetRatings KK is responsible for building and maintaining a Japanese audience measurement panel and introducing our products and services to the Japanese market. In September 1999, we entered into a joint venture with ACNielsen to develop and maintain Internet audience measurement panels and to market products and services under the Nielsen//NetRatings brand in other key international markets. We anticipate that the joint venture, in which we currently hold a 19.9% ownership interest, will commence the introduction of localized versions of our products and services in over 30 countries.

We generate revenue from the sale of our Internet audience measurement products and services. Through June 30, 1999, our information and analytical products and services, which include our audience measurement service, e-commerce service and Internet investment strategy service, have accounted for substantially all of our revenue. We primarily sell these products and services pursuant to one-year subscription agreements and bill our customers in advance, typically on a quarterly or annual basis. We recognize revenue from the sale of our information and analytical products and services ratably over the term of the subscription agreement. Prepaid subscription fees are recorded as deferred revenue until earned. We also derive revenue from the sale of custom research services. Revenue from these services are recognized in the period in which the service is provided. We sell our products and services to customers in a wide range of industries. Our customer base has increased from 53 customers as of December 31, 1998 to 133 as of June 30, 1999. To date, substantially all of our sales have been made to customers in North America. In future periods, we also expect to derive royalties and other revenue from our joint ventures as they begin their operations in international markets.

Cost of revenue currently consists primarily of expenses related to the recruitment and maintenance of our audience measurement panels. Accordingly, cost of revenue is not directly related to revenue or subscriptions generated in a given period and is higher in periods in which we are involved in significant panel development activities. We believe that the continued development and enhancement of high-quality audience panels is essential to the long-term expansion of our business, and therefore we expect to continue to incur significant cost of revenue. We are currently working with Nielsen Media Research to expand the scope and size of our existing panel of at-home Internet users. In addition, we are developing a panel of at-work users. We expect to incur significant costs relating to these development activities.

Research and development expenses consist primarily of compensation and related costs for personnel associated with our product development activities. These costs are expensed as incurred. We believe that continued investment in product development is essential to our future success. We also anticipate that additional development resources will be required to support the planned international activities of our joint ventures. Accordingly, we expect that research and development expenses will increase in future periods as we hire additional personnel.

Sales and marketing expenses consist primarily of salaries, benefits and commissions to our salespeople and commissions paid to Nielsen Media Research, as well as costs related to seminars, promotional materials and other sales and marketing programs. We intend to expand our sales force in conjunction with our domestic expansion and to support our international joint ventures. We also intend to increase our marketing activities to enhance brand awareness of our products and services. We therefore expect that sales expenses will increase in future periods.

General and administrative expenses consist primarily of salaries and related costs for finance, accounting, and other administrative personnel, in addition to professional fees, provisions for doubtful accounts and other general corporate expenses. We expect that general and administrative expenses will increase in the future as we add personnel to support expanding operations, incur additional costs related to the growth of our business and assume the reporting requirements of a public company.

In connection with the grant of certain stock options to employees and consultants, we recorded non-cash stock-based compensation charges of $254,000 for the year ended December 31, 1998 and $3.3 million for the six months ended June 30, 1999, representing the difference between the exercise price of these options and the deemed fair value of our common stock as of the date of grant. These amounts are being amortized over the respective vesting periods of the options using a graded vesting method. We recognized non-cash amortization of these deferred stock compensation charges of $25,000 in the year ended December 31, 1998 and $1,139,000 in the six months ended June 30, 1999. As of June 30, 1999, the remaining deferred compensation was scheduled to be amortized at the rate of approximately $1.0 million, $1.3 million, $600,000, and $200,000 in the years ended December 31, 1999, 2000, 2001 and 2002, respectively. The actual amount of stock-based compensation expense to be recognized in future periods could decrease if options for which accrued compensation has been recorded are terminated before they vest.

We have recorded no provision for federal or state income taxes for any period since our inception as we have incurred losses in each period. As of December 31, 1998, we had approximately $3.7 million of net operating loss carryforwards for both federal and state income tax purposes, available to reduce future taxable income, expiring in 2005. Under the Tax Reform Act of 1986, the amounts of and benefits from net operating loss carryforwards may be impaired or limited. See Note 9 of Notes to Financial Statements.

We have a limited operating history upon which investors may evaluate our business and prospects. We incurred net losses of $1.8 million for the period from July 2, 1997 (inception) through December 31, 1997; $3.9 million for the year ended December 31, 1998; and $5.8 million for the six months ended June 30, 1999. Our accumulated deficit at June 30, 1999 was $11.4 million. We intend to invest heavily to expand our audience panels, strengthen our direct sales force and enhance our product and service offerings. As a result, we expect to continue to incur net losses for the foreseeable future. In view of the rapidly evolving nature of our business and our limited operating history, we believe that period-to-period comparisons of our operating results are not necessarily meaningful and should not be relied upon as an indication of our future performance. See "Risk Factors--We have incurred losses since inception, and we may be unable to achieve profitability."

Results of Operations

Six Months Ended June 30, 1998 Compared to Six Months Ended June 30, 1999

REVENUE. Revenue increased from $54,000 for the six months ended June 30, 1998 to $642,000 for the six months ended June 30, 1999. Sales of our information and analytical products and services accounted for substantially all of the revenue for each of the six-month periods. The increase in revenue was primarily due to the introduction of our Nielsen//NetRatings service in March 1999 and the introduction of additional product and service offerings that resulted in a substantial increase in the number of our customers.

COST OF REVENUE. Cost of revenue increased from $201,000 for the six months ended June 30, 1998 to $2.2 million for the six months ended June 30, 1999. This increase primarily reflected costs incurred in 1999 relating to the development of the Nielsen//NetRatings audience measurement panel, which is significantly larger than our prior panel and was more costly to develop due to the sampling methodology employed.

RESEARCH AND DEVELOPMENT. Research and development expenses increased 96% from $573,000 for the six months ended June 30, 1998 to $1.1 million for the six months ended June 30, 1999. This increase was primarily due to a three-fold increase in the number of employees engaged in research and development.

SALES AND MARKETING. Sales and marketing expenses increased 143% from $564,000 for the six months ended June 30, 1998 to $1.4 million for the six months ended June 30, 1999. This increase was primarily attributable to a three-fold increase in the number of direct sales and marketing employees.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased 76% from $290,000 for the six months ended June 30, 1998 to $509,000 for the six months ended June 30, 1999. This increase was primarily related to an increase in the number of administrative personnel to support our expanded operations and non-recurring legal fees.

INTEREST INCOME (EXPENSE), NET. Interest expense, net, increased 408% from $24,000 for the six months ended June 30, 1998 to $122,000 for the six months ended June 30, 1999 due to interest paid to Nielsen Media Research under short-term promissory notes, interest paid under promissory notes issued in 1998 and increased borrowings under our credit facilities.

PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1998 REVENUE. We had no revenue in the period from July 2, 1997 (inception) to December 31, 1997, or the "inception period." In the year ended December 31, 1998 we had revenue of $237,000 from sales of our initial NetRatings Internet audience measurement products and services.

COST OF REVENUE. We had no cost of revenue in the inception period. In the year ended December 31, 1998, our cost of revenue was $1.1 million, representing panel development expenses related to the introduction of our initial NetRatings Internet audience measurement products and services and, beginning in November 1998, initial panel development expenses related to our Nielsen//NetRatings product and service offerings.

RESEARCH AND DEVELOPMENT. Research and development expenses increased 19% from $994,000 in the inception period to $1.2 million in the year ended December 31, 1998. This increase was primarily due to a full year of operations in 1998.

SALES AND MARKETING. Sales and marketing expenses increased 151% from $452,000 in the inception period to $1.1 million in the year ended December 31, 1998. This increase was primarily attributable to increased marketing and promotion of our initial NetRatings Internet audience measurement service as well as an increase in the number of direct sales and marketing employees. In addition, sales and marketing expenses during 1998 reflected a full year of operations.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased 76% from $341,000 in the inception period year to $600,000 in the year ended December 31, 1998. This increase was due to an increase in the number of administrative personnel to support our expanded operations. In addition, general and administrative expenses during 1998 reflected a full year of operations.

INTEREST INCOME (EXPENSE), NET. Interest income, net, was $6,000 in the inception period. Interest expense, net, of $111,000 in the year ended December 31, 1998 was primarily the result of interest paid on promissory notes issued in 1998, which were converted to preferred stock in July 1999 and amortization of the fair value of the warrants issued in conjunction with those promissory notes.

Quarterly Results of Operations

The following table sets forth certain unaudited statement of operations data for the six quarters ended June 30, 1999. This information has been derived from our unaudited interim financial statements. In management's opinion, this unaudited information has been prepared on the same basis as our annual financial statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the quarters presented. This information should be read in conjunction with the financial statements and notes thereto included elsewhere in this prospectus. Historical results for any quarter are not necessarily indicative of the results to be expected for any future period.

	QUARTER ENDED					
	MARCH 31, 1998	JUNE 30, 1998	SEPT. 30, 1998	DEC. 31, 1998	MARCH 31, 1999	JUNE 30, 1999
	(IN THOUSANDS)					
Revenue	$ 3	$ 51	$ 77	$ 106	$ 166	$ 476
Cost of revenue	103	97	161	700	1,031	1,125
Gross profit (loss)	(100)	(46)	(84)	(594)	(865)	(649)
Operating expenses:						
Research and development	323	250	247	365	428	695
Sales and marketing	283	282	273	296	490	883
General and administrative	154	137	120	189	256	253
Stock-based compensation	--	--	--	25	71	1,068
Total operating expenses	760	669	640	875	1,245	2,899
Loss from operations	(860)	(715)	(724)	(1,469)	(2,110)	(3,548)
Interest income (expense), net	--	(25)	(35)	(51)	(67)	(55)
Net loss	$ (860)	$ (740)	$ (759)	$ (1,520)	$ (2,177)	$ (3,603)

We introduced our first products and services in March 1998, and our revenue increased through the balance of 1998 as we expanded our customer base and introduced additional products and services. The substantial increases in revenue in the quarters ended March 31, 1999 and June 30, 1999 were the result of increased sales to new and existing customers following the introduction of our Nielsen//NetRatings products and services in March 1999.

Cost of revenue increased substantially in the quarters ended December 31, 1998 and March 31, 1999, primarily reflecting audience panel recruitment expenses incurred in connection with the introduction of our Nielsen//NetRatings products and services. Quarterly increases in operating expenses over the past three quarters reflected the continued expansion of our operations.

Our operating results have fluctuated in the past, and we expect them to fluctuate in future quarters as a result of a variety of factors, many of which are outside of our control. See "Risk Factors--Fluctuations in our quarterly revenues and operating results might lead to reduced prices for our stock."

Liquidity and Capital Resources

Since our inception, we have funded our operations primarily through private sales of equity securities. In June and July 1998, we raised a total of $914,000, net of offering costs, from the issuance of promissory notes that were converted into preferred stock in July 1999. Between November 1998 and April 1999, we received $3.0 million from the issuance of promissory notes to Nielsen Media Research. These notes were converted into preferred stock in August 1999 in connection with a preferred stock financing in which we raised $19.5 million, net of offering costs. In September 1999, we completed an additional preferred stock financing of $15.1 million, net of estimated offering costs.

We have a total $1.2 million equipment line of credit with Venture Lending & Leasing I and Venture Lending & Leasing II. Borrowings under the line of credit are secured by all of our tangible assets and bear interest at an annual rate of 8%. In addition, we have a $1 million commercial line of credit with Heritage Bank of Commerce. Borrowings under this line are secured by our business assets other than those securing our equipment loans and bear interest at the bank's prime interest rate, which was 8.25% as of September 22, 1999. We also have a $350,000 line of credit with Heritage Bank of Commerce to fund equipment purchases. Any advances under this equipment line mature 36 months following funding and bear interest at the bank's prime rate. Our credit agreement with Heritage Bank contains certain financial covenants, including minimum liquidity and tangible net worth requirements. As of September 22, 1999, we were in compliance with all of these covenants.

As of June 30, 1998, our principal source of liquidity was $678,000 in cash and cash equivalents. As of September 22, 1999, we had cash and cash equivalents of $31.4 million and $2.1 million available under our lines of credit.

Net cash used in operating activities was $1.3 million in 1997, $2.9 million in 1998 and $1.6 million in the six months ended June 30, 1999. Net cash used in operating activities in 1997 reflected a net loss of $1.8 million offset principally by increases in accounts payable and accrued liabilities totaling $508,000. Net cash used in operating activities in 1998 reflected a net loss of $3.9 million and an increase of $158,000 in accounts receivable offset by depreciation and amortization of $200,000, an increase in accrued expenses of $333,000 and an increase in deferred revenue of $280,000. Net cash used in operating activities in the six months ended June 30, 1999 reflected a net loss of $5.8 million and an increase of $809,000 in accounts receivable offset by non-cash stock-based compensation charges totaling $1,139,000, an increase of $1.1 million in deferred revenue and an increase of $2.5 million in accrued expenses.

Since our inception, our investing activities have consisted primarily of purchases of fixed assets, principally computer hardware and software for our growing number of employees. Capital expenditures totaled $391,000 in 1997, $173,000 in 1998 and $0 in the six months ended June 30,

1999. Although we had no material capital expenditure commitments as of June 30, 1999, we expect that capital expenditures will increase with our anticipated growth in operations, infrastructure and personnel both domestically and internationally. We do not expect to incur significant costs to make our software or internal information systems year 2000 compliant because we believe this software and these information systems are designed to function properly through and beyond year 2000.

Net cash provided by financing activities totaled $2.3 million in 1997, $3.9 million in 1998 and $970,000 in the six months ended June 30, 1999. Net cash provided by financing activities primarily consisted of the proceeds of issuances of preferred stock and promissory notes in each of these periods and, in 1998 and the six months ended June 30, 1998, included proceeds from the equipment line of credit.

We believe that our existing balances of cash and cash equivalents, together with the proceeds of preferred stock financings in August and September 1999 and the net proceeds of this offering and our available credit facilities, will be sufficient to meet our cash needs for working capital and capital expenditures for at least the next 18 months, although we could elect to seek additional funding prior to that time. We could require additional capital prior to the end of this period if, for example, we were to experience greater than expected losses from operations or if we were to pursue one or more business acquisitions or investments. We cannot be certain that additional financing will be available when required, on favorable terms or at all. If we are not successful in raising additional capital as required, our business could be harmed. If additional funds are raised through the issuance of equity securities, the percentage ownership of our then-current stockholders would be reduced.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires all derivative instruments to be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designed as part of a hedge transaction and, if so, the type of hedge transaction. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133," which amends SFAS No. 133 to be effective for all fiscal quarters or all fiscal years beginning after June 15, 2000, or January 1, 2001 for us. We do not expect that the adoption of this statement will have a material impact on our reported results of operations.

Market Risk

The following discussion analyzes our exposure to market risk related to changes in interest rates and foreign currency exchange rates.

Foreign Currency Exchange Rate Risk

To date, substantially all of our recognized revenue has been denominated in U.S. dollars and generated primarily from customers in the United States, and our exposure to foreign currency exchange rates has been immaterial. We expect, however, that future product and service revenue may also be derived from international markets and may be denominated in the currency of the applicable market. As a result, our operating results may become subject to significant fluctuations based upon changes in exchange rates of certain currencies in relation to the U.S. dollar. Furthermore, to the extent that we engage in international sales denominated in U.S. dollars, an increase in the value of the U.S. dollar relative to foreign currencies could make our products and services less competitive in international markets. Although we will continue to monitor our exposure to currency fluctuations, and, when appropriate, may use financial hedging techniques in the future to minimize the effect of these fluctuations, we cannot assure you that exchange rate fluctuations will not adversely affect our financial results in the future.

Interest Rate Risk

As of June 30, 1999, we had cash and cash equivalents of $678,000 consisting of cash and highly liquid, short-term investments. Our short-term investments will decline by an immaterial amount if market interest rates increase, and therefore, our exposure to interest rate changes has been immaterial. Declines of interest rates over time will, however, reduce our interest income from our short-term investments. Our outstanding notes payable and capital lease obligations are all at fixed interest rates and therefore have minimal exposure to interest rates.

Year 2000 Compliance

We are aware of the issues surrounding the year 2000 and problems relating to computers and computer software incorrectly distinguishing between 21st and 20th century dates. Year 2000 issues could affect our products and services as well as our internal management control systems.

We are currently conducting a year 2000 readiness review of our proprietary software which is utilized to collect panel data and generate our Internet audience measurement information products and services. This review includes:

- assessment and quality assurance testing of our proprietary software;

- implementation, including remediation, upgrading and replacement of non-compliant product versions;

- validation testing; and - contingency planning.

We have completed all phases of our review, except for validation testing and contingency planning, as it relates to the current version of our software.

We have designed all of our proprietary software to be year 2000 compliant. We define "year 2000 compliant" as the ability to:

- correctly handle date information needed for the December 31, 1999 to January 1, 2000 date change;

- function according to the product documentation provided for this date change, without changes in operation resulting from the advent of a new century, assuming correct configuration;

- where appropriate, respond to two-digit date input in a way that resolves the ambiguity as to a century in a disclosed, defined, and predetermined manner;

- store and provide output of date information in ways that are unambiguous as to century if the date elements in interfaces and data storage specify the century; and - recognize the year 2000 as a leap year.

We have tested our data collection software and our internal programs and, based on these tests, we believe that our software is year 2000 compliant. We are currently testing licensed software and freeware, obtained from third parties that is incorporated into our software, and have received assurances from our vendors that this licensed software is year 2000 compliant. We therefore do not expect to expend significant resources to resolve year 2000 errors in our software. However, we can not be certain that our test procedures will uncover all possible year 2000 errors in our software. If our tests and design measures have failed to discover and resolve all year 2000 problems in our data collection software and we fail to provide or inaccurately provide services under the terms of a subscription agreement, our reputation could be harmed.

Our internal systems include both our computer and network systems and other systems. We have initiated an assessment of our most important computer and network systems. To the extent we are not able to assess the technology provided by third-party vendors, we are seeking assurances from them that their systems are year 2000 compliant. Although we are not currently aware of any material operational issues or costs associated with preparing these systems for the year 2000, we may experience unanticipated problems and costs caused by undetected errors or defects in the technology used in these systems.

We have funded our year 2000 compliance plan from available cash and have not separately accounted for these costs. To date, these costs have not been material. We expect to incur additional costs related to the year 2000 compliance plan for:

- administrative personnel to manage the project;

- outside contractor assistance; and - product engineering and customer satisfaction.

We expect to complete our assessment and resolution of all year 2000 problems that we are capable of addressing before December 31, 1999. However, we believe that it is not possible to determine with complete certainty that all year 2000 problems affecting us have been identified and corrected. Furthermore, some year 2000 problems are beyond our control.

We believe that our most likely worst-case scenario related to the year 2000 problem is a failure of a significant number of our panelists' computer systems to operate correctly. Were this to occur, our ability to collect data could be adversely affected and our sample size reduced resulting in inaccuracies in our reports and damage to our reputation.

We have not developed a contingency plan to address situations that may result if we are unable to achieve year 2000 readiness of our critical operations and do not anticipate the need to do so. The cost of developing and implementing a plan may itself be material. We are also subject to external forces that might generally affect industry and commerce, such as year 2000 problems affecting utilities, Internet service providers or banks. A prolonged Internet, telecommunications or electrical failure, could prevent us from receiving data from our panel, processing the data and providing reports to our clients and could have a material adverse effect on our business, results of operations and financial condition.

Business

We are a leading provider of Internet audience measurement information and analysis. Our products and services enable our customers to make informed business-critical decisions regarding their Internet strategies. We deliver accurate and timely Internet audience information, collected from a representative sample of Internet users, and augment this information with detailed, flexible reporting and in-depth analysis. Our customers include leading e-commerce companies, advertising agencies, media companies, Internet companies and financial institutions. We have formed strategic alliances with Nielsen Media Research, the leading source of television audience measurement and related services in the United States and Canada, and ACNielsen, the world's leading provider of market research information and analysis to the consumer products and services industries. We believe that these alliances allow us to offer the most accurate Internet audience information currently available. Our proprietary activity tracking and data collection technology gathers comprehensive and detailed information regarding Internet user behavior, including both site and advertising activity. We began providing Internet audience measurement products and services under the brand name Nielsen//NetRatings in March 1999. Our high-quality Internet sampling methodologies, our real-time data collection technology, our powerful, flexible reporting systems, and our strong strategic relationships position us for leadership in the market for global Internet audience measurement and analysis.

Industry Background

Growth in Global Internet Usage, E-commerce and Online Advertising

The Internet has emerged as a significant global medium for communications, information and commerce. It is growing dramatically, based on key measures, including total number of users, total number of Web sites, e-commerce transaction volume and online advertising dollars.

Both content and e-commerce on the Internet are growing dramatically. According to International Data Corporation, or IDC, the number of individual Web site addresses, commonly referred to as "URLs," on the Internet has grown from approximately 18 million at the end of 1995 to approximately 925 million at the end of 1998, and is expected to grow to approximately 13 billion in 2003. Also, according to IDC, the number of users buying goods and services on the Internet has grown from approximately 3 million in 1995 to approximately 31 million in 1998, and is expected to grow to approximately 183 million in 2003. IDC estimates that the total annual value of goods and services purchased over the Internet has grown from approximately $296 million in 1995 to approximately $50 billion in 1998, and is expected to grow to over $1.3 trillion by 2003.

As the Internet attracts larger numbers of users, spending for Internet advertising is expected to increase. According to Forrester Research, global annual online advertising expenditures are projected to increase from approximately $1.5 billion in 1998 to approximately $24 billion in 2003.

In addition to the increasing number of Internet users, there has also been a significant increase in the number of devices that can access the Internet. While such devices originally consisted only of personal computers, there has been a recent emergence of a number of alternative devices to access the Internet, including television set-top boxes, handheld computing devices, Web-enabled phones and Internet gaming devices. According to IDC, the number of devices worldwide that are capable of accessing the Internet has grown from approximately 14 million at the end of 1995 to approximately 150 million at the end of 1998 and is expected to grow to approximately 722 million by the end of 2003.

Unique Characteristics of Online Commerce and Advertising

The Internet also presents advertisers and online businesses with a unique opportunity to target prospective consumers and to measure the return on their advertising or marketing investment. Using traditional media, such as television, an advertiser must broadcast its advertisements to an entire audience for a given program in a given market, even though the advertiser may have desired to target only a portion of the overall audience. With the Internet, on the other hand, users visiting the same Web page at the same moment can be presented with different advertisements based on their Internet usage behavior. In addition, while an advertiser using traditional media cannot directly measure how an

individual audience member reacts to an advertisement, the Internet makes it possible for an advertiser or e-commerce company to track how its audience interacts with an advertisement or an e-commerce site.

The Expected Convergence of Television and the Internet

We believe that the convergence of television programming with Internet content and interactivity represents a significant emerging trend. Today, considerable advertising is being conducted in traditional media, such as television, in order to drive traffic and commercial activity to Internet sites. For example, a Victoria's Secret advertisement aired during the 1999 Super Bowl was designed to draw people to an online fashion show conducted on the Victoria's Secret Web site. We believe that this trend toward the convergence of television and the Internet will continue. For example, we believe that, in the future, television content and advertising will include Internet links on which viewers can click to make a direct response, such as making an online purchase. As this convergence takes place, the ability to track television audiences as they use the Internet will become an increasingly critical requirement for all major advertisers and their agencies as they seek to capitalize on these cross-media opportunities.

The Need for Internet Audience Measurement and Analysis

As the Internet continues to evolve and online advertising and electronic commerce continue their dramatic growth, companies conducting business online are continually challenged to define and reach their target audiences as well as develop sophisticated online business strategies. The unique dynamics of the Internet require that online market participants understand their markets and quickly recognize and adapt to changing conditions in their particular industries. In order to remain competitive, these online companies demand detailed audience measurement information and analysis that will enable them to make informed business decisions in a timely manner. These companies are seeking a trusted third party source for information that can provide them with the following:

- ACCURATE AND TIMELY INFORMATION. To be useful, information derived from audience samples must accurately reflect the size and behavior of the overall Internet audience. Accordingly, such information must be gathered from a large, representative sample using statistical methods that eliminate as much bias as possible. The information must also be timely; the faster the information can be analyzed and reported, the more efficiently an online business can adapt to its target audience's changing characteristics and preferences.

- DETAILED, FLEXIBLE REPORTING AND ANALYSIS. The usefulness of Internet audience information can be significantly enhanced by detailed analysis presented in a flexible format that allows customers to manipulate the information to meet their unique requirements. Presenting information and analysis in this way could enable a customer to:

- track the demographic profiles and behavior of users that visit a particular site or click on a particular banner advertisement, in order to target advertising at users matching particular demographic profiles;

- correlate user behavior on a site with the user's behavior on the Internet before entering and after leaving the site, tracking other sites visited and how the user behaved on those sites;

- track users' interactions with Web sites, such as the duration and frequency of visits to a site and the proportion of visitors to a site that make purchases during their visits, referred to as the "look-to-book" ratio;

- track users' interactions with advertisements, such as the proportion of clicks on a banner advertisement compared to the number of times the advertisement appears, referred to as the "click-through rate," and the proportion of users that make a purchase after clicking on a particular advertisement, referred to as the "click-to-conversion" ratio;

- evaluate banner advertisements to compare the effectiveness of different advertisements or to track a competitor's advertisement placements; and - identify significant trends relating to online companies and Internet usage.

- CROSS-MEDIA AND CROSS-PLATFORM MEASUREMENT CAPABILITIES. To obtain a comprehensive measurement of Internet audience usage, companies conducting business online will require an Internet audience measurement solution that is capable of capturing data from both television and Internet users and across a wide range of Internet access devices. This requires specialized technologies and expertise to adapt audience measurement techniques to disparate emerging platforms. The data collection method must not only be capable of operating on different types of devices, but must also be capable of collecting and transmitting comparable streams of data regardless of the device.

- A UNIFORM STANDARD OF MEASUREMENT. Internet audience measurement statistics are of limited use, unless Internet site and advertisement activity can be measured according to a common "yardstick." As has been the case with Nielsen Media Research in the market for television audience measurement and with Arbitron in the market for radio audience measurement, we believe that the company that provides the highest quality audience measurement information and analysis will eventually emerge as the industry standard.

We believe that no standard has yet emerged because most companies offering Internet measurement services have been unable to provide a comprehensive solution that includes accurate and timely information, as well as detailed and flexible reporting and analysis. Accordingly, a significant market opportunity exists for a company that can provide customers with products and services that meet these needs.

The Netratings Solution

We deliver meaningful and timely information that enables our customers to make informed business-critical decisions regarding their Internet strategies. Our products, services and technology provide accurate Internet audience information combined with detailed and flexible reporting and in-depth analysis. We believe that our solution will enable us to become the standard for measuring the size, profile and behavior of Internet audiences. Our solution, marketed under the Nielsen//NetRatings brand, includes the following key components:

PROVEN SAMPLING METHODOLOGIES. Our solution is designed to provide reliable, independent information that customers need to make critical business decisions. We believe that our strategic alliance with Nielsen Media Research allows us to offer the most accurate Internet audience sampling methodology currently available. Nielsen Media Research has set the standard for television audience measurement over the past 50 years, in part because of the company's employment of a proven sampling methodology maintained in accordance with the best practices in panel-based media research. Nielsen Media Research develops our panel using the same recruitment methodology that it uses in developing television audience panels. In addition, through our strategic alliance with ACNielsen, we intend to offer solutions in international markets utilizing ACNielsen's proven audience sampling methodologies based upon its 76 years of experience in consumer market research.

PROPRIETARY MEASUREMENT TECHNOLOGY. Our proprietary activity tracking and data collection technology gathers comprehensive and detailed information regarding Internet user behavior, including sites and pages visited, time spent on each site, advertising exposure and effectiveness, e-commerce transactions executed, and streaming media usage. The software also collects key information regarding activity on America Online's proprietary service. All of our data is collected from the entire panel and transmitted to our central database in real-time. The information is linked to demographic profiles of Internet users to provide comprehensive products and services for measuring Internet usage behavior. Once installed, our software requires virtually no panelist intervention and software updates are automatic.

POWERFUL, FLEXIBLE REPORTING SYSTEMS. Our solution provides customers with flexible online reports and powerful analytics, enabling them to easily manipulate data to meet their specific information requirements. Our easy-to-use interface provides immediate access to various levels of detailed information and enables custom queries on selected information. Our service provides customers with two levels of information access, which are available in weekly and monthly reports based on data that has been uploaded to our database from our panel members' computers in real time. Our Quick Looks feature provides customers with comprehensive pre-defined Internet user behavior and demographic information. We also provide Select Views, which are powerful, easy-to-use, menu-driven queries that respond to specific information requests.

TIMELY, INSIGHTFUL ANALYSIS. Our solution delivers insightful analysis based upon detailed Internet audience information. We augment our high-quality audience behavior information with meaningful analysis delivered on a timely basis, enabling our customers to take decisive action. The analytical services we provide are structured to deliver information and commentary on a weekly,

monthly and quarterly timeframe. Additionally, we provide timely event-based reports, such as Internet activity during the Super Bowl. Customers purchasing our analytical services are entitled to a fixed number of consulting hours, during which they can have private access to our analysts for strategic consultation or custom analysis.

COMPATIBLE, PORTABLE ARCHITECTURE. All of our information is collected using proprietary software that is compatible with devices that operate on a Java-enabled platform. Therefore, we believe that our architecture will seamlessly integrate with most new types of Internet access devices, enabling us to obtain useful data from most Internet users regardless of the access device they use.

Strategy

Our objective is to become the standard for Internet audience measurement and the worldwide leader in Internet market research. We intend to establish this leadership position through the following key strategies:

LEVERAGE OUR STRATEGIC RELATIONSHIPS. We intend to continue to leverage our key strategic relationships with Nielsen Media Research and ACNielsen to facilitate the rapid deployment of our service with leading companies. Since March 1999, we have leveraged Nielsen Media Research's brand name reputation and industry relationships through our services marketed under the Nielsen//NetRatings brand. Using our combined sales and marketing efforts, we have deployed our products and services with over 140 customers. We believe that the continued adoption of our products and services by leading companies will help facilitate the broad market acceptance of the Nielsen//NetRatings service as the industry standard for Internet audience measurement. We intend to leverage our strategic relationship with ACNielsen to deploy our products and services into multiple international markets.

INCREASE THE SIZE, SCOPE AND NUMBER OF OUR AUDIENCE MEASUREMENT PANELS. We intend to expand the size, scope and number of our audience measurement panels in order to increase the depth of information that we can provide our customers. We believe that expanding our panels will enable us to provide more detailed information regarding e-commerce trends, as well as more accurate information regarding smaller Internet sites and more focused advertising campaigns. A significant percentage of Internet usage takes place at the workplace, and our customers are increasingly requiring audience measurement information from this user segment. Accordingly, we are currently working to build an at-work panel through a number of initiatives including recruiting companies directly and leveraging our current strategic relationships.

LEVERAGE OUR ACCESS TO INFORMATION TO DEVELOP NEW PRODUCTS AND ENTER NEW MARKETS. We plan to continually innovate and introduce new products that will leverage our access to extensive Internet activity data. We believe that our current technological and analytical capabilities allow us to offer the most accurate, complete and timely information on Internet usage available. As the volume and complexity of Internet usage increases, we believe that users will demand increasingly flexible and robust audience measurement products and services. We intend to continue to devote

significant resources to developing additional technologies that will allow us to create solutions that meet these requirements. Additionally, we believe that analysis of data is becoming increasingly important to customers who use Internet audience information, and we intend to continue to develop new ways to analyze and present the information we collect. During the past year, we have created advanced reports and analyses specifically targeted to the investment community and e-commerce providers, and we intend to introduce similar products for the media segment and online business-to-business customers. We also intend to leverage our analytical capabilities to expand and enhance our specialized consulting services.

EXPAND INTERNATIONALLY. We intend to capitalize on the global demand for Internet usage information by establishing panels in major international markets and expanding our customer base to include international companies. In June 1999, we formed NetRatings KK, a Japanese joint venture, to allow us to provide our products and services to the Japanese market. In September 1999, we entered into a joint venture with ACNielsen to develop and maintain Internet audience measurement panels and to market Nielsen//NetRatings products and services in other key international markets with a goal of establishing operations in over 30 countries. We believe that our Internet measurement solution will provide global companies with the highest-quality information on worldwide Internet usage and flexible tools to use this information to make critical business decisions.

POSITION OURSELVES TO CAPITALIZE ON THE CONVERGENCE OF TELEVISION AND THE INTERNET. We intend to position ourselves to become the audience measurement standard for the converging market for television programming and the Internet. We believe that the continued convergence of television and the Internet will require sophisticated products and services that provide meaningful information about usage behavior. We believe that we will be uniquely positioned for this convergence through our relationship with Nielsen Media Research, with its experience and expertise in television audience measurement, combined with our own Internet measurement technology. We intend to devote substantial resources and to work with Nielsen Media Research to develop the technologies and research methodologies that will allow us to be the audience measurement standard for this convergence.

Strategic Relationships

Strategic Alliance with Nielsen Media Research

For nearly 50 years Nielsen Media Research's core business has been to provide high-quality, comprehensive audience viewing information on the television industry. The Nielsen ratings are vital to television program production, distribution and scheduling decision making, and are the currency for transactions between buyers and sellers of television advertising time.

In October 1998, we began a strategic alliance with Nielsen Media Research to develop and market Internet audience measurement products and services in the United States and Canada using our technology combined with Nielsen Media Research's proprietary panel methodology. Through this

relationship, we began developing an expanded Internet audience panel based on the Nielsen Media Research audience sampling methodology and enhanced versions of our software, to be marketed under the Nielsen//NetRatings brand. In March 1999, we launched our Nielsen//NetRatings product and service offerings. In August 1999, Nielsen Media Research made an equity investment in NetRatings.

Through the alliance, Nielsen Media Research is responsible for the development and maintenance of the at-home panel that generates the data for the Nielsen//NetRatings audience measurement service. We are responsible for the management, support and ongoing development of the data collection and reporting system. Nielsen Media Research is responsible for marketing the service to traditional media customers, advertising agencies and to other customers in North America. We receive 100% of customer billings derived from sales of all of our products and services and pay Nielsen Media Research a commission of 35% of our billings for products and services sold by them.

We will pay Nielsen Media Research ongoing fees for the costs of maintaining the at-home panel and the costs associated with any expansion of the panel. These fees will be charged at the same rates that Nielsen Media Research charges its own internal divisions.

We have agreed not to sell advertising measurement data in the U.S. or Canada in conjunction with any product or service provided by any third party other than Nielsen Media Research. This restriction will terminate if Nielsen Media Research fails to meet certain annual goals.

The alliance may be terminated in the event of any of the following:

- mutual agreement of the parties;

- a material breach of the agreement by either party; or - Nielsen Media Research's equity ownership of NetRatings falling below 5% of NetRatings' outstanding Common Stock, assuming full exercise or conversion of all outstanding options, warrants and convertible securities.

Upon a termination of our operating agreement other than by mutual consent of the parties or as a result of our breach of the agreement, Nielsen Media Research will be obligated to provide panel maintenance services for up to one year thereafter. In addition, in such event, we will continue to have access to Nielsen Media Research's panel methodology for purposes of maintaining our at-home panel and the right to use Nielsen Media Research's trademarks for purposes of marketing our Internet audience measurement products and services for up to one year following the termination.

In some circumstances, Nielsen Media Research's obligation to maintain the at-home panel, and NetRatings' obligation to pay the related fees, could continue after the termination of the alliance.

Joint Venture with Acnielsen

Since its founding 76 years ago, ACNielsen has become the leading provider of media research services outside North America. It is also the global leader in providing business information, analysis and insights to consumer packaged goods companies, their brokers and retail organizations. ACNielsen

offers services to customers in over 100 countries. Although ACNielsen and Nielsen Media Research were originally part of the same corporate organization, the two companies are no longer related.

In September 1999, we entered into a joint venture with ACNielsen to develop and maintain audience measurement panels and to market Nielsen//NetRatings products and services in international markets. Through the joint venture, in which we hold a 19.9% interest, we plan to launch audience measurement services in over 30 countries.

The joint venture's products and services will be based on data collected from Internet measurement panels that are established and maintained using ACNielsen's proprietary sampling methodology. Panel members will collect and deliver their Internet usage data using our proprietary collection software. The joint venture or ACNielsen will be responsible for establishing and maintaining the joint venture's audience measurement panels.

The joint venture has exclusive rights to market its Internet audience measurement services in countries outside the United States, Canada and Japan. We have exclusive rights to market these services in the United States, Canada and Japan. Under this operating agreement, we have agreed not to offer any Internet audience measurement service in countries outside the United States, Canada and Japan. In addition, the joint venture and ACNielsen have agreed not to offer any competing Internet audience measurement service anywhere in the world. Notwithstanding the foregoing, the joint venture will have the right to offer such a service in Japan should it not gain access to the Japanese Internet usage data to which we have access, on the same terms to which we are subject.

The joint venture pays us a fee based on a percentage of certain specific sales, subject to a minimum of $7.5 million and maximum of $15 million over five years. Revenue from the joint venture's Internet audience measurement services will allocated between us and the joint venture depending on the location of the customer and the location of the panel whose data is used in the service:

- The joint venture retains 100% of any revenue from services that the joint venture sells to customers outside the United States and Canada based on data from panels outside those countries.

- We and the joint venture each retain 50% of any revenue from services that we sell to customers in the United States and Canada based on data from panels outside those countries or services that the joint venture sells to customers outside the United States and Canada based on panel data from those countries.

- If either we or the joint venture sells services based on data from a combination of panels located both inside and outside the United States and Canada, the allocation of revenue is determined by an operating committee consisting of two representatives of each company, with any decisions requiring a unanimous vote of those present, which must include at least one representative of each company.

To initially capitalize the joint venture, ACNielsen has agreed to contribute cash and we have granted an exclusive license with respect to our data collection technology for the covered territory, subject to specified performance criteria. We have entered into a stockholders agreement with ACNielsen setting forth procedures for funding the ongoing operations of the joint venture. The initial start-up costs of the joint venture, including the costs incurred to establish Internet audience measurement panels in

each of the countries, are the responsibility of ACNielsen. In general, the ongoing capital requirements of the joint venture are the responsibility of both companies in proportion to their relative equity ownership of the joint venture.

Under the stockholders agreement, ACNielsen has a right of first refusal to purchase any shares of the joint venture that we wish to sell to a third party. If the joint venture does not effect an initial public offering within five years, we have the right to require ACNielsen to purchase our equity interest at its fair market value at that time.

Products and Services

Our products and services provide our customers with the ability to accurately track and analyze Internet audience behavior, in addition to in-depth research reports across a variety of Internet-related subjects. Our products and services, which are marketed under the Nielsen//NetRatings brand, include:

- INFORMATION SERVICES. These services provide information such as comprehensive traffic measures for Web sites, audience exposure and response to advertising banners and audience demographics linked directly to site and advertising data;

- ANALYTICAL SERVICES. These services are comprised of market research reports and analysis for specific markets such as the e-commerce and investment communities, and related analyst consultation; and - CUSTOM RESEARCH. This research is performed on an as-requested basis in support of customers' special projects.

Information Services

We provide a range of syndicated weekly and monthly Internet audience measurement reports that can be accessed online. We currently offer two categories of reports. Our Quick Looks reports provide customers with comprehensive, pre-defined Internet user behavior and demographic information. Our Select Views reports provide customers with specific audience information generated by a powerful, menu-driven interface.

Quick Looks Reports

- WEB SITE REPORTS. These reports provide key measures of Internet users' site activity. Each report contains information on the size and demographic composition of the unique audience, the percent of the total Internet audience that can be reached at each site, the sites ranked by audience size or other criteria, total page views, and pages viewed and time spent per person.

Report Description

Top Web Sites by Property Reports key information for all Web sites owned by the same entity. For example, a report for Time Warner would include all activity information for all of the Time Warner-owned properties including Warner Brothers and CNN Web Sites. Top Web Sites by Domain Reports key information for activity on individual domains. For example, www.yahoo.com is considered one domain, and may consist of numerous individual Web Sites. Top Web Sites by Unique Site Reports key information by individual site and top pages within a site. For example, www.quote.yahoo.com is a unique site within the www.yahoo.com domain. Top Web Sites by Category Categorizes sites and domains by content groupings such as sports, finance, news and information, allowing comparison of similar sites. Custom Property Provides alternative customized site consolidations based on client requests.

- BANNERTRACK REPORTS. These reports provide detailed audience information about Internet banner advertising for use in competitive research, advertising and creative analysis, as well as an overall view of current advertisers and where they are advertising. These reports allow advertising planners to evaluate the creative content of advertising and how effectively advertising reaches various audiences. Key measures include the number of actual advertising images, banner rank, unique audience size and demographic composition, percent of the Internet audience that can be reached by each advertisement and click rate.

Report Description

Top Banner Advertisements by Ranks the top viewed banner advertisements Impression and sponsorship buttons. Advertising by Domain Ranks the top advertising sites with detailed information showing the advertisers and their respective advertising that appeared on individual sites. Advertising by Company Ranks the top advertisers with detailed information showing the sites on which they advertised and identifying their top advertisements.

- AUDIENCE SUMMARY REPORTS. These reports provide a comprehensive profile of the entire Internet audience including size and demographic composition of the unique audience, total page views, number of usage sessions and time spent per person.

Report Description

Audience Profile	Displays overview information for the total U.S. Internet population.
Daily/Hourly Traffic	Details Audience Profile report information by specific day and hour.
Average Usage	Displays summary statistics on overall Internet usage.
AOL Audience	Displays audience size, audience demographic composition and average time spent within the America Online proprietary service.

Select Views Reports

Our Select Views reports provide customers with the ability to pinpoint specific audience information via easy-to-use, menu-driven queries into the Nielsen//NetRatings database.

Report Description

Site Reports Demographic Targeting Allows customers to identify the best sites to reach a specific demographic population on the Web. Information includes the size of the audience and the percent of the audience at a given site meeting the demographic targeting criteria. Audience Profile Provides a detailed side-by-side demographic comparison of audiences at different sites. Unduplicated Audience Provides an analysis of the audience overlap across multiple sites. Details the size and demographic composition of the site's shared and exclusive audience. Trend Allows graphical comparison of audience statistics for multiple sites across user-selected time periods. BannerTrack Advertising Reports Demographic Targeting Allows customers to identify which advertising has been the most effective in reaching particular demographic groups. Audience Profile Allows customers to compare the audience size and demographic composition for selected advertisements in the same campaign, or across different advertisers.

Analytical Services

We leverage the information gathered in our core database by offering analysis that places the data into context, geared toward the specific research needs of the e-commerce and investment communities. Subscribers to our analytical services also receive direct access to a NetRatings analyst for a specific number of hours of private consultation. Our analytical services include:

E-commerce Strategies Service

This series of reports focuses on strategic opportunities with an emphasis on success factors in particular segments of the e-commerce market.

Report Description

Commerce Data Published periodically, analyzes e-commerce activity, including audience traffic patterns and "look-to-book" data. Spotlights Published weekly, offers both qualitative and quantitative perspectives to identify major changes by industry sectors and individual companies. Compares and contrasts relative Internet usage of related companies. Hot & Not Published monthly, looks at significant trends in Internet usage affecting specific industry sectors and individual companies. Trends Published quarterly, contains in-depth analysis of key industry sectors and their participants.

Internet Investment Strategies Service

This series of reports provides research information for the investment community, geared to meet the specific needs of market analysts, institutional investors, brokers and venture capitalists.

Report Description

SnapShots On-demand reports provide a timely view of a profiled company's Internet usage with qualitative commentary and brief historical overview. Spotlights Published weekly, offers both qualitative and quantitative perspectives to identify major changes by industry sectors and individual companies. Compares and contrasts relative Internet usage of related companies. Hot & Not Published monthly, looks at significant trends in Internet usage affecting specific industry sectors and individual companies. Trends Published quarterly, contains in-depth analysis of key industry sectors and their participants.

Custom Research

We make research services available to our customers on an as-requested basis. Because we utilize real-time data collection, we can provide overnight analysis on a custom basis. In one custom research project, for example, we analyzed the usage activities of visitors to a selected group of portal sites in order to learn the percentage of a particular portal's audience that also visited the other portals. Another custom project studied differences in online behavior between a site's registered users and unregistered users.

Audience Measurement Methodology

Our Internet measurement products and services extend to the Internet the proven Nielsen Media Research sampling methodology for television audiences by collecting, aggregating and correlating Internet usage data with demographic profiles of panel members. The resulting information is organized in a manner consistent with traditional media research data so that the advertiser or marketer can integrate Nielsen//NetRatings information into the development of comprehensive media, marketing and product plans. Our panel of at-home Internet users is currently more than 33,000 persons, and we are in the process of increasing the size of this panel.

We believe that the quality of information derived from a sample is directly related to the quality of the sample. To assure quality, our panel sampling methodology includes the following critical components:

ENUMERATION. Enumeration studies are conducted to determine the total size and demographic makeup of the Internet user population and are used as the basis for ensuring that sample behaviors are representative of the total audience population. We believe that most audience measurement firms

conduct enumeration studies on a quarterly or semi-annual basis. In order to more accurately gauge the size and shape of the rapidly changing Internet user universe, we conduct our enumeration studies on a monthly basis.

SAMPLE DESIGN. For a sample to be representative of the total Internet user population, the selection process must be random. In addition, the higher the cooperation rate among selected individuals, the more representative the sample and the more reliable the sample data. Our at-home panel is constructed using a process called random digit dialing, which involves recruiting panel members by calling randomly selected telephone numbers. Telephone numbers are randomly and systematically selected with equal probability, with adjustments made to account for households with more than one phone number. To maximize the cooperation rate, households are called up to 15 times in an attempt to make contact. Eligible households (those with a PC and Internet access) are recruited to participate in the panel. Those that agree to participate are mailed a membership packet that includes tracking software and installation instructions. Eligible households that decline to participate in the panel, households without Internet access, non-residential telephone numbers and non-working or non-contacted telephone numbers are called again at six-month intervals.

SAMPLE MANAGEMENT. Given the continuing rapid growth of the Internet, the online population changes in size and composition faster than audiences of other major media. Our sample management process strives for ongoing cooperation from existing panel members. We also recontact previous non-Internet households to ensure that new telephone numbers are included in the random sampling process.

Technology

Through the use of our proprietary tracking software, we pioneered the following audience measurement capabilities:

- daily and weekly activity reports made possible by collection of user activity data in real time;

- advertising banner tracking and reporting by banner, advertiser and domain; and - tracking e-commerce purchase activity and related audience behavior.

NetRatings audience tracking software has the following characteristics:

- collects real-time, comprehensive Web activity and AOL proprietary online service activity;

- collects the same data in the same way regardless of platform (i.e., PC, Mac, UNIX) and provides portability to non-PC Internet access devices such as television set-top boxes and Internet gaming devices;

- automatically measures banner advertisement viewing and clicking, e-commerce activity, cached page views and page loading times;

- requires virtually no panelist intervention once installed and can be automatically upgraded, allowing functional enhancement without panelist interaction; and - automatically encrypts all panelist activity data prior to transmission.

We have also designed the NetRatings reporting system for flexibility of information delivery and ease of use. We publish weekly as well as monthly data. Our reporting schedule is 72 hours after the end of the period for weekly data and 10 days after the end of the period for monthly data. Information is organized in consistently formatted, easy-to-use tables with extensive drill-down capabilities and search utilities. Additional "self-service" custom queries are supported via the menu-driven interface. Online help accompanies all tables. The Web-based design ensures continual access to information regardless of the user's location.

Customers

More than 140 customers currently use our services for a wide range of purposes including planning, buying and selling Internet-based advertising; planning and developing e-commerce strategies; gaining competitive intelligence; understanding Internet user behavior; and analyzing and tracking Internet investment opportunities. The following table is a list of six of our top ten customers in each of our principal customer sectors.

Customer Sector Representative Customers

Advertising Agencies	BBDO	J. Walter Thompson
	DDB Needham	Ogilvy & Mather
	Hal Riney & Partners	TBWA/Chiat/Day
Advertisers and E-Commerce Companies	Amazon.com	Gateway
	Autobytel	Land's End
	Drugstore.com	Procter & Gamble
Media Companies	Bloomberg	USA Today
	Reuters	Viacom
	Time Warner	The Weather Channel
Internet Companies	Alta Vista	Microsoft
	America Online	Women.com Networks
	Lycos	Yahoo!
Financial Services Companies	Banc of America Securities	CIBC World Markets
	C.E. Unterberg, Towbin	Fidelity Investments
	Chase Manhattan	Lehman Brothers

Sales and Marketing

Nielsen//NetRatings products and services are sold by NetRatings and Nielsen Media Research in their respective markets. NetRatings has responsibility for selling to publishers, interactive companies, major corporations and financial institutions. As of September 1, 1999, we had 10 sales representatives located in Milpitas, California and Chatham, New Jersey. The Nielsen Media Research sales effort is

focused on its traditional customers: advertising agencies, television and cable networks, and local station affiliates. Nielsen Media Research is also responsible for selling to companies with whom it has strategic relationships, including such companies as Procter & Gamble, America Online, Microsoft and Viacom. NetRatings sales representatives receive a base salary and are eligible for commissions based on revenue and sales goals. Nielsen Media Research is paid a commission for its sales of the Nielsen//NetRatings services.

Our primary marketing objective is to leverage and build upon the brand-awareness of the Nielsen//NetRatings name throughout our target audiences. We use public relations activities to gain extensive mention of our products and services as well as use of, and/or reference to, our data by both traditional and Internet press, and financial and industry analysts. Further company and product visibility is gained through speaking engagements and participation at industry events by our executive officers. In addition, we provide daily updates on unique audience size at top Internet sites to the Bloomberg service that distributes online financial information to 140,000 terminals worldwide. Each week, Advertising Age magazine features an entire page of audience and advertising data from our service. We generate additional brand-awareness by providing our data for the acknowledgement of ownership through partnerships with other publishers, media services and Internet companies such as AdAuction, AdKnowledge, NetGravity and Reuters.

International Operations

In June 1999, we commenced our international expansion by establishing a joint venture, NetRatings KK, in which we currently hold a minority interest with several Japanese investors holding the remaining interests. NetRatings KK is responsible for building and maintaining a Japanese audience measurement panel and introducing our products and services to the Japanese market. We have licensed our data collection and reporting technology to NetRatings KK for use in Japan. NetRatings KK is currently modifying this technology for use in Japan and is in the process of recruiting a Japan-market panel. The initial audience measurement service is scheduled to be available in the first quarter of 2000.

In September 1999, we entered into a joint venture with ACNielsen to develop and maintain Internet audience measurement panels and to market products and services under the Nielsen//NetRatings brand in other key international markets. The goal of this alliance is to deliver local market, regional and worldwide information to customers in over 30 countries. See "--Strategic Relationships--Joint Venture With ACNielsen."

Research and Development

We believe that our future success and our ability to become the standard for Internet audience measurement information and analysis will depend in large part on our ability to continually develop new and enhanced products and services. Accordingly, we are committed to the investment of

significant resources in research and product development activities. Our research and development activities are organized into three functional areas: measurement and data collection technology development, reporting systems development and operations, and panel operations and support.

During 1997, 1998 and the six months ended June 30, 1999, our research and development expenses were $994,000, $1.2 million and $1.1 million, respectively. As of September 1, 1999, we had 17 employees engaged in research and development activities.

Intellectual Property

Our success and ability to compete is dependent in part on the protection of our proprietary technology and information. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality agreements and licensing arrangements, to establish and protect our proprietary rights. Although we have filed for a patent on certain aspects of our technology, we cannot assure you that a patent will issue as a result of this pending application or that any patent that may be issued will be upheld. Despite our efforts to protect our proprietary rights, existing patent, copyright, trademark and trade secret laws afford only limited protection, and there can be no assurance that our intellectual property rights, if challenged, will be upheld as valid or will be adequate to protect our proprietary technology and information. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. Attempts may be made to copy or reverse engineer aspects of our technology or to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. This litigation could result in substantial costs and diversion of resources and could significantly harm our business.

To date, we have not been notified that our technology infringes the proprietary rights of third parties. However, in the future third parties may assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business. Any claims asserting that our products infringe or may infringe proprietary rights of third parties, if determined adversely to us, could significantly harm our business. Any claims, with or without merit, could be time-consuming, result in costly litigation, divert the efforts of our technical and management personnel or require us to enter into royalty or licensing agreements, any of which could significantly harm our business. Royalty or licensing agreements, if required, may not be available on terms acceptable to us, if at all. In the event a claim against us was successful and we could not obtain a license to the relevant technology on acceptable terms or license a substitute technology to avoid infringement, our business would be significantly harmed.

Competition

The market for Internet audience measurement and analysis is new and rapidly evolving. We expect competition in this market to intensify in the future. We believe that the market for Internet audience measurement services will eventually gravitate toward a uniform standard that will allow companies to

make meaningful decisions regarding online advertising. We therefore believe that one leading provider is likely to emerge in the market for Internet audience measurement services. Our principal competitor, Media Metrix, has provided Internet audience measurement services since 1995 and, as the "first mover" in this market, has a head start in becoming the industry standard for such services. Accordingly, if we cannot successfully compete against Media Metrix or any other competitors that emerge in the future, our business may fail.

We believe that the principal competitive factors in our market are:

- the development of independent, reliable measurement panels that are representative of the entire target audience;

- the timeliness of reported results;

- the breadth and depth of measurement services offered and their flexibility and ease of use;

- the ability to provide quality analytical services derived from Internet audience measurement information;

- the ability to offer products and services in international markets; and - pricing.

With respect to provision of analytical services, we compete with companies such as Forrester Research, Gartner Group, International Data Corporation and Jupiter Communications that provide Internet market research and industry analysis based on data derived from surveys.

Many of our competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial and marketing resources than we have. In addition, some of our competitors may be able to:

- devote greater resources to marketing and promotional campaigns;

- adopt more aggressive pricing policies; or - devote more resources to technology and systems development.

In light of these factors, we may be unable to compete successfully in our market.

Employees

As of September 1, 1999, we had 42 full-time employees, with:

- 17 in research and development;

- 20 in sales and marketing; and - 5 in general and administration.

Our employees are not covered by a collective bargaining agreement. We have never experienced an employment-related work stoppage and consider our employee relations to be good.

Facilities

Our corporate headquarters are located in Milpitas, California. We lease approximately 9,734 square feet for our headquarters which includes research and development, sales and marketing and general and administrative operations, under leases expiring between January 2000 and September 2000. We also lease a sales office in Chatham, New Jersey.

Management

Directors, Executive Officers and Key Employees

The following table sets forth our directors, executive officers and other key employees, their ages and the positions held by them as of September 23, 1999:

Name Age Position

David J. Toth (1)	43	President, Chief Executive Officer and Director
Jack R. Lazar (1)	34	Vice President, Chief Financial Officer and Secretary
Charles L. ("Tim") Meadows (1)	45	Vice President of Marketing
Simon Chen (1)	50	Vice President of Engineering
Stephen J. Gross	43	Vice President of Finance and Controller
Robert L. Hooven	46	Vice President of Sales and Business Development
Barbara D. Jarzab	42	Vice President of Research
William C. Schaub	53	Vice President of Business Panel Development
Allen P. Weiner	46	Vice President of Analytical Services
David A. Norman (2)(3)	63	Chairman of the Board
Jack T. Serfass (3)	36	Director
James J. Geddes, Jr. (2)(3)	49	Director
David H. Harkness (2)	55	Director
Michael P. Connors	44	Director

(1) Executive Officer (2) Member of Audit Committee (3) Member of Compensation Committee DAVID J. TOTH co-founded NetRatings in July 1997 and has served as our President and Chief Executive Officer and a member of our board of directors since our inception. From November 1992 to June 1997, Mr. Toth was employed by the Network Products Group of Hitachi Computer Products, Inc., as a Director from November 1992 to October 1993 and as Vice President from October 1993 to June 1997. Mr. Toth holds a B.S. in Electrical Engineering from the University of Pittsburgh.

JACK R. LAZAR has served as our Vice President, Chief Financial Officer and Secretary since August 1999. From January 1996 to August 1999, Mr. Lazar was Vice President, Chief Financial Officer and Secretary of Apptitude, Inc., a developer and manufacturer of network management solutions. From June 1992 to December 1995, Mr. Lazar was employed by Electronics For Imaging, Inc., a developer of color servers and color management software, first as Financial Planning Manager and later as Controller and Principal Financial and Accounting Officer. From September 1987 to June 1992, Mr. Lazar worked in various audit positions at Price Waterhouse (now PricewaterhouseCoopers LLP). Mr. Lazar holds a B.S.C. from Santa Clara University and is a certified public accountant.

CHARLES L. ("TIM") MEADOWS co-founded NetRatings in July 1997 and has served as our Vice President of Marketing since our inception. He also served as a member of our board of directors from our inception to August 1999. From May 1996 to July 1997, Mr. Meadows was self-employed as a marketing consultant. From July 1991 to May 1996, Mr. Meadows was employed by Cornerstone Imaging, Inc., a document imaging company, initially as Director of Marketing and later as Vice President, Marketing. From September 1988 to July 1991, Mr. Meadows was Director of Strategic Planning at Hitachi Computer Products, Inc. Mr. Meadows holds a B.S. in Business Administration and an M.B.A. from the University of California at Berkeley.

SIMON CHEN co-founded NetRatings in July 1997 and has served as our Vice President of Engineering since our inception. From September 1989 through June 1997, Mr. Chen was employed as a Senior Software Development Manager for Hitachi Computer Products, Inc. Mr. Chen holds an M.S. in Electronic Engineering from the South Dakota School of Mines and Technology and an M.B.A. from the University of San Diego.

STEPHEN J. GROSS has served as our Vice President of Finance and Controller since February 1999. From June 1998 to January 1999, Mr. Gross was employed as Vice President of Finance and Controller of Globalcast Communications, Inc., a software company. From October 1997 to May 1998, Mr. Gross was engaged as a consultant to Informix Software, Inc., Inhale Therapeutic Systems and Softbankforums. From September 1987 to October 1997, Mr. Gross was a Senior Vice President of Operations and Corporate Controller for Koll-Dove Global Disposition Services, LLC, an auction services company. From July 1982 to September 1987, Mr. Gross was a partner in the firm of Gross & Gralitzer, certified public accountants. Mr. Gross holds a B.S. degree from California State University at Northridge.

ROBERT L. HOOVEN has served as our Vice President of Sales and Business Development since August 1997. From July 1983 to August 1997, Mr. Hooven was employed by Cornerstone Imaging, Inc. and its affiliated companies in a variety of sales and management positions, most recently Vice President of Worldwide Sales. Mr. Hooven holds a B.S. in Business Administration from Norwich University.

BARBARA D. JARZAB has served as our Vice President of Research since December 1997. From December 1994 to December 1997, Ms. Jarzab was employed as a Senior Vice President of the Analytic Consulting and Testing Division of Information Resources, Inc. From December 1991 to December 1994, Ms. Jarzab was a Vice President, InfoScan Household Panel Product Management Group for Information Resources, Inc. Ms. Jarzab holds a B.S. in Sociology and Economics from DePaul University and an M.A. in Sociology from the University of Chicago.

WILLIAM C. SCHAUB has served as our Vice President of Business Panel Development since May, 1999. From January 1998 to April 1999, Mr. Schaub was Vice President of Computer Research at the Gartner Group. From December 1995 to December 1997, Mr. Schaub was the Director of Research at Dataquest, Inc. Mr. Schaub holds a B.S. in Business from California State University, Sacramento and an M.B.A. from St. Mary's College.

ALLEN P. WEINER has served as our Vice President of Services since March 1999. From December 1994 to March 1999, Mr. Weiner was employed as Vice President/Chief Analyst for Dataquest, Inc. From June 1993 to November 1994, Mr. Weiner was a Manager in the Electronic Information Services Department of the Chronicle Publishing Company/San Francisco Newspaper Agency. From June 1993 to September 1993, Mr. Weiner was an Operations Manager for Chronicle CityLine. From June 1990 to June 1993, Mr. Weiner was Editor of Interactive World for Virgo Publishing, Inc. Mr. Weiner holds a B.A. in American Studies from Muhlenberg College and an M.A. in Communications and Theater from Temple University.

DAVID A. NORMAN has served as a member of our board of directors since December 1997 and as our Chairman since November 1998. Since February 1998, Mr. Norman has been a private investor in high technology companies. From March 1994 to February 1998, Mr. Norman was Chairman and CEO of Technically Elite, Inc., a computer networking company. Mr. Norman was the founder, President and Chief Executive Officer of Businessland, Inc. Mr. Norman also founded Dataquest, a high technology market research company. Mr. Norman is also a director of FVC.com, Inc. and a number of private companies. Mr. Norman holds a B.S. in Mechanical Engineering from the University of Minnesota and an M.S. in Industrial Engineering from Stanford University.

JACK T. SERFASS has served as a member of our Board of Directors since August 1997. Mr. Serfass is a co-founder and co-chairman of Bowstreet Software, Inc., a web services automation company. From April 1990 to June 1997, Mr. Serfass was CEO and President of Preferred Systems, Inc., a network management company of which he was a co-founder. Mr. Serfass holds a B.S. degree in Management Information Systems from the University of Rhode Island.

JAMES J. GEDDES, JR. has served as a member of our Board of Directors since August 1999. Since September 1995, Mr. Geddes has been a Managing Director of Trans Cosmos U.S.A. Inc., a venture capital investing company. Mr. Geddes also serves as a director of several private companies. Mr. Geddes holds a B.S. in Electrical Engineering from the University of Maryland.

DAVID H. HARKNESS has served as a member of our Board of Directors since September, 1999. Mr. Harkness has been employed by Nielsen Media Research, Inc. since 1975, most recently as Senior Vice President of Planning and Development. Mr. Harkness holds a B.A. in Chemistry from Bates College and an M.B.A. in Marketing and Finance from the University of Connecticut.

MICHAEL P. CONNORS has served as a member of our Board of Directors since September 1999. Since May 1996, Mr. Connors has been the Vice Chairman and a Director of ACNielsen. From April 1995 to November 1996, he was a Senior Vice President and Chief Human Resources Officer of The Dun & Bradstreet Corporation, a business information company. Mr. Connors holds a B.S. in Business Administration and Finance from the University of Kansas and an M.A. in Human Resource Management from Central Michigan University.

Board Composition

Our board of directors is currently fixed at six directors. Each of our executive officers is elected by the board of directors and serves at its discretion. Each of our officers and directors, other than nonemployee directors, devotes his full time to the affairs of NetRatings. Our nonemployee directors devote such time to our affairs as is necessary to discharge their duties. There are no family relationships among any of our directors, officers or key employees.

Pursuant to a stockholders agreement among NetRatings, Nielsen Media Research and the other holders of our preferred stock, we have agreed to use our best efforts to cause a representative of Nielsen Media Research to be elected to our board of directors at each annual meeting of stockholders. See "Related Party Transactions--Strategic Relationships--Strategic Alliance With Nielsen Media Research."

Board Committees

The audit committee of our board of directors recommends the appointment of our independent auditors, reviews our internal accounting procedures and financial statements and consults with and reviews the services provided by our independent auditors, including the results and scope of their audit. The audit committee currently consists of Messrs. Geddes, Harkness and Norman.

The compensation committee of our board of directors reviews and recommends to the board the compensation and benefits of all executive officers of NetRatings, and establishes and reviews general policies relating to compensation and benefits of NetRatings employees. The compensation committee currently consists of Messrs. Norman, Geddes and Serfass.

Compensation of Directors

Directors of NetRatings do not receive cash compensation for their services as directors or members of committees of the board of directors. We reimburse directors for their reasonable expenses incurred in attending meetings of the board of directors.

In June 1998, we issued to Messrs. Norman and Serfass options to purchase 210,000 shares of common stock and 42,500 shares of common stock, respectively, at an exercise price of $0.10. In June 1999, we issued to Mr. Norman an option to purchase 210,000 shares of common stock at an exercise price of $0.50. In August 1999, we issued to Mr. Geddes an option to purchase 25,000 shares of common stock at an exercise price of $6.22 per share. Each of these options vests at the rate of 1/4 of the shares after one year and 1/48 of the shares monthly thereafter. Each option is fully-exercisable, subject to our right to repurchase any unvested shares at the original purchase price upon the optionee's termination as a director.

Compensation Committee Interlocks and Insider Participation

Our compensation committee currently consists of Messrs. Norman, Geddes and Serfass. In May 1998, Mr. Norman made a loan to us of $100,000, bearing interest at 9% per year. In July 1999, Mr. Norman cancelled this indebtedness in exchange for 165,206 shares of our Series B preferred stock. In connection with these transactions, we also issued to Mr. Norman a warrant to purchase 78,989 shares of Series B preferred stock at an exercise price of $0.63 per share. See "Related Party Transactions--Financing Transactions."

Executive Compensation

Summary Compensation Information

The following table sets forth information regarding compensation received during the year ended December 31, 1998 by our Chief Executive Officer and the two other executive officers whose total salary and bonus earned during the fiscal year ended December 31, 1998 exceeded $100,000:

Summary Compensation Table

			ANNUAL COMPENSATION	LONG-TERM COMPENSATION NUMBER OF SECURITIES UNDERLYING
NAME AND PRINCIPAL POSITION			SALARY	OPTIONS
David J. Toth	$ 151,731	--	President and Chief Executive Officer	
Charles L. ("Tim") Meadows	$ 141,615	173,000	Vice President of Marketing	
Simon Chen	$ 107,914	129,750	Vice President of Engineering	

Option Grants

The following table sets forth information regarding grants of stock options to each of the executive officers named in the Summary Compensation Table during the year ended December 31, 1998. All of these options were granted under our 1998 Stock Plan. The percentage of total options set forth below is based on an aggregate of 567,750 options granted to employees during the year ended December 31, 1998. All options were granted at the fair market value of our common stock, as determined by the Board of Directors, on the date of grant. Potential realizable values are net of exercise price, but before taxes associated with exercise. Amounts representing hypothetical gains are those that could be achieved for the options if exercised at the end of the option term. The assumed 5% and 10% rates of stock price appreciation are provided in accordance with rules of the SEC and do not represent NetRatings' estimate or projection of the future stock price.

Options Granted in Year Ended December 31, 1998

NAME	INDIVIDUAL GRANTS: NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE ($/SHARE)	EXPIRATION DATE
David J. Toth.....	--	--	--	--
Charles L. ("Tim") Meadows.....	173,000	30.5%	$ 0.10	6/5/08
Simon Chen.....	129,750	22.9	$ 0.10	6/5/08

POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM NAME 5% 10%

David J. Toth.....	--	--
Charles L. ("Tim") Meadows.....	$ 1,087,988	$ 2,757,174
Simon Chen.....	$ 815,991	$ 2,067,881

Option Exercises and Fiscal Year-end Holdings

The table below sets forth the number of shares of common stock acquired and the value and the number of shares of common stock subject to exercisable and unexercisable options held as of December 31, 1998 by each of the executive officers named in the Summary Compensation Table. No executive officers exercised any options during that year.

Aggregate Option Exercises in Fiscal 1998 and Values at December 31, 1998

NAME	NUMBER OF SHARES UNDERLYING UNEXERCISED OPTIONS AT 12/31/98: EXERCISABLE	UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT 12/31/98(1): EXERCISABLE	UNEXERCISABLE
David J. Toth.....	--	--	--	--
Charles L. ("Tim") Meadows.....	97,312	75,688	--	--
Simon Chen.....	72,984	56,766	--	--

(1) None of these options was in-the-money at this date.

Stock Plans

1998 Stock Plan

NetRatings' 1998 Stock Plan was adopted by the board of directors and approved by the stockholders on January 30, 1998. NetRatings is authorized to issue up to 2,965,000 shares of common stock under this plan. The 1998 Stock Plan is currently being administered by the board of directors. The plan allows grants of incentive stock options, within the meaning of Section 422 of the Internal Revenue

Code, to employees, including officers and employee directors. In addition, it allows grants of nonstatutory options and stock purchase rights to employees, non-employee directors and consultants. The plan expires in January 2008, but may be terminated sooner by the board of directors.

The exercise price of incentive stock options granted under the 1998 Stock Plan must not be less than the fair market value of a share of the common stock on the date of grant. In the case of nonstatutory stock options, the exercise price must not be less than 85% of the fair market value of a share of the common stock on the date of grant. With respect to any optionee who owns stock representing more than 10% of the voting power of all classes of NetRatings' outstanding capital stock, the exercise price of any incentive stock option must be equal to at least 110% of the fair market value of a share of the common stock on the date of grant, and the term of the option may not exceed five years. The terms of all other options may not exceed ten years. The aggregate fair market value (determined as of the date of option grant) of the common stock for which an incentive stock option may become exercisable for the first time may not exceed $100,000 in any calendar year. Rights to acquire restricted stock may also be granted under the 1998 Stock Plan. Stock purchase rights generally are granted subject to a repurchase option in favor of NetRatings that expires pursuant to a vesting schedule. The purchase price of these awards must be less than 85% of the fair market value of a share of common stock on the grant date. The Board of Directors or any committee administering the 1998 Stock Plan has discretion to determine vesting schedules and exercise requirements, if any, of all awards granted under the plan. However, the plan provides that in connection with a change in control, if the acquiring corporation fails to assume the plan's outstanding awards or replace them with substantially equivalent new awards, all awards will become immediately exercisable in full.

As of June 30, 1999, 71,500 shares of common stock had been issued pursuant to the 1998 Stock Plan, options to purchase 1,693,100 shares of common stock, with a weighted average exercise price of $0.30, were outstanding, and 201,000 shares remained available for future grants.

1999 Employee Stock Purchase Plan

NetRatings' 1999 employee stock purchase plan was adopted by the Board of Directors and approved by the stockholders in 1999. A total of shares of common stock are reserved for issuance under the plan. This plan, which is intended to qualify under Section 423 of the Internal Revenue Code, will be administered by the Board of Directors. Employees, including officers and employee directors, are eligible to participate in the plan if they are employed by NetRatings for more than 20 hours per week and have been so employed for at least months. The plan will be implemented during sequential - month offering periods, the first of which will commence on the effective date of this offering and will terminate on , 2000. After the effective date of this offering, offering periods under the plan will generally begin on and of each year.

The employee stock purchase plan permits eligible employees to purchase NetRatings common stock through payroll deductions, which may not exceed % of the employee's base salary. Stock may be purchased under the plan at a price equal to 85% of the fair market value of NetRatings common stock on either the first or the last day of the offering period, whichever is lower. Employees may end their

participation in the offering at any time during the offering period, and participation ends automatically on termination of a participant's employment with NetRatings. Participants may not purchase shares of common stock having a value, measured at the beginning of the offering period, greater than in any calendar year or more than shares in any offering period.

Indemnification of Directors and Executive Officers and Limitation of Liability

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit indemnification under some circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933.

As permitted by the Delaware General Corporation Law, NetRatings has adopted provisions in its certificate of incorporation which provide that its directors shall not be personally liable for monetary damages to NetRatings or its stockholders for a breach of fiduciary duty as a director, except liability for:

- a breach of the director's duty of loyalty to NetRatings or its stockholders;

- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- an act related to our unlawful stock repurchase or payment of a dividend under Section 174 of the Delaware General Corporation Law; or - transactions from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission. NetRatings' certificate of incorporation also authorizes NetRatings to indemnify its officers, directors and other agents to the full extent permitted under Delaware law.

As permitted by the Delaware General Corporation Law, NetRatings' bylaws provide that:

- NetRatings is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions;

- NetRatings is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions; and - the rights provided in the bylaws are not exclusive.

NetRatings intends to enter into separate indemnification agreements with each of its directors and officers which may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require NetRatings, among other things, to indemnify its officers and directors against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct. These

indemnification agreements also require NetRatings to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance if available on reasonable terms.

At present, there is no pending litigation or proceeding involving any of NetRatings' directors, officers, employees or agents where indemnification by NetRatings is sought. In addition, NetRatings is not aware of any threatened litigation or proceeding which may result in a claim for indemnification.

NetRatings maintains directors' and officers' liability insurance, and intends to continue to maintain this insurance in the future.

Related Party Transactions

Financing Transactions

Since our inception, we have issued common stock and preferred stock to our directors, executive officers and our 5%-or-greater stockholders in a series of financing transactions. Shares of our Series B, Series C and Series D preferred stock are convertible into common stock at the rate of one share of common stock for every two shares of preferred stock. All outstanding shares of our preferred stock will be automatically converted into common stock immediately prior to the closing of this offering.

Series B Preferred Stock Financing

In May and November 1998, we borrowed a total of $895,000 from a group of lenders to whom we issued promissory notes bearing interest at the annual rate of 9%. These notes provided that all outstanding principal and accrued interest would be automatically converted into Series B preferred stock in the next equity financing. In July 1999, we sold a total of 1,477,151 shares of Series B preferred stock to a group of investors at purchase price of $0.63 per share. At this time, the May 1998 promissory notes were converted into shares of Series B preferred stock and each lender received a warrant to purchase additional shares of Series B preferred stock, at an exercise price of $0.63 per share, in an amount having an aggregate exercise price equal to 50% of the amount lent by the lender. Persons who participated in these transactions included the following directors, executive officers and 5%-or-greater stockholders:

Investor Loan Amount Series B Shares Warrants

David A. Norman.....	$ 100,000	165,206	78,989
David J. Toth.....	$ 50,000	82,603	39,495
Charles L. ("Tim") Meadows.....	$ 25,000	41,302	19,748
Simon Chen.....	$ 25,000	41,302	19,748

Series C Preferred Stock Financing

In August 1999, we sold an aggregate of 6,413,751 shares of Series C preferred stock at a purchase price of $3.12 per share to the following investors:

Series C Investor Shares

Trans Cosmos	3,527,563
Nielsen Media Research	2,886,188

In connection with this financing transaction, we entered into additional agreements with Nielsen Media Research supplementing the terms of our strategic alliance and issued warrants entitling Nielsen Media Research to purchase shares of common stock after the completion of this offering. Also in connection with this financing transaction, Trans Cosmos made a cash investment in our Japanese joint venture. See "--Strategic Relationships--Strategic Alliance With Nielsen Media Research," "-- Strategic Relationships--Japanese Joint Venture" and "Business--Strategic Relationships--Strategic Alliance With Nielsen Media Research."

Series D Preferred Stock Financing

In September 1999, we sold an aggregate of 4,887,050 shares of Series D preferred stock at a purchase price of $3.14 per share to the following investors:

Investor Series D Shares

ACNielsen	3,992,454
Trans Cosmos	492,029
Nielsen Media Research	402,567

Strategic Relationships

Strategic Alliance with Nielsen Media Research

In August 1999, simultaneous with our sale of Series C preferred stock to Nielsen Media Research, we entered into additional agreements with Nielsen Media Research supplementing the terms of our strategic alliance. In connection with this transaction, we granted Nielsen Media Research two warrants to purchase our common stock. The first warrant is exercisable for 553,054 shares of common stock at an exercise price of $7.20 per share, and the second is exercisable for 6,000,000 shares of common stock at an exercise price of $12.00 per share or 60% of the price at which our common stock is sold in this offering, whichever is lower. These warrants become exercisable upon the effectiveness of the registration statement related to this offering and expire on December 31, 2001, in the case of the first warrant, and December 31, 2004, in the case of the second warrant.

We also granted Nielsen Media Research the right to purchase additional shares of our common stock in connection with this offering, at the public offering price. Nielsen Media Research has the right to purchase a sufficient number of shares of our common stock to enable it to own 54% of our outstanding common stock, assuming the exercise of all outstanding options and warrants (including the warrants it holds) immediately following this offering. If Nielsen Media Research elects to exercise this right and purchase all or a portion of the stock it is entitled to purchase, our other stockholders will be entitled to sell to Nielsen Media Research a pro rata portion of the shares it has elected to purchase. If the shares tendered by our other stockholders are not sufficient to satisfy Nielsen Media Research's election to purchase additional shares, then Nielsen Media Research will have the right to purchase the excess directly from us.

In addition, we entered into a stockholders agreement with Nielsen Media Research and the other holders of our preferred stock which, among other things, grants Nielsen Media Research the right to nominate one director for election to our board of directors. In the event that Nielsen Media Research exercises both of its warrants in full, it will have the right to nominate two directors. We are required to use our best efforts to cause Nielsen Media Research's nominees to be elected. These rights will terminate when Nielsen Media Research ceases to own at least 5% of our outstanding stock, assuming the exercise of all outstanding options and warrants. See "Risk Factors--Our officers, directors and principal stockholders may exert substantial control over us" and "Business--Strategic Relationships--Strategic Alliance With Nielsen Media Research."

Joint Venture with Acnielsen

In September 1999, we established a joint venture with ACNielsen to develop and maintain audience measurement panels and to market our products and services in key international markets. In connection with the formation of this joint venture, we licensed our data collection and reporting technology to the joint venture and ACNielsen licensed its panel development methodology to the joint venture and agreed to contribute cash to fund the joint venture's start-up costs. See "Business--Strategic Relationships--Joint Venture With ACNielsen."

Japanese Joint Venture

In June 1999, we and several Japanese investors established a joint venture, NetRatings KK, to which we licensed our data collection and reporting technology and the other investors contributed cash. In August 1999, simultaneously with its purchase of shares of our Series C preferred stock, Trans Cosmos invested approximately $2.3 million in NetRatings KK. See "Business--International Operations."

Asset Purchase from Hitachi

We purchased our original data collection technology from Hitachi in January 1998 in exchange for cash in the amount of $100,000. At the time of this transaction, Hitachi owned more than 5% of our outstanding stock.

Principal Stockholders

The table below sets forth information known to us regarding the beneficial ownership of our common stock as of September 23, 1999, and as adjusted to reflect the sale of the common stock offered hereby, by:

- each stockholder who is known by us to beneficially own more than 5% of our outstanding common stock;

- each of our executive officers listed on the Summary Compensation Table under "Management;"

- each of our directors; and - all of our executive officers and directors as a group.

The address for Messrs. Toth, Meadows and Norman is c/o NetRatings, Inc., 830 Hillview Court, Suite 225, Milpitas, CA 95035.

BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF SHARES OUTSTANDING(1) PRIOR TO THE OFFERING	PERCENTAGE OF SHARES OUTSTANDING(1) AFTER THE OFFERING
5% STOCKHOLDERS:			
Nielsen Media Research, Inc.(2) 299 Park Avenue New York, NY 10171	8,197,431	48.8%	%
Trans Cosmos U.S.A. Inc. 777 108th Avenue N.E. Bellevue, WA 98004	2,009,795	19.6	
ACNielsen Corporation 177 Broad Street Stamford, CT 06901	1,996,227	19.5	
EXECUTIVE OFFICERS AND DIRECTORS:			
David J. Toth(3)	1,858,543	18.1	
Charles L. ("Tim") Meadows(4)	667,483	6.4	
David A. Norman(5)	542,097	5.3	
Simon Chen(6)	445,743	4.3	
Jack T. Serfass(7)	105,000	1.0	
James J. Geddes, Jr.(8)	25,000	*	
Jack R. Lazar	--	--	
David H. Harkness(9)	--	--	
Michael P. Connors	--	--	
All executive officers and directors as a group (9 persons)(10)	3,643,866	34.3	

* Less than 1%.

(1) The number of shares beneficially owned and the percentage of shares outstanding are based on (a) 10,245,470 shares outstanding as of September 23, 1999 and (b) shares outstanding after completion of this offering, assuming no exercise of the underwriters' over-allotment option. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. All shares of common stock subject to options exercisable within 60 days following September 23, 1999 are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the number of shares beneficially owned and the percentage of ownership of that person. They are not, however, deemed to be outstanding and beneficially owned for the purpose of computing the percentage ownership of any other person. Except as indicated in the other footnotes to the table and subject to applicable community property laws, based on information provided by the persons named in the table, these persons have sole voting and investment power with respect to all shares of the common stock shown as beneficially owned by them.

(2) Includes 6,553,054 shares issuable upon exercise of warrants that are currently exercisable or are exercisable within 60 days after September 1, 1999.

(3) Includes 19,942 shares issuable upon exercise of warrants that are currently exercisable.

(4) Includes 136,958 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after September 1, 1999 and 9,874 shares issuable upon exercise of warrants that are currently exercisable.

(5) Includes 39,494 shares issuable upon exercise of warrants that are currently exercisable.

(6) Includes 102,718 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after September 1, 1999 and 9,874 shares issuable upon exercise of warrants that are currently exercisable.

(7) Includes 42,500 shares issuable upon exercise of options that are currently exercisable.

(8) Includes 25,000 shares issuable upon exercise of options that are currently exercisable. Excludes shares held of record by Trans Cosmos. Mr. Geddes is a Managing Director of Trans Cosmos and may be deemed to share voting or investment control with respect to these shares. Mr. Geddes disclaims beneficial ownership of these shares.

(9) Excludes shares held of record by Nielsen Media Research. Mr. Harkness is an executive officer of Nielsen Media Research and may be deemed to share voting or investment control with respect to these shares. Mr. Harkness disclaims beneficial ownership of these shares.

(10) Includes 307,176 shares issuable upon exercise of options that are currently exercisable or will become exercisable within 60 days after September 1, 1999 and 78,984 shares issuable upon exercise of warrants that are currently exercisable.

Description of Capital Stock

Upon the closing of this offering, NetRatings' authorized capital stock will consist of shares of common stock, $0.001 par value per share, and shares of preferred stock, $0.001 par value per share.

The following is a summary of the material terms of NetRatings' common stock and preferred stock. Please see NetRatings' certificate of incorporation, filed as an exhibit to the registration statement of which this prospectus is a part, for more detailed information.

Common Stock

As of September 23, 1999, there were 10,245,470 shares of NetRatings common stock outstanding held of record by 39 stockholders. The holders of NetRatings common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Upon the closing of this offering, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably any dividends declared by the board out of funds legally available therefor. See "Dividend Policy." In the event of a liquidation, dissolution or winding up of NetRatings, holders of common stock are entitled to share ratably in the assets remaining after payment of liabilities and the liquidation preferences of any outstanding preferred stock. Holders of NetRatings common stock have no preemptive, conversion or redemption rights. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon the closing of this offering will be, fully paid and non-assessable.

Preferred Stock

Upon the closing of this offering, all NetRatings preferred stock outstanding will be converted into an aggregate of 6,626,471 shares of common stock. Thereafter, up to shares of undesignated preferred stock will be authorized for issuance. NetRatings' Board of Directors has the authority, without further action by its stockholders, to issue preferred stock in one or more series. In addition, the Board may fix the rights, preferences and privileges of any preferred stock it determines to issue. Any or all of these rights may be superior to the rights of the common stock. Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of NetRatings or to make removal of management more difficult. Additionally, the issuance of preferred stock may decrease the market price of NetRatings' common stock. At present, NetRatings has no plans to issue any shares of preferred stock.

Warrants

As of September 23, 1999, after giving effect to the conversion of all outstanding shares of preferred stock into common stock there were outstanding warrants to purchase common stock as follows:

- a warrant to purchase 225,000 shares at an exercise price of $0.02 per share, expiring in July 2000;

- warrants to purchase an aggregate of 353,476 shares at an exercise price of $1.27 per share, expiring upon the closing of this offering;

- a warrant to purchase 553,054 shares at an exercise price of $7.20 per share, expiring in December 2001;

- a warrant to purchase 6,000,000 shares at an exercise price of the lower of $12.00 per share or 60% of the initial public offering price of the shares sold in this offering, expiring in December 2004;

- warrants to purchase 47,618 shares at an exercise price of $0.42, expiring in December 2006;

- warrants to purchase 9,434 shares at an exercise price of $2.12, expiring in December 2006;

- a warrant to purchase 26,415 shares at an exercise price of $2.12, expiring in April 2008; and - a warrant to purchase 43,293 shares at an exercise price of $6.24 per share, expiring in September 2004.

Registration Rights

Under the Second Restated Rights Agreement dated as of September 23, 1999, by and among NetRatings and various NetRatings stockholders, holders of an aggregate of 13,607,034 shares of NetRatings common stock have registration rights with respect to their shares of common stock.

Beginning six months after the date of this prospectus, these holders have the right to require NetRatings, on not more than two occasions, to file a registration statement under the Securities Act to register their shares at NetRatings' expense. Demand for this registration must be made by holders of at least 50% of the shares that are entitled to this registration. NetRatings may, under some circumstances, defer this registration for up to 180 days, and the underwriters of the offering under that registration have the right, subject to some limitations, to limit the number of shares included. These holders also have the right to demand not more than two registrations during any twelve-month period on Form S-3, provided that the reasonably anticipated aggregate offering price would exceed $500,000.

If NetRatings proposes to register any of its securities under the Securities Act for NetRatings' own account or for the account of other security holders, these holders are entitled to notice of that registration and have the right to include some or all of their shares of common stock in that registration, at NetRatings' expense, subject to marketing and other limitations.

Antitakeover Provisions

Delaware Law

NetRatings will be subject to Section 203 of the Delaware General Corporation Law regulating corporate takeovers, which prohibits a Delaware corporation from engaging in any business combination with an "interested stockholder," for a period of three years following the time that such stockholder became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers, and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or - on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise specified in Section 203, an "interested stockholder" is defined to include (a) any person that is the owner of 15% or more of the outstanding voting securities of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination and (b) the affiliates and associates of any such person.

Certificate of Incorporation and Bylaw Provisions

Provisions of NetRatings' certificate of incorporation and bylaws, which will become effective upon the closing of this offering, may have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of NetRatings. These provisions could cause the price of NetRatings common stock to decrease. Some of these provisions allow NetRatings to issue preferred stock without any vote or further action by the stockholders, eliminate the right of stockholders to act by written consent without a meeting and eliminate cumulative voting in the election of directors. These provisions may make it more difficult for stockholders to take specific corporate actions and could have the effect of delaying or preventing a change in control of NetRatings.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is .

Listing

We have applied to have our common stock approved for listing on the Nasdaq National Market under the trading symbol "NTRT."

Shares Eligible for Future Sale

Sales of substantial amounts of our common stock in the public market following the offering could cause the market price of our common stock to fall and could affect our ability to raise capital on terms favorable to us.

Of the shares to be outstanding after the offering, assuming that the underwriters do not exercise their over-allotment option, only the shares of common stock sold in this offering will be freely tradable without restriction in the public market, unless the shares are held by "affiliates," as that term is defined in Rule 144(a) under the Securities Act of 1933. For purposes of Rule 144, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the issuer. The remaining shares of common stock that will be outstanding after the offering are "restricted securities" under the Securities Act and may be sold in the public market upon the expiration of the holding periods under Rule 144, described below, subject to the volume, manner of sale and other limitations of Rule 144.

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares for at least one year, including an "affiliate," is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of our common stock (approximately shares immediately following the offering); or - the average weekly trading volume during the four calendar weeks preceding filing of notice of the sale of shares of common stock.

Sales under Rule 144 are also subject to certain manner-of-sale provisions, notice requirements and the availability of current public information about us. A stockholder who is deemed not to have been an "affiliate" of ours at any time during the three months preceding a sale, and who has beneficially owned restricted shares for at least two years, would be entitled to sell shares under Rule 144(k) without regard to the volume limitations, manner of sale provisions or public information requirements.

Based on the foregoing, the shares of restricted stock that will be outstanding after the offering will become eligible for resale in the public market as follows:

NUMBER OF SHARES/PERCENT OUTSTANDING AFTER THE OFFERING DATE WHEN SHARES BECOME AVAILABLE IN THE PUBLIC MARKET / . %..... 180 days after the date of this prospectus pursuant to agreements between the stockholders and the underwriters or NetRatings, provided that the underwriters can waive this restriction at any time. of these shares will also be subject to sales volume restrictions under Rule 144 under the Securities Act. / . %..... Upon expiration of applicable one-year holding periods under Rule 144, which will expire between , 2000 and , 2000, subject to sales volume restrictions under Rule 144.

In addition, as of June 30, 1999, there were outstanding warrants to purchase shares of common stock and options to purchase shares of common stock, of which options for shares were fully vested. An additional shares are reserved for issuance under our 1998 Stock Plan. We intend to register the shares of common stock issuable or reserved for issuance under this plan as soon as practicable following the date of this prospectus.

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    Holders of warrants to purchase       shares of preferred stock and holders
of       shares of common stock issuable upon conversion of the preferred stock
are entitled to registration rights with respect to these shares for resale
under the Securities Act. If these holders, by exercising their
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registration rights, cause a large number of shares to be registered and sold in the public market, these sales could harm the market price for our common stock. These registration rights may not be exercised prior to the expiration of 180 days from the date of this prospectus. See "Description of Capital Stock--Registration Rights."

Lock-up Arrangements

Along with our officers and directors, all holders of our preferred stock, common stock, warrants and options have agreed not to sell or otherwise dispose of any shares of common stock for a period of 180 days after the date of this prospectus without the prior written consent of Lehman Brothers.

Underwriting

Under the underwriting agreement, which is filed as an exhibit to the registration statement relating to this prospectus, the underwriters named below, for whom Lehman Brothers Inc., Banc of America Securities LLC, CIBC World Markets Corp. and C. E. Unterberg Towbin are acting as representatives, have each agreed to purchase from us the respective number of shares of common stock shown opposite its name below:

NUMBER OF UNDERWRITERS SHARES Lehman Brothers Inc..... Banc of America Securities LLC..... CIBC World Markets Corp..... C. E. Unterberg, Towbin..... Total.....

The underwriting agreement provides that the underwriters' obligations to purchase shares of common stock depend on the satisfaction of the conditions contained in the underwriting agreement and that, if any of the shares of common stock are purchased by the underwriters under the underwriting agreement, all of the shares of common stock that the underwriters have agreed to purchase under the underwriting agreement, must be purchased. The conditions contained in the underwriting agreement include the requirement that the representations and warranties made by us to the underwriters are true, that there is no material change in the financial markets and that we deliver to the underwriters customary closing documents.

The representatives have advised us that the underwriters propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus, and to dealers, who may include the underwriters, at this public offering price less a selling concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a concession not in excess of $ per share to brokers and dealers. After the offering, the underwriters may change the offering price and other selling terms.

We have granted to the underwriters an option to purchase up to an aggregate of additional shares of common stock, exercisable solely to cover over-allotments, if any, at the public offering price less the underwriting discounts shown on the cover page of this prospectus. The underwriters may exercise this option at any time until 30 days after the date of the underwriting agreement. If this option is exercised, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of additional shares of common stock proportionate to the underwriter's initial commitment as indicated in the table above and we will be obligated, under the over-allotment option, to sell the shares of common stock to the underwriters.

We have agreed that, without the prior consent of Lehman Brothers, we will not, directly or indirectly, offer, sell or otherwise dispose of any shares of common stock or any securities that may be converted into or exchanged for any shares of common stock for a period of 180 days from the date of this prospectus. All of our executive officers and directors and stockholders holding all of the shares of our capital stock, including all of the holders of the preferred stock and the warrants, have agreed under lock-up agreements that, without prior written consent, they will not, directly or indirectly, offer, sell or otherwise dispose of any shares of common stock or any securities that may be converted into or exchanged for any shares of common stock for the period ending 180 days after the date of this prospectus. See "Shares Eligible for Future Sale."

Prior to the offering, there has been no public market for the shares of common stock. The initial public offering price has been negotiated between the representatives and us. In determining the initial public offering price of the common stock, the representatives considered, among other things and in addition to prevailing market conditions:

- our historical performance and capital structure;

- estimates of our business potential and earning prospects;

- an overall assessment of our management; and - the above factors in relation to market valuations of companies in related businesses.

We have applied to have our common stock approved for quotation on the Nasdaq National Market under the trading symbol "NTRT."

We have agreed to indemnify the underwriters against liabilities, including liabilities under the Securities Act and liabilities arising from breaches of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriters may be required to make for these liabilities.

Until the distribution of the common stock is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters and selling group members to bid for and purchase shares of common stock. As an exception to these rules, the representatives are permitted to engage in transactions that stabilize the price of the common stock. These transactions may consist of bids or purchases for the purposes of pegging, fixing or maintaining the price of the common stock.

The underwriters may create a short position in the common stock in connection with the offering, which means that they may sell more shares than are set forth on the cover page of this prospectus. If the underwriters create a short position, then the representatives may reduce that short position by purchasing common stock in the open market. The representatives also may elect to reduce any short position by exercising all or part of the over-allotment option.

The representatives also may impose a penalty bid on underwriters and selling group members. This means that, if the representatives purchase shares of common stock in the open market to reduce the underwriters' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members that sold those shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a syndicate short position could cause the price of the security to be higher than it might otherwise be in the absence of these purchases. The imposition of a penalty bid might have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in an offering.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Any offers in Canada will be made only under an exemption from the requirements to file a prospectus in the relevant province of Canada in which the sale is made.

Purchasers of the shares of common stock offered in this prospectus may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

The representatives have informed us that they do not intend to confirm the sales of shares of common stock offered by this prospectus to any accounts over which they exercise discretionary authority.

At our request, the underwriters have reserved up to shares of the common stock offered by this prospectus for sale to our officers, directors, employees and their family members and to our business associates at the initial public offering price set forth on the cover page of this prospectus. These persons must commit to purchase no later than the close of business on the day following the date of this prospectus. The number of shares available for sale to the general public will be reduced to the extent these persons purchase the reserved shares.

Legal Matters

The validity of the common stock offered hereby will be passed upon for us by Gray Cary Ware & Freidenrich LLP, Palo Alto, California. Certain legal matters relating to the offering will be passed upon for the underwriters by O'Melveny & Myers LLP, Los Angeles, California. As of the date of this prospectus, Gray Cary Ware & Freidenrich LLP and its partners beneficially own an aggregate of 15,000 shares of our common stock.

Experts

Ernst & Young LLP, independent auditors, have audited our financial statements at December 31, 1997 and 1998 and for the period from July 2, 1997 (inception) through December 31, 1997 and the year ended December 31, 1998, as set forth in their report. We have included our financial statements in this prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

Where You Can Find More Information

We have filed with the SEC a registration statement on Form S-1, including the exhibits and schedules thereto, under the Securities Act with respect to the shares to be sold in this offering. This prospectus does not contain all the information set forth in the registration statement. For further information about NetRatings and the shares to be sold in this offering, please refer to the registration statement. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to, are not necessarily complete, and in each instance please refer to the copy of the contract, agreement or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by this reference.

You may read and copy all or any portion of the registration statement or any reports, statements or other information NetRatings files with the SEC at the SEC's public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.C., Washington, D.C. 20549 and at the regional offices of the SEC located at Seven World Trade Center, 13th Floor, New York, New York 10048 and the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You can request copies

of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. NetRatings' SEC filings, including the registration statement, will also be available to you on the SEC's Web site. The address of this site is http://www.sec.gov.

Netratings, Inc.

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Report of Ernst & Young Llp, Independent Auditors

The Board of Directors and Stockholders NetRatings, Inc.

We have audited the accompanying balance sheets of NetRatings, Inc. as of December 31, 1997 and 1998, and the related statements of operations, stockholders' equity (deficit), and cash flows for the period from July 2, 1997 (inception) to December 31, 1997 and the year ended December 31, 1998. These financial statements are the responsibility of NetRatings, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NetRatings, Inc. at December 31, 1997 and 1998, and the results of its operations and its cash flows for the period from July 2, 1997 (inception) to December 31, 1997 and for the year ended December 31, 1998, in conformity with generally accepted accounting principles.

Palo Alto, California September 9, 1999 except for Note 11 as to which the date is September 21, 1999 The foregoing report is in the form that will be signed upon the effectiveness of the stock split as described in Note 11 to the financial statements.

/s/ ERNST & YOUNG LLP Palo Alto, California September 23, 1999

Netratings, Inc.

Balance Sheets

	DECEMBER 31,		JUNE 30,	PRO FORMA STOCKHOLDERS' EQUITY (DEFICIT) AT JUNE 30,
	1997	1998	1999 (UNAUDITED)	1999 (UNAUDITED)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents...	$ 551,000	$ 1,343,000	$ 678,000	
Accounts receivable, net....	--	133,000	780,000	
Other current assets.....	35,000	16,000	200,000	
Total current assets.....	586,000	1,492,000	1,658,000	

Property and equipment net.... 367,000 394,000 596,000 Deferred financing costs..... -- -- 132,000

Other assets.....	27,000	79,000	185,000	
	$ 980,000	$ 1,965,000	$ 2,571,000	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable.....	$ 93,000	$ 353,000	$ 327,000	
Accrued liabilities.....	415,000	210,000	588,000	
Deferred revenue.....	--	280,000	1,391,000	
Capital lease obligations, current portion.....	--	77,000	148,000	
Notes payable.....	--	--	120,000	
Amounts due to Nielsen Media Research.....	--	2,539,000	5,683,000	
Convertible notes payable...	--	824,000	851,000	
Total current liabilities.....	508,000	4,283,000	9,108,000	
Capital lease obligations, long-term portion.....	--	130,000	235,000	
Notes payable, long-term portion.....	--	--	136,000	

Commitments and contingencies STOCKHOLDERS' EQUITY (DEFICIT): Convertible preferred stock, $0.001 par value, 15,571,000 shares authorized and issuable in series: Series A: Authorized shares: 1,900,000 Issued and outstanding shares: 1,900,000 at December 31, 1998 and June 30, 1999 and none pro forma (aggregate liquidation preference of $350,000)..... -- 1,000 1,000 $ -- Common stock, par value $0.001: Authorized shares: 84,429,000 Issued and outstanding shares: 3,875,000 at December 31, 1997, 3,113,000 at December 31, 1998, 3,170,000 at June 30, 1999 and 4,119,000 pro forma..... 4,000 3,000 3,000 4,000 Additional paid-in capital..... 2,249,000 3,437,000 7,656,000 7,656,000 Deferred compensation..... -- (229,000) (3,128,000) (3,128,000) Accumulated deficit..... (1,781,000) (5,660,000) (11,440,000) (11,440,000) Total stockholders' equity (deficit)..... 472,000 (2,448,000) (6,908,000) $ (6,908,000) $ 980,000 $ 1,965,000 $ 2,571,000 See accompanying notes to the financial statements.

Netratings, Inc.

Statements of Operations

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED)	SIX MONTHS ENDED JUNE 30, 1999 (UNAUDITED)
Revenue	$ --	$ 237,000	$ 54,000	$ 642,000
Cost of revenue	--	1,061,000	201,000	2,156,000
Gross profit (loss)	--	(824,000)	(147,000)	(1,514,000)
Operating expenses:				
Research and development	994,000	1,185,000	573,000	1,123,000
Sales and marketing	452,000	1,134,000	564,000	1,373,000
General and administrative	341,000	600,000	290,000	509,000
Stock-based compensation	--	25,000	--	1,139,000
Total operating expenses	1,787,000	2,944,000	1,427,000	4,144,000
Loss from operations	(1,787,000)	(3,768,000)	(1,574,000)	(5,658,000)
Interest income (expense), net	6,000	(111,000)	(24,000)	(122,000)
Net loss	$(1,781,000)	$(3,879,000)	$(1,598,000)	$(5,780,000)
Basic and diluted net loss per common share	$ (2.03)	$ (2.78)	$ (1.24)	$ (3.05)
Shares used to compute basic and diluted net loss per common share	878,000	1,393,000	1,286,000	1,892,000
Pro forma basic and diluted net loss per common share (unaudited)	$ (1.67)	$ (0.77)	$ (2.03)	
Shares used to compute pro forma basic and diluted net loss per common share (unaudited)	2,319,000	2,077,000	2,842,000	

See accompanying notes to the financial statements.

Netratings, Inc.

Statements of Stockholders' Equity (Deficit)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	DEFERRED	ACCUMULATED
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	COMPENSATION	DEFICIT
Issuance of common stock to founders at $0.002 per share in July 1997 for cash	--	$ --	3,200,000	$ 3,000	$ 3,000	$ --	$ --
Issuance of common stock at $0.002 per share to employees and consultants for cash in 1997	--	--	675,000	1,000	1,000	--	--
Contribution to capital	--	--	--	--	2,245,000	--	--
Net loss from July 2, 1997 (inception)	--	--	--	--	--	--	(1,781,000)
Balances at December 31, 1997	--	--	3,875,000	4,000	2,249,000	--	(1,781,000)
Repurchase of common stock from founders and employees at $0.002 per share	--	--	(762,000)	(1,000)	(1,000)	--	--
Issuance of Series A convertible preferred stock at $0.36 per share in January 1998 for cash, net of							

issuance costs of $21,000..... 1,900,000 1,000 -- -- 328,000 -- -- Issuance of warrant in conjunction with issuance of convertible notes payable..... -- -- -- -- 106,000 -- -- Contribution to capital..... -- -- -- -- 501,000 -- -- Deferred compensation related to grant of stock options..... -- -- -- -- 254,000 (254,000) -- Amortization of deferred compensation..... -- -- -- -- -- 25,000 -- Net loss..... -- -- -- -- -- -- (3,879,000) Balances at December 31, 1998..... 1,900,000 1,000 3,113,000 3,000 3,437,000 (229,000) (5,660,000) Exercises of common stock options (unaudited)..... -- -- 57,000 -- 6,000 -- -- Compensation related to stock options granted to consultants (unaudited)... -- -- -- -- 699,000 -- -- Issuance of warrant in conjunction with financing agreement (unaudited)..... -- -- -- -- 177,000 -- -- Deferred compensation related to grant of stock options (unaudited)..... -- -- -- -- 3,337,000 (3,337,000) -- Amortization of deferred compensation (unaudited).. -- -- -- -- -- 438,000 -- Net loss (unaudited)..... -- -- -- -- -- -- (5,780,000) Balances at June 30, 1999 (unaudited)..... 1,900,000 $1,000 3,170,000 $ 3,000 $ 7,656,000 $(3,128,000) $ (11,440,000) TOTAL STOCKHOLDERS' EQUITY (DEFICIT) Issuance of common stock to founders at $0.002 per share in July 1997 for cash..... $ 6,000 Issuance of common stock at $0.002 per share to employees and consultants for cash in 1997..... 2,000 Contribution to capital..... 2,245,000 Net loss from July 2, 1997 (inception)..... (1,781,000) Balances at December 31, 1997..... 472,000 Repurchase of common stock from founders and employees at $0.002 per share..... (2,000) Issuance of Series A convertible preferred stock at $0.36 per share in January 1998 for cash, net of issuance costs of $21,000..... 329,000 Issuance of warrant in conjunction with issuance of convertible notes payable..... 106,000 Contribution to capital..... 501,000 Deferred compensation related to grant of stock options..... -- Amortization of deferred compensation..... 25,000 Net loss..... (3,879,000) Balances at December 31, 1998..... (2,448,000) Exercises of common stock options (unaudited)..... 6,000 Compensation related to stock options granted to consultants (unaudited)... 699,000 Issuance of warrant in conjunction with financing agreement (unaudited)..... 177,000 Deferred compensation related to grant of stock options (unaudited)..... -- Amortization of deferred compensation (unaudited).. 438,000 Net loss (unaudited)..... (5,780,000) Balances at June 30, 1999 (unaudited)..... $(6,908,000) See accompanying notes to the financial statements.

Netratings, Inc.

Statements of Cash Flows

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30,	
			1998 (UNAUDITED)	1999 (UNAUDITED)
OPERATING ACTIVITIES				
Net loss	$(1,781,000)	$(3,879,000)	$(1,598,000)	$(5,780,000)
Adjustments to reconcile net loss to net cash used in operating activities:				

Depreciation and amortization.....	24,000	200,000	109,000	176,000
Provision for doubtful accounts.....	--	25,000	15,000	162,000
Stock-based compensation.....	--	25,000	--	1,139,000
Amortization of discount associated with warrants issued on convertible notes payable.....	--	35,000	9,000	26,000
Changes in operating assets and liabilities:				
Accounts receivable.....	--	(158,000)	(76,000)	(809,000)
Other current assets.....	(35,000)	19,000	23,000	(184,000)
Other assets.....	(27,000)	(85,000)	(78,000)	51,000
Accounts payable.....	93,000	261,000	(39,000)	(27,000)
Accrued liabilities.....	415,000	(206,000)	(334,000)	355,000
Amounts due to Nielsen Media Research.....	--	539,000	--	2,144,000
Deferred revenue.....	--	280,000	188,000	1,112,000
Net cash used in operating activities...	(1,311,000)	(2,944,000)	(1,781,000)	(1,635,000)

INVESTING ACTIVITIES Acquisition of property and equipment..... (391,000) (173,000) (8,000) -- FINANCING ACTIVITIES Proceeds from issuance of (repurchase of) common stock..... 8,000 (2,000) (1,000) 6,000 Proceeds from issuance of convertible notes payable..... -- 895,000 875,000 -- Proceeds from issuance of convertible notes payable to Nielsen Media Research..... -- 2,000,000 -- 1,000,000 Proceeds from equipment financing..... -- 221,000 221,000 -- Principal payments on capital lease obligations..... -- (35,000) (13,000) (36,000) Proceeds from issuance of preferred stock..... -- 329,000 329,000 -- Contribution to capital..... 2,245,000 501,000 501,000 -- Net cash provided by financing activities..... 2,253,000 3,909,000 1,912,000 970,000 Net increase (decrease) in cash and cash equivalents..... 551,000 792,000 123,000 (665,000) Cash and cash equivalents at beginning of period..... -- 551,000 551,000 1,343,000 Cash and cash equivalents at end of period..... $ 551,000 $ 1,343,000 $ 674,000 $ 678,000 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash paid for interest..... $ -- $ 85,000 $ 11,000 $ 88,000 SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS Property and equipment acquired under capital lease obligations..... $ -- $ 21,000 $ 21,000 $ 258,000 See accompanying notes to the financial statements.

Netratings, Inc.

Notes to Financial Statements

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED)

Note 1: Summary of Significant Accounting Policies

Netratings

NetRatings, Inc. ("NetRatings") was incorporated in Delaware on July 2, 1997 and is engaged in the development and sale of Internet audience measurement information and analysis services. Proprietary technology and data gathering techniques enable NetRatings to offer its customers comprehensive, timely and reliable information through an easy-to-use software interface. NetRatings markets and sells its products and services under the Nielsen//NetRatings brand.

Cash and Cash Equivalents

Cash and cash equivalents, which consist of cash and highly liquid short-term investments with insignificant interest-rate risk and original maturities of three months or less at date of purchase, are carried at cost, which approximates fair value. Interest income was $6,000, $18,000, $7,000 and $8,000 for the period July 2, 1997 (inception) to December 31, 1997, the year ended December 31, 1998, and the six months ended June 30, 1998 and 1999.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, generally three to five years.

Purchased Technology

Purchased technology consists of the costs of purchased product technology which are amortized using the straight-line method over periods not exceeding three years. Purchased technology is included in other assets in the accompanying balance sheets. Management evaluates the future realization of purchased technology quarterly and writes down any amounts that management deems unlikely to be recovered through future product sales. No write downs have been recorded through June 30, 1999.

Stock-based Compensation

NetRatings accounts for stock-based awards to employees under the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and has adopted the disclosure-only alternative of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("FAS 123").

Revenue Recognition

Revenue for recurring services are recognized ratably over the term of the related contract as services are provided. Revenue for nonrecurring services is recognized in the period in which the product is delivered. Billings rendered in advance of services being performed are recorded as deferred revenue in the accompanying balance sheet.

Barter transactions are recorded at the lower of estimated fair value of services provided or the estimated fair value of goods and services received. Revenue from barter transactions is recognized ratably over the period for which services are performed. Barter expenses are expensed as incurred.

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) Barter revenue and expenses were $0 for the period from July 2, 1997 (inception) to December 31, 1997 and $38,000 and $55,000 for the year ended December 31, 1998. Barter revenue and expenses were $8,000 and $55,000 and $23,000 and $75,000 for the six month periods ended June 30, 1998 and 1999.

Panel Costs

Costs of establishing and maintaining a panel (a statistically selected group of Internet users) are expensed as incurred and are included in cost of revenue.

Advertising Expense

All advertising costs are expensed as incurred. Advertising costs, which are included in sales and marketing expense, were $0 for the period from July 2, 1997 (inception) to December 31, 1997 and $36,000 for the year ended December 31, 1998 and $239,000 for the six months ended June 30, 1999.

Income Taxes

NetRatings accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("FAS 109"), which requires the use of the liability method in accounting for income taxes. Under FAS 109, deferred tax assets and liabilities are measured based on differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Concentration of Credit Risk

Financial instruments which subject NetRatings to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. NetRatings maintains its cash in a domestic financial institution with a high credit standing and performs periodic evaluations of the relative credit standing of this institution. NetRatings conducts business with companies in various industries throughout the United States and performs ongoing credit evaluations of its customers. Reserves are maintained for potential credit losses. At December 31, 1998 and June 30, 1999, the allowance for doubtful accounts totalled $25,000 and $187,000, respectively.

Comprehensive Income

Effective January 1, 1998, NetRatings adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("FAS 130"). FAS 130 establishes new rules for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. There is no difference in NetRatings historic net losses as reported and the comprehensive net losses under the provision of FAS 130 for any periods presented.

Computation of Net Loss Per Common Share

NetRatings computes net loss per share based on Financial Accounting Standards Board Statement No. 128, "Earnings Per Share" ("FAS 128"). In accordance with FAS 128, basic net loss per share is

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) calculated as net loss divided by the weighted-average number of common shares outstanding less shares subject to repurchase. Diluted net loss per share is computed using the weighted-average number of common shares outstanding and dilutive common stock equivalents outstanding during the period. Common equivalent shares from stock options and warrants (using the treasury stock method) have been excluded from the calculation of net loss per share as their effect is antidilutive.

Interim Financial Information

The interim financial information at June 30, 1999 and for the six month periods ended June 30, 1998 and 1999 is unaudited but, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, which NetRatings considers necessary for a fair presentation of the financial position and results of operations for the interim periods. The results of operations for the six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the full fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Recent Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designed as part of a hedge transaction, and, if so, the type of hedge transaction. In June 1999, the FASB issued FAS 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133" ("FAS 137"), which amends FAS 133 to be effective for all fiscal quarters or all fiscal years beginning after June 15, 2000 or January 1, 2001 for NetRatings. Management does not currently expect that adoption of FAS 137 will have a material impact on NetRatings' financial position or results of operations.

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED)

Note 2: Balance Sheet Details

Details of balance sheet items are as follows:

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Computer equipment and software	$ 360,000	$ 547,000	$ 847,000
Office equipment, furniture, and fixtures	17,000	19,000	75,000
Leasehold improvements	14,000	19,000	19,000
	391,000	585,000	941,000
Less accumulated depreciation and amortization	(24,000)	(191,000)	(345,000)
Property and equipment, net	$ 367,000	$ 394,000	$ 596,000

As of December 31, 1998, property and equipment includes amounts held under capital leases of $242,000 and related accumulated amortization of $74,000.

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Purchased technology, net	$ --	$ 66,000	$ 50,000
Other non-current assets	27,000	13,000	135,000
Other assets	$ 27,000	$ 79,000	$ 185,000

Amortization of purchased technology for the year ended December 31, 1998 was $33,000 and for the six months ended June 30, 1999 was $17,000.

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Accrued compensation	$ 31,000	$ 88,000	$ 98,000
Other accrued liabilities	384,000	122,000	490,000
Accrued liabilities	$ 415,000	$ 210,000	$ 588,000

	DECEMBER 31,		JUNE 30,
	1997	1998	1999
Accrued amounts payable to Nielsen Media Research	$ --	$ 539,000	$ 2,683,000
Convertible notes payable--Nielsen Media Research	--	2,000,000	3,000,000
Amounts due to Nielson Media Research	$ --	$ 2,539,000	$ 5,683,000

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED)

Note 3: Notes Payable

In January 1998, NetRatings entered into a $500,000 equipment loan under a master equipment financing agreement of which $242,000 had been utilized as of December 31, 1998. The equipment financing bears interest at an annual rate of 8% and is secured by the assets purchased with the

borrowings. Borrowings and interest are due in installments over 42 months. As of December 31, 1998, there was $207,000 due under the agreement. The drawdowns under this equipment financing agreement have been classified as capital leases.

In connection with the equipment financing, NetRatings issued warrants to purchase 48,000 shares of common stock at an exercise price $0.42 per share. The warrant has a contractual term of nine years. The value of these warrants at the date of issuance was not material and no value was attributed to them in the accompanying financial statements. None of these warrants had been exercised as of December 31, 1998.

In March 1999, NetRatings borrowed an additional $258,000 to fully utilize the above facility. As of June 30, 1999, there was $424,000 due under the agreement. In conjunction with these additional borrowings, NetRatings issued warrants to purchase 9,000 shares of common stock at an exercise price of $2.12 per share. The warrants have a contractual term of seven years. At the date of grant, the fair value ascribed to the warrants was approximately $45,000, based on a Black-Scholes valuation model, was recorded as a discount to the capital leases and is being amortized as additional interest expense over the term of capital leases.

In March 1999, NetRatings entered into a $244,000 payment plan agreement with a vendor. Approximately $156,000 of the total amount under this agreement bears interest at an annual effective rate of 8.62%. The payment plan amounts including the interest-free portion and the interest are repayable in twelve quarterly installments of $22,000 each. Future maturities under this payment plan for years ending December 31 are as follows:

1999	$ 21,000
2000	88,000
2001	92,000
2002	22,000
	$ 223,000

Note 4: Stockholders' Equity (Deficit)

Convertible Preferred Stock

Each share of Series A convertible preferred stock ("Series A") is, at the option of the holder, convertible into shares of common stock using the conversion ratio of one-to-two, subject to certain adjustments for dilution, if any, resulting from future stock issuances. The outstanding shares of convertible preferred stock automatically convert into common stock immediately prior to the closing of an underwritten public offering of common stock under the Securities Act of 1933 in which NetRatings receives at least $15,000,000 in gross proceeds and the price per share is at least $4.00 per share.

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 4: STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED) Series A stockholders are entitled to noncumulative dividends of $0.056 per share. Dividends will be paid only when declared by the board of directors out of legally available funds. No dividends have been declared as of June 30, 1999.

The Series A stockholders are entitled to receive, upon liquidation, an amount per share equal to the issuance price, plus all declared but unpaid dividends. Thereafter, the remaining assets and funds, if any, shall be distributed pro rata among the common stockholders.

Series A stockholders have voting rights equal to the common shares issuable upon conversion of their preferred shares.

Convertible Notes Payable

In May and November 1998, NetRatings issued convertible notes payable for total cash proceeds of $895,000. The notes are due in May 2000 and bear interest at 9% per annum. In conjunction with this debt issuance, NetRatings issued to the holders of the notes warrants to purchase 707,000 shares of NetRatings' Series B convertible preferred stock at an exercise price of $0.64 per share. The warrants have a contractual term of five years. At the date of grant, the value ascribed to the warrants was approximately $106,000, based on a Black-Scholes valuation model. This amount was recorded as discount to the convertible notes payable and is being amortized as additional interest expense over the term of the convertible notes payable. Accordingly, NetRatings recorded additional interest expense of $35,000 in the year ended December 31, 1998. The effective interest rate on the convertible notes, as adjusted for the ascribed value of the convertible note warrants, is approximately 14.9% per annum. None of the above warrants had been exercised as of December 31, 1998.

NetRatings entered into a strategic alliance with Nielsen Media Research in October 1998 to develop and market Internet audience measurement products and services in the United States and Canada using NetRatings technology and Nielsen Media Research's proprietary panel selection methodology. Also, in October 1998, NetRatings issued a convertible note payable to Nielsen Media Research for cash proceeds of $2,000,000. The note is due December 31, 1999 and bears interest at 6%, which is to be paid semiannually in arrears. The note is convertible into shares of NetRatings' next issuance of preferred stock at the per share price of that financing.

Common Stock Warrants

In connection with the sale of Series A preferred stock, NetRatings issued warrants for the purchase of 225,000 shares of common stock at an exercise price of $0.02 per share. The warrants become exercisable upon the issuance of the Series B preferred stock and expire one year following such date. The value of these warrants at the date of issuance was not material and no value was attributed to them in the accompanying financial statements. None of these warrants had been exercised as of June 30, 1999.

Common Stock

In September 1997, under a stock purchase agreement, NetRatings issued 3,200,000 shares of common stock to founders at a price of $0.002 per share. In May 1998, the terms of this agreement were amended and NetRatings repurchased 590,000 common shares at cost. Following the amendment,

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 4: STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED) all of the remaining outstanding shares are subject to repurchase rights which expire ratably over the 48 months following September 1, 1996. At December 31, 1998, 1,142,000 shares were subject to repurchase.

NetRatings has issued 675,000 shares of common stock to employees and consultants under stock purchase agreements. These shares are subject to repurchase rights which expire ratably over 48 months. Upon termination of service, any unvested shares may be repurchased by NetRatings at the issuance price. Shares subject to repurchase totaled 596,000 at December 31, 1997 and 269,000 at December 31, 1998. In July 1998, NetRatings repurchased at cost 172,000 shares of common stock from employees upon their termination.

Contribution to Capital

Contributions to capital represent funds received in connection with the formation and development of NetRatings. These funds were utilized to perform market research, write the business plan, and commence product development.

1998 Stock Plan

In April 1998, NetRatings adopted the 1998 Stock Plan (the "Plan"). Under the Plan, up to 1,215,000 shares of NetRatings' common stock was reserved for issuance under the terms of the Plan. Through June 30, 1999, an additional 750,000 shares were reserved for issuance under the Plan. Options may be granted at no less than 85% of the fair value on the date of the grant (110% of fair value in certain instances), as determined by the board of directors. Options generally vest over a four-year period and have a maximum term of ten years.

Information with respect to stock option activity is summarized as follows:

	OPTIONS AVAILABLE FOR GRANT	OPTIONS OUTSTANDING		WEIGHTED-AVERAGE EXERCISE PRICE
		NUMBER OF SHARES	PRICE PER SHARE	
Authorized	1,215,000	--	--	--
Granted	(868,000)	868,000	$0.10	$ 0.10
Balance at December 31, 1998	347,000	868,000	$0.10	$ 0.10
Authorized	750,000	--	--	--
Granted	(944,000)	944,000	$0.10-$0.50	$ 0.48
Exercised	--	(57,000)	$0.10	$ 0.10
Canceled	48,000	(48,000)	$0.10	$ 0.10
Balance at June 30, 1999	201,000	1,707,000	$0.10-$0.50	$ 0.30

As of December 31, 1998, options to purchase 222,000 shares were exercisable at a weighted-average exercise price of $0.10 per share. The weighted-average remaining contractual life of all outstanding options is 9.5 years. The weighted-average fair value of options granted during the year ended December 31, 1998 was $.02.

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED)

Note 4: Stockholders' Equity (Deficit) (Continued) Shares Reserved for Future Issuance

NetRatings has reserved shares of common stock for future issuance as follows:

	DECEMBER 31, 1998	JUNE 30, 1999
Convertible preferred stock, including effect of preferred stock warrants	1,303,000	1,303,000
Stock options outstanding	868,000	1,707,000
Stock options, available for grant	347,000	201,000
Warrants to purchase common stock	273,000	308,000

Deferred Compensation

NetRatings has recorded deferred stock compensation charges of $0, $254,000, $0, and $3,337,000 during the period from July 2, 1997 (inception) to December 31, 1997, for the year ended December 31, 1998 and for the six months ended June 30, 1998 and 1999, respectively, representing the difference between the exercise price of the option and the deemed fair value of common stock as of the date of grant. These amounts are being amortized by charges to operations, using the graded method, over the vesting periods of the individual stock options, which are four years.

Options Issued to Consultants

On June 1, 1999, NetRatings granted options to purchase 135,000 shares of common stock to consultants at an exercise price of $0.50 per share. These options were granted in exchange for consulting services performed and were fully vested upon grant. NetRatings valued these options at their deemed fair value and recorded a charge to operations of $701,000 for the six months ended June 30, 1999.

Pro Forma Disclosures of the Effect of Stock-based Compensation

NetRatings has elected to follow APB 25 and related interpretations in accounting for its employee stock options. The alternative fair value accounting provided for under Financial Accounting Standards Board Statement No. 123, "Accounting for Stock-Based Compensation" ("FAS 123"), requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, when the exercise price of NetRatings' employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income (loss) is required by FAS 123, which also requires that the information be determined as if NetRatings has accounted for its employee stock options under the fair value method of FAS 123. The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing valuation model with the following weighted-average assumptions: volatility of 0; a risk-free interest rate of 6% and 6% for the period from July 2, 1997 (inception) to December 31, 1997 and the year ended December 31, 1998; a dividend yield of 0%; and a weighted-average expected life of the option of five years.

Note 4: Stockholders' Equity (Deficit) (Continued)

The option valuation models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected life of the option. Because NetRatings' employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Had compensation cost for NetRatings' stock-based compensation plans been determined using the fair value at the grant dates for awards under those plans calculated using the minimum value method of FAS 123, NetRatings' historical net loss applicable to common stockholders and basic and diluted net loss per share would have been increased to the pro forma amounts indicated below:

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998
Pro forma net loss applicable to common stockholders.....	$ (1,781,000)	$ (3,885,000)
Pro forma net loss per common share.....	$ (2.03)	$ (2.79)

The pro forma impact of options on the net loss for the year ended December 31, 1998 is not representative of the effects on net income (loss) for future years, as future years will include the effects of additional years of stock option grants.

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED)

Note 5: Net Loss Per Share of Common Stock

The calculation of historical and pro forma basic and diluted net loss per share is as follows:

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1998	1999
HISTORICAL: Net loss	$ (1,781,000)	$ (3,879,000)	$ (1,598,000)	$ (5,780,000)
Weighted-average shares of common stock outstanding	3,777,000	3,395,000	3,679,000	3,139,000
Less: weighted-average shares subject to repurchase	2,899,000	2,002,000	2,393,000	1,247,000
Weighted-average shares of common stock outstanding used in computing basic and diluted net loss per share	878,000	1,393,000	1,286,000	1,892,000
Basic and diluted net loss per common share	$ (2.03)	$ (2.78)	$ (1.24)	$ (3.05)
PRO FORMA: Net loss		$ (3,879,000)	$ (1,598,000)	$ (5,780,000)
Weighted-average shares used in computing basic and diluted net loss per common share		1,393,000	1,286,000	1,892,000
Adjustment to reflect the effect of the assumed conversion of preferred stock from the date of issuance		926,000	791,000	950,000
Weighted-average shares used in computing pro forma basic and diluted net loss per common share (unaudited)		2,319,000	2,077,000	2,842,000
Pro forma basic and diluted net loss per common share (unaudited)		$ (1.67)	$ (0.77)	$ (2.03)

If NetRatings had reported net income, the calculation of historical and pro forma diluted earnings per share would have included approximately an additional 736,000, 380,000 and 1,346,000 common equivalent shares related to outstanding stock options and warrants not included above (determined using the treasury stock method) for the years ended December 31, 1998, and the six months ended June 30, 1998 and 1999.

Note 6: Related Party Transactions

Concurrent with the sale of Series A preferred stock, NetRatings and a related party entered into a technology transfer agreement which assigned and transferred to NetRatings all ownership interest in

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 6: RELATED PARTY TRANSACTIONS (CONTINUED) NetRatings' core products and technology. In January 1998, in consideration of these technology assignments and

transfers, NetRatings paid to the related party $100,000 in cash.

In April 1999, NetRatings entered into a barter transaction under which an annual subscription to a NetRatings service valued at $50,000 was exchanged for web site design services provided by a company, one of whose officers is a member of the NetRatings board of directors. The subscription was valued at its fair value using NetRatings normal pricing and terms.

Note 7: Commitments and Contingencies

As of December 31, 1998, minimum payments under all noncancelable lease agreements were as follows:

	CAPITAL LEASES	OPERATING LEASES
Years ending December 31:		
1999	$ 90,000	$ 66,000
2000	90,000	46,000
2001	83,000	--
Total minimum lease payments	263,000	$ 112,000
Less amount representing interest	(56,000)	
Present value of minimum lease payments	207,000	
Less current portion	(77,000)	
Long-term capital lease obligations	$ 130,000	

NetRatings leases its facility under an operating lease agreement which expires in September 2000.

Rent expense was $32,000 for the period from July 2, 1997 (inception) to December 31, 1997, $103,000 for the year ended December 31, 1998 and $135,000 for the period from July 2, 1997 (inception) to December 31, 1998, and was $49,000 and $84,000 for the six months ended June 30, 1998 and 1999.

In June 1999, NetRatings entered into a loan and security agreement under which the lender committed to equipment financing up to a principal amount of $700,000 at an interest rate of 8% per annum. This facility expires on April 30, 2000. As of June 30, 1999, no borrowings were outstanding under this facility. In conjunction with the availability of this equipment financing commitment, NetRatings issued warrants to purchase 26,000 shares of common stock at an exercise price of $2.12 per share. The warrant has a term of nine years. At the date of grant, the fair value ascribed to the warrants was approximately $132,000, based on a Black-Scholes valuation model and was recorded as deferred financing costs and is being amortized over the term of the facility.

NetRatings is a party to claims and assessments arising from the normal course of business activities. In management's opinion, resolution of these matters is not expected to have a material adverse impact on NetRatings' results of operations or its financial position. However, depending on

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 7: COMMITMENTS AND CONTINGENCIES (CONTINUED) the amount and timing, an unfavorable resolution of a matter could materially affect NetRatings' future results of operations or cash flows in a particular period.

Note 8: Employee Benefit Plan

NetRatings has a 401(k) plan which stipulates that all full-time employees can elect to contribute to the 401(k) plan, subject to certain limitations, up to 15% of salary on a pretax basis. NetRatings has the option to provide matching contributions but has not done so to date.

Note 9: Income Taxes

No income tax expense was recorded for the period from July 2, 1997 (inception) to December 31, 1997, the year ended December 31, 1998, or the six months ended June 30, 1999 due to net operating losses.

The difference between the provision for income taxes and the amount computed by applying the federal statutory income tax rate to income before taxes is explained below:

	PERIOD FROM JULY 2, 1997 (INCEPTION) TO DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1999
Income tax (benefit) at federal statutory rate...	$ (606,000)	$ (1,326,000)	$ (1,965,000)
Unutilized net operating losses.....	606,000	1,326,000	1,965,000
Total.....	$ --	$ --	$ --

Significant components of NetRatings' deferred tax assets are as follows:

	AS OF DECEMBER 31, 1997	AS OF DECEMBER 31, 1998	AS OF JUNE 30, 1999
Deferred tax assets:			
Net operating loss carryforwards.....	$ 8,000	$ 1,500,000	$ 3,400,000
Tax credit carryforwards.....	--	100,000	150,000
Other.....	--	40,000	320,000
Total deferred tax assets.....	8,000	1,640,000	3,870,000
Valuation allowance.....	(8,000)	(1,640,000)	(3,870,000)
Net deferred tax assets.....	$ --	$ --	$ --

FASB Statement No. 109 provides for the recognition of deferred tax assets if realization of such assets is more likely than not. Based upon the weight of available evidence, which includes NetRatings' historical operating performance and the reported cumulative net losses in all prior years, NetRatings

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 9: INCOME TAXES (CONTINUED) has provided a full valuation allowance against its net deferred tax assets. NetRatings will continue to evaluate the realizability of the deferred tax assets on a quarterly basis.

The net valuation allowance increased by $8,000 during the period July 2, 1997 (inception) to December 31, 1997, by $1,632,000 during the year ended December 31, 1998, and by $2,230,000 for the six months ended June 30, 1999.

As of December 31, 1998, NetRatings had net operating loss carryforwards for federal and state income tax purposes each of approximately $3,700,000. NetRatings also had federal and state research and development tax credit carryforwards of approximately $70,000 and $50,000. The federal and state net operating loss and tax credit carryforwards will expire at various dates beginning in 2005, if not utilized.

Utilization of the net operating loss and tax credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of the net operating loss and tax credit carryforwards before utilization.

Note 10: Investment in Netratings, K.k.

In June 1999, NetRatings granted a five year license for the use of its proprietary software to NetRatings, K.K., in exchange for a minority ownership interest in NetRatings, K.K. The joint venture was formed to adapt, market, service and sell interactive media and market research data in Japan. After the initial five year period, the license is automatically renewed on a yearly basis for no additional consideration. As NetRatings contributed technology to this joint venture, it did not record any cost for this investment. NetRatings is entitled to appoint one member to the six-member board of directors of NetRatings, K.K.

Note 11: Subsequent Events

Series B Convertible Preferred Stock

In July 1999, the holders of $895,000 in convertible notes payable converted their promissory notes to 1,478,000 shares of Series B convertible preferred stock ("Series B") at approximately $0.64 per share. The 1,478,000 shares of Series B represented the $895,000 in principal from the convertible notes payable, plus approximately $40,000 in interest accrued through November 1998. The remaining $55,000 in accrued interest due to the holders of the convertible notes payable at the time of conversion was paid by NetRatings.

Each share of Series B is convertible into shares of common stock at the option of the holder and using the conversion ratio of one-to-two. Series B shall automatically be converted into shares of common stock in effect immediately prior to the closing of the sale of NetRatings common stock at a public offering price equal to or exceeding $4.00 per share. Series B stockholders are entitled to receive noncumulative dividends of $0.06 per share. Dividends are to be paid when declared by the board of directors out of legally available funds. Upon liquidation, the amount of $0.64 per share of Series B plus all declared but unpaid dividends shall be paid on each share. The Series B stockholders shall be entitled to the number of votes equal to the number of shares of common stock into which such shares

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 11: SUBSEQUENT EVENTS (CONTINUED) of Series B could be converted and have the voting rights and powers of the common stock, voting together as a single class. At any time after the fifth anniversary of the original issuance of the Series B, upon the affirmative vote or written consent of the holders of at least two-thirds of the outstanding shares of Series A, B, or C, NetRatings shall redeem all issued, outstanding, and unconverted shares at the redemption price. The Series B redemption price for each share shall be equal to the sum of $0.64 and any declared but unpaid dividends.

Series C Preferred Stock

In August 1999, NetRatings issued 6,414,000 shares of Series C convertible preferred stock ("Series C") at a price of $3.12 per share for cash for a total purchase price of $20,000,000. Nielsen Media Research converted $3.0 million in notes payable into Series C shares and NetRatings received cash proceeds from the sale of Series C shares of $17 million. Issuance costs related to Series C are estimated at $620,000 including the value of warrants granted to a financial advisor to purchase 43,000 shares at

$6.24 per share. The value of the fully vested warrants issued to the financial advisor using the Black-Scholes valuation model is $184,000. These warrants are fully vested and expire in 2005. Each share of Series C is convertible into shares of common stock at the option of the holder and using the conversion ratio of one-to-two. Series C shall automatically be converted into shares of common stock in effect immediately prior to the closing of the sale of NetRatings common stock at a public offering price equal to or exceeding $9.36 per share. Series C stockholders are entitled to receive noncumulative dividends of $0.20 per share. Dividends are to be paid when declared by the board of directors out of legally available funds. Upon liquidation, the amount of $3.12 per share of Series C plus all declared but unpaid dividends shall be paid on each share. The Series C stockholders shall be entitled to the number of votes equal to the number of shares of common stock into which such shares of Series C could be converted and have the voting rights and powers of the common stock, voting together as a single class. At any time after the fifth anniversary of the original issuance of the Series C, upon the affirmative vote or written consent of the holders of at least two-thirds of the outstanding shares of Series A, B, or C, NetRatings shall redeem all issued, outstanding, and unconverted shares at the redemption price. The Series A preferred stock did not previously have this redemption provision and in addition, the Series A conversion ratio was changed to one-to-eight. The Series C redemption price for each share shall be equal to the sum of $3.12 and any declared but unpaid dividends.

In connection with the Series C offering, NetRatings also issued two warrants to Nielsen Media Research, one of the Series C investors, to purchase shares of common stock. The other Series C investor did not receive warrants. The first warrant entitles Nielsen Media Research to purchase 553,000 shares of common stock at the per share exercise price of $7.20. The second warrant entitles Nielsen Media Research to purchase 6,000,000 shares of common stock at the exercise price of $12.00 per share or 60% of NetRatings' per share price at its initial public offering, whichever is lower. The first warrant which expires on December 31, 2001 becomes exercisable at the earlier of January 1, 2000 or the effective date of NetRatings' initial public offering. The second warrant which expires on December 31, 2004 becomes exercisable at the earlier of January 1, 2002 or the effective date of NetRatings' initial public offering. NetRatings expects to record a deferred charge in the quarter ended December 31, 1999 totaling approximately $22,600,000 representing the value of these warrants based on a Black-Scholes valuation model. The deferred charge will be amortized to operating expense, over

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 11: SUBSEQUENT EVENTS (CONTINUED) the period from the effectiveness of NetRatings' initial public offering through December 31, 2004, the final expiration date of the second warrant.

In connection with the Series C financing transaction, NetRatings also granted Nielsen the right to purchase additional shares of NetRatings' common stock in connection with NetRatings' initial public offering, at the initial public offering price. Nielsen will have the right to purchase a sufficient number of shares of NetRatings common stock to enable Nielsen to own 54% of NetRatings' outstanding fully diluted shares immediately following NetRatings initial public offering. If Nielsen elects to purchase all or a portion of the stock it is entitled to purchase, each existing preferred and common stockholder will be entitled to offer its shares to Nielsen at the initial public offering price subject to certain limitations that are to be agreed to by NetRatings and the underwriters.

NetRatings also entered into a stockholders agreement with Nielsen that grants Nielsen the right to nominate a single director to NetRatings' board, which increases to two directors in the event that Nielsen exercises both of the warrants described above. The stockholders agreement also provides that, for a period of five years after the date of the agreement, NetRatings will not sell or solicit proposals for the sale of NetRatings to a third party. After this five-year period, NetRatings may sell their business subject to Nielsen's right of first refusal. This right of first refusal terminates on the effective date of a NetRatings' initial public offering.

Proposed Public Offering of Common Stock

On September 21, 1999, the Board of Directors authorized NetRatings to proceed with an initial public offering of its common stock. If the offering is consummated as presently anticipated, all of the outstanding preferred stock will automatically convert to common stock. The unaudited pro forma stockholders' equity at June 30, 1999 gives effect to the conversion of all outstanding shares of convertible preferred stock at that date into 950,000 shares of common stock upon the completion of the offering.

Stock Split

On September 21, 1999, the Board of Directors approved, subject to stockholder approval, a one-for-two reverse stock split of issued and outstanding common stock to be effective prior to the completion of the initial public offering of its common stock. All common share prices and amounts in the accompanying financial statements have been retroactively adjusted to reflect the stock split. In connection with the Series D preferred stock, the Company restated its certificate of incorporation to increase the number of authorized shares of common stock to 86,851,000 shares and increase the number of authorized shares of preferred stock to 15,571,000 shares.

Note 12: Events Subsequent to the Date of Auditor's Report (Unaudited)

Bank Line of Credit

In September 1999, NetRatings secured a $1,000,000 bank line of credit expiring in one year with interest at the prime rate. The line of credit also has an additional $350,000 available to NetRatings to fund fixed asset purchases. Draws on the fixed asset facility are due over a 36 month period with

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 12: EVENTS SUBSEQUENT TO THE DATE OF AUDITOR'S REPORT (UNAUDITED) (CONTINUED) interest at the prime rate. The line of credit requires that NetRatings maintain compliance with certain restrictive financial covenants. No borrowings have been made under this agreement.

Joint Venture with Acnielsen

In September 1999, NetRatings entered into a joint venture with ACNielsen to develop and maintain audience measurement panels and to market NetRatings products and services in key international markets. Through the joint venture, in which NetRatings holds a 19.9% minority interest, NetRatings plans to launch audience measurement services in over 30 countries.

The joint venture pays NetRatings a fee based on a percentage of the joint venture's sales, subject to a minimum of $7.5 million and maximum of $15 million over five years. Revenue from the joint venture's Internet audience measurement services will be allocated between NetRatings and the joint venture depending on the location of the customer and the location of the panel whose data is used in the service:

- The joint venture retains 100% of any revenue from services that the joint venture sells to customers outside North America based on data from panels outside North America.

- NetRatings and the joint venture each retain 50% of any revenues from services that NetRatings sells to customers in North America based on data from panels outside North America or services that the joint venture sells to customers outside North America based on North American panel data.

- If either NetRatings or the joint venture sells services based on data from a combination of panels located both inside and outside North America, the allocation of revenues is determined by an operating committee consisting of two representatives of each company, with any decisions requiring a unanimous vote of those present, which must include at least one representative of each company.

To initially capitalize the joint venture, ACNielsen contributed cash and NetRatings granted an exclusive license with respect to its data collection technology for the covered territory subject to specified performance criteria. NetRatings entered into a stockholders agreement with ACNielsen setting forth procedures for funding the ongoing operations of the joint venture. Panel development costs related to the initial roll out of the Nielsen//NetRatings service in over 30 countries covered by the joint venture will be funded in its entirety by ACNielsen. In general, the ongoing capital requirements of the joint venture are the responsibility of both companies in proportion to their relative equity ownership of the joint venture. Under the stockholders agreement, ACNielsen has a right of first refusal to purchase any shares of the joint venture that NetRatings wishes to sell to a third party. In addition, if the joint venture does not effect an initial public offering within five years, NetRatings has the right to require ACNielsen to purchase the NetRatings equity stake at its then current fair market value.

Series D Preferred Stock

In September 1999 and in connection with the joint venture described above, NetRatings issued 4,887,000 shares of Series D convertible preferred stock ("Series D") to ACNielsen and Series C

Netratings, Inc.

Notes to Financial Statements (Continued)

(INFORMATION AS OF JUNE 30, 1999 AND FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999 IS UNAUDITED) NOTE 12: EVENTS SUBSEQUENT TO THE DATE OF AUDITOR'S REPORT (UNAUDITED) (CONTINUED) stockholders at a price of $3.14 per share for cash for a purchase price of $15,100,000 (net of estimated issuance costs of $200,000). Each share of Series D is convertible into shares of common stock at the option of the holder and using the conversion ratio of one-to-two. Series D stock shall automatically be converted into shares of common stock in effect immediately prior to the closing of the sale of NetRatings common stock at a public offering price equal to or exceeding $8.00 per share. Series D stockholders are entitled to receive noncumulative dividends of $0.19 per share. Dividends are to be paid when declared by the board of directors out of legally available funds. Upon liquidation, the amount of $3.14 per share of Series D plus all declared but unpaid dividends shall be paid on each share. The Series D stockholders shall be entitled to the number of votes equal to the number of shares of common stock into which such shares of Series D could be converted and have the voting rights and powers of the common stock, voting together as a single class.

At any time after the fifth anniversary of the original issuance of the Series D preferred, upon the affirmative vote or written consent of the holders of at least two-thirds of the outstanding shares of Series A, B, C or D, the Corporation shall redeem all issued, outstanding, and unconverted shares at the redemption price. The Series D redemption price for each share shall be equal to the sum of $3.14 and any declared but unpaid dividends.

Shares

[Netratings Logo]

Common Stock

Prospectus , 1999

LEHMAN BROTHERS BANC OF AMERICA SECURITIES LLC CIBC WORLD MARKETS C. E. UNTERBERG, TOWBIN

Part Ii Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than the underwriting discounts and commissions payable by the Registrant in connection with the sale and distribution of the common stock being registered. All amounts shown are estimates except for the Securities and Exchange Commission registration fee, the NASD filing fee and the Nasdaq National Market application fee.

Securities and Exchange Commission registration fee..... $ 19,182 NASD filing fee..... 7,400 Nasdaq National Market application fee..... Blue sky qualification fees and expenses..... Printing and engraving expenses..... Legal fees and expenses..... Accounting fees and expenses..... Transfer agent and registrar fees..... Miscellaneous expenses..... Total..... $

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law permits indemnification of officers, directors and other corporate agents under certain circumstances and subject to certain limitations. The Registrant's Certificate of Incorporation and Bylaws provide that the Registrant shall indemnify its

directors, officers, employees and agents to the full extent permitted by Delaware General Corporation Law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. In addition, the Registrant intends to enter into separate indemnification agreements (Exhibit 10.1) with its directors and officers which would require the Registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service (other than liabilities arising from willful misconduct of a culpable nature). The Registrant also intends to maintain director and officer liability insurance, if available on reasonable terms. These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The Underwriting Agreement (Exhibit 1.1) provides for indemnification by the Underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

(a) Since July 2, 1997, NetRatings has issued and sold the following unregistered securities:

1. From inception through June 30, 1999, NetRatings issued options to purchase an aggregate of 1,182,100 shares of common stock under its 1998 Stock Plan, of which 57,000 have been exercised.

2. In December 1998, NetRatings sold 1,900,000 shares of its Series A preferred stock to Hitachi, Ltd. at a purchase price of $0.18 per share, for an aggregate purchase price of $350,001.

3. In July 1999 NetRatings, sold 1,477,151 shares of its Series B Preferred Stock to certain investors at a purchase price of $0.63 per share, for an aggregate purchase price of $935,037.

. In August 1999, NetRatings sold 6,413,751 shares of its Series C Preferred Stock to certain investors at purchase price of $3.12 per share, for an aggregate purchase price of $20,000,000.

5. In September 1999, NetRatings sold 4,887,050 shares of its Series D Preferred Stock to certain investors at a purchase price of $3.14 per share, for an aggregate purchase price of $15,342,893.

There were no underwriters employed in connection with any of the transactions set forth in this Item 15.

For additional information concerning these equity investment transactions, see the section entitled "Related Party Transactions" in the prospectus.

The issuances described in Items 15(a)(2) through 15(a)(5) were deemed exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. Certain issuances described in Item 15(a)(1) were deemed exempt from registration under the Securities Act in reliance on Section 4(2) or Rule 701 promulgated thereunder as transactions pursuant to compensatory benefit plans and contracts relating to compensation. The recipients of securities in each such transaction represented their intention to acquire the securities for

investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. All recipients either received adequate information about NetRatings or had access, through employment or other relationships, to such information.

Item 16. Exhibits and Financial Statement Schedules.

(a) EXHIBITS.

1.1* Form of Underwriting Agreement 3.1 Fourth Restated Certificate of Incorporation of Registrant 3.2* Form of Amended and Restated Certificate of Incorporation of Registrant to be filed prior to the effectiveness of this registration statement 3.3* Form of Amended and Restated Certificate of Incorporation of Registrant to be filed after the closing of the offering 3.4 Bylaws of Registrant 4.1 Second Restated Rights Agreement 4.2 Second Restated Stockholders Agreement 4.3* Specimen stock certificate 5.1* Opinion of Gray Cary Ware & Freidenrich LLP 10.1* Form of Indemnification Agreement between Registrant and its directors and officers 10.2 1998 Stock Plan, including form of option agreement 10.3* 1999 Employee Stock Purchase Plan 10.4 Form of Loan Agreement and Promissory Note between Registrant and certain directors and officers 10.5 Form of Series B Preferred Stock Warrant 10.6 Series B Preferred Stock Purchase Agreement dated as of November 15, 1998 10.7 Series C Preferred Stock Purchase Agreement dated as of August 5, 1999 10.8 Series D Preferred Stock Purchase Agreement dated as of September 22, 1999 10.9* Operating Agreement between Registrant and Nielsen Media Research dated as of August 15, 1999 10.10* Common Stock Purchase Warrant issued to Nielsen Media Research, expiring December 31, 2001 10.11* Common Stock Purchase Warrant issued to Nielsen Media Research, expiring December 31, 2004 10.12* Common Stock Purchase Agreement between Registrant and ACNielsen eRatings.com, dated as of September 22, 1999 10.13* Rights Agreement among Registrant, ACNielsen Corporation and ACNielsen eRatings.com, dated as of September 22, 1999 10.14* Stockholders Agreement among Registrant, ACNielsen Corporation and ACNielsen eRatings.com, dated as of September 22, 1999 10.15* Operating Agreement between Registrant and ACNielsen eRatings.com, dated as of September 22, 1999 23.1 Consent of Ernst & Young LLP, Independent Auditors 23.2* Consent of Gray Cary Ware & Freidenrich LLP (included in Exhibit 5.1) 24.1 Power of Attorney (included on signature page) 27.1 Financial Data Schedule * To be filed by amendment.

(B) Financial Statement Schedules.

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 14 of this Registration Statement or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act, and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Santa Clara, State of California, on September 24, 1999

Netratings Inc.

By: /s/ DAVID J. TOTH David J. Toth PRESIDENT AND CHIEF EXECUTIVE OFFICER

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints David J. Toth and Jack Lazar, and each of them acting individually, as his true and lawful attorneys-in-fact and agents, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature Title Date

/s/ DAVID J. TOTH David J. Toth	President and Chief Executive Officer (Principal Executive Officer)	September 24, 1999
/s/ DAVID A. NORMAN David A. Norman	Chairman of the Board	September 24, 1999
/s/ JACK R. LAZAR Jack R. Lazar	Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	September 24, 1999
/s/ JACK SERFASS Jack Serfass	Director	September 24, 1999
/s/ JAMES J. GEDDES, JR. James J. Geddes, Jr.	Director	September 24, 1999

Signature Title Date

/s/ DAVID H. HARKNESS David H. Harkness	Director	September 24, 1999
/s/ MICHAEL P. CONNORS Michael P. Connors	Director	September 24, 1999

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