



Crushing Wall Street's media monopoly



by Brad Clark,
Publisher,
Motley Fool
Stock Advisor

Learn how Wall Street's biggest threat could help you turn \$10,000 into \$86,000

In 1993, two brothers created a financial phenomenon. It was a virtual hub where hundreds... thousands... and soon millions of individuals would come to meet and converse. In this virtual meeting place, they would talk about markets, investments, corporations, cycles and trends.

The former chairman of the Fed, Alan Greenspan, dubbed this phenomenon: **"distributed intelligence."**

For the first time, Wall Street investors were no longer subject to the monopolized information flow that spewed forth from the 5 major media conglomerates. These media titans, until that day, enjoyed control over 90% of the "intelligence" you received.

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World's weirdest stock exchange leaps 566% in three months.

An ingeniously wacky new market is erupting in one of the strangest places on Earth. Here, you can build a million-dollar Property Empire from nothing in no time flat. Snap up your own island for \$26,000 or a Roman temple for \$12,000. Shop at vast superstores with extraordinary selections (4 times that of Wal-Mart's) yet at a fraction of the cost. Be *anything* or *anyone* you desire to be...

It's a wild, freewheeling economic oasis that's growing at a rate almost 4 times faster than the Chinese economy. BusinessWeek calls it "a global commercial, phenomenon." And while everyone from Microsoft to Wal-Mart... from Coca-Cola to Google races to get a piece of this new emerging market, one player has dominated for decades...

Buy this player today and you'll dominate too, as this economy's descent onto the global stage rattles *each* and *every* one of our lives...

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But then, David and Tom Gardner came along and created what *The Economist* would later call:

“an ethical oasis in an area that is fast becoming a home to charlatans...”

And what Arthur Levitt (the former chairman of the SEC) would call:

“As close to being an effective investor advocate as any organization I know.”

The *Motley Fool* was born.

Barron's called it: “the No. 1 financial education site.”

Forbes called it: “the best community on the web.”

But despite the smugness of its name, don't be fooled. It's far more savvy and serious than you might first imagine. The name is centuries old and was inspired by one of literature's most acclaimed writers: William Shakespeare. You see, in those days, only Fools were allowed to tell the truth to the Royal Court – *without* having their heads cut off! So in Fooldom, *you* are the Royal Court. *You* are Monarch! And David and Tom are the Fools. And it's their job to tell you how it is – how it *really* is. From them, you'll get the straight truth about investing and money management. No hyperbole. No cyberbole!

Turn \$10,000 into \$86,000

Now more than 4 million investors visit the *Motley Fool* web site each month. They come to exchange ideas, share tips, research companies, listen to the world's top CEOs talk about some of America's greatest companies, get free advice, learn about portfolio management, value investing, growth stocks, oil and energy stocks, entertainment technologies, nanotech, biotech, inflation, China and India, and other financial interests.

But above all, these investors come to follow the stock recommendations of the brothers that Money.com called, **“two of the most widely followed stock market advisors in the world.”**

And today you're getting a special invitation to join their inner circle... to take a peek at their unique investing styles... and to begin profiting alongside them.

Whilst David and Tom have been touting their favorite companies on the *Motley Fool* portal for 13 years

now, it was only a few years ago that they decided it was time to create their own exclusive investment service. Then in April 2002, the *Motley Fool Stock Advisor* was born.

In this service, David and Tom have two simple objectives: to beat the market and to beat one another. It's sibling rivalry at its best.

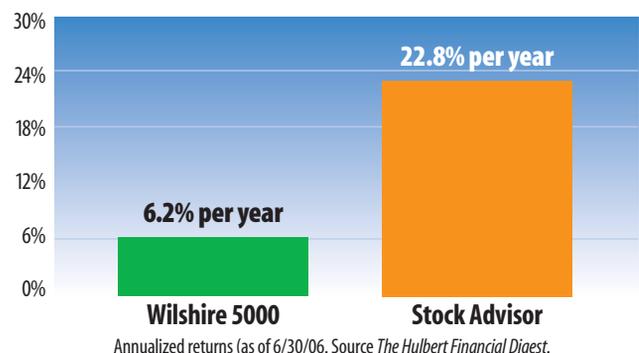
And according to the Hulbert Financial Digest (a totally independent, rigorously honest and completely unbiased industry watchdog that tracks the performance of more than 180 newsletters) the *Stock Advisor* portfolio has enjoyed 22.8% annualized growth since it began. Obviously we can't predict the future, but just over the past four years, they would have turned a \$10,000 portfolio into \$22,740

The astonishing secret behind today's best performing investments!

In this special issue, *Stock Advisor's* Senior Investment Writer, Paul Elliott will introduce you to David and Tom Gardner, and to their unique investing styles.

Surging profits for *Stock Advisor* investors

Here is what Mark Hulbert – the investment newsletter industry's watchdog – says about David and Tom's performance.



If Tom and David continue to maintain the track record they've enjoyed for the past four years, in another 6 years a \$10,000 portfolio would grow to a staggering \$77,980.

He'll even tell you about two of their favorite stock recommendations, including the names of the companies they feel are most likely to pump up your portfolio.

You'll get introduced to the fascinating and bizarre new market that's erupting inside what scientists are calling the Metaverse. It's a wild, strange yet beautiful terrain – where populations are exploding and business is booming. And although its synthetic cities are built on virtual plains – the commerce is real – and it's generating real profits. This is David's domain! And as you'll soon find out – **David has good reason to believe that the biggest investment opportunities over the next two decades lie in this wild and wacky new market.**

While Tom's investing style follows a more conservative, value-type approach and while his companies may not be as exciting or as sexy as David's, his profits are. Paul will tell you why. **He'll introduce you to the astonishing secret behind today's best-performing investments, including how Tom uncovered extraordinary profits of as much as 693% on some of Wall Street's most boring and unloved stocks.**

Either way, get ready for a wild and wacky ride that will probably transform your view of the financial landscape and challenge your ideas of what constitutes a great investment.

If you find yourself gaping in awe at the unconventional wisdom of these two Fools, then why not join them in their quest to find America's greatest companies. You have a unique chance today to become one of their early followers! **As a special Charter Subscription offer, you can sign up for just \$149 a year (\$40 off the normal subscription price of \$189.)** Just fill in the order form enclosed and send it off to The Motley Fool today!

What's more, you can try out the service for a full 30 days without risking a single penny. Read the special investment alerts, check out David and Tom's latest stock recommendations and review past issues and reports. If you decide the service is not for you, just let us know, and we'll refund your money in full. No questions asked.



by Paul Elliott

Senior Investment
Writer, *Motley Fool*

Dear Intrepid Investor,

Something quite bizarre is going on. And whether you're aware of it or not — you'll soon begin to feel its consequences.

It's a new economic phenomenon that is erupting, in a place you'd never imagine, and populated by people you'd never suspect...

You may soon be one of them!

A massive migration is underway... as citizens choose to leave their drab lives in search of new ones... to a world where anything's possible... where life is better... where new opportunities and experiences abound and are limited only by the human imagination.

A world not bound by the economics of oil... not bound by regulations and red tape... not even bound by borders...

In this world there are no corporate accounting scandals... no billion dollar financial blunders. Commerce is unregulated and tax-free. New currencies are rising and trading against the U.S. dollar at rates higher than the Yen and the South Korean Won. Populations are exploding. And business is booming.

Here, the poor can become rich; the weak, strong; the old, young...

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Motley Fool Stock Advisor 3

Even if you haven't paid much attention to this world yet... you soon will... we all will.

I'm talking about the "Experience Economy," or what scientists are calling the Metaverse. Although its synthetic cities are built on virtual plains — the commerce is *real* — and is generating *real* profits... very real, in fact.

If you haven't stepped into this parallel world yet — you're missing out on some of the greatest and most entertaining financial opportunities available on global markets today.

But don't think this is just a game. These synthetic worlds are having real-world consequences. That's why big advertisers, big corporations — even big governments — have begun to sit up and take notice. But this is just the start of something far bigger...

The Metaverse (according to the preeminent economist Edward Castronova) is erupting at the same rate as Moore's Law. In other words, it's doubling every 18 months — that's at a rate almost **4 times faster than China's economy**. Its impact is set to become greater than the 20th century innovations of radio, film, television and the automobile. The Metaverse already hosts wars, politics, parties, art, theater, markets, marriages and sex. And in the coming years, it will cause some potentially wrenching changes in how we live, work, play and do business. It will shatter our current view of objective reality and wrinkle the affairs of state...

My name is Paul Elliott, and I have spent many years studying financial markets. You may have seen me discussing markets on CNBC, or on CNN when I was interviewed about the collapse of Enron. My work on insider trading was even highlighted in a *Wall Street Journal* article that won the Pulitzer Prize. But in all the years I've spent researching and analyzing markets and investment opportunities, I've never come across anything quite as remarkable or as

exciting as the Metaverse. And it was thanks to the passions and insights of David Gardner who first alerted me to it.

David Gardner is the co-founder of The Motley Fool (the largest financial community on the web). And for a number of years now, through his unique private investment advisory service called *Stock Advisor*, he has been showing a savvy group of investors how to cash in on the enormous opportunities erupting in this new market. In fact, they're already up:

- ✔ **459% on the company that holds the intellectual property rights on the Metaverse's newest high-flying superheroes**
- ✔ **151% on the company that the CEO of Apple Computer said has "animation in its DNA"**
- ✔ **139% on the Metaverse's No. 1 software seller**
- ✔ **209% on one of the hottest-performing entertainment stocks on the market today**
- ✔ **38% on the company that will be a major catalyst for the coming Metaverse population explosion**
- ✔ **69% on the player that is making the Metaverse ever more magical**

But David is convinced that this is just the beginning!

In a moment, I'll tell you why David believes an investment in these worlds is so compelling, and why he thinks the players that will power the Metaverse stand to rank among the 21st century's grandest corporations.

I'll also reveal to you the name of the entertainment technology maestro that David believes will be the No. 1 player.

But first let me take you on a bizarre odyssey through this wild and fantastic cosmos and show you why you might be spending a lot more time there in the very near future...

Crossing the Silicon Border...

While early versions of these worlds may have been crude, childish and limited in their appeal, today's worlds are not. They are rich and diverse, complex and bizarre. And getting more so every year. Their lure is becoming irresistible. It's why everyone from hip teenagers to retired professionals... from Coca-Cola to Wal-Mart... from MIT to the Department of Defense are moving in.

And in the next 12 months as the Xbox and next-generation terra-flop gaming consoles are launched, plus as 3D screens and voice-over Internet capabilities spread and dominate, and as artificial intelligence gallops apace, the populations of these worlds is expected to truly

explode — with monumental real-world consequences.

In the '70s, when the linking of computers first became common, online multi-player virtual worlds were among the first applications to emerge. Of course in those days, all we had to play with was text. Yet, they still came instantly, almost as if it was the main thing we desired from this wonderful new technology.

Then when networks were able to transmit images, 2D worlds grew immediately. While everything looked flat and cartoon-like, and moved slowly and gracelessly, still thousands flocked to them.

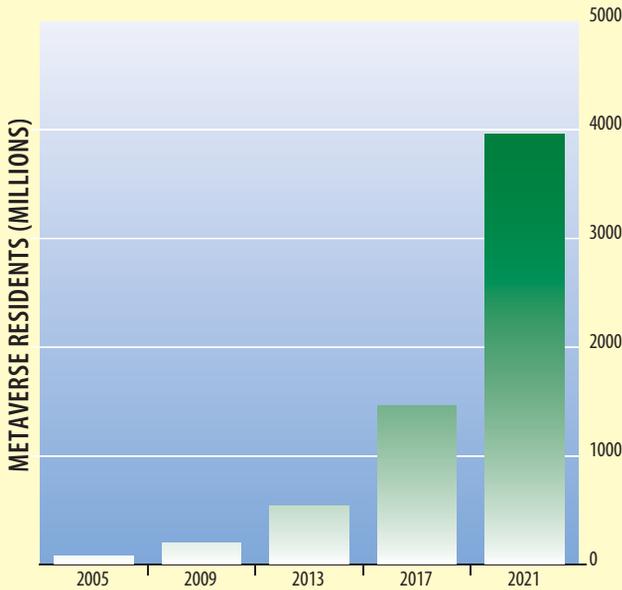
And then, when immersive 3D environments became possible in the mid '90s, the Metaverse was born. And populations began to explode. As each technological milestone was reached, the population of these virtual worlds multiplied, going from hundreds to thousands and now to tens of millions...

In 2003, the population of the Metaverse, according to DFC (one of the world's leading online gaming research firms), was 73 million. By 2009, it is predicted to grow to 198 million. At that rate of exponential growth, by early next decade, the population of the Metaverse will rival that of the U.S. economy. **By 2011 it could reach 276 million, and by 2020, it could reach close to 4 billion!** For example, a new world that recently launched in China attracted 9 million residents within just the first two months.

Trade within the Metaverse is also erupting. Last year, \$3.4 billion worth of virtual goods and services were traded. **This figure is expected to leap to \$13.4 billion by 2011. At that rate of growth, trade within these worlds could reach \$329.56 billion by 2025.**

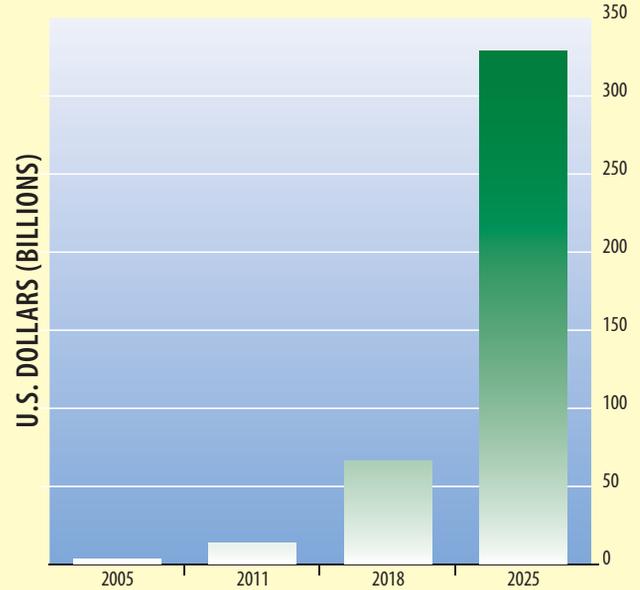
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Metaverse Population Explosion



Based on data from DFC Intelligence

Exploding Commerce in Metaverse



Based on data from DFC Intelligence

...into strange, wild and beautiful new worlds

When you cross the silicon border and dip your feet into these virtual waters, you can be anyone you want to be. A wise old wizard or a beautiful young woman, a miner, hunter, musician, pop star, scientist, marine biologist, knight, elf, centaur...

In most worlds, the sun rises and sets every day — just as it does in our own world. But the sunsets are like none you've ever seen before. As nightfall approaches, you might find yourself scrambling up the nearest hill or climbing a tower just to capture a glimpse of it. Golden and rich, it stretches across vast terrains of mountain ranges, deserts, cityscapes and villages. Spielberg couldn't capture it better.

In the little mountain-top village in the distance, where the amber lights are starting to flicker on, real people are meeting, interacting, trading, fighting — and maybe even making love — with other real people. In fact, according to one of the largest surveys ever carried out on the residents of these worlds, many confirmed that the experiences they had in them often felt more exciting, more intense and more magical than the ones they had in real life.

So you get excited and decide to go exploring. But be careful. Night is falling. And there could be strange creatures (or nasty people) hiding in the woods. You see the entrance to a cave in the distance. Turns out, it's an old mining shaft,

Big opportunities for romance (and profits) in Meta-opolis!

laden with gold nuggets. You load up your pockets. These nuggets can be used to buy things in this world: swords, guns, casino chips — even haute couture! They can be used to improve your reputation, to raise your social standing. **They can even be sold on eBay for real profits.**

You're feeling pretty empowered now. But it's getting lonely. It's time to head for the cityscape twinkling in the distance. Maybe you could see the latest avant-garde film or check out some of the nightlife there. Perhaps you've heard about the club called Angry Ant. Who knows what interesting things you'll find there, who you'll meet, and what secrets they'll share. You suddenly feel the same kind of exhilaration you feel when you get off a plane in a new town. You can't wait to get there. What will the people look like? What will the architecture look like? What will the shops, restaurants, bars, and clubs be like?

You set off through a dark pine woods, down into the eerie depths of the valley below. In the dim light, you can make out an enormous sprawling cement complex. There's no one to be seen. The complex is surrounded by a tall wire fence. You touch it, only to get zapped and thrown down onto the forest floor. Perhaps it's one of those top-secret military bases you've heard about: The new training fields for the DoD. This is warfare in the 21st century, part of the new Military-Entertainment Complex, where Hollywood meets the American military.

Or maybe it's just Microsoft's latest corporate headquarters, where its top executives get together to discuss new products, new launches, new inventions — or even how they might gain a more powerful foothold in the Metaverse (which incidentally happens to be one of their top objectives at the moment). But even they, with all their technological and economic might, are finding it difficult, for this is a new domain dominated by decades-old entertainment masters — who I'll tell you about in just a moment...

You hit the big city. You gape in awe at the sights. You feel like a little Iowa farm-boy who's just hit New York for the first time. Only this is a city like none you've ever seen before...

Cloud-capped towers, Gothic cathedrals, imperial palaces, solemn temples, sprawling flea markets, quiet narrow cobbled lanes, bustling brightly lit piazzas, boutique stores, glamour malls, bizarre clubs, sporting arenas, amphitheatres, fairy-tale gardens — even slums. This city has everything you'd expect to find in any ancient or modern metropolis — and a whole lot more!

You see *all* kinds of people (and things!)... of *all* shapes and sizes... trading, conversing, flirting, strolling, running, shouting, singing — even flying! There is everything from human-like forms to fantasy-like creatures... from wise old wizards to ugly ogres... from beautiful young women to walking skeletons!

New trends erupt here in the blink of an eye. New fashions. New films. New clubs. New drinks. New shows. New festivities. New music.

You're amazed at the frantic pace of life here.

You notice many of the young handsome men are wearing tailored black trousers with a thin red and white stripe down the side. You ask one of them where he got them. He gives you the address of the store and tells you how to get there. A few months later, you might recognize these pants on Main Street. The design flew so well in the Metaverse they ended up in the real world. Such is the potential of the Metaverse.

You notice a beautiful, tall, slender woman. She's wearing a black silk dress with a silver

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HOW TO MAKE 695% ON W

Tom Gardner's FAVORITE STOCKS

Each month in *Stock Advisor*, you won't just get to hear from David Gardner, you'll get to hear from Tom Gardner, too. While David is attracted to corporate trailblazers in dazzling new industries like entertainment and information technologies, Tom seeks out companies in old, out of favor industries!

In fact, you might be surprised to know that some of the best-performing investments of the last generation were found in languishing industries, such as rustic railroads, manufacturing, auto parts, retail and insurance.

For example, since recommending these companies *Stock Advisor* subscribers have enjoyed returns like:

- ▶ **695% on Quality Systems** – a company that engages in such “thrilling” activities as automating hospital and dental records!
- ▶ **64 % on Coventry Health Care** – a boring HMO
- ▶ **28% on Shuffle Master**
- ▶ **53% on Reebok**
- ▶ **And a staggering 229% on United Health Group** – the scandal-plagued health insurance company

These companies were (and still are!) some of Tom Gardner's favorite stocks. They are Wall Street's underdogs to which few traders have ever paid any attention, yet they rank among the market's top-performing investments.

What quality did they share that made them such great performers?

Understand this, and you'll unlock a stock market fortune.

The astonishing secret behind the world's best-performing investments:

Buy the best house on the worst block!

There's a trap that investors seem perpetually doomed to fall into. It's a trap so seductive, so irresistible, that it's even snared many of the greatest investors throughout history! It's what Jeremy Siegel, that Wizard of Finance from the Wharton School, refers to as the “Growth Trap.”

The Growth Trap seduces investors into paying high premiums for companies in the fastest-growing industries, sectors and countries of the global economy. Investors get lured in by great promises of growth. They get tempted to put their money into what they believe will be “the next big thing.” Because the demand for these “fashionable” investments is so strong, investors are willing to pay a high price for them – even though their valuations don't warrant it. But history has shown over and over that the relentless pursuit of this strategy often dooms investors to poor returns. In fact, *the best investments are often found in shrinking industries*. It's how boring stocks like UnitedHealth Group have even outperformed great growth engines.

That's why Tom snubs Wall Street's most adored stocks and industries and instead goes shopping in places where most investors would never care to look. He scours The Street to find those overlooked bargains: Fast growers in lackluster industries. In other words: he looks to purchase the best house on the worst block. It's real estate investing in reverse.

But there's even more to it than that. This astonishing investing secret is not just about growth. But rather – and here's the real key – it's about **the difference between the rate at which the market expects the company to grow, compared to the rate the company really grows at. The greater that gap, the better or worse your investment will perform.**

For example, if the market is expecting

20% annualized growth, but the company only delivers 10% (still an impressive figure) – you've got a losing investment. But if the market is expecting 10% annualized growth and the company delivers 20%, you've got a surprise winner. That's why these winners are more easily found in out-of-favor industries. The market expects very little of them – yet if the company continues to grow apace, investors will be rewarded in the end.

Tom Gardner's Top Pick

A 73-year-old dirty industrial company that no one pays attention to!

Imagine an industry as dull, as drab, and as dirty as auto parts. Not too sexy, is it? And Wall Street agrees. I mean, what's to like? Clutch disks. Gear boxes. Pumps and valves. Camshafts. Turbo-chargers. Cooling disks. Drive shafts.

And then, of course, there's the fact that the auto parts industry's biggest customers have blown a gasket. Detroit's “Big Three” have been downsized, downgraded, and are careening recklessly toward bankruptcy. Mention Ford, GM or Daimler-Chrysler's names on Wall Street and watch the analysts go running. As the *Houston Chronicle* recently warned, the auto parts sector is a “very, very troubled industry.”

To Tom, that smells like opportunity.

As you know, Tom looks for the fastest-growing stocks in the down trodden industries. And the company we're about to introduce you to fits the bill perfectly. This company is *twice as profitable as any of its competitors*. It's a **big winner in an out-of-favor industry**. Tom began following this stock in 2003, when it wasn't even on Wall Streets radar.

The company manufactures all manner of auto parts, from turbo chargers to transmission components. It's been around since 1928, and now boasts 17,400 employees in 62 locations in 17 countries. Yet, mention its droll name to your neighbors, and they've probably never heard of it. They certainly wouldn't know that this unloved, overlooked multi-billion dollar auto parts manufacturer has enjoyed

ALL STREET'S UNDERDOGS

rapid growth of more than 13% for more than a decade, awarding astute investors in excess of 15% annualized gains.

What's more, these returns are accelerating. In the past five years, its stock price has grown at a staggering annualized rate of 29%. And unbeknownst to Wall Street, this trend looks certain to continue for many years to come. At this rate, this little old unloved industry is delivering blockbuster returns.

As sizzling as an umbrella salesman in the monsoon season

Let me explain why these staggering returns look likely to continue.

America and the world are in a battle to boost fuel efficiency and reduce emissions, and it's this company that will help them do it. Its cutting-edge, environmentally friendly turbo charges, transmission boxes and other drive train components are considered among the greenest and best in the industry.

With soaring prices at the pump, this auto parts manufacturer will enjoy a cushy position among a car and fuel-hungry world. Plus it's the environmentalists' choice in the auto industry. In fact, they are currently collaborating with the Environmental Protection Agency and have just agreed to pursue commercialization of the next-generation green diesel and gasoline engine. This new system may actually boost the efficiency of diesel engines and reduce emissions!

Plus with stricter environmental standards on the way, this company's products will remain in demand.

As the CEO said in a recent article in *Automotive News*, "Right now, we're in a sweet spot. And we're going to be in the sweet spot for a long time."

And in a downtrodden industry, its records are exemplary. The business has strong cash flow and a relatively diversified base of markets and customers. It enjoys more than \$4 billion

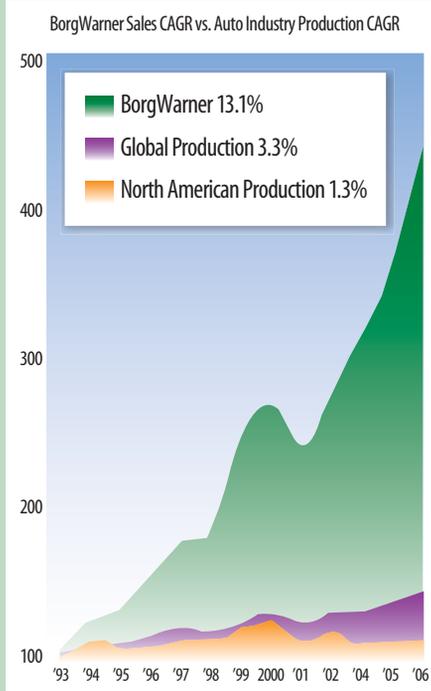
in global sales, most of which come from North America and the fast-growing Asian markets, but it also enjoys a good chunk of business from Europe. Plus, the company recently reported it has \$1.6 billion in backlogged orders for the next three years. It's currently building a cluster of factories in China, where sales are expected to balloon five-fold in the next five years. And its sales orders are filled to the brim for years to come.

Yet, for such a fast-growing global player with a diversified market and client base, superior products, booming business, strong management, exemplary financial records, an almost faultless history, it boasts a P/E ratio of just 15.8.

This company is called **BorgWarner**, and it can be bought on the New York Stock Exchange under the ticker symbol **BWA**. Tom expects in excess of 20% returns from this company in the next five years, just as it's delivered in the past five. That would net you six times your money. And he expects this growth to continue for decades ahead!

And BorgWarner is just *one* of the *many*

Growth leader in low growth industry



surprise winners you can learn about by signing up for a risk-free trial subscription to *Motley Fool Stock Advisor*. Another powerful benefit you'll receive when you sign up for *Stock Advisor* is a special report on 10 players that we believe will become surprise winners of the next generation. It's called *10 Monster Stocks to Anchor Your Portfolio*.

When do I sell?!

The brothers don't always agree and they do make mistakes. For example, Tom recommended Whole Foods Market (WFMI) back in 2002. As a matter of fact, he liked it so much that he recommended it twice, in both May and June of 2002, at adjusted costs of \$23.95 and \$24.46 per share. He later recommended a sale of both of those positions in May of 2003 when the stock went over \$60 (\$30 adjusted basis) per share. He locked in a 25% profit for members. Here's a snippet from his sell report.

"Today, Whole Foods is trading north of \$60 (\$30 on adjusted basis), and I'm recommending that you sell the stock, based on valuation. I do *not* believe that the business has gotten weaker. In fact, it's grown stronger. I don't think management has taken its eyes off the ball. Hardly. The expansion plans are measured. Further, I don't think that consumer demand for healthy, natural foods is at risk. Quite the opposite!"

Yet the stock continued to soar nearly reaching \$80 by 2006. So there's a good lesson in there. Selling is one of the most difficult things to master. As a matter of fact, we've created a special report entitled *How to Know When to Sell* to help remind members (and ourselves) when to make disciplined sell decisions. You'll get access to this special report and many others when you sign up for *Stock Advisor*. You see, even if you don't believe the Metaverse will play out, you'll get plenty of overlooked and under-covered picks from Tom. They may be grocery stores, healthcare companies or manufacturers. But they are all Wall Street underdogs with the potential to

bustier. She has poise. But she looks shy too, like she's new to this world. You catch her eye. She's coy. But you can tell she likes you too. You get nervous. She strolls around a corner. You don't want to lose her. Perhaps you'll never see her again. So you follow.

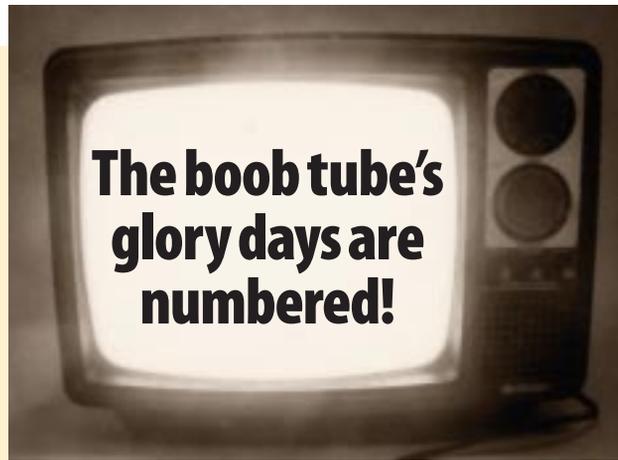
You chat. Your eyes get dreamy. It's your ideal partner. Perhaps this could be the start of a long friendship. Perhaps you'll explore this strange new world together, build a business together, get married, have children. But it's early days yet. Such are the possibilities inside the Metaverse.

And this is just one of many possible fantasies you can experience inside this silicon shell. There are currently over a dozen worlds that boast hundreds of thousands to *millions* of residents, including EverQuest, Lineage, World of Warcraft, Dark Age of Camelot, Star Wars

Galaxies and Second Life. One game in China had 700,000 people all playing online at the same time! It's a game where families team against one another. While most of the early worlds had medieval settings, now all kinds of radical and revolutionary new types of worlds are erupting. Educational, military and scientific worlds. Worlds of unfettered commerce (where there are no countries — just corporations). There are currently more than a hundred new virtual playgrounds in development.

Soon any type of fantasy will be possible inside this synthetic cosmos. And probably sooner, rather than later.

But there is one key element each of these successful worlds possesses. It's what makes it thrive. That key: it must have its own economy. One world even boasts its own stock exchange!



In 2003, Nielson Media Research pooled 13 years of its meticulously collected TV viewing data from its "families" across the nation. The result was startling. No matter how many hot, new prime-time lineups the networks threw at viewers, the overall trend was the same — network TV is losing its most important (and impressionable) demographic — men aged 18 to 34. While the decline in TV viewing averaged only 3.5% per year (shown by the blue trend line), the downward trend is indeed accelerating. At the end of the 2004-05 TV season, viewers from this essential group had fallen by an additional 10%.

Nielson concluded that these viewers' time is now being consumed by cable TV, DVDs, video games and synthetic lands inside



the Metaverse. It's no coincidence either that the largest consecutive year-on-year drop-offs in this demographic have occurred since 2000. In the past six years, the Internet has doubled in size, broadband has proliferated, and in 2006 the World Wide Web hit one of its greatest milestones: it now connects more than a billion people worldwide. It's even given rise to virtual currencies in synthetic lands such as EverQuest and Second Life. What's more, these currencies can be bought and sold on eBay,

and even transferred to your PayPal account! But this is only the beginning. The static medium of television is now giving way to cable TV and the interactive, virtual (and profitable) Metaverse, for as little as 2 cents a day.

Chart courtesy of: Nielson Media Research

The Metaverse Stock Exchange: up 566% in first 3 months

In the revolutionary new world called Second Life, you get the tools to build anything you could possibly imagine, and then you get full property rights over your creations. This has sparked an economic revolution inside Second Life. The world is growing at a staggering rate of 25% *per month*. That means it's doubling every three months! It boasts one of the fastest-growing economies on the planet.

Second Life's universe is growing faster than you would ever have time to explore it. More than 11,000 new residents are joining each week. These residents come together in Second Life from more than 100 countries. They are of all ages and come from all walks of life. What's more, many are learning how to make a living inside the world. From digital dressmakers to property developers... from jewelry designers to hair stylists... from film makers to architects...

It's giving the power to lift peasants out of poverty... to free workers from their joyless jobs. Thousands of residents are now earning in excess of \$20,000 a year in Second Life. Some a lot more...

One woman built a virtual property empire worth more than a quarter of a million dollars. Business was growing so fast, she had to employ 10 people from the real world to help cope with the growth.

Another entrepreneur paid \$26,500 for a virtual island. He's already turning a profit on it, selling mining and hunting rights to other residents.

Nathan Keir, an Australian, created a game in Second Life, that was so successful it is now being turned into a TV game show.

Second Life even has its own stock exchange, where residents can invest in big development projects like virtual golf courses. It's called The Metaverse Stock Exchange, which leapt 566% in its first three months of trading. That's virtual synthetic world trading.

A global petri dish for commerce and education

The British branding firm, Rivers Run Red, is working with real-world fashion firms and media companies inside Second Life, where they create designs and campaigns that can be viewed in all their 3D glory by colleagues around the world. The firm saved \$175,000 last year by eliminating expensive modeling and traveling expenses. They even developed the marketing promotion for Walt Disney's hit film, *Hitchhikers Guide to the Galaxy*, inside Second Life. *BusinessWeek* called it "The Holy Grail" of Advertising.

Wells Fargo built Stagecoach Island, where you can hang out with friends and learn all about finance...

And now a consortium of more than 200 companies, including Wal-Mart, American Express and Intel are experimenting inside Second Life with ways to foster more collaborative learning methods...

Schools in Chicago, Panama, Tokyo and Israel have bought their own islands, where they can meet and share ideas, digital photos and projects with other students from diverse cultures around the globe.

New York learning institutions, Homeland Security, the National Science Foundation, the World Bank and the Department of Transportation are seeking out ways they can use Second

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Life to test new training programs, new urban planning models, new legal systems, new forms of government, new financial programs and products.

The head of technology at Crompco Corporation, an underground gas-tank-testing firm, built a virtual gas station in Second Life to train new hires. They found it was much easier for the new employees to grasp the way the station worked in Second Life than it was on paper... and much more fun!

The Metaverse is becoming a global petri dish for commerce and education. Some believe it could challenge the Microsoft Windows operating system as a way to create entertainment and business software and services.

A fairy-tale investment that may last forever

In addition to the ever-increasing power of these worlds to woo more and more people, there are a number of reasons that make an investment in them so compelling.

First of all, synthetic worlds almost never die. Once they are opened, they don't close. In fact, once the initial start-up costs are paid, these worlds cost very little to maintain. Plus, it'd be like permanently closing down Manhattan overnight. It's not going to happen. It can't. Millions have built relationships, businesses, careers, lives in these worlds. To close them one day would be devastating to the residents — both emotionally and economically. The residents wouldn't let it happen. This should give you a hint as to the power of an investment in one of these worlds!

Secondly, the level of communication they can provide far exceeds that which can be

achieved through the phone or via the chat room. And while video conferencing gives body and voice, it doesn't do so with anywhere near the sophistication, fun, complexity and magnitude of virtual worlds. Plus virtual worlds do it at a fraction of the cost. In fact, part of its economic magic is that it's **one of the highest-quality and cheapest communication mediums ever built...** and it's getting better all the time...yet the cost is barely rising!

To put it in perspective, you might pay entertainment fees of \$1 an hour to read the average paperback book. To view a film or a DVD you might pay anywhere from \$5 to \$15 an hour. But in an interactive 3D fully immersive synthetic world (far more magical and fast becoming greater and more detailed than even the real world) **you'll pay as little as 2 cents an hour!** Try to beat that for entertainment value. It's **the ultimate entertainment buck** — penny actually! For most worlds, you can get monthly access (24 hours a day) for just \$15. Some are free.

What's more, as you've seen, players have the potential to turn this piddly expense into an impressive profit.

On top of that, the potential market for these worlds is unlimited. Anyone who has ever expressed a desire to explore a new frontier... to go somewhere different... to find a new social circle... is a potential player. Anyone who is finding himself dying on the industrial vine — unsatisfied with his job, career, social circumstances — may soon find their way across the digital divide. That might one day be every single person on the planet. And as broadband spreads, as computers continue to get more powerful, and costs crash, more and more people will surely find their way across the silicon border. Why not? For many, life is better there, opportunities for romance, for profits, and for learning are flourishing. A new social calculus is forming. Economics there is fun!

The Metaverse's #1 Investment

While everyone from Microsoft to Sony... from Nintendo to Google... is racing to get a piece of the Metaverse, it's not as easy as it might sound. For example, it takes about five years and about \$30 million — including hundreds of designers, programmers, graphic artists, engineers, IT specialists and animators — to build a successful synthetic world.

What's more, it must have key elements to make it erupt. But get the game right, and it becomes an immortal profit-generating machine. For once the start-up fees are paid, it costs very little to maintain. The world more or less runs itself, governs itself — and has the potential to generate revenues for ever after...

But there's one synthetic world builder that David believes is a cut above the rest. It's been around since 1982 and has been designing and pioneering the gaming market for decades. Long before new players like Microsoft, and Google came along, this player was driving the development of these worlds. As Jung once said: "The most difficult task men can perform is the invention of good games." But these guys know how to do it. When 3D environments were first made possible in the mid-'90s, within a few years, this company had built the first major successful synthetic world: Ultima Online — a world that will probably exist forever now. A world that will make the history books!

Since then, it has created many of the Metaverse's most successful synthetic worlds, including the SimCity series. It also operates the games channel on AOL. And now it has secured the rights to create Tolkien's world from the famous Lord of the Rings series. It has also signed a deal with Steven Spielberg to work on original concepts for games. This player **has now become the world's largest**

third-party publisher, and it is poised for explosive growth for literally decades to come! It currently has \$3 billion in cash and no debt. It is perfectly poised to become one of the 21st century's most influential corporations. It's called **Electronic Arts**. And it is one of David's favorite companies.

You can learn more about Electronic Arts and why we think it's one of the greatest and most entertaining investments available on markets today by signing up for a risk-free trial subscription to **Motley Fool Stock Advisor**. Plus, we have just released a special limited-edition investment alert on Electronic Arts and the opportunities arising in the Metaverse called **5 Players that Will Power the Metaverse**, which we'll rush you when you join.

5 Players that Will Power the Metaverse

Although these worlds exist on thousands of servers across the globe, they are powered by just a handful of corporations. These corporations are destined to become some of the most influential in the 21st century.

In **5 Players that Will Power the Metaverse**, you'll learn about:

- ✓ **China's Leading Internet Portal and Gaming Company.** It's already nabbed nearly *a quarter of a billion* registered users and it's set to double that number in the next three years. It's even been rumored that Google might buy this company as a way to get *its* chunk of the Metaverse!
- ✓ **The Entertainment Giant that's Bringing Hollywood's Biggest Adventures to the Silicon World.**

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✓ **The Metaverse's New Turnpike.** This is the leading company paving the virtual highways that will connect us to the Metaverse. *BusinessWeek* called it “**A Qualcomm Hardly Anyone Notices.**” This ubiquitous company has already changed the way the world communicates, and it's about to do it again.

✓ **How to Jump the “Great Firewall of China.”** This company (controlled by China's *richest* man) is digitally linking the world *wirelessly*. This info tech pioneer already has 173 million users, and it just brought Skype to China. Today, it ranks as one of the Metaverse's most important eastern hubs, and it's just getting started...

We'll rush you a copy of this entertainment investment alert as soon as you sign up for your risk-free trial subscription to *Motley Fool Stock Advisor*.

Your key to investing in the Metaverse!

Motley Fool Stock Advisor helps you keep up with the disruptive macro social and economic trends that the Metaverse has begun to set in motion. Each month in *Stock Advisor*, David shows investors how to capitalize on the many exciting trends unfolding in the world today — not just those emerging in the Metaverse, but also those arising in the fast-moving worlds of biotechnology and information technologies.

Plus each month you'll also get to hear from Tom Gardner, too. While Tom's investing style is very different from David's, his profits are just as compelling — sometimes even more so!

Tom is a value investor. While David often looks for investment opportunities in fast-emerging new markets, Tom seeks out opportunities in old markets. In fact, Tom has clocked up an impressive track record in the past few years

often by seeking out unloved stocks in out-of-favor industries.

By finding fast-growing companies in such languishing industries like auto parts, health insurance, discount retailers, and circuit board manufacturers, Tom has been able to rack up gains of:

- ✓ 695% on Quality Systems
- ✓ 208% with Corporate Executive Board
- ✓ 198% on Moody's
- ✓ 65% on Healthways, Inc.
- ✓ 114% on Laboratory Corp of America
- ✓ 229% on UnitedHealth Group
- ✓ 38% on Costco
- ✓ 111% on Sanderson Farms
- ✓ 71% on Whole Foods Market

(Figures as of August 15, 2006)

And that's just in the past few years. He's expecting decades of growth ahead from these old, overlooked companies.

In fact, when you sign up for a risk-free trial subscription to *Stock Advisor*, another powerful benefit you'll receive is a special investment report on 10 of these blue chips... companies that we believe boast the greatest potential to outshine the market in the years to come. It's called:

10 Monster Stocks to Anchor Your Portfolio

In it you'll discover:

- ✓ **The “Coca-Cola of South America.”** This beverage blue chip just can't seem to quench Central America's thirst. Even after

half a decade of 14% annual growth, this company shows no sign of going flat.

- ✔ **20th Century's Second-Best Performing Stock!** Outperforming Amgen and Genentech, this medical pioneer was the second-best-performing stock of the past 50 years — trumped only by Altria. We think it'll continue to surprise the market.
- ✔ **Home Depot's Largest Supplier.** Its sales and operating profits have grown at a compounding rate of 16% a year for 49 years — yet you've probably never heard its name!
- ✔ **Big, Boring and Timely.** That's the best way to describe this regional bank. It's flown under the radar of most Wall Streeters for more than a decade — though it's had a stellar history. The bank ranks as one of the country's 10 largest, but it hasn't spread beyond the Southeast — yet.
- ✔ **The World's Best-Selling Brands!** This company boasts operations in more than 200 countries and has one of the most sophisticated distribution networks in existence. It can get its world-class brands to the farthest regions of globe! It's the closest you can get to a sure bet.

Plus you'll learn about five more corporate gold mines in *10 Monster Stocks to Anchor Your Portfolio*.

Start your risk-free trial subscription today!

We hope you'll join the dueling Fools and try a risk-free trial subscription to their unique investment service today. Right now, you can sign up for the special charter subscription price of just \$149 a year (that's \$40 off the regular annual fee).

Just look at all the powerful benefits you'll receive when you join David and Tom's inner circle at *Stock Advisor*: You'll get:

- ✔ **David's Favorite Growth Stocks and Tom's Favorite Value Plays!** You'll get the best of both worlds! Every month, they'll reveal to you one of their favorite stock recommendations. You'll get entertainment technology stocks, plus you'll get introduced to David's top picks in his other favorite leading growth industries. Plus you'll learn about Tom's boring unloved, overlooked Wall Street underdogs ... those jewels in the industrial junkyard that Wall Street forgot.
- ✔ **The Fool's School!** We aim to educate, amuse and enrich, and we treat the education of our clients with utmost importance. You get to ask the questions. And David and Tom, in true Fool style, will tell you how it is. You'll learn about the secrets of Spiral Investing... what the "ownership society" is... how to pick the right broker... whether now is the time to buy gold... how to manage risk... how to value a stock... the three things you should know before buying bonds... and much more!
- ✔ **Updates!** Each month we'll email you investment alerts, which will include breaking news on David and Tom's current *Stock Advisor* recommendations.
- ✔ **Stock Scorecard:** Sibling rivalry has long been a common thread in the Gardner house. And the stock market seems to bring it out in them even more! While they get a tremendous thrill out of hitting a home run with their stock recommendations, they will admit that there's no better feeling than outdoing a sibling! The Stock Scorecard lets them (and you)

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keep track of how they're doing relative to each other, and relative to the S&P 500. So far in the past four years, David's whopped the S&P with 41.6% returns, and Tom's whopped it with 69.05% (as of August 15, 2006).

✓ **The Secrets of America's Top CEOs.**

You'll get to read interviews with America's top corporate movers and shakers, names like Reed Hastings (CEO of Netflix), Peter Cuneo (vice-chairman of Marvel), Jack Bogle (founder of the Vanguard group of mutual funds), Jeremy Siegel (the Wizard of Wharton), Jeff Bezos (CEO of Amazon)... and many more!

✓ **The Fool's Message Boards.** Join in the largest and smartest financial conversation every month... every day... on the Fool's message boards. Exchange ideas, thoughts and opinions on specific stocks, markets and investment styles! Ask questions. Get intelligent answers from fellow investors, and from The Motley Fool's wide universe of advisors, experts, economists, writers, forecasters and analysts! We believe this is one of the most enlightening and powerful benefits The Motley Fool offers! Full transparency. Complete honesty. And intelligent conversation!

✓ **24-Hour Real-Time Access to the Stock Advisor Investment Portfolio.**

The performance of David and Tom's recommendations are updated every 20 minutes of the trading day.

✓ **FREE Report: *5 Players that Will Power the Metaverse.***

✓ **FREE Report: *10 Monster Stocks to Anchor Your Portfolio.***

Plus, you can review the service for a full 30 days, risk-free. Review our stock recommendations. Read the special free reports. Join in the conversation with thousands of other investors on the Fool's message boards — and decide for yourself. If you find the service is not for you, just send us an email, and we'll refund your money in full. No questions asked.

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We hope you'll join us, and see how this battle between these two brothers plays out.

Sincerely,



Paul Elliott

PS. Even if you haven't dipped your toes in the virtual waters of the Metaverse yet, you soon will! This wild and wacky new world promises to change us, enrich us, improve us, challenge us, train us, free us. It will expand our minds and broaden our horizons (and not just our virtual ones). It will furnish us with new skills, unleash hidden talents, enslave us, tempt us, taunt us, fulfill us, introduce us to new cultures, new places, new ways of doing things, new people, new adventures — and new financial opportunities! And that's just for starters! Once the 3D Metaverse becomes increasingly more sophisticated with new technologies and new innovations, millions (if not billions) will flock to it. Distances will collapse. Borders will disintegrate (both cultural and physical ones). The Metaverse will become the most powerful economy on the planet. And early investors in it should reap fantastic rewards!

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