



MEDIA SUB-SECTOR RESEARCH

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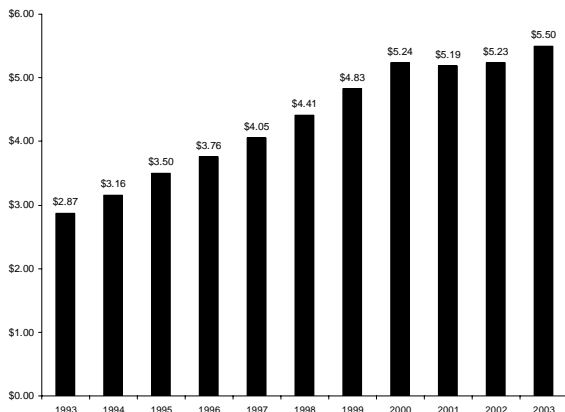
OUTDOOR ADVERTISING SECTOR:
An Introduction

Outdoor advertising is an increasingly large component of the worldwide advertising market, which includes other media such a television, radio and print media. As the "in-home" advertising market has become fragmented by the proliferation of multi-channel cable and satellite television, satellite radio and the internet, many advertising experts believe that out-of-home advertising remains the only true form of "mass media" advertising. As a result, outdoor advertising is expected to continue to be a progressively more appealing medium for a broad range of advertisers.

Outdoor advertising include billboard, posters, transit (buses and rail systems), street furniture (any freestanding advertising units such a bus shelters, and phone kiosks), and indoor display (such as in shopping malls). Out-of-home companies procure real estate sites on which their displays are situated, and then sell space on such displays to advertisers for durations ranging from two weeks to several years.

The outdoor advertising industry has experienced significant and favorable changes during the past several years. First, the entire outdoor category has expanded beyond traditional billboards to include displays inside shopping centers and mall, airports, stadiums, movie theaters and supermarket, as well as on taxis, trains, buses an subways. Second, the outdoor advertising industry has increased its visibility with attractiveness to local and national advertising new and old.

Advertising dollars spent on Outdoor Sector (billions)



A diverse cross-section of formats comprise outdoor advertising



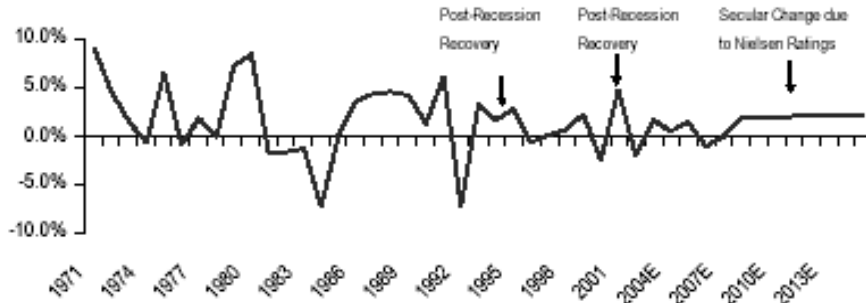


Third, the industry has benefited significantly from improvement in production techniques, which have facilitated a more dynamic, colorful and creative use of the medium. These technological advances have permitted the outdoor advertising industry to respond more promptly and efficiently to the changing need of its advertising customers and to increase its participation in multi-media campaigns.

Outdoor Industry Growth

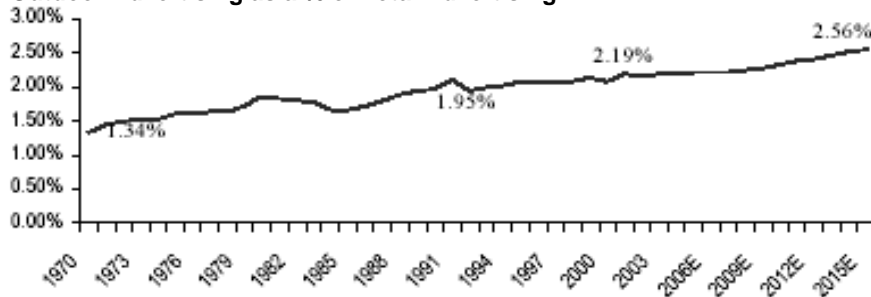
For the past ten years, outdoor advertising has grown an average of nearly one percentage point faster than all advertising, a reflection, we believe, of stronger audience trends in outdoor than in other traditional media.

Outdoor Ad Growth Less Total Ad Growth



This has resulted in modest share gains for outdoor versus other advertising, rising from just under 2% of total advertising in 1989, to nearly 2.2% of total advertising in 2003 (see figure below) We believe that share gains for outdoor advertising will pick up after 2008, when a new ratings service from Nielsen should be fully deployed, with outdoor's ad share rising from an estimated 2.25% of national ad spending in 2008 to 2.56% in 2014, a 14% increase in share that is close to half of the outdoor share gain that took place in the U.K. over the past eight years after a similar ratings service was introduced in that country.

Outdoor Advertising as a % of Total Advertising





Consolidation is still a trend in Outdoor Industry

In terms of the billboard industry approximately 65% is consolidated within the top three players. This suggests to us that 1) major players in the outdoor market (Lamar, Viacom and Clear Channel) will continue their modest roll-up strategy for a number of years. And, 2) small and middle market investment opportunities are available with a potential exit by selling to a major or regional player.

Sources: JPMorgan Research, OAAA, Avondale Management Research



Outdoor Advertising 1971 – 2007E (in millions)

Year	Total	Growth%	Billboard	Growth%	% Total	Transit/Alt.	Growth%	% Total
1970	\$260		\$205		78.8%	\$55		21.2%
1971	\$299	15.0%	\$233	13.7%	77.9%	\$66	20.0%	22.1%
1972	\$349	16.7%	\$268	15.0%	76.8%	\$81	22.7%	23.2%
1973	\$381	9.2%	\$289	7.8%	75.9%	\$92	13.6%	24.1%
1974	\$404	6.0%	\$303	4.8%	75.0%	\$101	9.8%	25.0%
1975	\$450	11.4%	\$333	9.9%	74.0%	\$117	15.8%	26.0%
1976	\$533	18.4%	\$389	16.8%	73.0%	\$144	23.1%	27.0%
1977	\$609	14.3%	\$438	12.6%	71.9%	\$171	18.8%	28.1%
1978	\$704	15.6%	\$499	13.9%	70.9%	\$205	19.9%	29.1%
1979	\$845	20.0%	\$591	18.4%	69.9%	\$254	23.9%	30.1%
1980	\$1,000	18.3%	\$690	16.8%	69.0%	\$310	22.0%	31.0%
1981	\$1,109	10.9%	\$754	9.3%	68.0%	\$355	14.5%	32.0%
1982	\$1,205	8.7%	\$807	7.0%	67.0%	\$398	12.1%	33.0%
1983	\$1,360	12.9%	\$897	11.2%	66.0%	\$463	16.3%	34.0%
1984	\$1,483	9.0%	\$963	7.4%	64.9%	\$520	12.3%	35.1%
1985	\$1,600	7.9%	\$1,024	6.3%	64.0%	\$576	10.8%	36.0%
1986	\$1,785	11.6%	\$1,124	9.8%	63.0%	\$661	14.8%	37.0%
1987	\$2,002	12.2%	\$1,241	10.4%	62.0%	\$761	15.1%	38.0%
1988	\$2,251	12.4%	\$1,373	10.6%	61.0%	\$878	15.4%	39.0%
1989	\$2,460	9.3%	\$1,488	8.4%	60.5%	\$972	10.7%	39.5%
1990	\$2,600	5.7%	\$1,560	4.8%	60.0%	\$1,040	7.0%	40.0%
1991	\$2,728	4.9%	\$1,637	4.9%	60.0%	\$1,091	4.9%	40.0%
1992	\$2,638	-3.3%	\$1,583	-3.3%	60.0%	\$1,055	-3.3%	40.0%
1993	\$2,867	8.7%	\$1,720	8.7%	60.0%	\$1,147	8.7%	40.0%
1994	\$3,159	10.2%	\$1,895	10.2%	60.0%	\$1,264	10.2%	40.0%
1995	\$3,500	10.8%	\$2,100	10.8%	60.0%	\$1,400	10.8%	40.0%
1996	\$3,760	7.4%	\$2,256	7.4%	60.0%	\$1,504	7.4%	40.0%
1997	\$4,047	7.6%	\$2,428	7.6%	60.0%	\$1,619	7.6%	40.0%
1998	\$4,413	9.0%	\$2,648	9.1%	60.0%	\$1,765	9.0%	40.0%
1999	\$4,832	9.5%	\$2,899	9.5%	60.0%	\$1,933	9.5%	40.0%
2000	\$5,235	8.3%	\$3,141	8.3%	60.0%	\$2,094	8.3%	40.0%
2001	\$5,193	-0.8%	\$3,116	-0.8%	60.0%	\$2,077	-0.8%	40.0%
2002	\$5,232	0.8%	\$3,139	0.7%	60.0%	\$2,093	0.8%	40.0%
2003	\$5,504	5.2%	\$3,413	8.7%	62.0%	\$2,091	-0.1%	38.0%
2004E	\$5,882	6.9%	\$3,686	8.0%	62.7%	\$2,196	5.0%	37.3%
2005E	\$6,286	6.9%	\$3,980	8.0%	63.3%	\$2,306	5.0%	36.7%
2006E	\$6,601	5.0%	\$4,179	5.0%	63.3%	\$2,422	5.0%	36.7%
2007E	\$6,931	5.0%	\$4,388	5.0%	63.3%	\$2,543	5.0%	36.7%