

The Industry Forecast

TNS Media Intelligence

AdWatch 2005

TNS Media Intelligence

Advertising and Marketing Intelligence – Across Brand, Media, Industry and Market

- Leading provider of strategic advertising and marketing information
- Monitoring:
 - \$140+ billion in ad expenditures
 - 190 million ad occurrences
 - 2.2 million brands
 - 19 media

The Industry Forecast

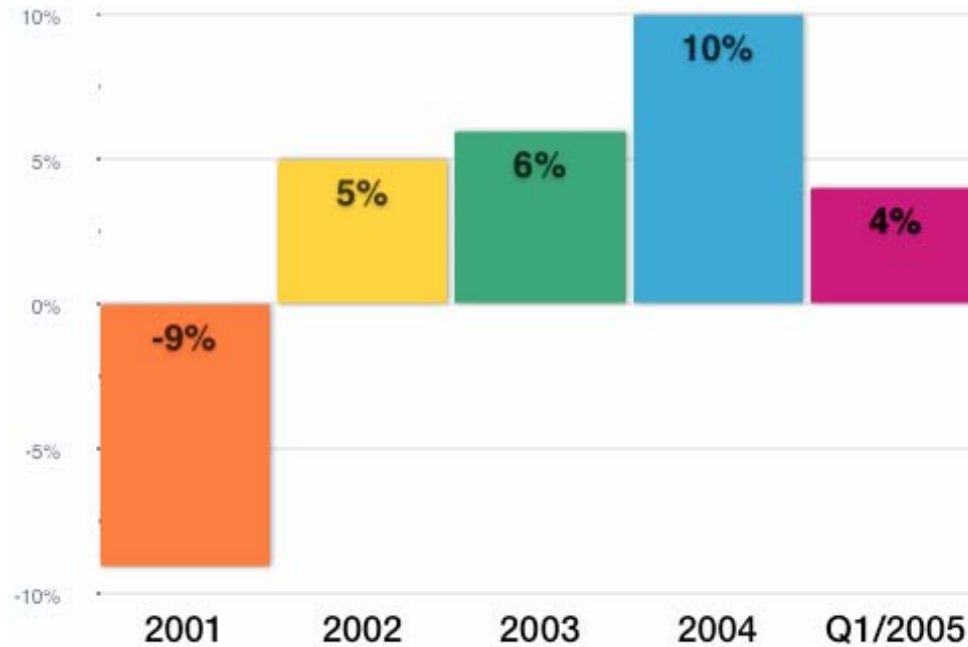
- The Advertising Landscape
- Key Indicators for 2005 Spending
- Outlook for 2005



The Advertising Landscape

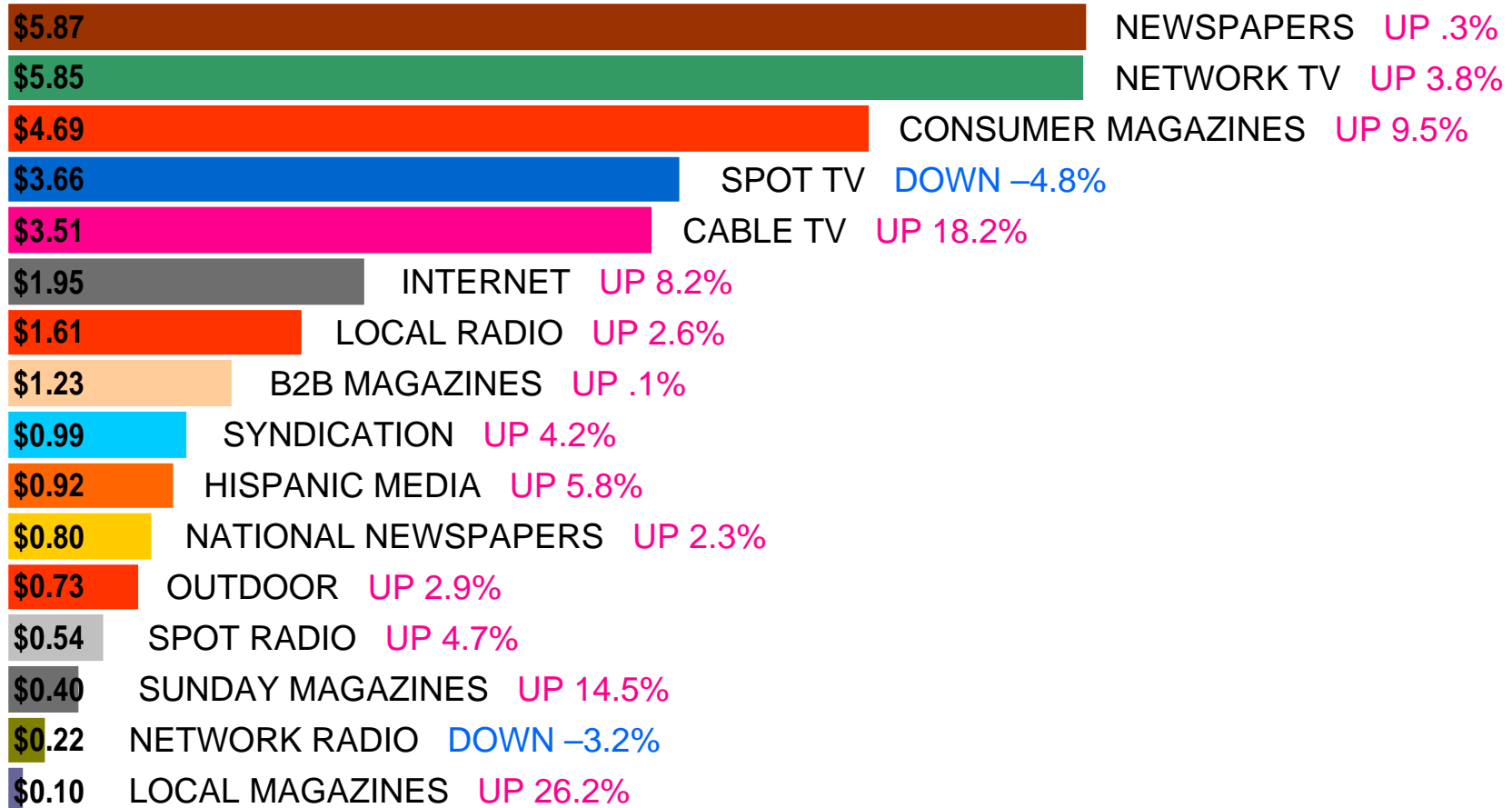
Annual Multi-Media Expenditure Trends

- Healthy recovery since 2001
- Modest start to 2005



The Advertising Landscape

Performance By Media – Q1 2005



The Advertising Landscape

Internet Advertising Spend

The Advertising Landscape

Internet Advertising Spend

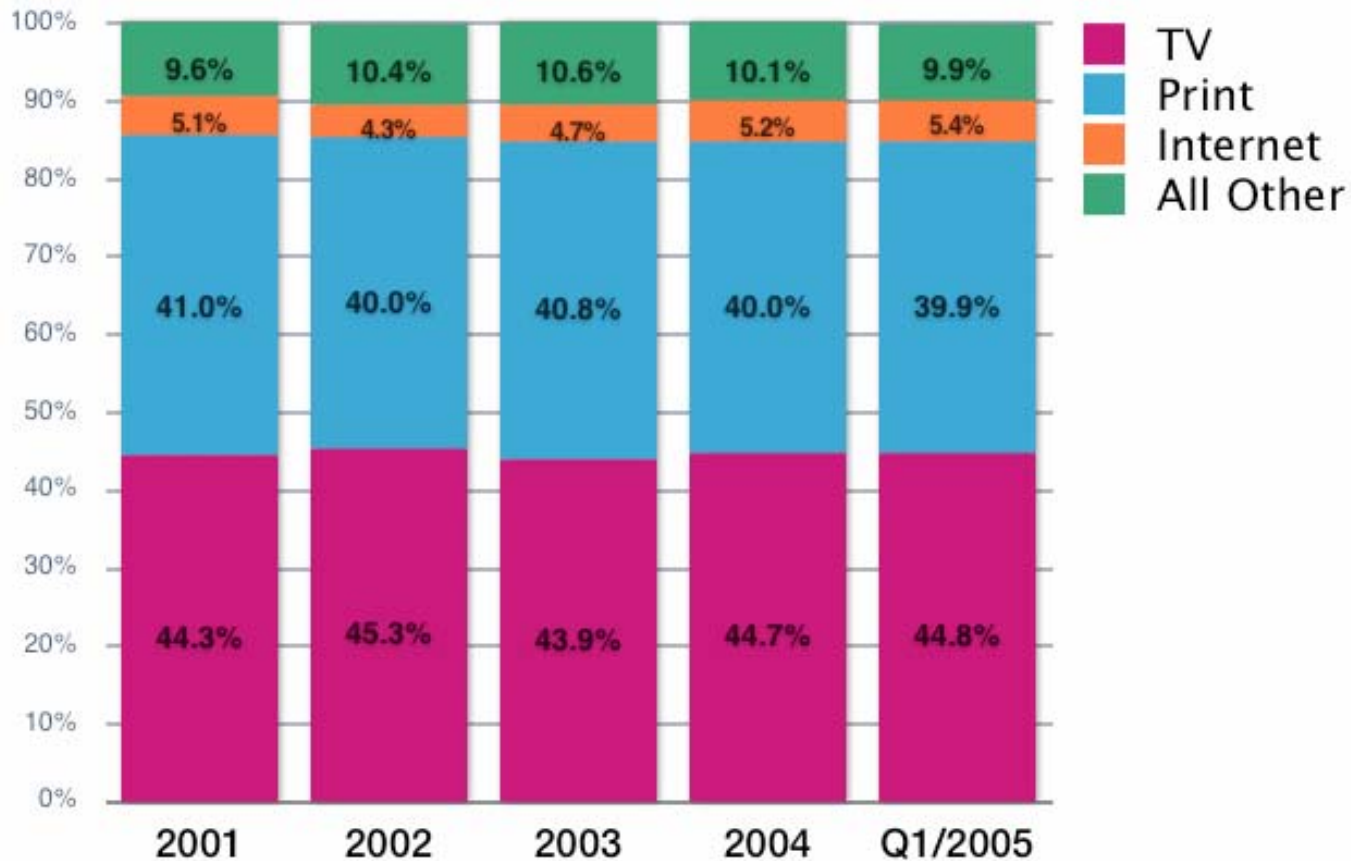
	2001	2002	2003	2004	Q1/2005
\$ Billions*	\$5.81	\$5.21	\$6.13	\$7.44	\$1.95
% Change vs. Previous Year		-10.3%	+17.6%	+21.4%	+8.2%

** Note: Does not include paid search advertising*

The Advertising Landscape

Internet Advertising Spend

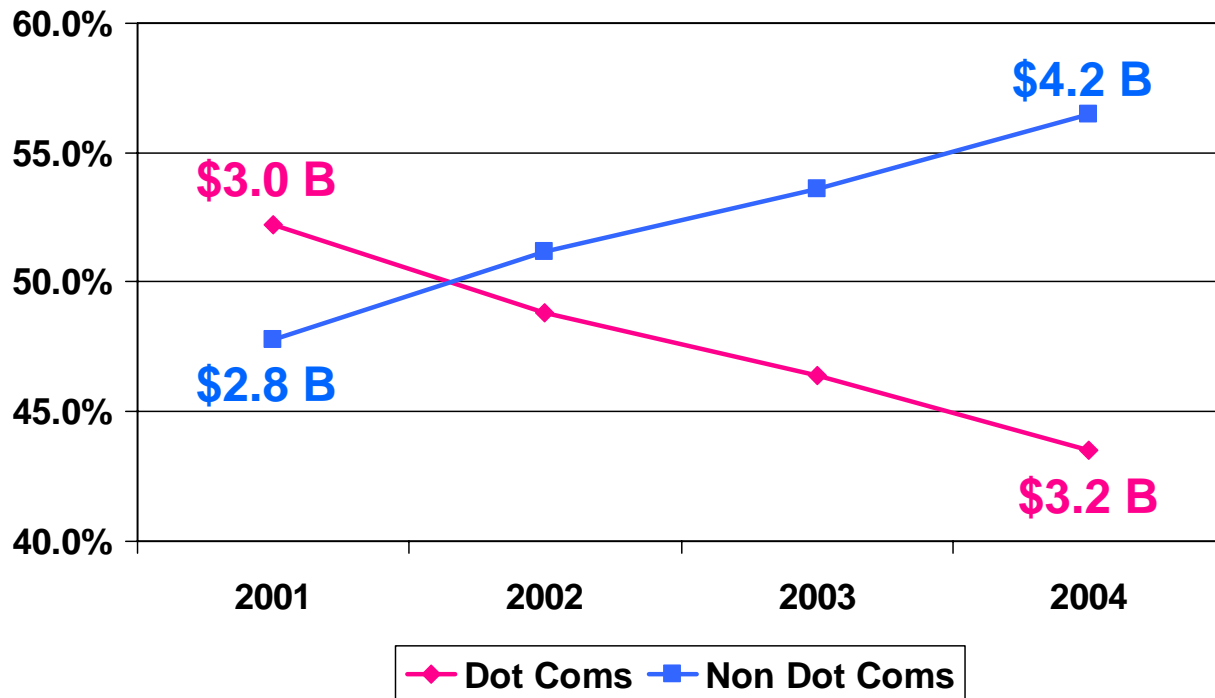
Internet Share of Ad Spend Has Recovered To 2001 Levels



The Advertising Landscape

Internet Advertising Spend

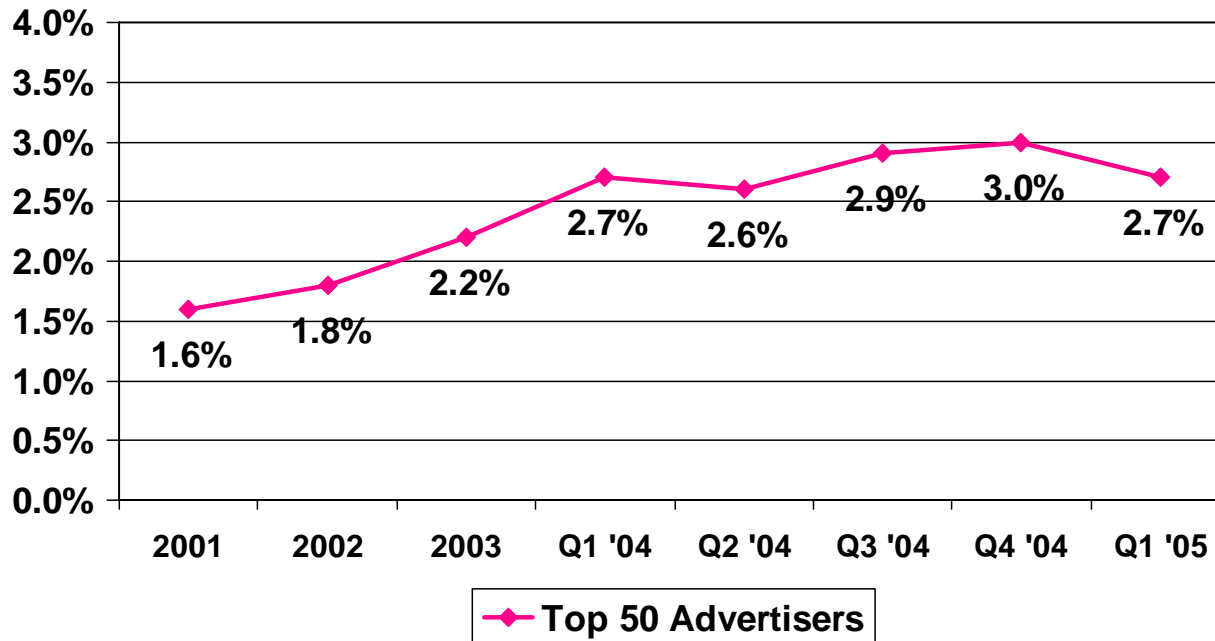
% Share of Total Internet Ad Spend



The Advertising Landscape

Internet Advertising Spend

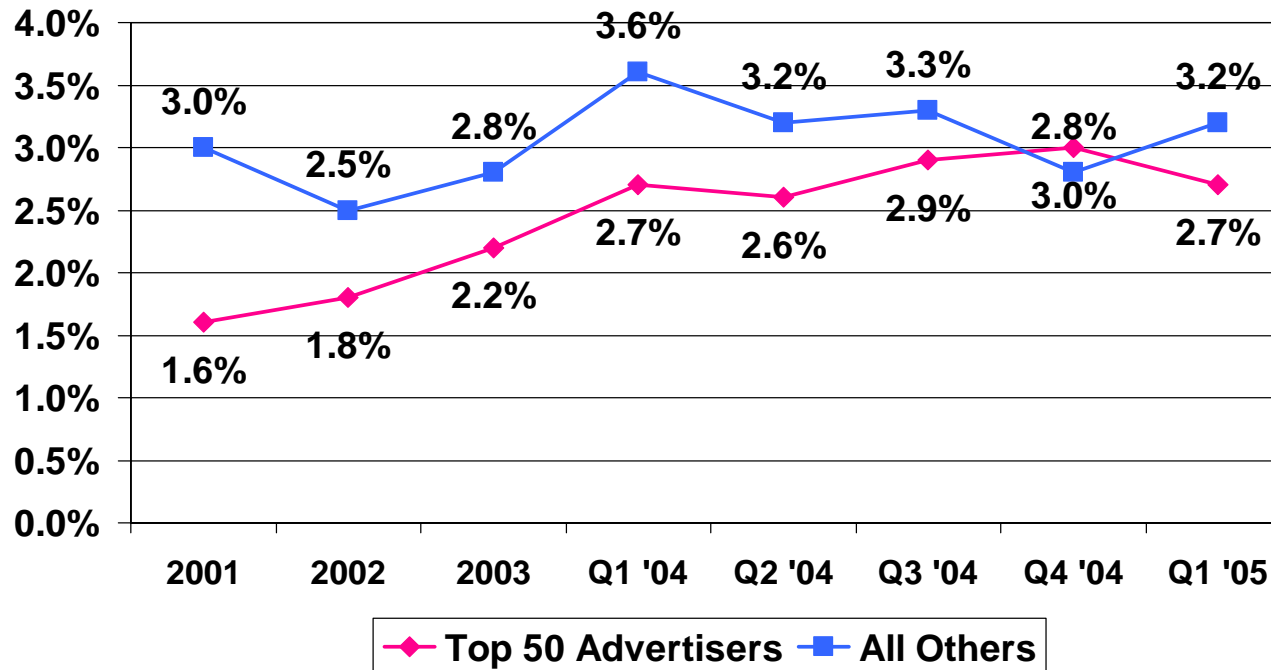
Internet's Share of Total Ad Spend Among Non-Dot Com Brands



The Advertising Landscape

Internet Advertising Spend

Internet's Share of Total Ad Spend Among
Non-Dot Dom Brands



The Advertising Landscape

Hispanic Media Advertising Spend

The Advertising Landscape

Hispanic Media

- The nation's largest minority:
 - Current: 13% share of U.S. population (39 million)
 - Estimated: 24% share of U.S. population in 2050 (102.6 million)
 - Estimated 61% growth between now and 2050



The Advertising Landscape

Hispanic Media

- 3 TV Networks
(Telemundo, Telefutura, Univision)
- 1 Cable Network (Galavision)
- 43 Local TV Stations
- 40 Magazines
- 62 Newspapers
- 16 Websites



The Advertising Landscape

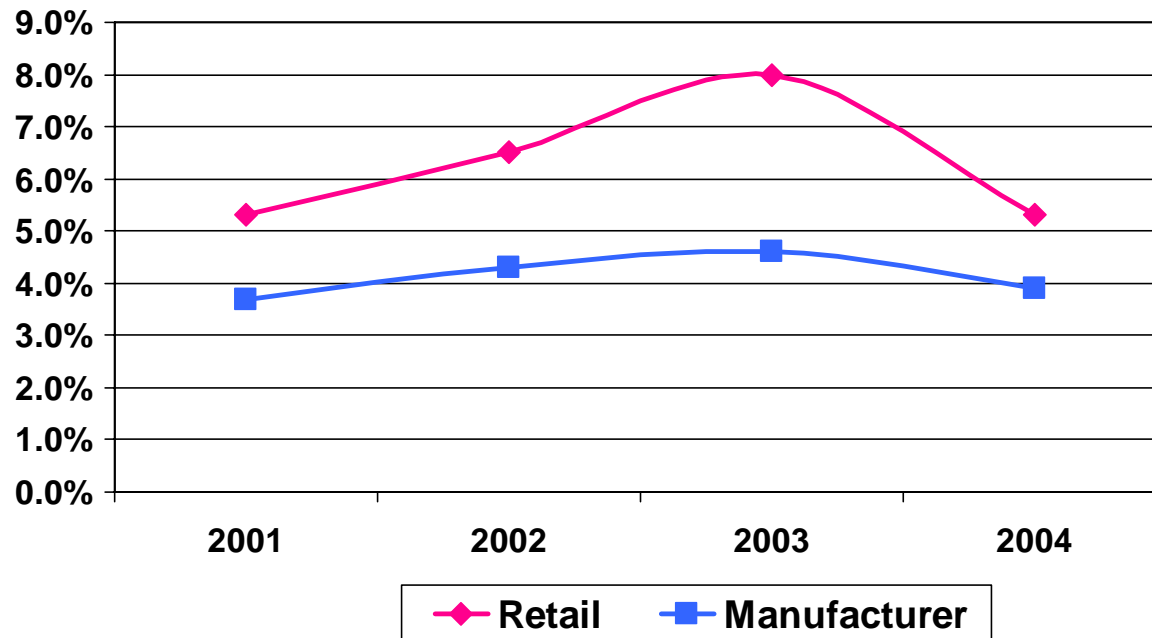
Hispanic Media



The Advertising Landscape

Hispanic Media – Top 500 Advertisers

% Of TV and Print Spending Allocated To Hispanic Media



The Advertising Landscape

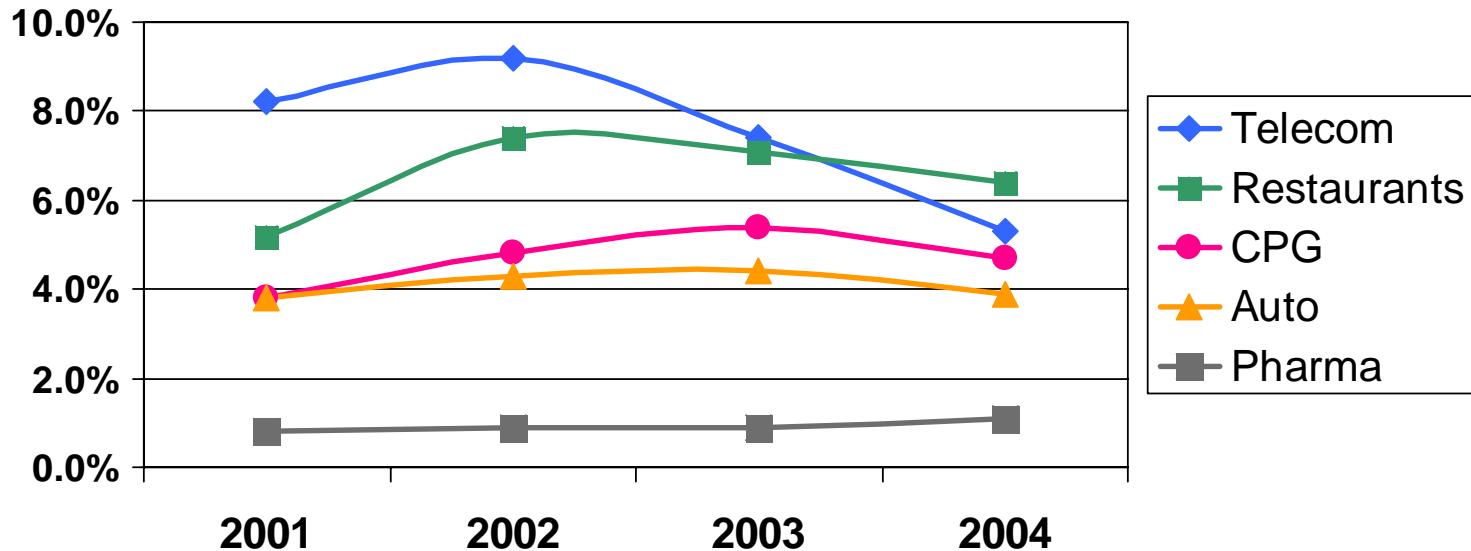
Hispanic Media – Top 500 Advertisers



The Advertising Landscape

Hispanic Media – Select Categories

% Of Print & TV Spend Allocated To Hispanic Media: Select Categories



The Advertising Landscape

Political Advertising



The Advertising Landscape

Political Advertising

Historic Spending for 2004 Election

- Spending exceeded \$1.45 billion
 - 42% - Presidential Election
 - 27% - Federal (Senate, House, Federal Issues)
 - 14% - State & Local*
 - 17% - Ballot Issues (State & Local)



The Advertising Landscape

Political Advertising

Politics Is Now an Annual Category

- Off-Year Elections

- Gubernatorial and Mayoral

- Policy Issues and Advocacy Groups

- National and State
- Lasting legacy of 2004



The Advertising Landscape

Political Advertising

2005 Estimated Political Spending

- Gubernatorial and Mayoral Elections
 - \$80 - \$100 million
- Public and Federal Policy Advocacy Groups
 - \$140 - \$160 million
- 2006 Mid Year Elections
 - Up to \$50 million



The Industry Forecast

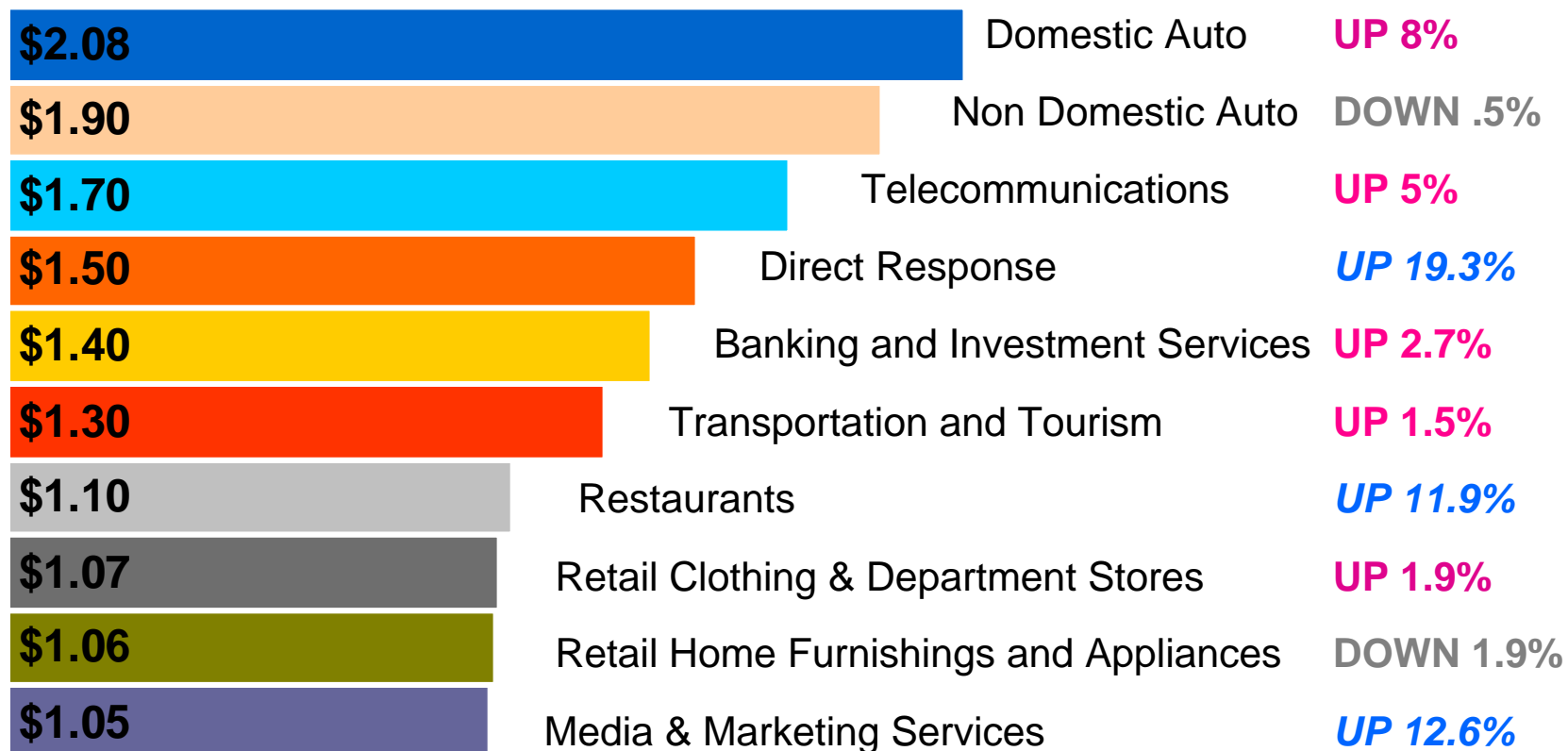
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Key Spending Indicators

Leading Product Categories

Top 10 Categories Q1 2005



Top 10 categories represent 43% of total ad spend in Q1

Key Spending Indicators

Leading Product Categories

TV Networks – The Largest Advertiser Category

	2002	2003	2004
TV Promotions	\$14.7	\$16.1	\$17.1
All Advertising (including value of unpaid TV promos)	\$133.8	\$143.9	\$157.6
% of Total Ad \$ Value	11.0%	11.2%	10.8%

Dollars in billions

Key Spending Indicators

Leading Product Categories

TV Networks – The Largest Advertiser Category



Key Spending Indicators

Leading Product Categories

Weeklong Analysis of Broadcast & Cable Channels

- Program promos represented up to 25% of total ad units
- 28% of cable promos repeated within the same program
- 14% of local broadcast promos repeated within the same program
- 25% of repetitions occurred within 15 minutes



Key Spending Indicators

The Upfront

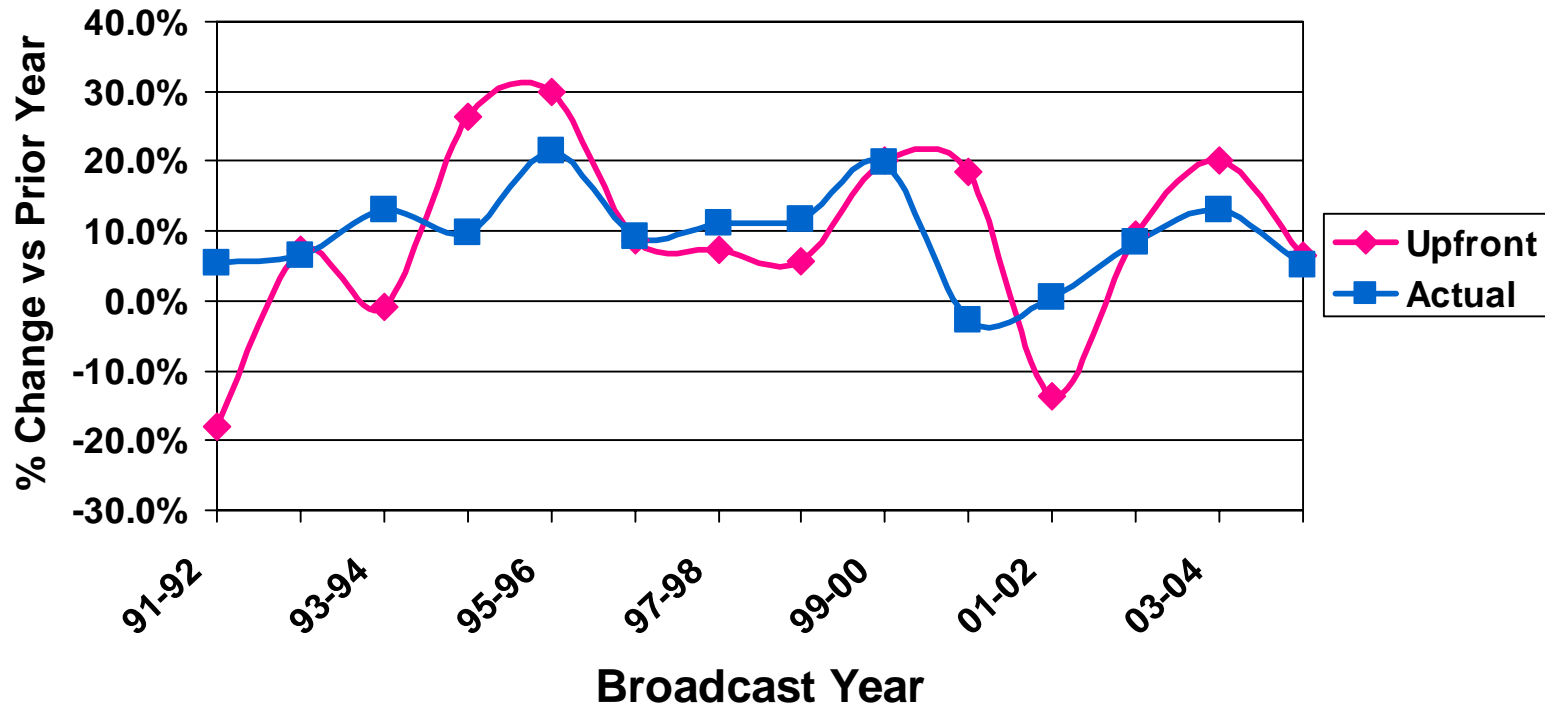
- “Peacock Pummeled in Upfront . . .”
- “Upfront Update: Broadcasters Making Progress, Still Slow Going for Cable”
- “\$2.1 Billion in Upfront Sales for ABC”



Key Spending Indicators

The Upfront – a Poor Predictor?

Network & Cable Ad Spend:
Upfront Market vs. Actual



$R^2 = .24$

Key Spending Indicators

The Upfront – a Poor Predictor?

- Only 4Q money is “firm”
- Variation in network inventory control from year to year
- Sellers are the primary reporting source



The Industry Forecast Outlook for 2005



The Advertising Outlook for 2005

Quarterly Growth Trends



1st Quarter

4.4%



2nd Quarter

3.7%

1st Half 2005

4.1%



3rd Quarter

0.7%



4th Quarter

4.5%

2nd Half 2005

2.7%

The Advertising Outlook for 2005

Full Year

**3.4% Increase - \$145.3 Billion
in Overall Ad Spending**



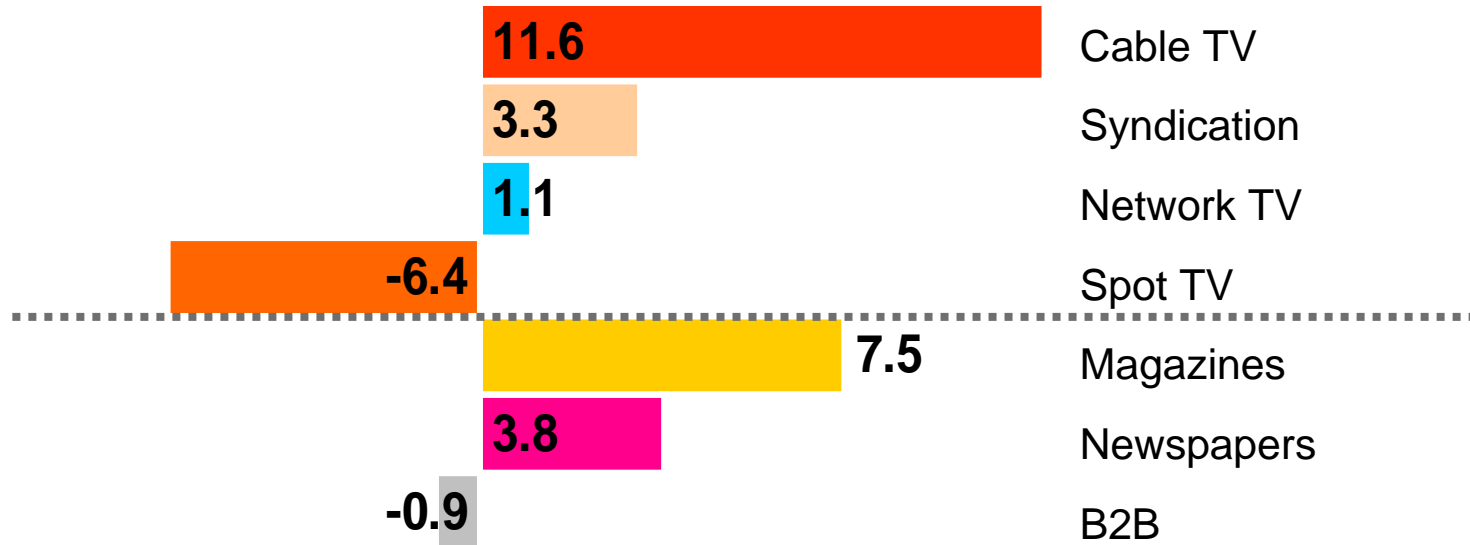
The Advertising Outlook for 2005

Full Year Growth Estimates by Media



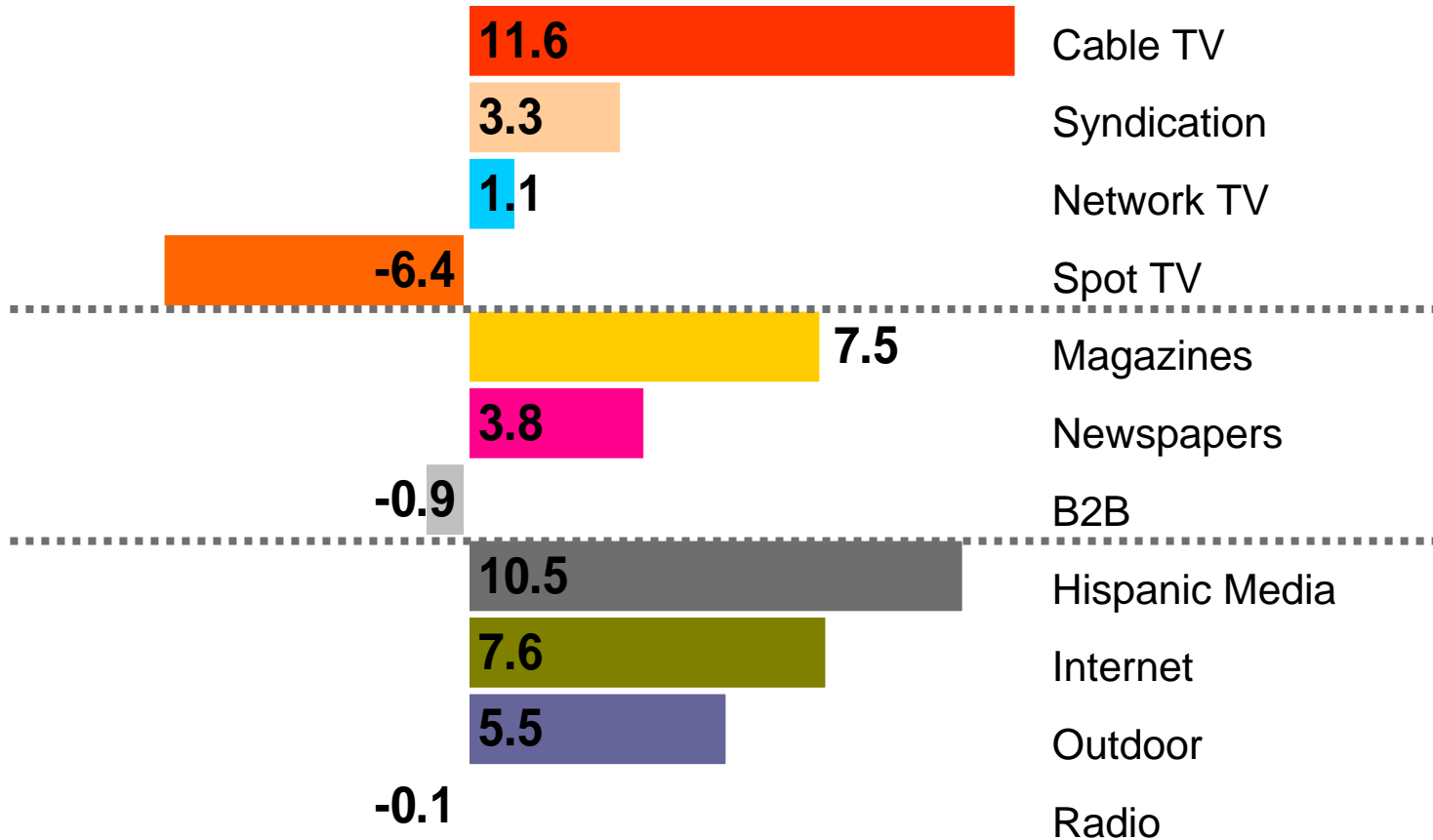
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