INSIDER'S REPORT

ROBERT COEN PRESENTATION ON ADVERTISING EXPENDITURES

JUNE 2006

Universal McCann

IN DECEMBER 2005 IT WAS APPARENT THAT THE ECONOMY WAS EXPANDING BUT ADVERTISING WAS LAGGING BEHIND NOMINAL GDP GROWTH. IN DECEMBER OF LAST YEAR, OUR PRELIMINARY PROJECTION FOR U.S. ADVERTISING GROWTH IN 2005 WAS FOR A GAIN OF ONLY 4.6% OVER 2004 . THE NORMAL RE-EXPANSION IN ADVERTISING AT THAT POINT IN THE ECONOMIC RECOVERY WAS NOT UNFOLDING BUT INSTEAD WAS IN A RELAPSE.

OUR LATEST FINAL AD TOTAL FOR THE U.S. IN 2005 IS NOW FOR A GAIN OF ONLY 2.8% AS FINAL FOURTH QUARTER NUMBERS HAVE TURNED OUT TO BE EVEN MORE SLUGGISH THAN ASSUMED IN DECEMBER.

BACK IN DECEMBER WE LOOKED FOR BETTER AD GROWTH IN 2006. WE EXPECTED UNCERTAINTY AND CAUTIOUSNESS TO MODERATE WITH AD GROWTH MOVING CLOSER INTO LINE WITH ECONOMIC GROWTH. WE FORECAST U.S. AD GROWTH OF 5.8% FOR 2006 WITH THE WINTER OLYMPICS AND INTENSE POLITICAL CONTESTS FOR HOUSE AND SENATE SEATS PRODUCING EXTRA AD OUTLAYS.

WE NOW EXPECT GROWTH OF 5.6% IN U.S. ADVERTISING THIS YEAR, AND A GAIN OF 6.0% IN OVERSEAS ADVERTISING WITH TOTAL WORLDWIDE ADVERTISING GROWTH OF 5.8% IN 2006.

There are a number of possible explanations for the below-expectation growth of advertising during the present economic recovery. These include the fact that advertising spending from the mid-1990s up through 2000 was probably highly over-expanded and, during those years, media prices rose faster than general inflation. Many marketers could not maintain their ad spending pace, and corrections were inevitable.

In recent years unique developments in the Automotive and Pharmaceutical industries have depressed the advertising demands in these largest categories, while other pressures have appeared to reduce the traditional relationship between advertising demand and the supply in other industries.

The growing numbers of discounters like WalMart have caused most national package goods marketers to keep their products priced low while putting a lid on their own spending for advertising and other marketing communications programs.

Finally there have been the consolidations of local retailers like drug stores and hardware stores into huge national entities, resulting in a seriously reduced number of local advertiser prospects for many media, with most of the remaining local entrepreneurs surviving by turning to the most draconian price and expense control tactics.

The pendulum should eventually turn back in the other direction but a sharp shift does not appear to be immediately likely.

We expect some relative improvement in ad growth in 2006, but in 2007 the Olympic and election stimuli will be absent. The early resumption of across-the-board strong advertising growth is not likely to reappear soon.

On balance overseas ad growth, in local currencies, is now expected to maintain a growth rate slightly stronger than the U.S. rate in 2006.

We now expect U.S. advertising to be up 5.6%, and combined total worldwide advertising is now projected to increase 5.8% to $602.4 billion.

Robert J. Coen, Senior Vice President and Director of Forecasting at Universal McCann made these predictions on June 28th at the Universal McCann briefing for investment analysts and business press in New York City.

This issue of the Universal McCann Insider's Report reviews highlights of Bob's latest forecast.

THE PACE OF REAL ECONOMIC GROWTH HAS BEEN RESPECTABLE SINCE 2004. REAL GROWTH OF 3% OR MORE IS USUALLY CONSIDERED ADEQUATE TO KEEP THE ECONOMY IN EXPANSION.

During 2004, the economy expanded at the strong rate of 4.2% and the improvement, combined with the extra spending for the Summer Olympics and the election contests, resulted in a good year for advertising growth. However, the pace of economic expansion moderated in 2005, and U.S. marketers became extremely cautious with advertising growing slower than inflation. There was no real growth in advertising in 2005.

REAL GDP GROWTH

(Annualized percent change over prior quarter)

Quarter	2003	2004	2005	2006
I	+ 1.9%	+ 4.4%	+ 3.8%	+ 4.8%
II	+ 2.3	+ 4.3	+ 3.3	+ 3.4*
III	+ 2.8	+ 4.1	+ 4.1	+ 3.0*
IV	+ 4.1	+ 3.9	+ 1.7	+ 2.0*
Year	+ 2.7%	+ 4.2%	+ 3.5%	+ 3.4%*

* Forecast

In the fourth quarter of 2005, the economic measures were significantly affected by the hurricanes and spiraling fuel costs. Rising gas prices probably had some effect on consumer purchases of automobiles and some other items. But most marketing strategies were determined before the hurricanes and fuel price accelerations were clearly evident. The cautiousness and climate of risk aversion had settled in earlier in 2005, and much of it could persist for some time.

TOP PRODUCT CATEGORY CHANGES

(Percent change - 1st Qtr. 2006 vs. 1st Qtr. 2005)

Category	TV Nat'l Networks*	Spot TV	Magazines	Totals
Automobiles	+ 2%	0%	- 2%	+ 1%
Food	+ 7	- 9	0	+ 3
Movies	+ 10	+ 7	+ 22	+ 10
Toiletries/Cosmetics	+ 6	- 31	+ 16	+ 8
Drugs/Remedies	+4	-6	+18	+7
Beverages/Snacks	+ 4	- 11	- 22	- 2
Restaurants	+ 11	+ 11	- 48	+ 9

*ABC, CBS, Fox, NBC, Pax, UPN, WB, Cable TV Networks & National TV Syndication

All Top Product Categories combined rose 5% in spending during the first quarter of 2006. However, during this time, the 2006 Winter Olympics alone should have fueled a much stronger total growth in this group of largest marketers. The financial problems of the large Automotive category and the sluggish trends in the large package goods Food category must pick up before we can conclude that the pendulum has really begun to turn back up for core advertising demand.

SECONDARY PRODUCT CATEGORY CHANGES

(Percent change - 1st Qtr. 2006 vs. 1st Qtr. 2005)

Category	TV Nat'l Networks*	Spot TV	Magazines	Totals
Telecommunications	+ 32%	+ 35%	+ 73%	+ 35%
Computers	+ 17	+ 128	- 5	+ 11
Apparel	- 3	+ 104	+ 2	+ 2
Beer & Wines	- 2	+ 4	- 36	- 5
Resorts/Tours	+ 20	+ 9	+ 11	+ 14
Airlines	+ 33	- 9	- 45	- 6
Insurance	+ 24	+ 34	+ 8	+ 26

*ABC, CBS, Fox, NBC, Pax, UPN, WB, Cable TV Networks & National TV Syndication

Most of the Secondary Products had large advertising budget increases in the opening quarter of 2006. But the Beer and Wine category, which usually spends heavily in the Winter Olympics, actually declined in comparison with the first quarter of 2005.

Two of the largest categories within this group account for more than half of all the media dollars spent in this grouping, and their combined spending in the first quarter rose 32%. These categories, Telecommunications and Insurance, are presently characterized by intense competition for consumer approval and choice. This state of competition is also present in the political contest that has also begun to accelerate.

When more intense competition reappears in a wider group of industries, the present sluggish growth in ad budgets will finally move sharply upwards.

SELECTED SMALLER CATEGORY CHANGES

(Percent change - 1st Qtr. 2006 vs. 1st Qtr. 2005)

Category	TV Nat'l Networks*	Spot TV	Magazines	Totals
Liquor	+ 11%	+ 68%	+ 10%	+ 11%
Cigarettes	+ 8,065	+ 582	- 52	- 37
Direct Response	+ 1	- 9	- 1	0
Brokers/Mutual Funds	+ 5	+ 171	+ 11	+ 9
Banks/S&L	+ 21	+ 3	+ 46	+ 14
Colleges/Universities	+ 19	+ 5	- 4	+ 4
Fitness/Diet Programs	- 12	+ 5	+ 110	+ 9

*ABC, CBS, Fox, NBC, Pax, UPN, WB, Cable TV Networks & National TV Syndication

The indications provided by an analysis of the Small Selected Categories are mixed. The Cigarette category is down and now practically non-existent; and, although Liquor rose in the quarter, the base of spending is now relatively small.

The older and more established categories like the Brokers and Banks posted pretty good gains in the traditional mass media. But the performance of Direct Response is undoubtedly poor because of shifts to the Internet for many Direct Response offers. Price packages that can be tied together with nearly automatic response mechanisms through new digital media activities are becoming widespread, and some offerings are undoubtedly shifting away from the more traditional media.

Many marketers are presently in the process of rethinking their basic marketing strategies, and it may be a while before the implications of new technologies and new media are fully sorted out.

DOT.COM ADVERTISING IN CONSUMER MEDIA IS STILL GROWING AT A STRONG PACE.

CONSUMER MEDIA ADVERTISING BY DOT.COMS

(Percent change over prior year)

YEAR	AD EXPENDITURES	CHANGE
2000	$5,597,000,000	+ 81.0%
2001	2,662,000,000	- 52.0
2002	2,150,000,000	- 19.0
2003	2,210,000,000	+ 2.8
2004	2,762,000,000	+ 25.0
2005	3,700,000,000	+34.0
2006 (Est.)	4,625,000,000	+ 25.0

In 2005, when total U.S. advertising rose only 2.8%, the budgets of dot.com marketers rose 34% in traditional mass consumer media, and this does not include the increases in their spending on the Internet. In the first quarter of 2006 these marketers continued to raise consumer media budgets, and it now appears likely that these new marketers will spend an estimated $4.625 billion this year — 25% above the 2005 level.

In the first quarter of 2006 the dot.com marketers spent considerably more in the mass consumer media than they did in the first quarter of 2005. The largest spending increases came from a limited number of product categories. These were led by Insurance & Real Estate, Financial, Amusements, Telecommunications and Retailers. Most other categories showed little change from first quarter 2005 levels.

Many marketers in these industries have added their own dot.com affiliates while others have upped their spending on the dot.com sites with interactive capabilities for closing sales. They have probably taken market share and revenues from more traditional marketers; however, there is little indication that package goods marketers are shifting dollars from television to dot.com affiliates. On the other hand, traditional marketers may have been forced to cut back their TV budgets because of share of market inroads from dot.com marketers with more direct interactive capabilities.

SPENDING FOR ADS ON THE INTERNET HAS ALSO CONTINUED TO GROW AT A STRONG PACE DESPITE SLUGGISH ADVERTISING IN MOST OF THE OTHER MEDIA.

In the first quarter of 2006 spending for non-search ads on the Internet rose 19.4%, but the majority of the increase was also accounted for by most of the same industries that contributed to the dot.com increases. These same industries raised budgets sharply in the mass consumer media and on the Internet. Most of the other industries are apparently just holding their Internet ad spending in check.

RESTRICTIONS ON TELEMARKETING CALLS HAVE CONTINUED TO GENERATE INCREASES IN THE CLASS OF MAIL MAINLY USED FOR DIRECT RESPONSE ADVERTISING.

MAIL PIECES (JAN-MAR)
(In billions)

STANDARD MAIL	2005	2006	% CHANGE
Regular Automation Presort	12.4	12.8	+ 3.4%
Regular Enhanced Carrier Route	7.5	7.8	+ 4.3
TOTAL	19.9	20.6	+ 3.5%

The restrictions on the use of the telephone to solicit direct response sales have encouraged many marketers to change their mix of direct response tactics and strategies.

Mail advertising pieces can be targeted to key prospects and have the capability of outlining a range of packages and price offerings. Other media can also intrude and expose such offerings, while new interactive capabilities may then result in the final response or return. Of course some may incorrectly credit the overall results exclusively to the investment in the interactive component of the mix.

In the opening quarter of 2006 postal rates and other costs for advertising mailing rose; and it is noteworthy that, despite the higher cost, the number of regular standard rate pieces of mail rose. Usually in the first quarter, after a postal rate increase, piece volume will decline.

Mail advertising volume continues to be on the rise and, as political contests intensify, activity in this sector is likely to rise further.

THE GROWTH IN BROADCAST NETWORK TELEVISION SLACKENED IN 2005 BUT THE SUPERBOWL AND THE WINTER OLYMPICS HELPED TO TURN THINGS BACK UPWARD FOR THE MAJOR TV NETWORKS IN THE FIRST QUARTER OF THIS YEAR.

QUARTERLY CHANGES IN AD REVENUE
FOUR TV NETWORKS
(Percent change over year-ago quarters)

Quarter	2002	2003	2004	2005	2006
I	+ 7.0%	- 6.5%	+ 11.5%	+ 5.1%	+ 13.3%
II	- 1.3	+ 4.9	+ 6.1	+ 5.8	--
III	+ 14.4	+ 2.1	+ 30.4	- 14.9	--
IV	+ 6.3	+ 5.6	+ 3.6	+ 5.6	--
Year	+ 4.9	+ 0.2	+ 11.2	- 3.5	--

In 2004 the Summer Olympics and the soaring demand for television ad time from politicians helped to elevate the prices for all television advertising. In 2005 the resistance to the high prices stiffened and the Networks' revenue growth for the full year declined in contrast to 2004.

In the first quarter of this year the pendulum turned, but it was mainly because of the Winter Olympics and strong demand for Super Bowl ads.

The TV Network gains should moderate as the year unfolds, but at present the forecasted gain of 6.5% that we made in December continues to appear reasonable for Broadcast TV Network advertising growth in 2006.

QUARTERLY CHANGES IN AD REVENUE
NATIONAL SPOT TV
(Percent change over year-ago quarters)

Quarter	2002	2003	2004	2005	2006
I	- 6.5%	- 2.4%	+ 9.5%	- 5.8%	+ 7.5%
II	+ 9.8	- 1.7	+ 8.6	- 9.0	--
III	+ 22.0	- 10.5	+ 14.5	- 15.0	--
IV	+ 29.3	- 18.0	+ 24.9	- 16.2	--
Year	+ 18.4	- 8.9	+ 14.3	- 11.7	--

Back in December we expected National Spot TV ad revenues to re-accelerate in 2006 primarily as a result of intensifying political activity. The results so far this year suggest that the expected rising trends are developing, and the gains should be equal to or perhaps a little stronger than the 8.5% gain we had expected at the end of last year.

QUARTERLY CHANGES IN AD REVENUE
CABLE TV NETWORKS
(Percent change over year-ago quarters)

Quarter	2002	2003	2004	2005	2006
I	- 13.8%	+ 20.5%	+16.2%	+ 18.1	+ 1.4%
II	- 8.5	+ 15.6	+ 20.0	+ 13.1	--
III	+ 16.7	+18.5	+ 14.0	+ 6.3	--
IV	+ 18.7	+ 13.5	+ 20.0	+ 8.1	--
Year	+ 2.5	+ 15.6	+ 17.7	+ 11.4	--

In 2005 the Cable TV Networks experienced very good advertising revenue growth in a year when the Broadcast TV Networks were experiencing considerable buyer resistance. The Cable Networks increased their revenues in 2005 by selling a few more commercials, but a good portion of the gain was undoubtedly due to higher prices for commercials in some of Cable's most desirable programs.

It now appears that buyer resistance to the higher Cable prices may partly explain why Cable TV is now growing more slowly than we had expected back in December of last year, when we had expected the momentum to help the Cable networks to grow by 7.5% in 2006. Shifts to greater Internet programs in some industries may also be behind the moderation in Network Cable TV so far this year.

NATIONAL ADVERTISING GROWTH
1ST QUARTER 2006
(Percent change over year-ago quarter)

4 TV Networks	+ 13.3%	Spot Radio	+ 3.0%
Spot TV	+ 7.5	Magazines	+ 5.9
Cable TV	+ 1.4	Newspapers	- 4.8
Syndication TV	+ 6.2	Direct Mail	+ 6.7
Internet	+ 19.4		

In the first quarter of 2006, National marketers increased their budgets in most media. However, National advertising in Newspapers experienced a substantial decline in the first quarter of 2006 as a result of comparative weakness in some important categories, such as factory ads by Automobile manufacturers, some Financial institutions as well as Travel and Resort ads.

Most of the other media have posted respectable gains except for Radio and the Cable TV Networks. Radio is a minor medium for most National marketers and short-term volatility is quite common. In the case of the Cable TV Networks, the weak gains in the first quarter are probably due to a flattening out of prices after a sharp price run-up in 2005.

We expect improvements in a number of media in the second half of the year as strong political activity comes on stream.

The outlook for National marketers' budget increases are not now materially different from what we had expected back in December. However, the projected dollar amounts are lower because the preliminary 2005 expenditure base numbers we used to make our projections were considerably higher in December than the final 2005 year numbers now being used to make the current 2006 projections.

THE OUTLOOK FOR 2006 NATIONAL ADVERTISING

	% Change Over 2005	2006 Projections $(000,000)
4 TV Networks	+ 6.5%	$17,175
Spot TV	+ 10.0	11,045
Cable TV	+ 4.5	19,120
Syndication TV	+ 5.5	4,080
Radio	+ 1.0	4,325
Magazines	+ 4.5	13,425
Newspapers	0	7,465
CONSUMER MEDIA SUB-TOTAL	**+ 5.1**	**76,635**
Direct Mail	+ 8.0	59,635
Yellow Pages	+ 2.0	2,205
Internet	+ 25.0	9,705
Other National Media	+ 6.3	36,925
TOTAL NATIONAL	**+ 7.1%**	**$185,105**

Total National advertising is now expected to increase by 7.1% in 2006. The 7.1% growth now expected for this year will be a little higher than the latest 6.5% forecasted growth for Nominal GDP in 2006. However, the fact that National budget growth will slightly outpace the expected growth in the total economy is no reason for concluding that total advertising demand is booming.

The Winter Olympics and the elections will have provided extra spending this year. There is also an increment of higher spending under the National Record that has accumulated as a result of the consolidation of many former local retailers such as hardware stores, pharmacies, office suppliers and others into national chains such as Home Depot.

In 2006, National advertising is expected to improve but relatively slow ad growth continues to be expected from Local marketers.

MANY OF THE ESTABLISHED CONSUMER MEDIA HAVE CONTINUED TO EXPERIENCE LITTLE GROWTH IN ADVERTISING DEMAND AMONG RETAILERS AND OTHER LOCAL MARKETERS.

LOCAL ADVERTISING GROWTH
1ST QUARTER 2006

(Percent change over year-ago quarter)

Newspaper Retail	- 1.0%	Spot TV	+ 7.3%
Newspaper Classified	+ 4.7	Spot Radio	- 2.0
Yellow Pages	Flat to Down		

Despite a relatively early Easter in 2006, retailers failed to do much in the first quarter to promote their offerings in two of their most important traditional media. Retailers' Newspaper ads were down 1% and Radio fell 2%. Local Television growth was somewhat better but political advertising helped drive up the price of all television ads in the first quarter. Local Classifieds showed relatively good gains in most markets, mainly because of Real Estate ads at a time of the year that is usually a seasonably soft quarter. Reports from most Yellow Pages publishers indicated continued general softness.

Local marketers presently appear to be tightly controlling the amounts they are spending for mass persuasion or advertising. Price promotions and other non-advertising sales promotion practices and paid searches are undoubtedly cutting into traditional advertising budgets.

THE OUTLOOK FOR TOTAL ADVERTISING 2006

	% Change Over 2005	2006 Projections $(000,000)
Local Newspapers	+ 2.0%	$40,665
Local TV	+ 7.0	15,400
Local Radio	0	15,355
Local Yellow Pages	+ 1.0	12,185
Other Local Media	+ 5.8	17,695
TOTAL LOCAL	+ 3.1	101,300
TOTAL NATIONAL	+ 7.1	185,105
GRAND TOTAL	**+ 5.6%**	**$286,405**

Total U.S advertising expenditures for 2006 are now expected to be up 5.6%. In 2005 the advertising recovery experienced a relapse and, after adjusting for inflation, failed to register any real gain. Now in the first quarter of 2006 there are some signs of a return to more normal trends, but there should be no doubt that a return to the reappearance of a really strong expansion in advertising activity is still some time away.

THE ECONOMIC TRENDS IN MOST MAJOR COUNTRIES IN THE WORLD ARE GRADUALLY GETTING BRIGHTER.

ECONOMIC TRENDS IN MAJOR MARKETS
(Percent change in real GDP over previous year)

COUNTRY	2004	2005	Forecast 2006
United States	+ 4.2%	+ 3.5%	+ 3.4%
Canada	+ 2.9	+ 2.9	+ 3.7
Japan	+ 2.3	+ 2.7	+ 2.9
Germany	+ 1.6	+ 0.9	+ 1.8
United Kingdom	+ 3.1	+ 1.8	+ 2.3
France	+ 2.1	+ 1.4	+ 2.0
Italy	+ 1.0	+ 0.2	+ 1.1
Brazil	+ 4.9	+ 2.3	+ 3.6
Mexico	+ 4.2	+ 3.0	+ 3.7
Australia	+ 3.6	+ 2.5	+ 2.9
South Korea	+ 4.6	+ 4.0	+ 5.0
Taiwan	+ 6.1	+ 4.1	+ 4.0
India	+ 6.9	+ 8.0	+ 7.0
South Africa	+ 4.5	+ 4.9	+ 5.2

In 2004 most of these important countries were enjoying reasonably good economic health, and most thought these conditions would continue. However, in 2005 some of the brightness and exuberance began to fade, particularly in the U.S and Western Europe. Now the expectations are gradually moving back to more positive viewpoints again. No one expects a surge in business activity around the world this year, but things look like they are beginning to get better.

2006 AD OUTLOOK IN KEY INDUSTRIALIZED COUNTRIES
(Percent change over prior year in nominal currencies)

COUNTRY	2004	2005	Forecast 2006
Japan	+ 3.0%	+ 1.6%	+ 1.9%
Germany	+ 1.4	+ 0.8	+ 2.2
United Kingdom	+ 7.0	+ 2.1	+ 3.1
France	+ 4.0	+ 2.1	+ 2.5
Italy	+ 8.1	+ 3.0	+ 2.5
Spain	+ 10.8	+ 8.5	+ 5.0
Canada	+ 4.8	+ 4.5	+ 4.3
Mexico	- 1.0	+ 5.0	+ 10.0
Australia	+ 12.0	+ 8.8	+ 3.3
Netherlands	- 0.9	+ 4.5	+ 3.6

There continue to be uncertainties about advertising growth improvement in some of these countries, but most of the largest and most important have reported better ad trends since the beginning of this year. Many Euro Zone countries could see an acceleration in advertising this year with the World Cup helping to boost 2006 advertising outlays.

2006 AD OUTLOOK IN OTHER SELECTED COUNTRIES
(Percent change over prior year in nominal currencies)

COUNTRY	2004	2005	Forecast 2006
Belgium	+ 3.5%	+ 2.5%	+ 3.5%
Brazil	+ 22.1	+ 14.7	+ 23.0
Greece	+ 13.1	+ 5.0	+ 7.0
Finland	+ 6.6	+ 4.5	+ 3.5
Indonesia	+ 26.0	+ 15.0	+ 15.0
China	+ 43.0	+ 18.0	+ 20.0
Czech Republic	+ 3.9	+ 3.7	+ 4.6
Sweden	+ 4.1	+ 7.7	+ 6.6
Poland	+ 10.4	+ 6.7	+ 8.8
Russia	+ 54.0	+ 11.0	+ 32.0
Philippines	+ 14.0	+ 10.0	+ 5.0
South Korea	+ 20.0	+ 10.0	+ 10.0
Taiwan	+ 5.0	- 3.0	+ 1.0
India	+ 13.0	+ 11.0	+13.0

The selected countries have been gaining in importance relative to the key industrialized countries. The advertising industries in nearly all of these selected countries have been growing at a much faster pace than those of the established developed markets.

In 2006 advertising spending has begun to show signs of improvement relative to 2005. In the U.S. the Winter Olympics and heavy political activity are helping the trend. In many European countries improving economic conditions and the World Cup are reversing previous sluggish trends, and in most other parts of the world emerging competition for growing consumer markets is continuing to fuel above-average advertising growth.

WORLDWIDE AD GROWTH: 1990-2006

	U.S.A.		OVERSEAS		TOTAL WORLD	
	BILLION US$	% CHANGE	BILLION US $	% CHANGE	BILLION US$	% CHANGE
1990	$130.0	+ 3.9%	$145.9	+ 11.8%	$275.9	+ 7.9%
1991	128.4	- 1.2	153.9	+ 5.5	282.3	+ 2.3
1992	133.8	+ 4.2	165.4	+ 7.5	299.2	+ 6.0
1993	141.0	+ 5.4	163.2	- 1.3	304.2	+ 1.7
1994	153.0	+ 8.6	179.0	+ 9.7	332.0	+ 9.1
1995	165.1	+ 7.9	205.9	+ 15.0	371.0	+ 11.7
1996	178.1	+ 7.9	212.1	+ 3.0	390.2	+ 5.2
1997	191.3	+ 7.4	210.0	- 1.0	401.3	+ 2.8
1998	206.7	+ 8.0	205.2	- 2.3	411.9	+ 2.6
1999	222.3	+ 7.6	213.8	+ 4.2	436.1	+ 5.9
2000	247.5	+ 11.3	226.8	+ 6.1	474.3	+ 8.8
2001	231.3	- 6.5	209.6	- 8.6	440.9	- 7.9
2002	236.9	+ 2.4	213.6	+ 1.9	450.5	+ 2.2
2003	245.5	+ 3.6	244.4	+ 14.4	489.9	+ 8.7
2004	263.8	+ 7.4	279.8	+ 14.5	543.6	+ 11.0
2005*	271.1	+ 2.8	298.0	+ 6.5	569.1	+ 4.7
2006*	286.4	+ 5.6	316.0	+ 6.0	602.4	+ 5.8

* In current local currencies

Final 2005 advertising revenues recently became available along with full-year 2005 exchange rates. We can now report that final 2005 Global ad revenue rose 4.7% in 2005 to $569.1 billion (U.S Dollars). The year 2005 was not an exceptional year for worldwide advertising growth. U.S. advertising spending fell significantly in the last months of 2005, and for the full year failed to grow as much as U.S. inflation.

Overseas ad growth was also very modest in most of the other large industrial countries, rising more than the U.S. because of much stronger growth in Latin America and a number of Asia Pacific countries, as well as in emerging markets in other parts of the world.

Spending for advertising on the Internet has grown throughout the world, but the amounts are still relatively small compared to the traditional media. Throughout the world marketers appear to be considerably concerned about how much of their marketing communication resources to shift and spend in the developing new media. So far no significantly large spending shifts are clearly identifiable. Marketers appear to be trying to figure out what to do, and normal expansion in advertising appears to be just waiting for clarification.

However, there are signs that mass persuasion advertising activity may be about to shift gradually upwards.

In 2006 we expect U.S. advertising to increase 5.6% and overseas ad spending, in local currencies, to rise 6.0%.

Universal McCann now expects total worldwide advertising to increase by 5.8% to $602.4 billion in 2006, assuming no change in exchange rates.

A return to somewhat better advertising growth is expected to continue to develop this year in the U.S. and throughout most of the rest of the world.

FIRST PROJECTIONS FOR 2007

(In billions)

	% CHANGE	EXPENDITURES* (In billions)
United States	+ 5.8%	$303.0
Overseas	+ 6.6	337.0
TOTAL	+ 6.2%	$640.0*

* Based on local currencies

In 2007 there will not be any Olympics or heavy political activity to fuel extra advertising spending, but we expect that postponed advertising increases in a number of categories could reappear and offset the normal odd-year slowdown. The outlook for stronger overseas ad growth continues to brighten.

Robert J. Coen
Senior Vice President, Director of Forecasting
June 28, 2006