
United States Patent

D386,209

***Firestone* , et al.**

November 11, 1997

Vehicle sign carrier

Claims

The ornamental design for a vehicle sign carrier, as shown and described.

Inventors: ***Firestone; Bruce Murray*** (Dunrobin, *CA*), ***Brazeau; Scott Andre*** (Munster, *CA*)

Assignee: **T.C. Transitus Communications Inc.** (Dunrobin, *CA*)

Appl. No.: **D/058,566**

Filed: **August 19, 1996**

Foreign Application Priority Data

Feb 20, 1996 [CA]

1996/0385

Current U.S. Class:

D20/10

Current International Class:

2003

Field of Search:

D10/10,12,19,42 40/592,591,617,584,606

References Cited [\[Referenced By\]](#)

U.S. Patent Documents

[D277298](#)

January 1985

Nelson

[3975850](#)

August 1976

Giaume

[4688343](#)

August 1987

Allan

Primary Examiner: Lucas; Susan J.

Assistant Examiner: Register; Jennifer A.

Description

FIG. 1 is a perspective view of the design;

FIG. 2 is a sectional view along line 2--2 in FIG. 1;

FIG. 3 is a sectional view along line 3--3 in FIG. 1;

FIG. 4 is a top plan view of the design;

FIG. 5 is a side elevational view; and,

FIG. 6 is a front elevational view.





Confidential Case Study- Transitus Market Assessment

Table 1: Cost Comparison of Advertising Media- Cost per Thousand Viewers (CPM, US\$)

Metropolitan Population	National Newspaper	National Magazine	Ad Mail	Website Banner	Billboards	Bus Boards*	Transitus MediaDome
1,000,000	\$15.00	\$14.00	\$120.00	\$30 to \$70	\$13.71	Back-	\$0.38
3,000,000	\$15.00				\$18.27	\$3.00	\$0.24
9,000,000	\$15.00				\$20.56	Side-	\$0.12
18,000,000	\$15.00				\$23.20	\$4.50	\$0.07
Average	\$15.00	\$14.00	\$120.00	\$45.00	\$18.94	\$3.75	\$0.21

* The Bus Board CPMs have been calculated using the Gamma-Poisson method which is a different method from what was used for the other media. They are based on peak-hour traffic only since 85% of transit buses are not on the road in off-peak hours. In practice, there would be a small percentage of additional viewers in off-peak hours which would reduce this calculated rate, but without internal lighting, day-time only operation should be included.

Innovative Uses of the MediaDome

The nine sided MediaDome is suited to campaigns for world brands. The sleek profile and 360 degree viewing angle of the MediaDome, combined with full color, vinyl graphics and true color representation derived by using translucent white polycarbonate and halogen bulbs, provide the advertiser with a

significantly improved billboard product. Visibility after dark and the 24 hour, 365 day operation of most cabs together with the above features enhance the MediaDome's appeal to world brand advertisers. Major potential clients are likely candidates for regional or national arrangements which provide them with exclusivity within their product group. The ease with which the images can be replaced and their relative low cost are additional considerations in keeping the message fresh.

The business model includes tying together a national and international network of cities using one or more of the MediaDome models. A web-enabled system allows advertisers to e-mail their artwork to the company and receive final design for final approval the same way. Further, the company can control the production quality of the vinyl images in a few centers and deliver them by overnight service to the installation group in each locale. In this way, Transitus was able to turn around an order for a taxi billboard campaign in a matter of two weeks or less. It should be possible to roll out a national campaign in a two week period or less.

Taxi backlit billboards can be used in other ways. The MediaDome is well suited to uses such as sponsored Public Service Announcements (PSAs). Since taxis travel extensively in city centers, the MediaDome can be used to build a national Missing Kids Network. Each taxi cab equipped with a MediaDome showing a missing child's color picture, age and last known location together with a contact telephone number and a sponsor's name would be seen up close and personal by thousands of persons each day. Even when parked at a taxi rank, the billboard is doing its work. In this way, the MediaDome network can be seen as an information network providing information and news at a lower cost per thousand (CPM) than any other major medium. The number of persons who see a taxi cab per day varies depending largely on the size and density of the city; it ranges from a low of around 13,000 viewings per day in cities with 1,000,000 persons to over 70,000 persons per day in very large metropolis'. Starting with as few as 25 MediaDomes in a city will provide significant market coverage whether the message is about missing children or a new product or service.

Case Study

Nu-Tek Signs Inc. and T.C. Transitus Communications Inc.

Business Plan: Summary



Prepared for: Nu-Tek and Transitus

Prepared by: HC

February 1, 1997

Business Plan for Nu-Tek and Transitus

Executive Summary

Purpose of this Plan

Nu-Tek Signs Inc. (Nu-Tek) was started by Scott A. Brazeau and Francis Brazeau as Ar-Tek in 1989. It was officially renamed Nu-Tek Signs Inc. and incorporated as such in 1995. Nu-Tek is experiencing rapid growth based on providing superior quality signs and excellent customer service at competitive prices. T.C. Transitus Communications Inc. (Transitus) was incorporated in 1996 to develop and market a proprietary taxi-top mobile sign product and other innovative advertising products and media, as well as to handle more conventional stationary billboards. In 1996, the owners of Nu-Tek and Transitus formed an alliance and exchanged share ownership with the purpose of launching and building the mobile signage business for the benefit of both companies. Appendix B details the existing ownership and share structure of Nu-Tek and Transitus.

This Business Plan outlines the background, status and plans of both companies with a focus on the development of the mobile signage business. This business

is projected to generate annual revenues in the order of US\$100M within five years of funding for these two companies. To implement this Business Plan, US\$2.4M (Cdn\$3.2M) of capital will be required. The purpose of this Plan is to provide the information necessary to potential investors to assess the opportunity presented and to make a decision to invest.

Signage Services and Mobile Signage

Nu-Tek designs, manufactures and installs all types of signage, including illuminated signs, in brass, aluminum, plastic or other materials for commercial purposes. Nu-Tek is best known for its showcase signage at the new \$200M Palladium (now the Corel Centre) in Ottawa and is currently negotiating the design of new signage for the National Arts Centre in Ottawa, Canada, and other prestige facilities.

Transitus has designed, developed, tested and protected an innovative taxi-top advertising display unit that will revolutionize the mobile advertising market. The mobile billboard market currently focuses on transit buses. In contrast, the Transitus taxi-top unit provides greater advertising value per dollar and greater reach, on a high-quality, back-lit shell. Taxi drivers, owners and brokers enjoy steady revenues with this product.

The Transitus product was unveiled at the International Taxi & Livery Association Annual Meeting and Convention in Anaheim, California in October 1996 and it received overwhelming response. Service is scheduled for inauguration in Denver in February with service in New York and Toronto to follow soon after. Service has been enthusiastically received by both advertisers and the taxi industry.

The agreement between Transitus and Nu-Tek provides for Transitus to build, deliver and maintain the taxi-top units while Nu-Tek manufactures the images and installs the advertising copy on the units to client specifications.

The taxi-top sign business is, in many ways, reminiscent of the bus billboard business a generation ago. At that time, there were few bus or transit authorities who benefited from advertising revenues. The 'industry', such as it was, was fragmented. Advertisers could not measure accurately the CPM (cents per thousand viewers) and could not place large-scale, North American-wide orders. Today, of course, bus ads are a part of main-stream media. Analysis shows that CPM for Transitus is in the range US 9 to 40¢. Given the design of the Transitus product (see Appendix A) and the nature of the taxi business as

compared to buses, Transitus' cost-effectiveness is several orders of magnitude better. When compared to buses, the Transitus' product enjoys the advantages of non-fixed route exposure in metropolitan areas of higher average income population. Other media (national newspapers and magazines) are in a different cost regime of about \$10 to \$20 per thousand--about 100 times that of Transitus. Additionally, Transitus' taxi-top sign product is internally lit and, therefore, advertisers also benefit from after-dark hours of operation of taxis.

A few years from now, taxi-top signs will achieve wide acceptance and Transitus and Nu-Tek are poised to ride this wave.

Owner and Management Team

Mr. Scott A. Brazeau and M.H. Milford Holdings Inc., controlled by Dr. Bruce M. Firestone, are the majority owners of Transitus and Nu-Tek. Mr. Brazeau is President of both Nu-Tek and Transitus, while Dr. Firestone is Chairman and Founder of Transitus. Mr. Brazeau is an experienced entrepreneur, having started and developed Nu-Tek to its current successful and rapidly growing operation. The Ottawa-Carleton Board of Trade recently named Mr. Brazeau the Bronze Young Entrepreneur of the Year as part of the 1996 Business Achievement Awards. Dr. Firestone is well-known for his entrepreneurship and innovative business sense, and as the Founder of the Ottawa Senators Hockey Team and inspiration behind the Palladium (now the Corel Centre). His involvement with NHL hockey has given him insights with respect to the top metropolitan centres in North America--the target market for Transitus. His experience in real estate development provides an understanding of municipal government and regulation which are key to securing necessary approvals for taxi advertising.

Nu-Tek, under Mr. Brazeau's leadership, has a young but knowledgeable management team of three senior managers who, together with Mr. Brazeau, capably operate the manufacturing businesses. To date, this team has run Transitus as well as Nu-Tek. The team will be augmented by two experienced managers specifically for the Transitus operation shortly after funding is in place.

Financial History and Projections

Nu-Tek achieved net income (before taxes) of Cdn\$126K on revenues of Cdn\$1.16M in fiscal year ending April 30, 1996, a factor of three higher in

revenue over the previous year. Projections for FY97 are for income of over Cdn\$150K on revenues of Cdn\$1.6M. These years of success follow five years of development of the business by Mr. Brazeau under the Ar-Tek name. Excluding the growth in business for Nu-Tek projected to come from the alliance with Transitus, Nu-Tek will increase its revenues by approximately 40% annually for the next three years while enhancing profitability.

Transitus began operation as a company in October 1996 after two years of owner development and contributions. Transitus' first full year of operation, after funding is in place, is projected to show a loss of US\$945K on revenues of US\$1,415K. Net income is projected to turn positive between the fifth and sixth quarters making the second year of operation show a profit of US\$450K. Third and subsequent years will be considerably profitable such that cumulative net income becomes positive in the tenth quarter (from funding). The fifth year projections show net income before tax of some US\$22M on revenues of US\$76M with an annualized 20th quarter revenue of US\$105M.

The Transitus operation is projected to bring additional revenues to Nu-Tek of about 30% of the Transitus advertising revenue. This additional revenue will increase Nu-Tek's second fiscal year revenue after funding by Cdn\$1.5M. In later years, the impact on Nu-Tek is substantial--projected to be Cdn\$4.5M, \$13M and \$25M.

Financing Requirements

Financial projections detailed in the Business Plan show that Transitus will need working capital of US\$1.8M (Cdn\$2.4M) to meet cash flow requirements through its development period. Nu-Tek's growth, based on its own fast-growing market plus Transitus' business, will require an additional Cdn\$800K.

It is proposed that 75% (Cdn\$2.4M) of this total cash requirement (Cdn\$3.2M) will be financed as equity and 25% as debt as a combination of a bankline secured by receivables, mortgage of real property and a three-year term loan.

The equity financing will be paid out in the fourth or fifth year at market value through company redemption of shares, a buy-out of shares by a third party, or through proceeds from a public offering.

Assessment of Risk

The principals in this venture have identified the risks involved and have plans to minimize the negative impacts where possible. These risks have been identified as:

- Rapid growth can lead to financial risk;
- The interests of and relationships among taxi companies, unions, drivers, licensing and regulatory authorities can become barriers;
- Competitors will try to emulate the success and innovation of Transitus' product and service;
- Other advertising media may react strongly if they perceive their market to be jeopardized; and
- Once the concept is proven, an innovator could attempt to develop a high-tech electronic mobile sign.

These risks will be managed and mitigated in the following ways.

Dealing with rapid growth means having systems and processes in place to take advantage of opportunity. Transitus and Nu-Tek have together taken the next step by purchasing an expanded plant, engaging financial consultants and putting in place revenue contracts before committing product. As well, the detailed market penetration plan is based on an intentional consolidation period (a pause in growth) of approximately nine months after the first full year of operation (see the projected Market Penetration by City graph in Appendix C). If necessary, this consolidation period will be utilized to refine the manufacturing and production processes, and the marketing and implementation plan, to ensure delivery of high-quality service to advertising clients and the taxi industry.

The barriers to entry are both a positive and negative factor for Transitus. The political experience of the principals and staff in dealing with regulatory matters will allow Transitus to meet the requirements for taxi licensing commissions and authorities. Once established, Transitus will have a built-in advantage over most competitors.

Competition in any industry today is inevitable. Transitus will meet its competition by not only providing a superior product but also superior service and price. Transitus is the lowest cost provider of mobile signage in North America which helps secure Transitus' position. In addition, Transitus will

vigorously enforce its design patents in Canada and the USA, as it has already begun to do.

Transitus is not only the lowest cost signage supplier in the taxi industry, but it has the lowest CPM of any major media including bus billboards, stationary billboards, junk mail, major magazines and newspapers as well as television and radio advertising.

To date, no manufacturer has produced an electronic board that could meet the requirements of the taxi industry. If such developments occur, Transitus may incorporate same into its program at that time.

In summary, Transitus and Nu-Tek, with its leading edge technology, are well positioned to take advantage of this opportunity and to prevail against the competition.

Appendix- Existing Ownership and Share Structure of Nu-Tek Signs Inc. and T.C. Transitus Communications Inc.

Nu-Tek Signs Inc.

Shares:

Class A one vote each Authorized: 10,000,000 Issued: None

Class B ten votes each Authorized: unlimited Issued: 12,000,000

Ownership:

Scott Brazeau 6,600,000 Class B

Transitus 4,200,000 Class B

M.H. Milford Holdings Inc. 1,200,000 Class B

T.C. Transitus Communications Inc.

Shares:

Class A ten votes each Authorized: 29,000,000 Issued: 6,500,000

Class B one vote each Authorized: 5,000,000 Issued: 50,000

Class C 100 votes each Authorized: unlimited Issued: 30,000,000

Ownership:

Scott Brazeau 2,800,000 Class A

M.H. Milford Holdings Inc. 1,125,000 Class A

Hickling Capital Corporation 1,125,000 Class A
Other individuals 1,450,000 Class A

Transitus' professionals 50,000 Class B

Scott Brazeau 15,000,000 Class C
M.H. Milford Holdings Inc. 15,000,000 Class C
Appendix C

Market Development, Revenue and Cost Projections for T.C. Transitus Communications Inc.

Chart 1: Market Penetration into North American Cities by Quarter over Five Years

Chart 2: Net Income Before Taxes: Cash Basis and Accrual Basis

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Chart 3: Net Advertising Revenue and Gross Margin (Cash Basis)

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Chart 4: Gross Margin and Net Income (Cash and Accrual Basis)

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Chart 5: Gross Margin, (Taxi-Top) Unit Costs and Fees

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Chart 6: Gross Margin and Sales Costs

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Table 1: Pro Forma Financial Statements for First Five Years (US Dollars)

Table 2: Summary of Revenues and Expenses by Year for First Five Years (US dollars)

Table 3: Summary of Revenues and Expenses by Quarter for First Five Years (US dollars)

Chart 1: Market Penetration into North American Cities by Quarter over Five Years

The planned market penetration by city in North America follows a typical "S-shaped" curve except for the planned postponement of expansion in Quarters 5, 6 and 7. This postponement of expansion is included in the plan but may be modified at the time. The purpose is to consolidate experience during the initial market penetration time period to modify product design, if appropriate, to review and revise standard agreements, procedures, processes, pricing, etc. Such "postponements" often occur in practice but are not planned for. If experience to date after the first four quarters indicates that a postponement is not needed, or if a shorter postponement would be sufficient, such a change would be decided at the time.

Chart 2: Net Income Before Taxes: Cash Basis and Accrual Basis

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

These two charts show net income in US dollars by quarter over the five year market development period. Net Income on a cash basis treats all revenues and expenses within a quarter as recorded in that quarter. Net Income on an accrual basis considers the investment in taxi roof-top units as a capital expenditure and a depreciation charge is recorded each quarter (over a three year life) as the unit is in use. In the early quarters, therefore, Net Income on a cash basis is lower than on an accrual basis since the full cost of the taxi roof-top unit is recognized when that unit is made.

The requirement for cash for the business is based on Net Income on a cash basis but also takes into account the delay in the collection of accounts receivable, etc.

Chart 3: Net Advertising Revenue and Gross Margin (Cash Basis)

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

Net Ad Revenue is essentially total advertising revenue to Transitus but net of a sales charge (usually 15%) made by advertising agencies. These charts show Ad Revenue and Gross Margin where Gross Margin (on a cash basis) is the difference between Ad Revenue and "costs of sales" which includes the taxi roof-top unit, cost of handling and placement of ads, and payments to taxi operators. In the long term, Gross Margin is about 47% of Net Ad Revenue.

Chart 4: Gross Margin and Net Income (Cash and Accrual Basis)

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

In these and following charts, several costs are related and compared to the Gross Margin on a cash basis. In these charts opposite, Net Income is compared to Gross Margin, both on a cash basis and on an accrual basis.

Chart 5: Gross Margin, (Taxi-Top) Unit Costs and Fees

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

The charts opposite show the cost of taxi roof-top units made and the payments to taxi operators in comparison to the Gross Margin. As shown, the cost of units is a small cost compared to the payments made to taxi operators. Such payments are the largest cost factor of the Transitus operation. A key advantage of the Transitus product is the simplicity of the roof-top design and therefore its cost.

Chart 6: Gross Margin and Sales Costs

Top: by Quarter first Two Years

Bottom: by Quarter first Five Years

These final charts show the other costs (which must be covered by the Gross Margin in order to make a profit) compared to the Gross Margin. Other costs are divided into marketing and sales for taxis, marketing and sales for advertising, and general administrative overhead. The largest of these other costs (marketing and sales of ads) in the long term is about 25% of the Gross Margin. Together, these costs are about 40% of the Gross Margin.

Letter of Interest

CONFIDENTIAL

November 16, 1998

@@insert specific name
company and address

MediaDome Assets for Sale

Dear Mr/Ms @@:

As you well know, outdoor advertising is a growth market--growing at a rate greater than the overall advertising market. Innovation in the out-of-home market has increased the supply-side of the outdoor advertising market even while restrictions are tightening on the traditional medium--stationary billboards. Such innovations include bus billboards, transit stations and shelters, public convention and stadium facilities, truck boxes, etc.

Advertising on taxis in major metropolitan centres has been around for many years in a few select cities. The MediaDome is an innovative, multi-sided, backlit billboard for taxis that has gained quick initial acceptance and approval by the industry and by municipal authorities. This good response stems from its pleasant streamlined appearance, nine-sides for backlit display of advertising, high quality materials and construction, ease of installation, excellent safety record and its aerodynamic, fuel-efficient shape.

The company that developed the MediaDome has decided that, to take the products and services to the next level, it will sell the designs and patent together with the rights to manufacture and distribute the product, and the rights to sell advertising and to produce the artwork and vinyl image. It is the sale of this asset that is subject of this Request for Proposal and Bid.

The MediaDomes are molded in a single piece from a super strong polycarbonate sheet. They are inexpensive to produce and provide high margins on sale. Because they are nine-sided, MediaDome designs maximize advertising space and advertising revenues. The design for the MediaDomes include the Classic (for all makes and models of North American taxis) and the Super (for smaller European and Asian vehicles). There is also the MediaDome LX which is more reminiscent of the existing two-sided industry standard. All designs are covered by US Patent No. D386,209. including the MediaDome LX.

Hickling Capital Corporation is acting as agent for the owner, T.C. Transitus Communications Inc., for this sale. Please review the attached RFP and contact HCC directly with any questions.

Yours sincerely,

HC

Dr. VC, CMC
President and CEO

Transitus Wind Down-

Q1. What went wrong? Was it management, ownership, business model, the product or the industry?

Q2. Could it have worked and if so how*?

Q3. Who should be interviewed**?

The Transitus MediaDome (Circa 1996)



[\[More Transitus Photos\]](#)

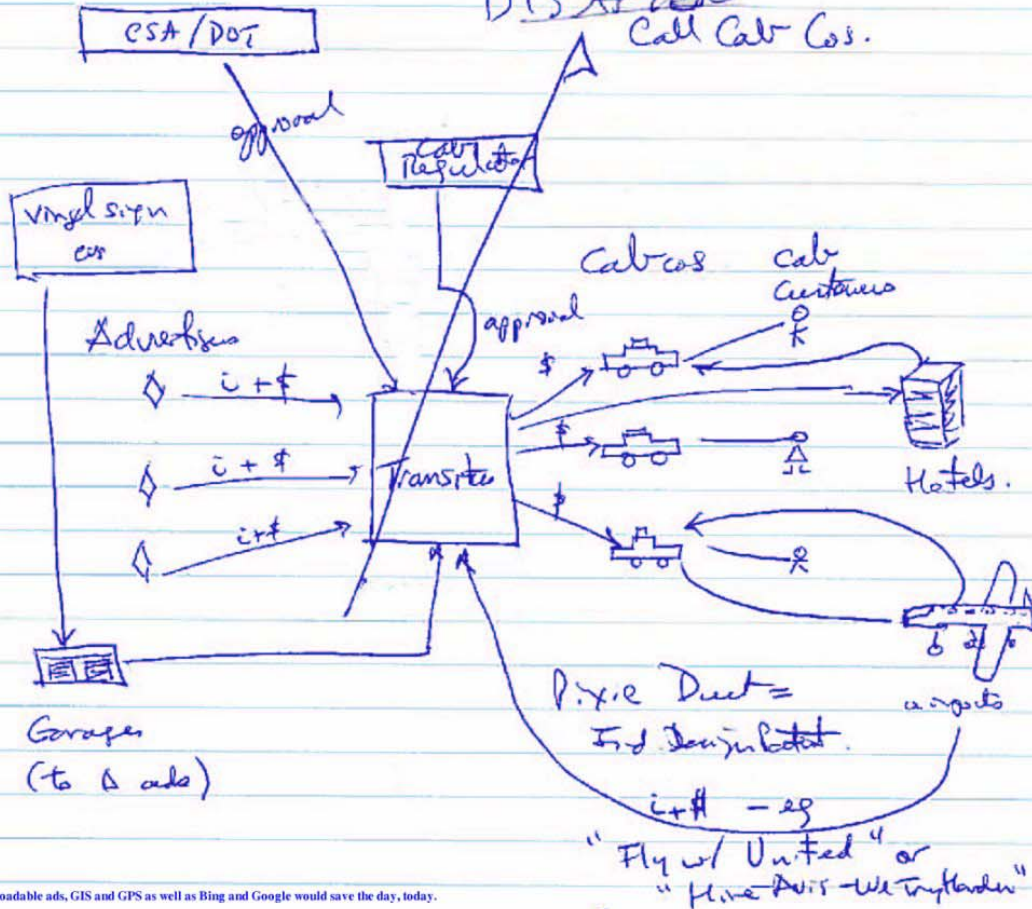
[\[Transitus Aerodynamics\]](#)

[\[Transitus Ad\]](#)

Transitus Business Model: The Missing Ingredient

Feb 9/2011

WE HAD A BUSINESS PLAN
BUT NOT BUSINESS MODEL —
~~DISASTROUS~~
Call Cab Cos.



* e-paper, downloadable ads, GIS and GPS as well as Bing and Google would save the day, today.

Sounding w/ this picture?
- big model?

- * e-paper would save us
- * google/bing/yahoo would save us.

- * now would be selling time not space
- * download new ads to e-paper instead of peeling off vinyl!
- * add GIS overlay, now sell time and place!
- * cab at office complex, advertise local Starbucks
- * cab at airport, advertise hotels...

We are sending \$ to our customers!
— Dumb

We should have made cab cos. our partners to age of revenues. No fixed costs.

As partners, they take care of the signs. They have incentive to bring their partners into the ad mix too

A Competitor's Product (Circa 2001)



More Competitors' Products

TaxiTops
Taxi Tops San Francisco
Yahoo New York
Classic Media
Ad-a-Cab
Medallion New York Neon Taxi Top Signs
2,300 of Houston's Yellow Cabs Agree to Take Medallion Taxi Top Signs
Tokyo Rooftop Lanterns
Glasgow Total Paints
Interior Taxi Ads
Barnett's Taxi Ads- U.K.
Cabvision- U.K.
Taxi Equipment

A. Overview- Innovative Advertising and Marketing Product- New Out-of-Home Billboard Product

Request for Proposal and Bid: Backlit Billboards for the Taxi Industry

MediaDome Design, Patent and Ancillary Assets For Sale

Proposal Due: January 28, 1999

T.C. Transitus Communications Inc. (Transitus) designed and developed innovative backlit billboard advertising units for use with the taxi industry. The billboards (called MediaDomes) are protected under US Patent no. D386,209, issued November 11, 1997 which is valid until November 11, 2011. Transitus invested in and developed a full service advertising company using these units (see web site www.transitus.com). Transitus has appointed Hickling Capital Corporation (HCC) as agent to sell these assets.

Assets for Sale

- Designs and design patent for MediaDome Classic, MediaDome Super (SE) and MediaDome LX
- Commercial production vacuum mold for MediaDome Classic and limited production mold for MediaDome SE
- Agreements in place authorizing use of MediaDomes with taxi commissions and authorities in six cities
- Information and contacts on existing sales leads
- Inventory of MediaDome shells, assemblies and parts
- Three production molds: half-size model; 1:12 size North American taxi with MediaDome Classic and 1:12 size European/Asian taxi with MediaDome SE (sales tools)
- Various documentation on MediaDomes
- All rights to manufacture and distribute
- All rights to place and sell advertising and Public Service Announcements on MediaDomes
- All rights to produce and sell vinyl graphics and artwork for MediaDomes
- All rights to franchise or otherwise extend into markets both domestic and foreign
- Transitus and its principals agree not to compete for five years

Terms and Conditions

- Transitus and its principals agree not to compete for five years
- Proposals must be complete such that they may be evaluated as submitted and any proposal may be accepted without negotiation or provision of further information
- Highest bid or any particular bid may not necessarily be accepted
- All proposals may be rejected
- HCC reserves the right to negotiate with any bidder it may choose or to call for rebids from one or more bidders
- Preferred bids will incorporate a fixed amount (possibly with payment terms) plus a royalty or commission based on sales volume

Process

- Questions should be directed to Dr. Verne G. Chant at HCC
Telephone: 613-237-2220 x210
Fax: 613-237-7347
E-mail: vgchant@hickling.ca
- Additional product and related information is available from HCC on request on receipt of a payment of US\$200.00. One MediaDome Classic unit plus this information is available for a total payment of US\$500.00.
- Proposals are to be submitted to arrive at HCC offices in Ottawa, Canada on or before 3:00 pm EST Thursday, January 28, 1999. Proposals may be sent by Fax, courier, mail or e-mail as long as they arrive on or before the deadline.
- Address: Hickling Capital Corporation
150 Isabella Street
Penthouse Floor
Ottawa, Ontario, Canada K1S 1V7

(Please note that this is a new address effective December 18, 1998.)

Invitation to Bid

This Request for Proposal and Bid has been sent to companies in North America, identified from our sources, in the following three industry sectors:

1. Out-of-home advertising companies and billboard companies: knowledgeable about and experienced in the outdoor advertising business and interested in augmenting and diversifying advertising space inventory.

2. Advertising agencies: knowledgeable about and experienced in all advertising media and interested in vertical integration in emerging market niche.
3. Sign manufacturers: knowledgeable about and experienced in this and related product lines and interested in augmenting existing lines of business.

Innovative Uses of the MediaDome

The nine-sided MediaDome is suited to campaigns for world brands. The sleek unit profile and 360-degree viewing angle, combined with full color, vinyl graphics and true color representation from using translucent white polycarbonate and halogen bulbs provide the advertiser with a significantly improved billboard product. Visibility after dark and the 24-hour, 365-day operation together with the above features make the MediaDome a world brand advertiser type of vehicle. These major potential clients are likely candidates for regional or national arrangements which will provide them with exclusivity within their product group. The ease with which the images can be replaced and their relative low cost are additional considerations in keeping the message fresh.

The business model includes tying together a national and international network of cities using one or more of the MediaDome models. A web enabled system will allow advertisers to e-mail their artwork to the company and receive final design for final approval the same way. Further, the company can control the production quality of the vinyl images in a few centers and deliver them by overnight service to the installation people in each locale. In this way, Transitus was able to turn around orders for a taxi billboard campaign in a matter of a few days. It should be possible to roll out a national campaign in a two-week period or less.

Taxi backlit billboards can be used in other ways. The MediaDome is well suited to uses such as sponsored Public Service Announcements (PSAs). Since taxis travel extensively in city centers, Transitus believes the MediaDome can and should be used to build a national Missing Kids Network. Each taxi cab equipped with a MediaDome showing a missing child's color picture, age and last known location together with a contact telephone number and a sponsor's name would be seen up close and personal by thousands of persons each day. Even when parked at a taxi rank, the billboard is doing its work. In this way, the MediaDome network can be seen as an information network providing information and news at the lowest cost per thousand (CPM) of any major medium. The number of persons who see a taxi cab per day varies depending

largely on the size and density of the city; it ranges from a low of around 13,000 per day in cities with 1,000,000 persons to over 70,000 persons per day in very large metropolises. Starting as low as 25 MediaDomes in a city provides significant market coverage whether the message is about missing children or a new product or service.

Suggested Value

To estimate a fair and reasonable market value for these assets, one can look at their costs of development or discounted future value in a successful business venture.

Development costs were approximately US\$400K over a three-year period. Although redeveloping a "replacement" product is not a viable alternative to acquiring these existing assets because these designs are protected by patent, the development cost and time period involved is relevant for consideration.

A reasonable market assessment of the potential for a high-quality, cost-effective taxi billboard product in North America is US\$5M to US\$10M in annual sales within five years. A discounted present value of such a business using typical gross margins suggests a business value of several million dollars. The related advertising business delivered on the MediaDomes presents substantially higher, and virtually perpetual, stream of revenues and margins. Market penetration of some 30,000 to 35,000 taxis produces potential annual advertising revenues of more than \$100M with excellent margins. Again, a discounted present value of such a business using typical gross margins suggests a business value of tens of millions of dollars.

These considerations have led to the suggested value of these assets (through a third-party valuation--see attached letter) of US\$300K to US\$450K.

B. Most-Often-Asked Questions and Answers

Q. What is Transitus?

A. Transitus is short for T.C. Transitus Communications Inc., a company incorporated under the Ontario Business Corporations Act. It was set up to be in the advertising business, especially with new and innovative advertising media. Its first product and service is an innovative plastic taxi-top unit that carries advertising, day and night. See Section 2, especially sub-section 2.1: Market Overview in the binder.

Q. How long has Transitus been in business?

A. Transitus was incorporated July 31, 1996. The owners and principals of Transitus had been working on the development of the taxi-top unit for about a year prior to the incorporation. See Section 2 in the binder.

Q. Who owns most of Transitus?

A. The owners and principals of Transitus are M.H. Milford Holdings Inc. which is controlled by Dr. Bruce Firestone, and Mr. Scott Brazeau. Dr. Firestone started the design and development work and Mr. Brazeau, owner and CEO of Nu-Tek Signs Inc., an innovative signage company, joined with Dr. Firestone to perfect the design. Together they own approximately 90% of Transitus before accounting for the shares to be sold as part of this current issue. About eight percent additional shares are expected to be issued as part of this issue. See the Term Sheet in sub-section 1.2 and Section 7 for more detail.

Q. How much would I own if I invested \$20,000?

A. Shares are being offered at ten cents each. For a \$20,000 investment, 200,000 shares would be issued. This amount would be approximately 0.5% of the issued shares.

Q. What is the minimum amount I can invest at this time?

\$10,000 for 100,000 shares.

Q. What would the money be used for?

A. Transitus has been primarily in the development mode up to March of this year. The first production units went out into Denver, Colorado in March. The next units will be in Toronto in May. This activity including all the development work, has been funded by the principals and owners and a few other early shareholders. The capital raised from this issue will be used for manufacturing additional units for Toronto and the next few cities, for marketing and sales of advertising and for working capital. See the Term Sheet in sub-section 1.2.

Q. When could I expect to get a return on my investment?

A. Investing in a private company is different from buying shares on the stock market. Transitus shares will not be listed or traded on any market or exchange

in the foreseeable future (at least two years but probably longer). There are severe restrictions on the sale of these shares as defined by the Ontario Securities Act. Therefore, investment in these shares must be thought of for the long term (three to five years).

Typically what happens to companies that are successful and grow to be a reasonable size in sales, income and assets, is that they become listed for trade on a stock exchange or they are taken over by another usually larger company that seeks to expand through acquisition. When that happens, the early investors can then choose to sell their shares.

If the company is not successful, then, of course, there is no buyer or market for its shares.

Q. Is Transitus RRSP-eligible?

A. Yes, some Transitus shareholders already hold their shares in a self-directed RRSP. Each RRSP trustee has its own procedure for assuring that shares of private companies are eligible before the trustee will accept these shares. If you are interested in this option, it is best to ask your RRSP trustee representative about its procedures.

Q. Is it a good RRSP investment?

A. The answer to this question depends on the investment objectives of the individual, his or her portfolio of investments in the RRSP and in non-registered investments, and his or her retirement plan, among several others factors. It would be best to discuss this matter with an investment professional.

For further information please contact Dr. Verne G. Chant, Chief Financial Officer, T.C. Transitus Communications Inc., c/o Hickling Capital Corporation, 6th Floor, 350 Sparks Street, Ottawa ON K1R 7S8, Tel: (613) 237-2220, FAX: (613) 237-7347.

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